



ECONOMY, REGENERATION AND DEVELOPMENT COMMITTEE

Wednesday, 4 March 2021

REPORT TITLE:	2020/21 REVENUE AND CAPITAL BUDGET MONITORING FOR QUARTER THREE (APR - DEC)
REPORT OF:	DIRECTOR OF REGENERATION AND PLACE

REPORT SUMMARY

This report provides a summary of the projected year-end revenue and capital position for Economy, Regeneration and Development Committee as at the end of Quarter 3 (December 2020) of the 2020/21 financial year.

The Council's response to the Covid-19 pandemic continues to present financial risk due to uncertainty and fluidity in the external environment.

The overall financial position for the Council remains challenging, and a number of actions are in progress to mitigate the overall forecast position presented at quarter 3, including limiting spending to essential areas of service delivery only, with Corporate Directors supported to mitigate the risk of overspending. This is not a key decision.

RECOMMENDATIONS

That the Economy, Regeneration and Development Committee:

1. Note the adverse year-end forecast position presented at Quarter 3 of £0.714m.
2. Note the impact of funding and expenditure as a direct consequence of Covid-19, including the additional funding sources which have been identified, but as yet, not received.

SUPPORTING INFORMATION

1.0 REASONS FOR RECOMMENDATIONS

- 1.1 Regular monitoring and reporting of the Revenue Budgets and savings achievements enables decisions to be taken in a timely manner, which may produce revenue benefits and will improve financial control of Wirral Council.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 Other reporting frequencies could be considered, but quarterly reporting is standard practice.

3.0 BACKGROUND INFORMATION

- 3.1.1 This report provides a summary of the projected year-end revenue position as at the end of Quarter 3, Month 9 (December 2020) of 2020/21 financial year.
- 3.1.2 The year-end forecast recorded as part of December's financial monitoring activity represents an adverse variance from budget of £0.721m for this committee.

3.2 2020/21 COMMITTEE REVENUE BUDGET

- 3.2.1 The budget for the Economy, Regeneration and Development Committee is included within the Regeneration & Place Directorate.
- 3.2.2 The Economy, Regeneration and Development Committee is predicting an adverse budget variance of £0.714m at year-end. The majority of income losses in this committee are, in part, mitigated by the Sales, Fees and Compensation scheme, which is recorded as a separate and distinct funding stream within the report presented to Policy & Resources Committee on 17 February.
- 3.2.3 Since Q3 was reported there has been confirmation that the MerseyTravel Levy pressure was not going to materialise and that it would be within budget. It is also going to be slightly lower next Financial Year due to the change in demographics on which it is calculated.

TABLE 1 2020/21 – Economy, Regeneration and Development Committee Revenue Budget & Forecast

	Full Year		Variance (+ Fav, - Adv)	%	Adv/Fav
	Budget	Forecast			
	£0	£0	£0		
Regeneration	24,371	24,898	-527	-2%	Adverse
Planning	1,185	1,383	-198	-17%	Adverse
Special Projects	266	255	11	8%	Favourable
Total Surplus / (Deficit)	25,697	26,857	-714	-3%	Adverse

3.2.4 **Regeneration:** An adverse forecast position has as a result of the in-year delay to the strategic restructure for the Regeneration and Place team (£0.225m). In the original plan for this service, it had been agreed to fund growth to ensure a sustainable service could be delivered. In light of the difficulties for the organisation caused by Covid-19, this plan has been rephased to 2021/22, releasing funds to support the wider organisational budget gap. However urgent activity did need to be conducted, and this is being delivered by locum staff, the expense of this shows within this service. There is a forecasted overspend on the MerseyTravel levy of £0.266m which we have now had confirmed will not materialise.

3.2.5 **Chief Planner:** The adverse forecast variance of £0.198m is due to income losses as a result of reduced demand for Planning Applications as a result of Covid-19 and additional pressure from the increased contract / exceedance costs of Merseyside Environmental Advisory Service. The income losses, are in part, mitigated by the Sales, Fees and Charges Compensation Scheme.

3.2.6 **Special Projects and Regeneration:** There is a small favourable forecast variance of £0.011m. This is due to projects being put on hold as a consequence of Covid-19.

3.3 2020/21 COMMITTEE CAPITAL BUDGET

TABLE 2 2020/21 – Economy, Regeneration and Development Committee Capital Budget & Forecast

Programme	Budget £m	Forecast £m	Variance £m	Variance %
Adult Social Care & Health	7.550	0.991	-6.56	-87%
Children, Young People & Education	5.500	3.614	-1.89	-34%
Economy, Regeneration & Development	60.362	40.972	-19.39	-32%
Environment, Climate Emergency & Transport	21.851	32.805	10.95	50%
Housing	7.806	6.123	-1.68	-22%
Tourism, Communities, Culture & Leisure	0.774	1.499	0.72	94%
Total	103.843	86.004	-17.84	-17%

3.3.1 Table 1 provides an update on the 2020/21 capital Programme. A number of significant variations have arisen since the programme was agreed in March 2020. These include the re-profiling of expenditure into and out of the 2020/21 financial year, inclusion of additional grant funded schemes, variations to spend forecasts and the inclusion of potential new capital schemes that are seeking funding via this report. Further detail is provided below.

3.3.2 Given the budgetary pressures that the Council faces, which have been exacerbated by the COVID-19 outbreak, a review of the programme continues to try and identify schemes that may no longer be financially viable, essential or deliverable. This review has resulted in scheme reductions totalling £5.81 million and the reprofiling of budget into future years of £61.56 million. It is anticipated that further reductions and/or deferrals of budget will be made as the review continues. Such deferrals will reduce the borrowing costs incurred during 2020/21 (the effects of which are included within the Quarter 3 revenue monitoring) and also delays the resultant Minimum Revenue Provision charges into future years.

4.0 FINANCIAL IMPLICATIONS

- 4.1 This is the Quarter 3 budget monitoring report that provides information on the forecast outturn for the Council for 2020/21. The Council has robust methods for reporting and forecasting budgets in place and alongside formal Quarterly reporting to Policy & Resources Committee, the financial position is routinely reported at Directorate Management Team meetings and corporately at the Strategic Leadership Team (SLT). In the event of any early warning highlighting pressures and potential overspends, the SLT take collective responsibility to identify solutions to resolve these to ensure a balanced budget can be reported at the end of the year.

5.0 LEGAL IMPLICATIONS

- 5.1 The provisions of section 25, Local Government Act 2003 require that, when the Council is making the calculation of its budget requirement, it must have regard to the report of the chief finance (s.151) officer as to the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves. This is in addition to the personal duty on the Chief Finance (Section 151) Officer to make a report, 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 (including sums borrowed) available to it to meet that expenditure.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT 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:
1. Senior Leadership / Directorate Teams regularly reviewing the financial position.
 2. Availability of General Fund Balances.
 3. Review of existing services and service provision.
 4. Capitalisation directive

8.0 ENGAGEMENT/CONSULTATION

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

9.0 EQUALITY IMPLICATIONS

- 9.1 Wirral Council has a legal requirement to make sure its policies, and the way it carries out its work, do not discriminate against anyone. An Equality Impact Assessment is a tool to help council services identify steps they can take to ensure equality for anyone who might be affected by a particular policy, decision or activity. This report has no impact for equality implications at this stage, however any associated actions may require an assessment.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

10.1 This report is essentially a monitoring report on financial performance.

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BACKGROUND PAPERS

Minutes of Policy and Resources Committee Wednesday, 17 February
2020/21 Revenue Budget Monitoring for Quarter 3
2020/21 Capital Budget Monitoring for Quarter 3

SUBJECT HISTORY (last 3 years)

Committee Meeting	Date
Economic, Regeneration and Development Committee	27 October 2020
Economic, Regeneration and Development Committee	24 November 2020
Economic, Regeneration and Development Committee	26 January 2021