

Environment Overview and Scrutiny Committee
Thursday, 28 November 2019

REPORT TITLE:	Financial Monitoring Report Quarter 2 2019/20
REPORT OF:	Corporate Director Delivery Services (Assistant Chief Exec)

REPORT SUMMARY

This report sets out the financial monitoring information for the Business Overview & Scrutiny Committee. The report provides Members with detail to scrutinise budget performance for this area of activity. The financial information covers the financial information as at quarter 2 2019/20.

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).
- Performance against the capital budget.

RECOMMENDATION/S

That Members of the Environment Overview and Scrutiny Committee note the report and appendices and give their views.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

1.1 Overview and Scrutiny Committees receive regular financial updates throughout the year. These allow Committees to understand the financial position of the Council and to scrutinise decisions and performance as required.

2.0 OTHER OPTIONS CONSIDERED

2.1 Not applicable.

3.0 BACKGROUND INFORMATION

3.1 Capital Programme 2019/20 Position

Table 1 – Capital Monitoring at Quarter 2

	Capital Strategy <i>(as agreed at Council)</i>	Proposed Programme
	£m	£m
Delivery	36.454	25.967
Economic & Housing Growth	27.712	6.076
Total	64.166	32.043

3.1.1 Table 1 provides an update on the 2019/20 capital Programme. A number of significant variations have arisen since the programme was agreed in March 2019. These include the inclusion of additional grant funded schemes, variations to spend forecasts and the re-profiling of expenditure into and out of the 2019/20 financial year. Further detail is provided below.

3.1.2 Economic and Housing Growth

- Investment in properties: Costs with respect to the acquisition of specific properties relating to regeneration have been included in the current year projections with other schemes anticipated to commence in 2020-21 (decrease £8.60m)
- Wirral Waters Investment Fund: the Marine Energy Automotive Park project does not yet have planning permission and therefore, it is anticipated that it will commence in the last quarter of this financial year at the earliest. Anticipated spend £0.375m (decrease £5.62m).
- Housing Infrastructure Fund Marginal Viability: part of Homes England grant of £6m for infrastructure, land remediation, public realm works and utilities provision at Northbank, Wirral Waters. Estimated grant drawdown this year is £1m with the balance reprofiled into 2020/21 (decrease £2.0m).
- Community Bank: A due diligence exercise will review the case to establish a North West Regional Community Bank covering Cumbria, Lancashire and Merseyside. Depending on the outcome the majority of the Council's contribution will not be required this financial year (decrease £4.25m).
- New Ferry Regeneration Strategic Acquisitions: 25 properties have been identified for acquisition with 4 completed to date. Not all those identified will be completed this year (decrease £0.7m).

3.1.3 Delivery

- Transport for Growth: Adjustment to Integrated Transport grant allocation £1.1m and balance of funding brought forward from 2018/19 (increase £2.10m).
- Aids, adaptations and DFGs: Substantial additional grant funding was included in the original budget. In May the Council received a further £4.3m. A realistic level of grant allocation is estimated to be £2.5m based on applications and resources available. The balance of funding has been re-profiled into 2020/21 (decrease £3.33m).
- West Kirby flood defence: The expected tender period is December and January with appointment in February. Start on site will not be until the end of the financial year so apart from the ongoing consulting costs and some preliminary site work there will not be any significant capital outlay (decrease £2.37m).
- LED street lighting/column replacement: Contract awarded in September, works commencing October. Majority of expenditure will be incurred December onwards (decrease £5.47m).
- Leasowe Leisure Centre/Evolutions: Various design options are still being considered in order to provide the most economical and effective solution. The scheme itself is unlikely to start until the new financial year (decrease £1.0m)

3.2 Revenue Programme 2019/20 Position

Table 2 – Revenue Monitoring at Quarter 2

	Budget	Forecast	Variance
	£m	£m	£m
Delivery	53.719	56.460	(2.741)
Economic & Housing Growth	30.405	30.113	0.292
Total	84.124	86,573	(2.449)

3.2.1 Economic and Housing Growth: Forecast - £0.292m Favourable Variance Position

- The £0.292m forecast favourable position is a £0.212m improvement from Quarter 1 forecast position (£0.079m). The favourable position is largely to Housing function moving to this directorate from Delivery.

Table 3: Economic and Housing Growth 2019/20 Full Year Revenue Budget and Forecast Position

	Full Year				Adv/Fav
	Budget	Forecast	Variance		
	£000	£000	£000	(+ Fav, - Adv) %	
Major Growth & Housing Delivery	23,234	23,374	(140)	-1%	Adverse
Corporate Director for Economic & Housing Growth	(5,193)	(5,250)	57	1%	Favourable
Regeneration & Inward Investment	990	990	(0)	0%	
Housing	9,822	9,447	374	-4%	Favourable
Directorate (Surplus) / Deficit	28,854	28,561	292	1%	Favourable
Support / Admin Building Overhead	1,552	1,552	0		
Total (Surplus) / Deficit	30,405	30,113	292	1%	Favourable

3.2.2 Major Growth & Housing Delivery

- The adverse forecast expenditure of £0.140m is due planning related expenses, a review is underway to manage these costs through the capital programme.
- Delivery of the Local Plan remains a key priority. Reserves have been set aside to cover the local plan costs, estimated cost of delivery is £1.400m in 2019/20, £0.200m in 2020/21 and £0.400m in 2021/22.

3.2.3 Corporate Director for Economic & Housing Growth Management

- Favourable variance of £0.057m due to salary budget slippage from vacant Director post Apr – Jul 2019.
- Income of £4.150m was originally anticipated in 2019/20 from development within the Wirral Growth company. However, as the partnership with Muse has matured, the partnership agreement has been refocused to ensure any development is designed in consultation with residents, members and partners to ensure the maximum financial benefits can be realised for the Council. This may result in additional income being received in future years. This will be funded by a transfer from the Economic Growth reserve which was established to cover such delays in regeneration developments.

3.2.4 Housing Services

- The favourable position within Housing is forecast from the current cost of Supported Housing contracts based on current occupancy rates.

3.2.5 Delivery Services: Forecast - £2.741m Adverse Variance Position

- The £2.741m forecast adverse position is a £1.107m deterioration from Quarter 1 forecast position (£1.634m). The adverse position is largely due to delays / reversals of

key decisions relating to income generation and Housing function moving from this directorate to Economic and Housing Growth (£0.374m favourable variance).

Table 4: Delivery 2019/20 Full Year Revenue Budget and Forecast Position

	Full Year				Adv/Fav
	Budget	Forecast	Variance		
	£000	£000	£000	%	
Community Services	14,432	15,719	(1,287)	-9%	Adverse
Delivery Services Management	183	189	(6)	-3%	Adverse
Highways & Streetscene Services	26,797	28,201	(1,404)	-5%	Adverse
Asset Management	3,855	3,898	(43)	-1%	Adverse
Directorate (Surplus) / Deficit	45,267	48,008	(2,741)	-6%	Adverse
Support / Admin Building Overhead	8,452	8,452	0		
Total (Surplus) / Deficit	53,719	56,460	(2,741)	-5%	Adverse

3.2.6 Community Services

- There are income pressures (£0.49m) within Sport & Recreation caused by: the slippage of the development of the 3G pitches at Leasowe has delayed the income generation in year; a delay to realising commercial opportunities at the West Kirby Lake Sailing Centre facilities whilst awaiting completion of the building improvements and the ongoing negotiations to transfer the Beechwood Leisure Centre to an alternative provider. The commercial team are developing plans to improve the leisure centre offer with new gym equipment and classes. This will increase demand for memberships and improve income streams.
- The expectation of the 2019/20 budget was for the approved budget savings relating to the transfer of operations at the Floral Pavilion and two golf courses to expert providers, to be fully achieved. However, continuing delays in the transfer of the Floral Pavilion (£1.5m capital receipt and £0.55m revenue adverse variance) and Members recommendation to not proceed with the transfer of the Golf Courses (£0.11m) will mean that the saving target will not be realised in 2019/20.

3.2.7 Highways & Streetscene

- Due to reduced demand, car parking income is expected to fall short of the budget (£0.3m adverse). A comprehensive review of the transport strategy is being undertaken in this area to recommend improvements to Members
- The termination of the Council's contract with Kingdom, which enforced fines for environmental breaches such as dog fouling, littering, trade waste and smoking offenses, has generated a budget shortfall (£0.5m adverse) within the Waste & Environment Service Area; alternative options are being reviewed with regard environmental enforcement.

- There has been a slower than anticipated take up of the Garden Waste Subscription service, if this trend were to continue the forecast adverse budget variance of £0.2m. Work is underway to attract new subscribers through promotional activity and advertising, to mitigate this variance in year.
- Assisted Travel (£0.4m adverse) is due to the increased demand for home to school transport and adult transport. There is currently a policy review of this area being undertaken to help address this organisation-wide issue of increasing demand Which will be reported in November 2019.

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 There are none arising directly from this report.

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 There are none directly relating to this report. The monitoring of financial performance important to ensure robust financial control procedures are in place. The Council faces financial challenges in this period as it seeks to increase income, reduce costs whilst transforming its approach to services. There is a risk in future years that the Council does not achieve a planned approach.

8.0 ENGAGEMENT/CONSULTATION

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

9.0 EQUALITY IMPLICATIONS

9.1 No because there is no relevance to equality.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

10.1 This report has no impact on emissions of CO2

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APPENDICES

BACKGROUND PAPERS

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Budget Council	4th March 2019
Cabinet – Financial Monitoring Outturn 2018/19	22nd July 2019
Cabinet – Quarter 1 Financial Monitoring 2019/20	2nd September 2019