



Environment Overview and Scrutiny Committee
Thursday, 21 September 2017

REPORT TITLE:	Financial Monitoring Report Quarter 1 2017/18
REPORT OF:	Assistant Director: Finance

REPORT SUMMARY

This report sets out the financial monitoring information for Environment in a format consistent across the Overview & Scrutiny Committees. The report provides Members with detail to scrutinise budget performance for this area of activity. The financial information is at close of quarter 1 2017/18.

Information has been drawn from the relevant sections of the most recent Cabinet revenue and capital monitoring reports and combined with additional relevant service information to produce a bespoke report for this Overview & Scrutiny Committee. The report includes the following:

- Performance against the revenue budget (including savings, income and debt)
- Performance against the capital budget

RECOMMENDATION/S

- 1 The quarter 1 revenue forecast overspend of £1.1 million be noted.
- 2 The performance of the capital projects within this area be noted.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

1.1 To provide members with details of the financial performance of the Overview and Scrutiny Committee's area.

2.0 OTHER OPTIONS CONSIDERED

2.1 Not applicable

3.0 BACKGROUND INFORMATION

3.1 PERFORMANCE AGAINST REVENUE BUDGETS QUARTER 1 (APRIL 2017- JUNE 2017)

3.1.0 CHANGES TO THE AGREED BUDGET

3.1.1 The 2017/18 Budget was agreed by Council on 6 March 2017. Any increase to the overall Council Budget (but not use of the existing budget contingency) requires agreement by full Council. Changes to the Budget since it was set are summarised in Table 1.

Table 1: 2017/18 Original & Revised Net Budget by Wirral Plan Themes

	Original Net Budget	Proposed Budget Change Quarter 1 Use of Contingency	Proposed Budget Change Quarter 1 Use of Balances	Approved Budget Changes Qtr 1	Revised Net Budget
	£000	£000	£000	£000	£000
Environment	60,719	-	1,225	-	61,944
Net Cost of Services	60,719	-	1,225	-	61,944

3.2.0 PROJECTIONS AND KEY ISSUES

3.2.1 The projected outturn position as at the end of June 2017 and Wirral Plan: 2020 Vision Themes updates are detailed in the following sections.

Table 2: 2017/18 Projected Budget variations by Wirral Plan Themes

Directorates	Revised Budget	Forecast Outturn	(Under) Overspend Quarter 1	RAGBY Class	Change from prev
Environment	61,944	63,033	1,089	R	n/a
TOTAL	61,944	63,033	1,089		0

The report classifies the forecast under/overspends for the above areas using a colour RAGBY rating. The ratings are defined as follows:

- Overspends Red (over +£301k), Underspend Yellow (over -£301k).
- Amber (+£141k to +£300k), Green (range from +£140k to -£140k); Blue (-£141k to -£300k).

3.2.2 Environment

- Within Waste & Environment the £0.5 million overspend relates to the 2017/18 saving to reduce the cost of the Waste contract. Whilst unlikely to be realised in year officers are developing a series of options that may deliver the saving in subsequent years.
- There is a £0.6 million projected overspend in Sports & Recreation. This includes £0.35 million relating to savings from a previous Leisure review. Whilst deliverable there have been delays in the implementation of the operational changes at Woodchurch Leisure Centre and the development at of the West Kirby Marine Lake at a cost of £0.2 million. Income levels are proving challenging across all services including golf. At this stage a £0.2 million shortfall is projected and actions are being taken to increase income and include Parks & Countryside staff working closely with Leisure Officers to improve the quality of the golf courses and enhance the golf offering.
- The Council has responsibility for 129 sites which have trees adjacent to the highway. A sample of these has been surveyed by the appointed highway tree inspection contractor and a significant amount of work identified to make some trees safe and to maintain others. The total cost is estimated at £0.725 million. In addition the Council has 91 sites with trees not adjacent to highways that also require inspection and maintenance work. It is estimated that the cost of this will be £0.5 million. Following the completion of the inspection and priority works programme there will be a need for £0.125 million per annum to ensure that the condition of these trees is maintained.
- Cabinet 17 July 2017 agreed that the £1.225 million 'one-off' funding from General Fund balances for an extended borough wide programme of tree maintenance works be referred to Council for approval. Also that the £0.125 million for a rolling programme of tree inspection and maintenance be added to the Council budget projections from 2018/19 onwards.

3.3.0 IMPLEMENTATION OF SAVINGS

3.3.1 A summary of the position of 2017/18 Environment savings at 30 June 2017 is below.

Table 3: Savings Implementation 2017/18 (£000's)

BRAG	Number of Options	Approved Budget Reduction	Amount Delivered at Q1	To be Delivered
B - delivered	6	3,810	3,810	0
G – on track	9	2,705	1,030	1,675
A - concerns	5	590	0	590
R - high risk/ not achieved	1	500	0	500
Total at Quarter 1 2017-18	21	7,605	4,840	2,765

3.3.2 The savings tracker contains an assessment of the 2017/18 savings by the ratings below.

- **Blue:** Represents savings which have already been realised.

- **Green:** Savings on track to deliver.
- **Amber:** Some concerns regarding delivery and will require closer scrutiny and monitoring.
- **Red:** High risk of not being achieved.

3.4.0 INCOME AND DEBT

3.4.1 The table below shows the outstanding debt by Wirral Plan Theme category and then by invoice raised date. This is a different way of showing the debtor information for 2017/18 to make the monitoring report more accessible and informative. At the end of June 2017 total Council arrears stood at £24.7 million with £1.1 million of this relating to Environment.

Table 4: Accounts Receivable Outstanding Arrears Analysis

Theme	Less than 30 days	More than 30 days	2016/2017	2015/16	Pre 2015/16	Total at 30.06.17
	£	£	£	£	£	£
Environment	415,002	54,727	192,867	52,067	370,854	1,085,517

3.4.2 In accordance with proper accounting practice, income is credited to the relevant financial year's accounts of the service area at the point invoices are raised. A provision for bad debt is maintained and is assessed each year. Should non-payment occur after proceeding through all necessary recovery procedures, any properly authorised write off will be charged against the bad debt provision.

3.5.0 PERFORMANCE AGAINST CAPITAL BUDGETS QUARTER 1 (April-June 2017)

3.5.1 Capital Programme 2017/18 at end of Quarter 1 (30 June)

	Revised Programme	Spend to Date June 2017	Funded by: Council Resources	Funded by: Grants
	£000	£000	£000	£000
Environment	17,028	634	11,922	5,106
Total expenditure	17,028	634	11,922	5,106

3.5.2 The largest areas of spend so far this year relate to Aids, Adaptations and Disabled Facilities Grants (£0.2 million) and Home Improvements (£0.1 million).

3.5.3 Expenditure has also been incurred on the Oval Sports Centre redevelopment. West Kirby Marine Lake and Flaybrick cemetery.

3.5.4 Further detail regarding the programme and spend is contained within Appendix 1 of this report.

4.0 FINANCIAL IMPLICATIONS

- 4.1 The financial implications of this report are discussed throughout the report. This is essentially a financial monitoring performance update report.

5.0 LEGAL IMPLICATIONS

- 5.1 The entire report concerns the duty of the Council to avoid a budget shortfall. The Chief Finance Officer has a personal duty under the Local Government Finance Act 1988 Section 114A to make a report to the executive if it appears to them that the expenditure of the authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources available to it to meet that expenditure.

6.0 RESOURCE IMPLICATIONS: ICT, STAFFING AND ASSETS

- 6.1 There are no implications arising directly from this report.

7.0 RELEVANT RISKS

- 7.1 The possible failure to deliver the Revenue Budget is being mitigated by:
- Senior Leadership Team / Management Teams reviewing the financial position.
 - Tracking system of savings options to monitor progress.
 - Use of temporary additional support to assist with revenues collection.
 - Use of earmarked reserves and General Fund Balance savings risk contingency.

8.0 ENGAGEMENT/CONSULTATION

- 8.1 No consultation has been carried out in relation to this report.

9.0 EQUALITIES IMPLICATIONS

- 9.1 This report is essentially a monitoring report which reports on financial performance.

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APPENDICES

Appendix 1 – Capital Programme and Funding 2017/18

SUBJECT HISTORY

Council Meeting	Date
Budget Council	6 March 2017
Cabinet – Revenue Monitoring 2017/18 Quarter 1	17 July 2017
Cabinet – Capital Monitoring 2017/18 Quarter 1	17 July 2017

Capital Programme and Funding 2017/18**APPENDIX 1**

Environment Theme	Revised Programme £000	Spend to Date £000	Council Resources £000	Business Rates £000	Grants £000	Total Funding £000
Park depot rationalisation	303	55	303	-	-	303
Parks vehicles replacement	47	-	47	-	-	47
Cemetery extensions and improvements	260	-	260	-	-	260
Transport museum	257	-	257	-	-	257
Flaybrick cemetery	-	81	-	-	-	81
Soft play areas at leisure centres	300	-	300	-	-	300
W.K. Marine Lake integrated accommodation	711	86	711	-	-	711
Bidston tennis centre re-roofing	21	11	21	-	-	21
Leasowe Leisure Centre outdoor 3G	820	-	820	-	-	820
Oval Sports Centre redevelopment	105	60	105	-	-	105
Beechwood skate park	80	-	-	-	80	80
West Kirby flood alleviation	100	13	100	-	-	100
CCTV cameras and other equipment	100	-	100	-	-	100
Aids, adaptations and DFGs	3,639	181	-	-	3,639	3,639
Restore empty homes	652	-	-	-	652	652
Clearance	1,330	30	595	-	735	1,330
Home improvements	988	100	988	-	-	988
New house building	567	11	567	-	-	567
Housing infrastructure fund	1,000	-	1,000	-	-	1,000
Wirral sailing centre	62	6	62	-	-	62
Waste vehicles	5,686	-	5,686	-	-	5,686
	17,028	634	11,922	-	5,106	17,028