

ECONOMY REGENERATION AND HOUSING COMMITTEE**Tuesday, 16 July 2024**

REPORT TITLE:	2023/24 REVENUE OUTTURN
REPORT OF:	DIRECTOR OF REGENERATION AND PLACE

REPORT SUMMARY

This report provides a summary of the year-end revenue and capital position for the 2023/24 financial year as at the end of March 2024. The report provides Members with an overview of budget performance, including progress on the delivery of the 2023/24 saving programme and a summary of reserves and balances, to enable the Committee to take ownership of the budgets and provide robust challenge and scrutiny to Officers on the performance of those budgets.

The year-end revenue outturn for 2023/24, represents a favourable variance of £41k against directorate revenue budgets of £14.779m, which is a £0.7m improvement from the quarter 3 forecast, largely due to use of reserves and maximising the use of grants. Capital outturn was £35.898m.

The report contributes to the Wirral Plan 2023-2027 in supporting the organisation in meeting all Council priorities.

This matter affects all Wards within the Borough and is a non-key decision.

RECOMMENDATIONS

The Economy Regeneration and Housing committee is recommended to note:

1. the draft, unaudited 2023/24 outturn favourable Directorate variance of £0.041m.
2. the progress on delivery of the 2023/24 savings programme.
3. the transfer to and use of earmarked reserves, as detailed in Appendix 1 to this report.
4. the draft, unaudited 2023/24 capital outturn position of £35.898m.

SUPPORTING INFORMATION

1.0 REASONS FOR RECOMMENDATIONS

- 1.1 Regular monitoring and reporting of the revenue and capital budgets and savings achievements enables decisions to be taken in a timely manner, which may produce revenue benefits and will improve financial control of the Council.
- 1.2 This report presents timely information on the full year financial position for 2023/24, prior to final audit engagement.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 The Policy and Resources Committee has previously determined the budget monitoring process and this report details the agreed course of action.
- 2.2 In striving to manage budgets, available options have been evaluated to maintain a balance between service delivery and a balanced budget.

3.0 BACKGROUND INFORMATION

- 3.1 At the meeting on 27 February 2023, the Council agreed a net revenue budget for 2023/2024 of £366.6m to be met by government grants, council tax, and business rates. In quarter 1, a favourable £2.000m variation against the funding relating to an adjustment of Business Rates Section 31 grants, increased the revenue budget to £368.6m.
- 3.2 The Council's Quarter 1 monitoring report, presented on 12 July 2023 to the Policy & Resources Committee, highlighted growing in-year pressures of £3.6m, which had risen to £7.2m by Quarter 2 and £7.97m by Quarter 3. Several potential mitigations were identified that could be used to present a balanced budget at the end of the year. This report sets out the updated revenue financial position for the Economy Regeneration and Housing Committee at the end of the year.

Economic Context

- 3.3 Throughout 2023-24 the headline consumer price inflation (CPI) continued to decline from 8.7% at the start of the year to 3.4% in February but was still above the Bank of England's 2% target.
- 3.4 Having begun the financial year at 4.25%, the Bank of England's Monetary Policy Committee (MPC) increased the Bank Rate to 5.25% in August 2023 and it has remained at this level through to March 2024. Although financial markets have shifted their interest rate expectations downwards, with expectations of a cut early in the new year, the MPC's focus remains on maintaining the current interest rate in order to control inflation over the medium term.
- 3.5 The overall risk environment remained particularly challenging throughout 2023-24, with subdued economic activity, poor outlooks for growth and inflation and increased geopolitical tensions, all placing significant pressures on finances and restricting the ability to forecast and plan, with confidence.

Revenue Outturn Position

- 3.6 At the end of 2023/24, against the Committee's net revenue budget of £14.779m, there is a favourable variance of £0.041m, which has supported the overall council position through efficient grant and reserve management.

TABLE 1 2023/24 REVENUE BUDGET & OUTTURN

	Budget	Outturn	Variance	
	£000	£000	(+ Adv / - Fav) £000	%
Regeneration	956	452	-504	-53%
Housing	5,841	4,914	-927	-16%
Development & Investment	6,114	7,000	886	14%
Chief Planner	1,218	1,626	408	33%
Special Projects & Regeneration	250	250	0	0%
Local Plan	400	496	96	24%
Net Committee Expenditure	14,779	14,738	-41	0%

Significant aspects of revenue variances by directorate

Regeneration & Place favourable variance of £0.041m

- 3.7 Regeneration : The regeneration team has a favourable variance of £0.500m, which is an increase of £0.300m from quarter 3 due to maximising the use of grants to help fund staff costs working on the grant areas.
- 3.8 Local Plan: The local plan has adverse spend of £0.100m, which is an improvement from the £0.200m reported at quarter 3, due to the release of £0.100m of reserves to help the position.
- 3.9 Assets : There is an £0.800m adverse spend on Assets, which has increased from £0.300m reported at quarter 3. The adverse spend on commercial income has increased by £0.200m, with the need to cover potential bad debts, especially in relation to the Europa Building. Winter also saw an increase in repairs and maintenance across the Council's assets with an adverse position of £0.100m. This also meant the Wallasey Town Hall Standby saving, of which £0.200m was expected to be mitigated from the maintenance budgets could also not be covered and so has added to the adverse spend in Assets.
- 3.10 Housing : Housing has a favourable position of £0.900m. This is due to contract efficiencies on Private Sector Housing (£0.200m), maximising grants to help Supported Housing (£0.500m) and also the release of reserves (£0.200m).
- 3.11 Planning : Planning has an adverse outturn of £0.400m, in line with quarter 3 forecasts due to planning fee income shortfalls.

Action plan

- 3.12 It is recognised that there are a number of issues within the Councils overall outturn position, and particularly the variances between quarter 3 and the final outturn, which will impact on the position in 24/25.

- 3.13 In order to ensure that these issues are appropriately managed, actions for each directorate have been recorded in conjunction with the Director and progress against these will be monitored monthly.
- 3.14 The issues that have emerged during the outturn process are largely relating to business as usual activities that fall outside the main Change Programme. The resourcing of these required activities will be considered alongside the existing transformation resource in place to support the Change Programme.
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- 3.16 The outputs of this work and the proposed corrective action will feed into the budget setting process for 25/26 and the next iteration of the Medium-Term Financial Plan.
- 3.17 Enhanced procedural rigour in relation to the budget monitoring process is set out in the report titled 'Budget Monitoring and Budget Setting Processes' found later in the agenda. This outlines the stringent processes implemented for the upcoming fiscal year. The recent reorganising of financial operations has bolstered financial support and resources across the entire organisation to support these processes alongside the implementation of Oracle Fusion. This has equipped the Council with an accessible financial analysis tool. The enterprise resource planning software provides enhanced data integration, processing capabilities and reporting functionalities. With Oracle Fusion now operational, comprehensive insights can be derived from financial data through in-depth analysis, enabling more informed decision-making and strategic planning based on accurate, real-time financial information across all business units and operations.

Progress on delivery of the 2023/24 savings programme.

- 3.18 Table 2 presents the progress on the delivery of the 2023/24 approved savings. In terms of savings, £2.46m of the £2.66m savings targets were delivered, representing 92% of the total savings. The table below summarises the progress by Directorate:

TABLE 2: SUMMARY OF DELIVERY OF 2023/24 SAVINGS

Directorate	Approved Saving £m	Delivered £m	Delivered through mitigation £m	Delayed/ unachieved in year £m
Regeneration & Place	-2.660	-2.460	0.000	-0.200

Significant variances by directorate.

Regeneration & Place: £0.2m of delayed/ unachieved in year savings

- 3.19 £0.2m adverse pressure relates to the Wallasey Town Hall Standby saving (which is a £0.4m saving). The saving was based on the building being in standby mode for the full year. However, the building has been used for the local plan consultation and the public enquiry. Consequently, only half of the saving was achieved in year.

Reserves and Balances

- 3.20 Table 3 shows the opening and closing balances of the Committee reserves.

TABLE 3: SUMMARY OF EARMARKED RESERVES

Directorate	Opening Balance £000	Use of Reserve £000	Contribution to Reserve £000	Analysis of Forecast Closing Balance £000		
				Ring-fenced	Non Ring-fenced (committed)	Non Ring-fenced
Regeneration and Place	16,173	-3,897	7,122	17,482	250	1,666

3.21 The contribution to earmarked reserves in 2023/24 includes the establishment of the following new reserves:

- Super Squad Planning: £0.25m of grant funding towards helping Local Authorities, Local Planning Authorities, developers, and the wider market to unlock, unblock and support large scale Housing and Regeneration programmes and projects.

3.22 Material contributions to reserves included Resettlement Programme Grant (£3.546m) and Wirral Growth profits (£3.071m).

3.23 Appendix 1 provides a full list of all earmarked reserves.

Capital Programme

3.24 Capital spend for 2023/4 was £35.898m as shown in Appendix 2.

4.0 FINANCIAL IMPLICATIONS

4.1 This is the Quarter 4 budget monitoring report that provides information on the revenue outturn for the Council for 2023/24. The Council has robust methods for reporting and forecasting budgets in place and alongside formal Quarterly reporting to Policy and 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 is reported at the end of the year.

5.0 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.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

6.1 At this time, there are no additional resource implications as these have already been identified for the proposals agreed and submitted. However, where the budget is unbalanced and further proposals are required, then there will be resource implications, and these will be addressed within the relevant business cases presented to the Committee.

7.0 RELEVANT RISKS

7.1 The Council's ability to maintain a balanced budget for 2023/24 was dependent on a stable financial position. The delivery of the budget was subject to ongoing variables both positive and adverse which gave a level of challenge in achieving this outcome.

7.2 In any budget year, there is a risk that operation will not be constrained within relevant budget limits. Under specific circumstances the Section 151 Officer may issue a Section 114 notice but that position has not been reached at the present time. The issuing of a Section 114 notice bans all new spending with the exception of protecting vulnerable people and statutory services and pre-existing commitments.

8.0 ENGAGEMENT/CONSULTATION

8.1 Consultation has been carried out with the Senior Leadership Team (SLT) in arriving at the governance process for the 2023/24 budget monitoring process and the 2023/24 budget setting process.

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 At this time, there are no further equality implications as these have already been identified for the proposals agreed and submitted. However, where the budget is unbalanced and further proposals are required, then there may be equality implications associated with these, and these will be addressed within the relevant business cases presented to the Committee.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

10.1 This report has no direct environmental implications; however due regard is given as appropriate in respect of procurement and expenditure decision-making processes that contribute to the outturn position.

11.0 COMMUNITY WEALTH IMPLICATIONS

11.1 In year activity will have incorporated community wealth implications. Consideration would have taken 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 1 – Earmarked Reserves

APPENDIX 2 – Capital Programme

BACKGROUND PAPERS

Policy & Resources Committee Report 14 Jun 23: 2023/24 Budget and Budget Monitoring Processes Report

Bank of England – Monetary Policy Report

CIPFA's Financial Management Code

Guidance on flexible use of capital receipts

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Policy and Resources Committee	13 February 2024
Policy and Resources Committee	8 November 2023
Policy and Resources Committee	12 July 2023
Council	27 February 2022

Policy and Resources Committee	15 February 2023
Policy and Resources Committee	18 January 2023
Policy and Resources Committee	9 November 2022
Economy Regeneration and Housing Committee	27 March 2024
Economy Regeneration and Housing Committee	22 January 2024
Economy Regeneration and Housing Committee	6 December 2023