

Environment Overview and Scrutiny Committee
Thursday, 30 November 2017

REPORT TITLE:	Financial Monitoring Report Quarter 2 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 2 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 2 revenue forecast overspend of £0.9 million be noted.
- 2 The performance of the capital projects and amendments to the programme 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 2 (JULY 2017- SEPTEMBER 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	Budget Change Quarter 1 Use of Contingency	Budget Change Quarter 1 Use of Balances	Approved Budget Changes Qtr 2	Revised Net Budget
	£000	£000	£000	£000	£000
Environment	60,719	-	1,225	0	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 September 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 2	RAGBY Class	Change from prev
Environment	61,944	62,839	895	R	-194
TOTAL	61,944	62,839	895		-194

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).

3.3.3 Environment

- Within Waste & Environment the £0.4 million overspend relates to the planned saving in the cost of the Waste contract. Whilst unlikely to be realised in year, officers are working on a series of options that may deliver the required saving in subsequent years.
- There is a £0.8 million projected overspend in Sports & Recreation. This is largely due to slippage in implementing savings options. Consultation is underway around the operational changes at Woodchurch Leisure Centre. There will similarly be savings slippage owing to delays in the capital works at Leasowe Recreation Centre. Leisure Centre income is down on anticipated levels with work ongoing to investigate and understand the reasons behind the shortfalls.
- Income levels at Golf Courses continue to fall below target and Parks & Countryside staff are working closely with Leisure Officers to improve the quality of the golf courses and enhance the golf offering. Actions to mitigate the pressures include holding all non-critical expenditure and alternative income arrangements are being explored.
- There are a number of underspends across the Environment theme. Housing Strategy is forecasting an underspend of £0.1 million this is a combination of a staffing vacancy (one off saving) within the Fuel Poverty and Energy Efficiency Programme. Highways Management is reporting a £0.1 million underspend. This is due to an increased demand for professional services in relation to third party developments this has helped generate additional income for this service area. Within the Homelessness area there is a saving within staffing due to current vacancies and a saving across the repairs budgets for dispersed properties. This provides an underspend of £0.08 million.

3.3.0 IMPLEMENTATION OF SAVINGS

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

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

BRAG	Number of Options	Approved Budget Reduction	Amount Delivered at Q2	To be Delivered
B - delivered	8	1,500	1,500	0
G – on track	5	1,625	1,230	395
A - concerns	7	1,530	100	1,430
R - high risk/ not achieved	3	640	0	640
Total at Quarter 2 2017-18	23	5,295	2,830	2,465

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. At the end of September 2017 total Council arrears stood at £24.7 million with £1.1 million of this relating to Environment. In overall terms 37,723 invoices have been issued in the year by the council with a value of £43 million raised. £44 million of payments including amounts for prior years have been collected.

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 30.09.17
	£	£	£	£	£	£
Environment	255,222	45,752	190,783	41,000	213,714	746,471

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 2 (July-September 2017)

3.5.1 Capital Programme 2017/18 at end of Quarter 2 (30 September)

	Revised Programme	Spend to Date September 2017	Funded by: Council Resources	Funded by: Grants
	£000	£000	£000	£000
Environment	6,419	1,739	3,285	3,134
Total expenditure	6,419	1,739	3,285	3,134

3.5.2 Since quarter 1 there has been a re-profiling of the Environment capital program. The program has reduced from £17 million to £6.4 million. The main movements are:

- Waste Vehicles £5.7 million reduction - original scheme involved the Council borrowing on behalf of Biffa, with all associated costs being reimbursed. The return to the Council was low and BIFFA can now obtain more competitive financing so scheme is no longer required.

- Clearance £1.1 million reduction - currently working on a programme to commit the remaining funding. As this is not certain this area has been re-profiled in 17/18 into 18/19.
- Aids, adaptations and DFGs £1.1 million reduction - spend is influenced by a number of external factors such as the extent, complexity and value of the adaptations required. Due to this the programme has been re-profiled down into 18/19.
- Leasowe Leisure Centre outdoor 3G pitches £0.7 million reduction - there are a number of drainage issues which will require further investigation and a review of ground works. Re-profiled into 18/19.
- West Kirby Marine Lake integrated accommodation £0.5 million reduction - tenders agreed but commencement for the rest of the works is likely to be March 2018. Re-profiled into 18/19.
- Housing Infrastructure Fund £0.5 million reduction - Viability assessments and scoping now commenced but will not be fully committed this year. Re-profiled into 18/19.

3.5.3 The largest areas of spend so far this year relate to Aids, Adaptations and Disabled Facilities Grants (£0.7 million) with a further £0.7m of adaptation schemes currently approved.

3.5.4 £0.2 million has been incurred on restoring empty homes. The Old Court House scheme completed in September and it is expected that the Ark will complete in January 2018.

3.5.5 Enabling works are complete in respect of the Integrated Accommodation scheme at West Kirby Marine Lake. The building is now DDA compliant and meets Health & Safety and Fire Safety standards for the coming season. Tenders for the full scheme have now been agreed with commencement expected March 2018.

3.5.6 Further detail of the capital programme can be found in 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 EQUALITY 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 (last 3 years)

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
Cabinet – Revenue Monitoring 2017/18 Quarter 2	6 November 2017
Cabinet – Capital Monitoring 2017/18 Quarter 2	6 November 2017

Capital Programme and Funding 2017/18**Environment Theme**

	Revised Programme £000	Spend to Date £000	Council Resources £000	Reserves £000	APPENDIX 1 Business Rates £000	Grants £000	Total Funding £000
Park depot rationalisation	260	123	260	-	-	-	260
Parks vehicles replacement	47	15	47	-	-	-	47
Cemetery extensions and improvements	260	-	260	-	-	-	260
Transport museum	180	2	180	-	-	-	180
Flaybrick cemetery	-	82	-	-	-	-	-
Soft play areas at leisure centres	300	-	300	-	-	-	300
W.K. Marine Lake integrated accommodation	200	129	200	-	-	-	200
Bidston tennis centre re-roofing	21	11	21	-	-	-	21
Leasowe Leisure Centre outdoor 3G	100	-	100	-	-	-	100
Oval Sports Centre redevelopment	105	80	105	-	-	-	105
Thermal Pool Covers	150	-	150	-	-	-	150
Beechwood skate park	80	75	-	-	-	80	80
West Kirby flood alleviation	100	14	100	-	-	-	100
CCTV cameras and other equipment	100	-	100	-	-	-	100
Aids, adaptations and DFGs	2,500	715	-	-	-	2,500	2,500
Restore empty homes	354	200	-	-	-	354	354
Clearance	200	45	-	-	-	200	200
Home improvements	550	198	550	-	-	-	550
New house building	350	36	350	-	-	-	350
Housing infrastructure fund	500	-	500	-	-	-	500
Wirral sailing centre	62	14	62	-	-	-	62
Waste vehicles	-	-	-	-	-	-	-
	6,419	1,739	3,285	-	-	3,134	6,419