



## Environment, Climate Emergency and Transport Committee

Monday, 20<sup>th</sup> June 2022

<b>REPORT TITLE:</b>	<b>BUDGET MONITORING QUARTER 4 (Outturn)</b>
<b>REPORT OF:</b>	<b>DIRECTOR OF NEIGHBOURHOODS</b>

### REPORT SUMMARY

This report sets out the financial monitoring information for the Environment, Climate Emergency and Transport Committee outturn report for 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 year-end revenue position of £0.873m adverse, as reported for 2021-22.
2. Note progress on the achievement of approved savings and the year end position for 2021-22.
3. Note the reserves allocated to the Committee for future one-off commitments.
4. Note the year-end capital position of £13.628m favourable, for 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 year-end revenue position as at for 2021/22 financial year.
- 3.2 The year end position for Environment, Climate Emergency and Transport is an adverse variance of £0.873m against a budget of £66.822m. 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. Income continued to recover in Quarter 3 and Quarter 4 and although it was below 2019/20 levels, it was better than anticipated in the final two quarters. However, income levels were significantly less than in 2019/20 and the area.

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

	<b>Budget</b>	<b>Outturn</b>	<b>Variance</b>		<b>Adv/ Fav</b>
	£000	£000	(+ Fav / - Adv) £000	%	
Environment (including Parks and Open Spaces)	8,654	8,128	526	6%	Favourable
Highways Management and Infrastructure	5,988	7,489	-1,501	-25%	Adverse
Recycling and Waste	29,987	30,007	-19	0%	Adverse
Transport Levy	22,193	22,071	122	1%	Favourable
<b>Surplus / (Deficit)</b>	<b>66,822</b>	<b>67,695</b>	<b>-873</b>	<b>-1%</b>	<b>Adverse</b>

3.4 **Highways and Infrastructure:** An adverse variance of £1.502m is reported for 2021-22. Charging for car parking resumed at the beginning of the year, however as ticket sales throughout the year has been between 60% and 75% of the pre-pandemic levels this has adversely impacted income. This was mitigated in part in Quarter 1 through income from the Sales, Fees, and Charges income loss compensation scheme. The 2021/22 saving associated with Car Parking has not been 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 Environment, Climate Emergency and Transport Committee with the outcome of the consultation on Traffic Regulation Orders. The overall position deteriorated from what was reported in Quarter 3 due to increases in energy costs, increases in winter gritting costs and a slight reduction in ticket sales in car parks due to increases in case rates and uncertainty surrounding the omicron variant.

3.5 The standardisation of car parking charges was implemented from September, however as this was delayed by five months it has resulted in a pressure of £0.237m. 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 has not been realised this year. This has resulted in an additional pressure of £0.5m. The overall adverse variance relating to car parking in 2021/22 equates to £0.737m. However, it is expected that the saving will be fully achieved in 2022/23. A report will be taken to Environment, Climate Emergency and Transport Committee in June 2022, which will provide feedback on Traffic Regulation Order processes and recommendations for Committee to consider. Favourable variances from across Neighbourhoods have assisted in mitigating this area in 2021/22.

- 3.6 Additional adverse variances relating to Highways Management total £0.460m. This is due to increases in demand for maintenance and remedial work. Improvements have been made against Quarter 2 and 3 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 £0.110m as the service is not fully resourced. Street Lighting is reporting an adverse variance of £0.260m 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 reporting an adverse variance of £0.307m. These adverse variances are mitigated in part by favourable variances within the remainder of Highways and Infrastructure.
- 3.8 The remaining part of the adverse variance is due to under recovery of income within the Design Team which equates to £0.110m as the service is not fully resourced. Street Lighting is reporting an adverse variance of £0.260m 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 reporting an adverse variance of £0.307m. These adverse variances are mitigated in part by favourable variances within the remainder of Highways and Infrastructure.
- 3.9 Parks and Tree Management is reporting a favourable variance of £0.227m. Income from Parks was impacted by COVID-19 in Quarter 1, which was mitigated in part by the Sales, Fees, and Charges income loss compensation scheme. Services relating to pitch hire and some events resumed from Quarter 2 and performed better than anticipated. When Quarter 3 was reported, there was uncertainty surrounding the new COVID-19 variant and the impact potential further restrictions would have on income. Therefore, conservative assumptions were made around income generation in the final quarter. However, as no further restrictions were imposed income generation was better than anticipated in Quarter 4, resulting in a favourable variance.
- 3.10 Regulatory Services is reporting a favourable variance of £0.278m. 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 favourable variance of £0.122m is reported for 2021/22. This was budgeted based on the levy allocated to Wirral by Merseytravel for this year.

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

	Budget	Outturn	Variance		Adverse/ Favourable
	£000	£000	(+ Fav / - Adv) £000	%	
Income	-16,376	-17,245	869	-5%	Favourable
<b>Expenditure:</b>					
Employee	15,067	13,968	1,100	7%	Favourable
Non Pay	64,741	67,583	-2,841	-4%	Adverse
<b>Total Expenditure</b>	<b>79,809</b>	<b>81,550</b>	<b>-1,742</b>	<b>-2%</b>	<b>Adverse</b>
<b>Directorate Surplus / (Deficit)</b>	<b>63,433</b>	<b>64,305</b>	<b>-873</b>	<b>-1%</b>	<b>Adverse</b>
Support/Admin Building Overhead	3,389	3,389	0	0%	
<b>Total Surplus/ (Deficit)</b>	<b>66,822</b>	<b>67,695</b>	<b>-873</b>	<b>-1%</b>	<b>Adverse</b>

### Budget Virements

- 3.12 The budget has changed from £66.718m in Quarter 3 to £66.822m in Quarter 4. This is due to a budget increase to apply the 2021/22 pay award.

### 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**

<b>Saving Title</b>	<b>Agreed Value</b>	<b>Value</b>	<b>RAG Rating</b>	<b>Comments</b>
LED savings	£0.4m	£0.4m	<b>Green</b>	The saving has been achieved and the adverse variance reported against the area is due to energy price increases which would have been significantly higher had LED lighting not been rolled out.
Additional and increased car parking charges	£1.0m	£1.0m	<b>Red (Amber with mitigations)</b>	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. £0.263m of this saving has been achieved through flat rate fee introduction from September. The remainder will be mitigated as follows: £0.195m income from the Sales, Fees, and Charges income loss compensation scheme. £0.542m is available due to waste and environment costs being less than anticipated.
Targeted and Discretionary Environmental Enforcement	£0.15m	£0.15m	<b>Amber (Green with mitigations)</b>	This was not fully achieved in 2021/22 due to delays in commencement. This has been mitigated from favourable variances within Waste and Environment.
Royden Park Commercial Development	£0.08m	£0.08m	<b>Amber (Green with mitigations)</b>	This was not fully achieved in 21/22 due to delays in commencement and will be revisited as part of the Leisure Review. The shortfall has been mitigated from favourable variances within Waste and Environment.
Reduction in grass cutting and	£0.25m	£0.25m	<b>Green</b>	The options paper to determine how the saving will

maintenance of verges				be made was presented to June Committee, resulting in a part year delay. Shortfalls this year have been mitigated through favourable variances within Waste and Environment.
Amenity space maintenance cessation	£0.1m	£0.1m	<b>Amber (Green with mitigations)</b>	This will be fully achieved in 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	<b>Green</b>	Achieved
Contract efficiency savings with BIFFA	£0.075m	£0.075m	<b>Green</b>	Achieved
<b>Total</b>	<b>£2.41m</b>	<b>£2.41m</b>		

3.14 Most savings were achieved in 2021/22 without mitigations. Car Parking is rated Amber and was not fully achieved due to delays in implementing the charges. Flat rate charges were implemented from September following the outcome of the Decision Review Committee. However, introduction of charges at new sites have been delayed until 2022/23 as it will take time to purchase and install the ticket machines. The shortfall against this saving is 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	0	0	455
Parks Tree Maintenance	374	-187	0	187
Environmental Health	300		0	300
Climate Emergency	100	0	0	100

Litter Enforcement - development of initiatives	49	0	0	49
Weed Spraying : Mitigate against additional costs	41	0	0	41
Coastal Protection	35	0	0	35
Environmental Health F.S.A. Backlog	28	0	0	28
Trading Standards	25	0	0	25
Health & Safety Armed Forces Welfare Pathway	14	0	0	14
BikeSafe	10	0	0	10
Repairs & Maintenance upgrades on Public Conveniences	8	0	0	8
LAMPS to Concerto system replacement	2	0	0	2
Storeton Quarry	0	0	30	30
<b>Total</b>	<b>1,441</b>	<b>-187</b>	<b>30</b>	<b>1,284</b>

3.16 In 2021/22 reserves have been utilised in relation to Tree Maintenance. A new reserve will be created for £0.030m to fund costs associated with Storeton Quarry works which will be carried out in 2022/23 to ensure the site is still health and safety compliant

### 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	Outturn £000	Variance £000	Budget £000	Budget £000	Budget £000	Budget £000
Buildings	900	0	900	900	0	0	0
CCTV	0	154	-154	79	0	0	0
Flood Prevention	7,727	396	7,331	11,406	1,258	0	0
Food Waste	0	0	0	0	3,200	0	0
Parks	4,585	443	4,142	5,894	0	0	0
Roads and Bridges	5,449	5,653	-204	3594	0	0	0
Street Lighting	4,067	4,203	-136	1364	0	0	0
Travel and Transport	3,013	1,726	1,287	3,460	0	0	0
Tree Strategy	640	167	473	530	34	0	0
Waste	0	0	0	0	0	0	0
Other	0	13	-13	0	0	0	0
<b>Total</b>	<b>26,381</b>	<b>12,753</b>	<b>13,628</b>	<b>27,227</b>	<b>4,492</b>	<b>0</b>	<b>0</b>



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 favourable variance of £13.628m 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 (£0.136m) and Roads and Bridges (£0.204m) which are grant funded.

#### **4.0 FINANCIAL IMPLICATIONS**

4.1 This is the revenue budget monitoring report that provides information on the 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 4 (Outturn Report)

## 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

<b>Environment, Climate Emergency and Transport Committee</b>	<b>15 November 2021</b>
<b>Environment, Climate Emergency and Transport Committee</b>	<b>20 January 2022</b>
<b>Environment, Climate Emergency and Transport Committee</b>	<b>1 March 2022</b>