

Environment Overview and Scrutiny Committee
Thursday, 12 March 2020

REPORT TITLE:	Financial Monitoring Report Quarter 3 2019/20
REPORT OF:	

REPORT SUMMARY

This report sets out the financial monitoring information for the Environment 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 3 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 3

	Capital Strategy <i>(as agreed at Council)</i>	Proposed Programme
	£m	£m
Delivery	36.454	23.179
Economic Housing Growth	27.712	6.169
Business	64.166	29.348

- 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 Delivery

- Aids, adaptations and DFGs (£3.33m decrease): 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.
- LED street lighting/column replacement (£5.48m decrease): Contract awarded in September, works commencing October. Majority of expenditure will be incurred December onwards with funding reprofiled into future years.
- Transport for Growth (£0.90m increase): Adjustment to Integrated Transport grant allocation £1.1m and balance of funding brought forward from 2018/19. Reprofiling of £1.2m due to lack of resources to progress planning & design of schemes along with the statutory consultation processes that must be adhered to.
- West Kirby flood defence (£2.60m decrease): 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.
- Leasowe Leisure Centre/Evolutions: (£1.00m decrease): 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.

3.1.3 Economic and Housing Growth

- Business Investment Fund: (decrease £0.27m) 8 bids have been received for financial assistance from the fund with the latest estimate for likely approval from this year's allocation being £1.036 million.
- Housing Infrastructure Fund Marginal Viability (Northbank): (£2.00m decrease) 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.
- Investment in properties: (£8.60m decrease) 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.
- New Ferry Regeneration Strategic Acquisitions: (£0.99m decrease) 25 properties have been identified for acquisition with 4 completed to date. Not all those identified will be completed this year. Any unused funding will be carried forward for use in 2020/21.
- Wirral Waters Investment Fund: (£5.62m decrease) 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.
- Community Bank: (£4.25m decrease) 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.

3.2 Revenue Programme 2019/20 Position

3.2.1 Delivery Services: Forecast - £3.268m Adverse Variance Position

- The Adverse full year budget forecast for Delivery Services of £3.268m is largely due to income pressures and delays in implementing budget savings.

Table 3: Delivery 2019/20 Full Year Revenue Budget and Forecast Position

	Full Year				Adv/Fav
	Budget	Forecast	Variance		
	£000	£000	(+ Fav, - Adv) £000	%	
Directorate Items					
Community Services	14,332	15,553	(1,221)	-9%	Adverse
Delivery Services Management	187	189	(2)	-1%	Adverse
Highways & Streetscene Services	26,781	28,185	(1,404)	-5%	Adverse
Asset Management	3,843	4,484	(641)	-17%	Adverse
Directorate (Surplus) / Deficit	45,143	48,411	(3,268)	-7%	Adverse
Support / Admin Building Overhead	8,452	8,452	(0)		
Total (Surplus) / Deficit	53,595	56,863	(3,269)	-6%	Adverse

3.2.2 Community Services

- There remain ongoing pressures (£0.490m) within Sport & Recreation, these pressures are linked to the delayed building of a 3G pitch at Leasowe, the inability to realise commercial opportunities at the West Kirby Lake Sailing Centre facilities because of the delayed completion of the building improvements and the late delivery of a budget option to transfer the Beechwood Leisure Centre. The service is working to mitigate these pressures by utilising Commercial officers who have been appointed to the Service to improve demand for memberships and explore new income streams aimed at reducing this adverse pressure. The service is not likely to see a benefit from this work until next financial year. A number of capital projects have been approved and are progressing and more are being developed.
- The expectation of the 2019/20 budget was for the approved budget savings, relating to the transfer of operations at the Floral and two golf courses, to be fully achieved. However, continuing delays in the implementation of the Floral project and the Members recommendation to not proceed with the Golf Project will mean that the £0.66m saving target will not be realised in 2019/20.

3.2.3 Highways & Streetscene

- Due to demand not matching targets, car parking income is expected to fall short of the budget (£0.300m 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 (£0.500m adverse) within the Waste & Environment Service Area; alternative options are being reviewed with regard to environmental enforcement.
- The Garden Waste Subscription service is projected to underachieve against income by approximately £0.120m due to a reduction in take up compared to last year. This has improved from a projection of £0.200m at Quarter 2 due to the service attracting new subscribers through promotional activity and advertising. Action is being taken to reduce this deficit further.
- Highways Assets are showing £0.303m adverse position due to winter pressures (£0.151m) for gritting and unachieved income from development programmes (£0.155m). Both areas are subject to external factors.
- Assisted Travel (£0.270m 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.

3.2.4 Assets Management

- An adverse forecast variance of £0.641m has been recorded, driven by price increases from suppliers given mid-year.

3.2.5 Economic & Housing Growth: Forecast - £0.141m Favourable Variance Position

3.2.6 The Economic & Housing Growth Directorate now includes Culture and Visitor Economy, and a £0.141m favourable position is forecast, which is a £0.151m adverse movement from the forecast position at Quarter 2 (£0.292m).

Table 4: Economic & Housing Growth 2019/20 Full Year Revenue Budget and Forecast Position

	Full Year		Variance		Adv/Fav
	Budget £000	Forecast £000	£000	%	
Directorate Items					
Major Growth & Housing Delivery	23,173	23,329	(156)	-1%	Adverse
Culture & Visitor Economy	1,477	1,672	(195)	-13%	Adverse
Corporate Director for Economic & Housing Growth	(5,193)	(5,264)	72	1%	Favourable
Regeneration & Inward Investment	989	989	0	0%	Favourable
Housing	8,965	8,545	420	5%	Favourable
Directorate (Surplus) / Deficit	29,411	29,270	141	0%	Favourable
Support / Admin Building Overhead	1,552	1,552	0		
Total (Surplus) / Deficit	30,962	30,821	141	0%	Favourable

3.2.7 Major Growth & Housing Delivery

- The adverse forecast expenditure of £0.156m is due to planning related expenses and has been updated with latest agency costs.
- 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.

3.2.8 Culture and Visitor Economy

- The adverse position within Culture results from the Tour of Britain event, which will be funded from General Fund reserves. This is partially offset by a favourable variance on the successful events programme, as well as small staff savings resulting from the recruitment freeze.

3.2.9 Corporate Director for Economic & Housing Growth Management

- Favourable variance of £0.072m due to vacant Director post April to August 2019.
- Income of £3.65m 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.

3.2.10 Housing Services

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

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 is 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