

ECONOMY REGENERATION & HOUSING COMMITTEE

Monday, 13 June 2022

REPORT TITLE:	REVENUE AND CAPITAL OUTTURN REPORT
REPORT OF:	DIRECTOR OF REGENERATION AND PLACE

REPORT SUMMARY

This report provides a summary of year-end revenue and capital position for Economy, Regeneration & Housing Committee as at the end of Quarter 4 (March 2022) of the 2021/22 financial year. 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.

RECOMMENDATIONS

The Economic, Regeneration and Housing Committee is requested to :

1. Note the year-end revenue outturn variance of £0.384m adverse position as reported at quarter 4 (March 2022) of 2021-22.
2. Note progress on the achievement of approved savings and the year-end outturn position at quarter 4 (March 2022) of 2021-22.
3. Note the reserves allocated to the Committee for future one-off commitments
4. Note the year-end capital outturn expenditure position of £18.487m as reported at quarter 4 (March 2022) 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 year-end revenue position as at the end of Quarter 4, Month 12 (March 2022) of 2021/22 financial year.
- 3.2 As at the end of March 2022, the year-end position for Economy, Regeneration & Housing Committee is an adverse variance of £0.384m against a budget of £11.726m.

TABLE 1: 2021/22 Regeneration and Place – Service Budget & Forecast

Objective	Budget	Outturn	Variance		Adv/Fav
	£000	£000	(+ Fav, - Adv) £000	%	
Regeneration	1,720	3,067	-1,347	-78%	Adverse
Housing	6,763	5,661	1,102	16%	Favourable
Asset Management & Investment	4,157	4,278	-121	-3%	Adverse
Planning and Building Control	1,019	1,038	-19	-2%	Adverse
Special Projects	109	108	1	0%	
Local Plan	400	400	0	0%	
Directorate Surplus / (Deficit)	14,168	14,552	-384	-2%	Adverse
Support / Admin Building Overhead	-2,442	-2,442	0	0%	
Total Surplus / (Deficit)	11,726	12,110	-384	-2%	

- 3.3 **Regeneration:** An adverse variance of £1.347m is reported for 2021-22. This includes the Wirral Growth Company (WGC) Income savings target (£1.400m) that, as previously reported, would not be achieved and is mitigated by the favourable variance reported for Housing. The Committee will be aware that the arrangements for WGC have now changed and as a result, additional receipts from asset disposals will be available for sole use by the Council from 2022/23 that will replace the Income due from WGC in 2021/22. Whilst the new staffing structure that will help deliver the major regeneration projects is being recruited to, temporary interim staff are helping to ensure grant funding bids are achieved and that projects continue to be delivered.
- 3.4 **Housing:** A favourable variance of £1.102m is reported for 2021-22, mainly from Supported Housing where staffing costs have been able to be offset by additional specific funding which has been made available for a temporary period, as well as capitalisation of staff who deliver housing adaptations.
- 3.5 **Asset Management & Investment:** An adverse variance of £0.121m is reported for 2021-22. The impact of the pandemic on major construction projects, has resulted in lower than expected income from the Design Consultancy service (£460k shortfall). This was partially offset with lower Property Maintenance costs (£300k) also reflecting the reduced occupancy of buildings during the pandemic.
- 3.6 **Planning:** An adverse variance of £19k is reported for 2021-22 The Public Inquiry relating to Thornton Manor have impacted on this. Major planning applications have been impacted by the ongoing pandemic and whilst minor/ householder applications have increased significantly this has only partially offset the income due to the low value of each of these planning applications.
- 3.8 **Special Projects:** A break-even position is reported for 2021-22.
- 3.9 **Local Plan:** A break-even position is reported for 2021-22, with the planned utilisation of available reserves of £363k in support of developing the local plan.

TABLE 2: 2021/22 Regeneration and Place – Subjective Budget & Forecast

	Budget	Outturn	Variance		Adverse/ Favourable
			(+ Fav / - Adv)		
	£000	£000	£000	%	
Income	-13,392	-14,646	1,254	-9%	Favourable
Expenditure:					
Employee	12,859	13,650	-791	-6%	Adverse
Non Pay	14,701	15,548	-847	-6%	Adverse
Total Expenditure	27,560	29,198	-1,638	-6%	Adverse

Directorate Surplus / (Deficit)	14,168	14,552	-384	-2%	Adverse
Support/Admin Building Overhead	-2,422	-2,422	0	0%	
Total Surplus/ (Deficit)	11,726	12,110	-384	-2%	Adverse

Budget Virements

- 3.10 Following the recently agreed pay award, a budget virement to cover the cost of the agreed 1.75% pay uplift has been processed during Quarter 4 increasing the budget by £0.221m.

Budget Saving Achievement Progress

- 3.11 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 Regeneration and Place – Budget Savings

Saving Title	Agreed Value	Outturn Value	RAG Rating	Comments
Birkenhead Market Restructure	£0.240m	£0.240m	Amber (Green with Mitigation)	Achieved but not all via a restructure – some will be achieved via capitalising costs.
Community Alarms	£0.200m	£0.200m	Amber (Green with Mitigation)	Not achieved. The savings shortfall has been mitigated across Regeneration & Place via capitalisation of allowable costs.
Pre-application Fee Increase and PPAs	£0.020m	£0.020m	Green	Achieved
Budget Allocation for DDA	£0.200m	£0.200m	Green	Achieved
Sales, Fees and Charges Compensation – Planning	£0.050m	£0.050m	Green	Achieved
Wirral Growth Company Joint Venture income	£1.380m	£1.380m	Amber (Green with mitigation)	Not achieved. The savings shortfall has been mitigated across Regeneration & Place
Total	£2.090m	£2.090m		

Earmarked Reserves

- 3.12 Earmarked reserves are amounts set aside for a specific purpose or projects. The majority of reserves relate to ring-fenced grants or ring-fenced licences that cannot be used for any other purposes and are being carried forward to be utilised in 2022/23. Some of the grants received were notified quite late into 2021/22 and as a result did not have the opportunity to be spent in year. Non-ringfenced reserves have been created for committed projects that will take place in 2022/23. To ensure the council can remain on a financially sustainable footing, it will be important that these reserves are agreed to ensure no adverse impact is seen on the 2022/23 budget.

TABLE 4: 2021/22 Regeneration and Place – Earmarked Reserves

Reserve	Opening Balance £000	Use of Reserve £000	Contribution to Reserve £000	Closing Balance £000
Selective Licensing	538	0	816	1,354
Wirral Ways to Work	273	0	223	496
Regeneration and Inward Investment	763	0	660	1,423
Urban Development Corporation Bid	220	0	190	410
Building Control Fee Earning	354	-75	189	468
HMO Licence Fees	131	0	33	164
Major Infrastructure Project Development	183	0	0	183
Property Repairs rental income	22	0	254	276
DCLG Empty Shops Grant	41	0	0	41
ERDF 4.2 Match Funding	18	0	0	18
DDA - Disabled Access	83	-83	0	0
Europa Centre Dilapidations	83	0	0	83
A/M GMT – Community Fund CAT	76	0	0	76
Licence Survey Work	56	0	0	56
Emergency Maintenance and Work in Default	71	0	135	206
Asset Consolidation	45	-45	0	0
Heritage Fund	7	0	5	12
Resettlement Programme Grant	0	0	992	992
Supporting People Programme	0	0	141	141
Homelessness	0	0	180	180
Domestic Abuse Bill Grant	0	0	602	602
Economic Growth	0	0	342	342
Birkenhead Future High Street funding	0	0	57	57
Total	2,964	-203	4,819	7,580

- 3.13 The local plan reserve of £0.363m that is being used this financial year is from the Financial Resilience Reserve held within the Resources directorate.
- 3.14 Selecting Licensing Reserve has increased by £0.816m for the ringfenced service; where income is received at the start of a 5 year programme of support and is then

drawn down to fund the staffing resource and other running costs of the scheme annually as part of the business plan forecast.

- 3.15 Wirral Ways to Work reserve has increased by £0.223m as work was delayed during the pandemic and will be utilised over the length of the contract.
- 3.16 Regeneration & Inward Investment has increased by £0.660m to help fund the staff resources required to fully deliver on the ambitious regeneration programme.
- 3.16 Urban Development Corporate reserve is increased by £0.190m being the second tranche of funding received to develop the feasibility study exploring potential delivery vehicles for regeneration in Wirral.
- 3.17 Building Control Fees have increased by £0.189m, which is part of a ringfenced service and will be re-invested into the service over the following three years.
- 3.18 HMO Licence Fee increased by £0.033m, which is a ringfenced service and is re-invested over the following three years.
- 3.19 The Property Repairs rental income reserve (previously named Challenge Fund Properties reserve) has increased by £0.227m. This is rental income raised to cover the management and repair of the properties and is to cover costs following the 2021 Stock Condition Survey to ensure repairs, legislative requirements are met ensuring that homes are compliant with decent homes and compliance.
- 3.20 The Work In Default reserve increased by £0.135m and is to pay for emergency works to properties with hazardous housing conditions. This expenditure is recoverable and the reserve is topped up when the debt is recovered.
- 3.21 The Heritage Fund reserve has been increased by £0.005m as a contribution towards the 175th Anniversary events for Birkenhead Park.
- 3.22 The Resettlement Programme Grant is a new reserve for £0.992m and relates to the 5 year funding allocation for the resettlement of refugees as part of the local authority pledge for the UKVS resettlement programme. It is front loaded at the start of the scheme and will be used over the next 5 years for services such as ESOL payments, school uniforms VCS grant assistance, etc.
- 3.23 Supporting People Programme is a new reserve for £0.141m, to cover increasing cost pressures on the service where existing contracts have had no inflation uplift over the 3 year contract periods and is impacting on potential viability for providers.
- 3.24 Homelessness is a new reserve for £0.180m, to help support the service over 22-23; whilst grant has been awarded in 22-23 demand is expected to be high resulting from delays to evictions and possession hearings with increased notices being issued by landlords and this reserve is to help support our statutory homelessness duty.
- 3.25 Domestic Abuse Bill Grant is a new reserve for £0.602m, is a ringfenced grant awarded to support the new burden from the domestic abuse bill and will be spent

during 22-23 on services commissioned and/or supporting families and people suffering from Domestic Abuse with both Housing and Childrens Services.

- 3.26 Economic Growth is a new reserve of £0.342m. This is funded from a released provision and will be used in 22-23 to cover one off costs relating to an environmental hazard insurance for the Hind Street land recently purchased and other regeneration activity that can't be met from capital.
- 3.27 Birkenhead Future High Street Funding is a new reserve of £0.057m created from government funding to support the development of Business Cases for the Birkenhead Future High Street programme of work.

2021/22 COMMITTEE CAPITAL BUDGET

TABLE 5: 2021/22 – Economy, Regeneration and Development Committee Capital Budget & Forecast

Area	Scheme	2021-22		
		Budget at 01.04.21 £000	Outturn £000	Variance £000
Asset Management & Investment	65 The Village	164	145	-19
	Changing Places Toilets	0	0	0
	Cheshire Lines Occupancy	0	0	0
	Concerto Asset Management System	38	12	-26
	Health & Safety - Condition Surveys	3,856	202	69
	Heswall Day Centre (part only)	127	0	0
	Leasowe Leisure Centre/Evolutions	1,720	1	1
	Legislative Compliance	44	0	-44
	Leisure Capital Improvement Programme	842	127	-55
	Millennium Building - Remodelling	0	-5	-5
TOTAL Assets		6,791	482	-79
Housing	Aids, Adaptations and Disabled Facility Grants	7,782	5,479	-1,773
	Clearance	390	2	-8
	Empty Property Grant Scheme	380	202	-135
	Home Improvements	0	0	0
	Property Pooled Plus I.T System	0	0	-70
	Restore Empty Homes	0	0	0
TOTAL Housing		8,552	5,684	-1,985
Regeneration	Birkenhead Market Development	50	0	0
	Birkenhead Regeneration Delivery Fund	2,599	870	-1,642
	Birkenhead Regeneration Framework	667	282	-385
	Birkenhead Town Centre Masterplanning & Housing Delivery	0	0	0
	Business Investment Fund	955	270	-685
	Capitalisation of Regen Salaries	0	0	-1,600
	Eureka	100	100	0
	FHSF New Ferry 21-22	0	25	-504
	Future High Streets - Birkenhead	12,022	65	-3,253
	Hind Street Movement Strategy Project 21-22	0	126	3
	Housing Infrastructure Fund (Enabling Infrastructure)	21	178	157
	Housing Infrastructure Fund Marginal Viability (Northbank)	3,788	3,789	41
	Liscard Town Centre Delivery	0	8	8
	Maritime Knowledge hub	0	42	-1,658
	New Brighton Masterplan for Marine Promenade	0	0	-65
	New Ferry Regeneration Strategic Acquisitions	718	564	-616
	Office Quarter Building Fit-Out	196	48	-148
	Strategic Acquisition Fund	4,834	4,098	-683
	Town Centre scheme - Liscard	296	308	-18
	Town Centre scheme - New Ferry	177	166	-11
Town Deal Fund - Birkenhead (£25m)	0	807	807	
Town Fund B'head	115	62	-53	
West Kirby Masterplan	0	0	0	
Wirral Waters Investment Fund	4,100	0	-1,605	
TOTAL Regeneration		30,638	11,808	-11,910
TOTAL Economic Regeneration & Housing Committee		45,981	17,974	-13,974

3.13 Table 5 summarises the forecast expenditure against Capital Budgets, which shows a variance of £13.974m.

- 3.28 Future High Street Fund Grant for Birkenhead of £12 million received in advance from MHCLG (now the Department for Levelling Up, Housing and Communities, DLUHC) in 20/21 as part of the Birkenhead Future High Street programme. Funds were paid as a Section 31 grant and in advance of signing a grant funding agreement. Currently negotiating a project adjustment and revised spend profile with Government. The forecast for 21/22 is dependent on a number of solutions being agreed, which includes the temporary Birkenhead Market site, with the £8.704m being slipped into future years capital programme.
- 3.29 A Future High Street Fund grant for New Ferry of £0.5m was received in advance from DLUHC in 2021/22, as part of the £3.2m award for the redevelopment works proposed in New Ferry. Funds were received in advance of the signing and acceptance of the grant funding agreement. Officers are currently reviewing the spend profile with Government for the lifetime of the project, mindful that a preferred development partner to deliver the regeneration proposals for the town, will be appointed in February 2022. Officers are currently engaged in competitive dialogue with a number of bidders, through a formal procurement process.
- 3.30 The Maritime Knowledge Hub is a catalytic project that will support wider development within Wirral Waters. It will create a world class centre of excellence for maritime business growth and sector development. It was approved at P&R Committee on 17/3/21 following recommendation from this committee on 4/3/21. £1.7m has been earmarked for potential spend in Q4 subject to grant approval and Peel meeting certain scheme conditions regarding levels of pre-lets. The remaining spend is allocated in future years.
- 3.31 Aids, Adaptations and Disabled Facilities Grants has slipped £1.77m into 2022-23 for committed/planned programmes which will incur expenditure next financial year, following the transfer back to Housing of £0.743m from Adults allocation for Telecare.
- 3.32 New Ferry Strategic Acquisitions spend now includes the purchase of the former Co-Op, following approval at Committee on 26th January.

4 FINANCIAL IMPLICATIONS

- 4.1 This is the revenue budget monitoring report that provides information on the forecast outturn for the Economy, Regeneration & Housing 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 LEGAL IMPLICATIONS

- 5.1 The Council must set the budget in accordance with the provisions of the Local Government Finance Act 1992 and approval of a balanced budget each year is a statutory responsibility of the Council. 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.

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. Accordingly, any proposals put forward must identify the realistic measures and mechanisms to produce those savings.

6 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

6.1 There are no implications arising directly from this report.

7 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 ENGAGEMENT/CONSULTATION

8.1 The priorities in the Council Plan 2025 were informed by stakeholder engagement carried out in 2019.

9 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 ENVIRONMENT AND CLIMATE IMPLICATIONS

10.1 The Wirral Plan 2025 includes a set of goals and objectives to create a sustainable environment which urgently tackles the environment emergency. These are based on developing and delivering plans that 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 COMMUNITY WEALTH IMPLICATIONS

11.1 We want an economy that benefits all of our residents and one which keeps money within Wirral; a prosperous, inclusive economy where local people can get good jobs and achieve their aspirations. We want to ensure that much more wealth is invested and stays within our Borough. We know that Wirral has some stark economic, social and health inequalities. Our Community Wealth Building Strategy is a key part of how we will tackle this and makes a major contribution to improving the economic, social and health outcomes of the borough.

11.2 There are no direct implications from this report.

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APPENDICES

None

BACKGROUND PAPERS

- 2021/22 BUDGET MONITORING
- P&R Budget Monitoring 2021/22 Quarter 4

SUBJECT HISTORY

Council Meeting	Date
Housing Committee	2 March 2022
Economic Regeneration and Development Committee	9 March 2022