

Environment Overview and Scrutiny Committee
Wednesday, 28 March 2018

REPORT TITLE:	Financial Monitoring Report Quarter 3 2017/18
REPORT OF:	Director of Finance and Investment

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 3 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 3 revenue forecast overspend of £1.0 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 3 (OCTOBER 2017- DECEMBER 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

Theme	Portfolio	Original Net Budget	Budget Change Quarter 1 Use of Contingency	Budget Change Quarter 1 Use of Balances	Approved Budget Changes Qtr 3	Revised Net Budget
		£000	£000	£000	£000	£000
Environment	Environment	38,243		1,225	7,164	46,632
	Housing and Community Safety	21,460			347	21,807
	Localism and Engagement	1,016			75	1,091
Net Cost of Services		60,719	-	1,225	7,586	69,530

Budget movements in quarter three cover a number of issues. Integrated transport moved from Children and Families to Environment. This has a budget of £5.6 million. There have also been adjustments to recharge bases that have shown movements between a number of themes. These movements have no effect on the bottom line budget of the Council and are just adjustments to better reflect where budgets should be placed.

3.2.0 PROJECTIONS AND KEY ISSUES

- 3.2.1 The projected outturn position as at the end of December 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

Theme	Portfolio	Revised Budget	Forecast Outturn	(Under) Overspend Quarter 3	RAGBY Class
Environment	Environment	46,632	47,859	1,227	R
	Housing and Community Safety	21,807	21,414	-393	Y
	Localism and Engagement	1,091	1,238	147	A
TOTAL		69,530	70,511	981	

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).

Environment

- 3.2.2 **Environment** - Within Waste & Environment there is a £0.4 million overspend relating 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 £0.85 million projected overspend within 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 also down on anticipated levels.

A freeze on all non-critical expenditure has been implemented which is estimated to save £140,000 by the end of the year and revised pricing structures have been implemented in January 2018 to generate approximately £50,000 of additional income in year.

Housing and Community Safety - Housing Strategy is forecasting an underspend of £0.08 million this is a combination of a staffing vacancy (one off saving) within the Fuel Poverty and Energy Efficiency Programme plus expected rental income due on our Challenge Fund Properties. .

Within the Homelessness area there is a staff saving due to current vacancies and a saving across the repairs budgets for dispersed properties. This provides an underspend of £0.06 million.

Housing benefit assessments teams are showing an underspend of £0.2 million. This is due to employee vacancies and employees who are not at top of grade leaving a one off underspend in 2017-18.

Localism and Engagement – There is a £0.2 million pound overspend due to a short fall in advertising income within Comms, Marketing, Press & PR.

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)

Theme	Number of Options	Approved Budget Reduction	Amount Delivered at Q3	Amount covered by contingency budget	To be Delivered
Environment	23	5,300	3,400	200	1,700
Total at Quarter 3 2017-18	23	5,300	3,400	200	1,700

3.3.2 Environment

- At quarter 3 the forecasted achievement of the savings options is 64.2%. The main areas of under achievement in this theme are a £500k non achievement of a waste contract saving option combined with a general underachievement across a number of leisure based income target uplift savings options.

3.4.0 INCOME AND DEBT

3.4.1 The table shows the outstanding debt for the whole of the council, value of debtors raised in year and the value that has been paid in 2017/18. This is different from previous quarter in an effort to show the amount of debt that is recovered each year. This year has seen £62 million of net invoices raised but has seen £68 million of payments. This will be across 2017/18 but also invoices raised in previous years.

Table 4: Accounts Receivable Debtor Cycle Analysis

	2017/18 £000
Arrears Brought Forward	£26,465
Net Invoices Value Raised in Year	£62,498
Invoices Value Paid in Year	-£68,219
Total Remaining Debt	£20,744

3.4.2 The above debt reflects the Council's significant responsibilities in respect of social care activity. Elements of the debt will only be recoverable once clients are no longer in need of care.

3.4.3 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 3 (October-December 2017)

3.5.1 Capital Programme 2017/18 at end of Quarter 3 (31 December)

	Revised Programme	Spend to Date December 2017	Funded by: Council Resources	Funded by: Grants
	£000	£000	£000	£000
Environment	5,375	2,648	2,735	2,640
Total expenditure	5,375	2,648	2,735	2,640

3.5.2 The largest areas of spend so far this year relate to Aids, Adaptations and Disabled Facilities Grants (£1.1 million) with a further £0.6m of adaptation schemes currently approved.

3.5.3 £0.3 million has been spent on home improvements. This is by way of financial assistance and intervention to remedy poor housing conditions in the private sector, including serious disrepair/hazards, poor or no heating provision, low market demand and bringing long term empty properties back into productive use.

3.5.4 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.

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

REFERENCE MATERIAL

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
Cabinet – Revenue Monitoring 2017/18 Quarter 3	19 February 2018
Cabinet – Capital Monitoring 2017/18 Quarter 3	19 February 2018

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

Environment Theme	Revised Programme £000	Spend to Date £000	Council Resources £000	Reserves £000	Business Rates £000	Grants £000	Total Funding £000
Park depot rationalisation	260	153	260	-	-	-	260
Parks vehicles replacement	47	15	47	-	-	-	47
Cemetery extensions and improvements	260	5	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	133	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	22	100	-	-	-	100
CCTV cameras and other equipment	100	12	100	-	-	-	100
Aids, adaptations and DFGs	1,700	1,129	-	-	-	1,700	1,700
Enhanced Sheltered Housing	306	-	-	-	-	306	306
Restore empty homes	354	246	-	-	-	354	354
Clearance	200	80	-	-	-	200	200
Home improvements	500	342	500	-	-	-	500
New house building	350	247	350	-	-	-	350
Housing infrastructure fund	-	-	-	-	-	-	-
Wirral sailing centre	62	14	62	-	-	-	62
	5,375	2,648	2,735	-	-	2,640	5,375

