

Environment, Climate Emergency and Transport Committee**Tuesday, 1st March 2022**

REPORT TITLE:	BUDGET MONITORING QUARTER 3
REPORT OF:	DIRECTOR OF NEIGHBOURHOODS

REPORT SUMMARY

This report sets out the financial monitoring information for the Environment, Climate Emergency and Transport Committee as at quarter 3 (Apr – Dec) of 2021-22. The report provides Members with an overview of budget performance to enable the Committee to take ownership of their specific budgets and provide robust challenge and scrutiny to Officers on the performance of those budgets.

The Committee is accountable for ensuring that the committee budgets remain within the relevant envelope and will take collective responsibility via the Policy and Resources Committee to ensure that the whole Council budget remains in balance at all times, by agreeing mitigating actions to bring the budget back in line, should a deficit be forecast.

RECOMMENDATION/S

The Environment, Climate Emergency and Transport Committee is requested to;

1. Note the projected year-end revenue forecast position of £0.460m adverse, as reported at quarter 3 (Apr – Dec) of 2021-22
2. Note progress on the achievement of approved savings and the projected year end forecast position at quarter 3 (Apr – Sep) of 2021-22
3. Note the reserves allocated to the Committee for future one-off commitments.
4. Note the projected year-end capital forecast position of £7.499m favourable, as reported at quarter 3 (Apr – Dec) of 2021-22

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 Regular monitoring and reporting of revenue and capital budgets, reserves, savings achievements and Medium-Term Financial Strategy (MTFS) position enables decisions to be taken faster, 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

Revenue Forecast Position

- 3.1 This section provides a summary of the projected year-end revenue position as at the end of Quarter 3, Month 9 (December 2021) of 2021/22 financial year.
- 3.2 As at the end of December 21 (Quarter 3), the forecast year end position for Environment, Climate Emergency and Transport is an adverse variance of £0.460m against a budget of £66.718m. This includes the mitigation available from the Sales, Fees and Charges income loss compensation scheme.
- 3.3 As case rates within the Borough remained high, localised decisions were taken in Quarters 1 and 2 based on Public Health advice, which means some restrictions remained in place after the government road map date of 19th July. Although most services are now open at full capacity there are risks associated with this and this decision could have an adverse effect on projected income targets. This is being kept under review throughout the year and the Directorate will aim to mitigate these if necessary

TABLE 1: 2021/22 Environment, Climate Emergency and Transport – Service Budget & Forecast

	Budget	Forecast	Variance (+ Fav / - Adv)		Adv/ Fav
	£0	£0	£0	%	
Environment (including Parks and Open Spaces)	8,099	7,951	148	2%	Favourable
Highways Management and Infrastructure	5,890	6,773	-883	-15%	Adverse
Recycling and Waste	30,536	30,261	275	1%	Favourable
Transport Levy	22,193	22,193	0	0%	
Surplus / (Deficit)	66,718	67,178	-460	-1%	Adverse

- 3.4 **Highways and Infrastructure:** An adverse forecast variance of £0.883m is reported for 2021-22. Charging for car parking has now resumed, however as footfall is expected to be at 75% of the pre-pandemic levels this has adversely impacted income. Some income is available from the sales, fees and charges income loss compensation scheme for Quarter 1. The 2021/22 saving associated with Car Parking will not be fully achieved this year due to delays in implementation. The full year impact of the saving equates to £1.0m and consists of £0.5m relating to standardisation of fees and £0.5m relating to charges at new sites. In August 2021 the Decision Review Committee agreed to implement the savings on new sites and to report back to the Transport, Climate Emergency and Environment Committee with the outcome of the consultation on Traffic Regulation Orders.
- 3.5 The standardisation has been implemented from September, however as this has been delayed by five months this results in a forecast pressure of £0.2m. The remaining saving relating to charges at new sites will take longer to implement as it will be necessary to carry out capital works. Therefore, this element of the saving is unlikely to be realised before the end of the year. This will result in an additional forecast pressure of £0.5m. Overall pressures from car parking in 2021/22 equate to £0.7m, although it is expected that the saving will be fully achieved in 2022/23. Mitigations are in place to bring the projected adverse variance to £0.405m and the area will be monitored during the remainder of the year to identify further mitigation.
- 3.6 Additional adverse variances relate to Highways Management of £0.052m. This is due to increases in demand for maintenance and remedial work. Improvements have been made against the Quarter 2 forecast of £0.442m by exploring other sources of funding and capitalisation opportunities to mitigate increased costs.

- 3.7 The remaining part of the adverse variance is due to under recovery of income within the Design Team which equates to £0.096m as the service is not fully resourced. Income generating opportunities within this area are being explored to mitigate this. Street Lighting is projecting an adverse variance of £0.288m due to an increase in energy bills from October 2021. The Authority has invested in replacement LED lighting and if this had not taken place energy bills would have been 60% higher and the adverse variance would have been £1.08m. Winter gritting is also projecting an adverse variance of £0.225m due to an increase in fuel, salt and inspector's overtime. These adverse variances are mitigated in part by favourable variances within the remainder of Highways and Infrastructure of £0.183m due to the part year impact of service restructures.
- 3.8 **Parks & Environment:** A favourable forecast variance of £0.415m is reported for 2021-22. Income streams relating to Garden Waste Subscriptions and Parks Income were impacted by COVID-19 in 2020/21. Garden Waste has not been impacted in 2021/22 as charges for the service have returned to pre pandemic levels. The service has achieved 42,000 subscribers this year which is the largest since the scheme commenced. The direct debit system was implemented in 2020/21 and this has assisted in retaining existing subscribers. Overall Waste and Street Cleansing is predicting a favourable variance of £0.275m. This is due to the waste contract inflation being less than what was anticipated (£0.08m) and due to a reduction in overall expected costs to this service this year, as some costs were covered in the previous financial year (£0.2m).
- 3.9 As at Quarter 3 income from Parks is expected to be impacted by COVID-19 which has resulted in an adverse variance of £0.019m. Services relating to pitch hire have resumed, however income in relation to events has been affected which has resulted in a shortfall. This is mitigated in part by income from the sales, fees and charges income loss compensation scheme. However, this depends on there being no further restrictions later in the year. This will be reviewed during the year, and losses will be mitigated through favourable variances and a reduction in expenditure within other areas of Waste and Environment.
- 3.10 Regulatory Services is predicting a favourable variance of £0.166m. This is due to employees, as the service has faced challenges in recruiting and retaining staff due to current market demand because of COVID-19. There are plans to address this in the future.
- 3.11 **Transport Levy:** A balanced position is reported for 2021/22 This was budgeted based on the levy allocated to Wirral by Merseytravel for this year and is currently reporting a balanced position.

TABLE 2: 2021/22 Environment, Climate Emergency and Transport – Subjective Budget & Forecast

	Budget	Forecast	Variance (+ Fav / - Adv)		Adv/ Fav
	£0	£0	£0	%	
Income	-17,323	-17,122	-200	1%	Adverse
Expenditure:					
Employee	14,946	13,789	1,157	8%	Favourable
Non Pay	65,092	66,509	-1,417	-2%	Adverse
Cost of Care					
Total Expenditure	80,038	80,298	-260	0%	
Surplus / (Deficit)	62,715	63,175	-460	-1%	Adverse
Support/Admin Building Overhead	4,003	4,003	0	0%	
Total Surplus/ (Deficit)	66,718	67,178	-460	-1%	Adverse

Budget Virements

3.12 £0.119m has been transferred between the Environment Climate Emergency and Transport Committee and Tourism, Communities Culture and Leisure Committee. This relates to implementation of restructures within Neighbourhoods Directorate.

Budget Saving Achievement Progress

3.13 Within each Committee's revenue budget there are a number of savings proposals, that were based on either actual known figures or best estimates available at the time. At any point during the year, these estimated figures could change and need to be monitored closely to ensure, if adverse, mitigating actions can be taken immediately to ensure a balanced forecast budget can be reported to the end of the year.

TABLE 3: 2021/22 Environment, Climate Emergency and Transport Budget Savings

Saving Title	Agreed Value	Forecast Value	RAG Rating	Comments
LED savings	£0.4m	£0.4m	Green	The 21/22 saving originated from the business case for LED replacement in 2018/19 and was the anticipated achievable saving at the time.

Additional and increased car parking charges	£1.0m	£1.0m	Red (Amber with mitigations)	The options paper to determine how the saving was to be made was presented to June Committee and this was subsequently called in. This has resulted in a part year delay, although the saving will be fully achieved in 2022/23. Mitigations have been sought for this year. £0.3m of this saving has been achieved through flat rate fee introduction from September. The remainder will be mitigated as follows: £0.185m income from the Sales, Fees and Charges income loss compensation scheme. £0.110m from footfall being greater than originally anticipated. £0.405m is available due to waste costs being less than anticipated.
Targeted and Discretionary Environmental Enforcement	£0.15m	£0.15m	Amber (Green with mitigations)	This will not be fully achieved in 2021/22 due to delays in commencement. The projected shortfall of £0.075m will be mitigated this year from reserve.
Royden Park Commercial Development	£0.08m	£0.08m	Amber (Green with mitigations)	This will not be fully achieved in 2021/22 due to delays in commencement and will be reviewed as part of the Arrowe Park Sports Village. The projected shortfall of £0.080m will be mitigated this year from reserve.
Reduction in grass cutting and maintenance of verges	£0.25m	£0.25m	Green	The options paper to determine how the saving will be made was presented to June Committee, resulting in a part year delay. Any shortfall this year will be mitigated through one off in year favourable variances, which have arisen whilst the Parks restructure was implemented.
Amenity space	£0.1m	£0.1m	Amber	This will be fully achieved in

maintenance cessation			(Green with mitigations)	2022/23 but there is a reported shortfall in 2021/22 due to some employees leaving the authority after 01/04/21. The shortfall this year will be mitigated through one off in year favourable variances, which have arisen whilst the Parks restructure was implemented.
Review of the Neighbourhood Services Directorate	£0.35m	£0.35m	Green	On target to be achieved
Contract efficiency savings with BIFFA	£0.075m	£0.075m	Green	On target to be achieved
Total	£2.41m	£2.41m		

3.14 Most savings are on track to be achieved as at Quarter 3. Car Parking is rated Amber due to delays in implementing the charges. Current projections are based on flat rate charges being implemented from September following the outcome of the Decision Review Committee. Introduction of charges at new sites will be delayed until 2022/23 as it will take time to purchase and install the ticket machines. The shortfall against this saving will be mitigated in 2021/22 through one off favourable variances across Neighbourhoods.

Earmarked Reserves

3.15 Earmarked reserves are amounts set aside for a specific purpose or projects.

TABLE 4: 2021/22 Environment, Climate Emergency and Transport – Earmarked Reserves

Reserve	Opening Balance £000	Use of Reserve £000	Contribution to Reserve £000	Closing Balance £000
Health & Safety Flood Prevention	-455			-455
Parks Tree Maintenance	-374	374		0
Environmental Health	-300			-300
Climate Emergency	-100	100		0
Litter Enforcement - development of initiatives	-49	49		0
Weed Spraying : Mitigate against additional costs	-41	41		0
Coastal Protection	-35	35		0
Environmental Health F.S.A. Backlog	-28			-28
Trading Standards	-25			-25
Health & Safety Armed Forces Welfare Pathway	-14			-14

BikeSafe	-10			-10
Repairs & Maintenance upgrades on Public Conveniences	-8			-8
LAMPS to Concerto system replacement	-2	2		0
Total	-1,441	601	0	-840

3.16 At Quarter 3 reserves Parks and in Environment are expected to be fully utilised in 2021/22. This relates to funding for Tree Maintenance works that are projected in addition to the revenue budget available. Reserves are also projected to be utilised in relation to Litter Enforcement, Climate Emergency, Weed Spraying and Coastal Protection.

Capital Forecast Position

3.17 Capital budgets are the monies allocated for spend on providing or improving non-current assets, which include land, buildings and equipment, which will be of use or benefit in providing services for more than one financial year.

TABLE 5: 2021/22 Environment, Climate Emergency and Transport – Capital Budget and Forecast

Capital Programme	2021/22			2022/23	2023/24	2024/25	2025/26
	Budget £000	Forecast £000	Variance £000	Budget £000	Budget £000	Budget £000	Budget £000
Buildings	900	0	900	900	0	0	900
CCTV	0	233	-233	0	0	0	0
Flood Prevention	7,727	2,232	5,495	5,635	0	0	5,635
Parks	5,591	1,049	4,542	6,267	0	0	6,267
Roads and Bridges	5,449	8,276	-2,827	876	0	0	876
Street Lighting	4,067	5,385	-1,318	182	0	0	182
Travel and Transport	3,013	2,372	641	2,820	0	0	2,820
Tree Strategy	640	341	299	356	34	0	356
Waste	0	0	0	0	0	0	0
Total	27,387	19,888	7,499	17,036	34	0	17,036

3.19 Table 5 summarises the forecast expenditure against Capital Budgets. A full breakdown of each Capital Scheme with details can be found in Appendix A. The forecast favourable variance of £7.499m is due to several schemes relating to Flood Prevention and Parks. This is due to expenditure being slipped into future years due to delays in commencement. In addition to this, there are adverse variances reported against Street Lighting (£1.318m) and Roads and Bridges (£2.827m) which are grant funded.

4.0 FINANCIAL IMPLICATIONS

4.1 This is the revenue budget monitoring report that provides information on the forecast outturn for the Environment, Climate Emergency and Transport Committee for 2021/22. The Council has robust methods for reporting and forecasting budgets in place and alongside formal Quarterly reporting to the 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 Sections 25 to 29 of the Local Government Act 2003 impose duties on the Council in relation to how it sets and monitors its budget. These provisions require the Council to make prudent allowance for the risk and uncertainties in its budget and regularly monitor its finances during the year. The legislation leaves discretion to the Council about the allowances to be made and action to be taken.

5.2 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.

5.3 It is essential, as a matter of prudence that the financial position continues to be closely monitored. In particular, Members must satisfy themselves that sufficient mechanisms are in place to ensure both that savings are delivered and that new expenditure is contained within the available resources.

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.

8.0 ENGAGEMENT/CONSULTATION

8.1 The themes in the Wirral Plan were initially informed by stakeholder engagement carried out in 2019, as part of the development of the Wirral Plan 2025. These themes have remained the same, however further engagement has been sought over the past year aligned to the refreshed Wirral Plan 2021 - 2026 to ensure social and economic changes as a result of the pandemic and other factors are reflected.

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.

9.2 There are no equality implications arising specifically from this report.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

10.1 The Wirral Plan includes five themed areas. One of which is focused on creating a 'Sustainable Environment', which outlines our ambitions and priorities for tackling the climate emergency. These are based on developing and delivering action plans that will improve the environment for Wirral residents. The performance report will include information on key areas where environment and climate related outcomes are delivered.

10.2 No direct implications. The content and/or recommendations contained within this report are expected to have no impact on emissions of Greenhouse Gases.

11.0 COMMUNITY WEALTH IMPLICATIONS

11.1 This report has no direct community wealth implications however, when Council budgets are set they take account of related matters across headings such as the following:

- **Progressive Procurement and Social Value**
How we commission and procure goods and services. Encouraging contractors to deliver more benefits for the local area, such as good jobs, apprenticeship, training & skills opportunities, real living wage, minimising their environmental impact, and greater wellbeing.
- **More local & community ownership of the economy**
Supporting more cooperatives and community businesses.
Enabling greater opportunities for local businesses.
Building on the experience of partnership working with voluntary, community and faith groups during the pandemic to further develop this sector.
- **Decent and Fair Employment**
Paying all employees a fair and reasonable wage.

- **Making wealth work for local places**

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APPENDICES

Appendix A – Detailed breakdown of Capital Schemes

BACKGROUND PAPERS

- 2021/22 BUDGET MONITORING AND 22/23 BUDGET PROCESS
- P&R Budget Monitoring 2021/22 Quarter 3

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Environment, Climate Emergency and Transport Committee	22 October 2020
Environment, Climate Emergency and Transport Committee	3 December 2020
Environment, Climate Emergency and Transport Committee	1 February 2021
Environment, Climate Emergency and Transport Committee	16 March 2021
Environment, Climate Emergency and Transport Committee	14 June 2021
Environment, Climate Emergency and Transport Committee	7 September 2021
Environment, Climate Emergency and Transport Committee	15 November 2021
Environment, Climate Emergency and Transport Committee	20 January 2022

