

ECONOMY REGENERATION & HOUSING COMMITTEE

Tuesday, 20 June 2023

REPORT TITLE:	2022/23 BUDGET MONITORING FOR QUARTER FOUR (THE PERIOD TO 31 MARCH), 2022/23 OUTTURN
REPORT OF:	DIRECTOR OF REGENERATION & PLACE

REPORT SUMMARY

This report sets out the financial monitoring information for the Economy Regeneration & Housing Committee as at year end (31st March 2023) of 2022-23. The report provides Members with an overview of budget performance, including progress on the delivery of the 2022-23 saving programme and a summary of reserves to enable the Committee to take ownership of the budgets and provide robust challenge and scrutiny to Officers on the performance of those budgets.

Managing a budget requires difficult decisions to ensure that a balanced position can be presented. Regular Member engagement, which this report forms part of, is considered essential in delivering effective governance and financial oversight.

At the end of Quarter 4, the Committees net revenue budget, of £14.844m is in a balanced position. This compares to a £0.03m favourable position reported at Quarter 3.

This matter affects all Wards within the Borough and is not a key decision.

The report contributes to the Wirral Plan 2021-2026 in supporting the organisation in meeting all Council priorities.

RECOMMENDATION/S

The Economy Regeneration and Housing committee is recommended to:

1. Note the revenue position presented at Quarter 4 Outturn.
2. Note the delivery of the 2022-23 savings programme at Quarter 4 Outturn.
3. Note the level of reserves at Quarter 4 Outturn.
4. Note the capital position of £17.474m at Quarter 4 Outturn.

SUPPORTING INFORMATION

1.0 REASONS FOR RECOMMENDATIONS

- 1.1 It is vitally important that the Council has robust processes in place to manage and monitor the in-year financial position, to ensure it delivers a balanced position at the end of the year
- 1.2 Regular monitoring and reporting of the revenue budgets and savings achievements enables decisions to be taken in a timely manner, which may produce revenue benefits and will improve financial control of Wirral Council.
- 1.3 This report presents timely information on the Quarter 4 Outturn for 2022/23.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 The Policy & Resources Committee has previously determined the budget monitoring process to follow 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 As at the year end of March 23 (Quarter 4 Outturn), the position for Economy Regeneration & Housing Committee is a balanced position on the Committees net revenue budget, of £14.844m.

TABLE 1 2022/23 Economy Regeneration & Housing Committee Committee – Service Budget & Forecast Outturn

	Budget	Forecast Outturn	Variance		Adverse/ Favourable
			(+ Fav / - Adv)		
	£000	£000	£000	%	
Regeneration	1,683	2,533	-850	-50%	Adverse
Housing	6,540	5,758	782	12%	Favourable
Asset Management & Investment	5,033	5,031	2	0%	Favourable
Planning	1,074	1,008	66	6%	Favourable
Special Projects	114	114	0	0%	Favourable
Local Plan	400	400	0	0%	
Directorate Surplus / (Deficit)	14,844	14,844	0	0%	Favourable

- 3.2 **Regeneration:** The adverse variance of £0.85m includes capitalisation of staff who are supporting the delivery of assets. Overall this achieved the planned £1.3m, however £0.3m of this shows within Housing rather than Regeneration. There had also been a planned use of the Regeneration reserve (£0.665m) and due to the favourable position in Housing, only £0.03m of this was used. This allows it to be utilised in 23-24 and beyond for supporting the regeneration ambitions.
- 3.3 **Housing:** The favourable variance of £0.782m includes grant awards being allocated which have been able to offset pressures and temporarily fund some council services. As per 3.3, capitalisation of housing staff also delivered £0.3m.
- 3.4 **Asset Management & Investment:** A favourable variance of £0.002m is reported for 2022/23. Income pressures of over £0.7m exist across the rental accommodation within Birkenhead, with income being at 50% of budgeted income targets, principally at Europa House (£0.3m) and Birkenhead Market (£0.3m). These are partially offset with reduced spend on unoccupied buildings, with reduced maintenance and running costs (£0.5m). Holding costs for assets awaiting Community Asset Transfer (£0.1m) recently transferred from Neighbourhoods have been offset by one-off backdated rate relief (£0.2m) on some listed building assets and the write-back of a no longer needed provision (£0.08m) relating to a now settled penalty fee.
- 3.5 **Planning:** A favourable variance of £0.066m has been achieved, in line with Quarter 3 projections due to improved income for planning charges.
- 3.6 **Special Projects:** A break-even position is reported for 2022-23.
- 3.7 **Local Plan:** A break-even position is reported for 2022-23, with the planned utilisation of available reserves of £366k in support of developing the local plan.

Budget Virements

- 3.8 There have been one budget virements since Quarter 3, of £0.087m from Resources relating to the transfer of the Concierge Service to Assets.

Delivery of the 2022-23 savings programme.

- 3.9 In terms of savings, £1.715m of the £1.838m savings targets were delivered, representing 93% of the total savings target with a further 7% or £0.123m relating to capitalisation of staff being mitigated with the favourable position outlined above. The table 2 summarises this progress by Directorate:

TABLE 2: SUMMARY OF DELIVERY OF 2022-23 SAVINGS

Saving Proposal	Approved Saving	Green	Amber	Red	Mitigation	Actual Savings Delivered
Economy Regeneration & Housing						
Cease support for Community Alarms	£0.200m	£0.200m	£0.000m	£0.000m	£0.000m	£0.200m
Reconfiguration of Commissioned Homelessness accommodation	£0.115m	£0.115m	£0.000m	£0.000m	£0.000m	£0.115m
The Closure Public Conveniences	£0.050m	£0.050m	£0.000m	£0.000m	£0.000m	£0.050m
Corporate buildings - holding costs	£0.050m	£0.050m	£0.000m	£0.000m	£0.000m	£0.050m
Capitalisation of Regeneration Staff Salaries	£1.423m	£1.300m	£0.123m	£0.000m	£0.123m	£1.300m
Total Economy Regeneration & Housing	£1.838m	£1.715m	£0.123m	£0.000m	£0.123m	£1.715m

3.10 For savings rated as Amber, an equal amount of temporary in-year mitigation has been identified to cover any shortfalls which may occur. For saving rated as red, a bid will need to be made from the £3m contingency fund set up for non-achieved savings at the end of the year.

3.11 Full details on the progress on specific savings can be found in **Appendix 1**.

Earmarked Reserves

- 3.12 Earmarked reserves represent money that has been set aside for a clearly defined purpose, and which is available to meet future expenditure in that area. The use of earmarked reserves is only permitted with the approval of the Section 151 officer.

TABLE 3: SUMMARY OF EARMARKED RESERVES

Committee	Opening Balance £000	Use of Reserve £000	Contribution to Reserve £000	Closing Balance £000
Economy Regeneration & Housing	7,580	-911	9,504	16,173

This includes a new reserve for Wirral Growth Company Profit: This reserve holds £8.5m of accrued profits from Wirral Growth Company LLP for the period to 31 March 2023, which are ring-fenced to support regeneration activity and capital expenditure approved by the S151 Officer, including the initial 2 year costs of the Birkenhead Commercial District and future regeneration activities.

- 3.13 **Appendix 2** provides the full list of all earmarked reserves.

3.14 Capital Monitoring

TABLE 4: 2022/23 Economy Regeneration & Housing Committee – Capital Budget & Outturn

Scheme	2022/23				2023/24	2024/25	2025/26
	Budget at 01.04.22 £000	Q4 Forecast £000	Actual Spend at 31.03.23	Variance to Q4 Forecast	Budget £000	Budget £000	Budget £000
Aids, Adaptations and Disabled Facility Grants	3,500	5,864	5,863	1	2,520	0	0
Birkenhead Regeneration Delivery Fund	10,128	12,707	3,697	9,010	15,024	0	0
Birkenhead Regeneration Framework	470	750	435	315	0	0	0
Birkenhead Town Centre Masterplanning & Housing Delivery	135	244	219	25	265	0	0
Business Investment Fund	685	100	100	0	585	0	0
Capitalisation of Regen Salaries	2,984	-	-	0	971	984	0
Clearance	388	4	3	1	190	194	0
Empty Property Grant Scheme	318	253	253	0	315	310	0
FHSF New Ferry 21-22	3,189	504	77	427	2,685	0	0
Future High Streets - Birkenhead	10,452	3,959	1,135	2,824	22,879	0	0
Hind Street Movement Strategy Project 21-22	69	178	179	-1	0	0	0
Housing Infrastructure Fund (Enabling Infrastructure)	1	1	-	1	0	0	0
Liscard Town Centre Delivery	172	172	162	10	0	0	0
Maritime Knowledge hub	12,351	-	-	0	12,351	10,650	0
New Brighton Masterplan for Marine Promenade	65	115	110	5	40	0	0
New Ferry Regeneration Strategic Acquisitions	1,054	2,357	1,133	1,224	118	0	0
Office Quarter Building Fit-Out	808	899	264	635	4,613	0	0
Property Pooled Plus I.T System	70	39	30	9	11	0	0
Strategic Acquisition Fund	3,359	1,487	2,043	-556	3,548	0	0
Town Centre scheme - Liscard	18	20	20	0	0	0	0
Town Centre scheme - New Ferry	11	11	6	5	0	0	0
Town Deal Fund - Birkenhead	16,277	4,418	1,720	2,698	12,491	4,620	2,555
Town Fund B'head	53	53	-	53	0	0	0
UK Shared Prosperity Fund (UKSPF)	-	68	1	67	109	386	0
West Kirby Masterplan	70	70	22	48	10	0	0
Wirral Waters Investment Fund	3,250	-	-	0	7,000	0	0
Total Economy, Regeneration and Housing	69,877	34,273	17,474	16,799	85,725	17,144	2,555

3.15 **Aids, Adaptations and Disabled Facility Grant** – grants for people with a permanent disability of any sort – including physical and learning disabilities, sensory impairments and mental illness. The grants are to help towards making changes or adaptations to a home to allow the person to continue living there. Spend is influenced by several factors including referrals received and the extent/value of the adaptations required.

3.16 **Town Deal Fund Birkenhead** – Funding to enable further regeneration of Birkenhead. The scheme is broken down into smaller projects that are delivered either internally or via external parties. It is now forecast that internally delivered projects will be delivered in 2023/24 hence the rephasing of the budget.

3.17 **Future High Streets (Birkenhead)** – Part of a large grant award from the Department for Levelling Up, Housing and Communities (DLUHC). The works covered by this funding are wide ranging to support the regeneration of Birkenhead Town Centre.

- 3.18 **Birkenhead Regeneration Delivery Fund** - Funding allocated to enable the delivery of the 'Brownfield First' development strategy in support of The Local Plan. Further work is underway to allocate the total budget against individual projects.
- 3.19 **UK Shared Prosperity Fund (UKSPF)** –. The UKSPF is based on three investment priorities: 'Communities and Place,' 'Local Business' and 'People and Skills.' The programme includes the capital element relating to the Phase 1 investment plan that was agreed at Committee on 7th December 2022.
- 3.20 **Wirral Waters Investment Fund (WWIF)**– Regeneration & Place carried out an assessment of the schemes that had been granted access to the WWIF funding stream. Whilst there are several schemes with funding allocated, such as the 'Marine, Energy & Automotive (MEA) Park Phase 2' and 'Egerton House', construction is not anticipated to begin until the next financial year and therefore funding has been reprofiled accordingly.

4.0 FINANCIAL IMPLICATIONS

- 4.1 This is the Quarter 4 budget monitoring report that provides information on the outturn for the Council for 2022/23. The Council has robust methods for reporting and forecasting budgets in place and alongside formal Quarterly reporting to Policy & Resources and Service Committees, 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 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 2022/23 is dependent on a static financial position. This is an impossible scenario due to estimated figures being provided in the calculation for the 2022/23 budget, albeit the best estimates that were available at the time, plus any amount of internal and external factors that could impact on the budget position in year. Examples of which are the significant emerging inflationary and cost of living pressures, new legislation, increased demand, loss of income, increased funding, decreased funding, inability to recruit to posts, ongoing impact of the pandemic etc

7.2 A robust monitoring and management process for the 2022/23 budget is in place. If at any time during the year an adverse position is forecast, remedial action must be agreed and implemented immediately to ensure the budget can be brought back to balanced position.

7.3 The risk of this not being able to be achieved could mean that the Council does not have enough funding to offset its expenditure commitments for the year and therefore not be able report a balanced budget at the end of the year. This could result in the Section 151 Officer issuing a Section 114 notice.

7.4 A key risk to the Council's financial plans is that funding and demand assumptions in particular can change as more information becomes available. Significant inflation and cost of living pressures have already impacted the year end position. and the impact of these pressures will be reviewed and considered in the MTFP as part of routine financial management.

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 2022/23 budget monitoring process and the 2022/23 budget setting process. This report will also be shared and reviewed by the Independent Panel.

8.2 Since the budget was agreed at Full Council on 28 February, some proposals may have been the subject of further consultation with Members, Customer and

Residents. The details of these are included within the individual business cases or are the subject of separate reports to the Committee

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 –Delivery of the 2022-23 Saving Programme

APPENDIX 2 – Earmarked Reserves

BACKGROUND PAPERS

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Policy and Resources Committee	15 February 2023
Council	28 February 2022
Policy and Resources Committee	15 February 2022