

06 OCTOBER 2020

CORPORATE FINANCIAL PERFORMANCE – QUARTER 1 (Period 4 – July 2020) FINANCIAL MONITORING POSITION FOR 2020/21

Ward(s):

Portfolios:

Councillor Adrian Andrew – Deputy Leader of the Council
Councillor Perry – Community, Leisure and Culture
Councillor Butler – Clean and Green

1. Aim

To provide the budget monitoring position for period 4 2020/21. The Chair requested that this item be considered by the Committee.

2. Recommendations

- 2.1 To note the revenue and capital forecast for the financial year end 20/21 for the services under the remit of the committee
- 2.2 To note the actions being taken to address the overspend

3. Report detail – know

3.1 The current net revenue forecast position, after the net use of reserves and prior to any mitigating action, would be an over spend of £0.802m, which results from delayed delivery of savings, unachieved income and areas of spend increases as a result of demand. After mitigating actions of (£0.240m) the forecast position is an over spend of £0.562m. Forecast use of reserves total £9.362m including a one-off £5.784m relating directly to implications of COVID-19 restrictions.

3.2 Reasons for current overspend are:

- £0.059m - agency staff costs within waste collection, grounds, trees & street cleansing ;
- £0.611m – transitional costs in relation to the revised management structure for which an action plan is being identified;
- £0.015m - non-achievement of planning income (non Covid-19 related);
- £0.317m relating to delay in implementation of planning redesign;
- £0.030m - a pressure due to the cessation of shared emergency planning service with Sandwell MBC;

- Ongoing shortfall of £0.082m in active living income and £0.028m in libraries from previous year's savings, which have been exacerbated by closures due to Covid-19;
- £0.100m - Additional maintenance costs for the Active living Centres;
- The above is offset by underspends within Clean and Green, Programme Management, Bereavement Services, Directorate Support and the New Art gallery totalling (£0.680m);

The Executive Director for E, E & C is working with his Directors and Heads of service to review the forecast and implement an action plan that will mitigate this overspend by year-end.

3.3 Forecast Revenue outturn by service:

Table 1 – Forecast Revenue Outturn 2020/21					
Service	Annual Budget	Net Forecast	Planned Use of Reserves	Action Plan	Variance after Action Plan
	£m	£m	£m	£m	£m
Clean and Green Services	18.802	18.751	(1.962)	0.000	(0.051)
Economy Environment & Communities Management	0.177	0.360	0.000	0.000	0.184
Leisure Culture & Operations	2.538	2.518	(2.575)	(0.240)	(0.020)
Planning, Engineering & Transportation	8.954	9.338	(1.790)	0.000	0.384
Programme Management (to Resources & Transformation wef 01.09.2020)	1.761	1.813	(0.111)	0.000	0.051
Resilient Communities	1.986	1.999	(0.533)	0.000	0.013
Regeneration & Development	1.449	1.555	(0.772)	0.000	0.106
Communities & Partnerships	2.856	2.751	(1.619)	0.000	(0.105)
Total Economy, Environment & Communities	38.523	39.085	(9.362)	(0.240)	0.562

3.4 Reserves

The total allocated earmarked reserves for Economy, Environment & Communities Directorate in 2020/21 are £36.072m, and £9.362m (25.95%) has been used or committed to date.

The table below details the current net use of reverses used within the service.

Reserve Details	Allocated reserve	Use of reserve	Transfer to reserve	Balance of reserve
	£m	£m	£m	£m
Clean and Green Services	3.255	(1.962)	0.000	1.293
Economy & Environment Management	0.013	0	0.000	0.013
Leisure, Culture & Operations	3.486	(2.596)	0.021	0.911
Planning, Engineering & Transportation	22.865	(1.790)	0.000	21.074
Programme Management (to Resources & Transformation wef 01.09.2020)	1.569	(0.111)	0.000	1.458
Regeneration & Development	2.209	(0.772)	0.000	1.438
Resilient Communities	2.675	(2.152)	0.000	0.523
Total Reserves	36.072	(9.383)	0.021	26.710

3.4 Savings 2020/21

E, E & C Directorate has approved total savings for 2020/21 of £2.282m which were agreed as part of the 2020/21 budget process. To date 0% has been achieved, 54% should be achieved by 31.03.2021 and 46% is unachievable and has been mitigated in the main by use of the street lighting and COVID reserves.

Savings that are not forecast to be achieved in year (red), are included in the current forecast position and service managers are required to identify alternative options to mitigate these.

BRAG Status	Amount (£m)	% of Total Savings	Comment
High risk of non-delivery	1.043	46	Includes £0.450m relating to SL PFI unachieved savings b fwd from 2019/20 funded by the SL reserve and a one-off £0.593m funded from COVID reserve
Low risk of non-delivery	1.078	47	
To be delivered by 31/03/20	0.161	7	Savings on re-contracted waste disposal contracts
Delivered in full	0.000	0	
Total	2.282	100	

The savings identified as unachievable or as having a high risk of not being achieved are:

Service Area	Savings 20/21 (£m)	Unachieved Savings inc in forecast (£m)	Reasons and Actions
Street Lighting	0.450	0.450	Funded from SL PFI reserve
Planning redesign	0.476	0.160	One-off funding from the corporate COVID reserve
Directorate Wide – fees and charges	0.249	0.118	£0.062m one-off funding from the corporate COVID reserve, £0.056m non COVID to be mitigated elsewhere but included in the current forecast
LCOPS – change of name deed	0.011	0.003	One-off funding from the corporate COVID reserve
Resilient Communities redesign	0.935	0.312	One-off funding from the corporate COVID reserve
TOTAL	2.121	1.043	

3.5 - Risks

The total risk for the directorate is currently £1.035m of which £0.947m relates to high risks.

Risk	Value (£m)	Ongoing	One Off	Actions to manage risk
High	0.947	0.895	0.052	
Medium	0.038	0.038	0.000	
Low	0.050	0.050	0.000	
Total	1.035	0.983	0.052	

The main high risks (Red risks) that could negatively impact the current forecast position if they occur are:

- £0.150m – Increased costs due to increased tonnages/fluctuating gate fees/contract prices in clean and green.
- £0.054m – Increased fuel costs due to price rises
- £0.052m – C&G – Mayrise system replacement
- £0.171m - additional loss of planning application and land charges income above that assumed, relating to covid 19.
- £0.509m - Additional loss of active living income
- £0.011m – other items below £0.050m individually

3.6 Capital Summary

The total capital programme for the directorate is £47.514m with the current forecast position being an overspend of £0.085m relating to Oak Park car park project. It is expected that this overspend will be funded from underspend of other capital schemes when identified at Q2. The projected carry forward into 2021/22 is (£0.469m). A summary by service area is detailed in the table below:

Table 5 – Forecast Capital Outturn 2020/21					
Service	Annual Budget £m	Actual Year to Date £m	Forecast £m	Year End Variance £m	Proposed carry forward to 2021/22 £m
Council funded					
Clean & Green	0.143	0.000	0.051	(0.092)	(0.092)
Leisure, Culture & Operations	1.473	0.323	1.557	0.085	0.000
Planning, Engineering & Transportation	4.791	0.384	4.791	0.000	0.000
Regeneration & Development	6.118	0.021	6.118	0.000	0.000
Communities & Partnerships	0.435	0.000	0.435	0.000	0.000
SUB-TOTAL	12.959	0.728	12.952	(0.007)	(0.092)
Externally funded					
Clean & Green	0.502	0.001	0.125	(0.377)	(0.377)
Leisure, Culture & Operations	0.300	0.000	0.300	0.000	0.000
Planning, Engineering & Transportation	3.419	1.240	3.419	0.000	0.000
Regeneration & Development	26.417	4.656	26.417	0.000	0.000
SUB-TOTAL	30.639	5.897	30.262	(0.377)	(0.377)
Prudential Borrowing					
Regeneration & Development	0.468	0.000	0.468	0.000	0.000
Clean & Green	2.782	0.056	2.782	0.000	0.000
SUB-TOTAL	3.251	0.056	3.251	0.000	0.000
TOTAL - E&E	47.514	6.681	47.130	(0.384)	(0.469)

Details of proposed capital carry forwards are detailed in the table overleaf:

Table 6 - Proposed Capital Carry Forwards to 2021/22		
Capital Schemes	Amount to be c/f (£m)	Comments
Clean and Green - Broadway West playing fields – Council funded	0.092	Budget to match external funding
Clean & Green - Broadway West playing fields – Externally Funded	0.150	The Broadway West Sports Association who we are working with the Council on this project have not been able to progress the funding application to Big Local to obtain feasibility funding for the project so everything is delayed as a result. The COVID 19 pandemic is largely responsible for this delay.
Clean & Green - Waste Infrastructure Capital Grant	0.227	Awaiting outcome of new HWRC proposals

3.7 Capital risks

There are currently no capital risks identified for the directorate

4. Financial information

- 4.1 The financial implications are as set out in the main body of this report. The council has a statutory responsibility to set a balanced budget and to ensure it has an adequate level of reserves. The council will take a medium term policy led approach to all decisions on resource allocation.

5. Reducing Inequalities

- 5.1 Services consider and respond to equality issues in setting budgets and delivering services. Irrespective of budgetary pressures, the Council must fulfil equal opportunities obligations

6. Decide

- 6.1 To approve the recommendations as set out in this report.

7. Respond

- 7.1 The Executive Director for E, E & C will be working with his Directors and Heads of service to review the forecast and implement an action plan that will mitigate this overspend by year-end.

8. Review

- 8.1 Regular monitoring reports are presented to Cabinet to inform them of the impact of Covid-19 and the financial forecast for 2020/21, including an update on risks and impact on the budget for 2021/22 and beyond.

Background papers: Various financial working papers


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