

ECONOMY REGENERATION & HOUSING COMMITTEE**Monday, 17 July 2023**

REPORT TITLE:	2023/24 BUDGET MONITORING FOR QUARTER ONE (THE PERIOD TO 30 JUNE 2023)
REPORT OF:	DIRECTOR OF REGENERATION & PLACE

REPORT SUMMARY

This report sets out the financial monitoring information for the Economy Regeneration & Housing Committee as at Quarter 1 (30 June) of 2023/24. 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.

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 1, there is a forecast adverse position of £0.5m, with spend of £13.71m against the £13.21m budget.

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 adverse revenue forecast of £0.5m as at Quarter 1.
2. Note the progress on delivery of the 2023-24 savings programme at Quarter 1.
3. Note the level of reserves at Quarter 1.
4. Note the revised capital programme of £39.462m for 2023-24.

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 1 forecast (at 30th June 2023) for 2023/24.

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 The full year forecast as at Quarter 1 (30th June 2023) for Economy Regeneration & Housing Committee is an adverse position of £0.5m, with spend of £13.71m against the £13.21m budget.

TABLE 1 2023/24 Economy Regeneration & Housing Committee – Service Budget & Forecast Quarter 1

	Budget £000	Forecast Outturn £000	Variance (+ Fav / - Adv)		Adverse/ Favourable
			£000	%	
Regeneration	1,065	1,065	0	0%	Favourable
Housing	5,779	5,779	0	0%	Favourable
Asset Management & Investment	4,649	4,649	0	0%	Favourable
Planning	1,199	1,199	0	0%	Favourable
Special Projects	118	118	0	0%	Favourable
Local Plan	400	900	-500	-125%	Adverse
Directorate Surplus / (Deficit)	13,210	13,710	-500	-4%	Adverse

3.2 **Asset Management & Investment:** There are £2.2m of pressures within Assets. £1.5m relates to the lease for the BCD which is payable from Practical Completion of the site, which is ahead of schedule and due to complete in August. A further £0.5m relates to potential exit costs/dilapidation expenses on buildings we are exiting. These costs will be covered corporately by the Wirral Growth company reserve established last year.

There is a further £0.2m pressure relating 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. It has been used for the local plan consultation and the public enquiry and its now estimated it wont be fully on standby until half-way through the year, so the full saving will not be achieved. Control of the maintenance budget is expected to mitigate this pressure, subject to any emergency works that may be required on the councils estate.

3.3 **Local Plan:** The local plan has been funded from use of reserve in previous years and the full reserve has been utilised. A further 500k is needed to ensure the plan can be fully delivered.

Progress on delivery of the 2023/24 savings programme.

3.4 Table 2 shows the summary position of the 2023/24 approved savings. 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 contingency fund set up for non-achieved savings at the end of the year.

TABLE 2: SUMMARY OF 2023-24 SAVINGS

Saving Proposal	Approved Saving	Green	Amber	Red	Mitigation
Economy Regeneration & Housing	£2.661m	£2.461m	£0.200m	£0.000m	£0.200m

3.5 The £0.2m Amber pressure relates to the Wallasey Town Hall Standby saving (which is a £0.4m saving in total). 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. It’s now estimated the building won’t be fully on standby until half-way through the year, so the full saving will not be achieved. Control of the maintenance budget is expected to mitigate this pressure, subject to any emergency works that may be required on the council’s estate.

3.6 A complete list of all approved savings can be found in the Budget report which was presented to Council on 27 February 2023 and to this Committee on 20th June 2023.

Earmarked Reserves

- 3.7 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: EARMARKED RESERVES

Reserve	Opening Balance £000	Use of Reserve £000	Contribution to Reserve £000	Closing Balance £000
Selective Licensing	1,433			1,433
Wirral Ways to Work	625	-300		325
Regeneration and Inward Investment	1,385	-650		735
Urban Development Corporation Bid	77			77
Building Control Fee Earning	420			420
HMO Licence Fees	164			164
Major Infrastructure Project Development	62			62
Property Repairs rental income	276			276
DCLG Empty Shops Grant	41			41
ERDF 4.2 Match Funding	18			18
Emergency Maintenance and Work in Default	274			274
Resettlement Programme Grant	1,786			1,786
Homelessness	166			166
Domestic Abuse Bill Grant	602	-600		2
Economic Growth	342	-170		172
Birkenhead Future High Street funding	47			47
Total	7,718	-1,720	0	5,998

Capital Monitoring

- 3.8 Regular meetings are held with officers who are responsible for capital projects contained within the programme. During these meetings assessments are made regarding the deliverability of the schemes and their budgetary requirement for the year. These assessments are reflected in the forecast outturn provided through the quarterly update reports to Members. Should it be assessed that a scheme will continue into the next financial year, or beyond, budget is reprofiled as deemed appropriate at that time.
- 3.9 A review of the profiling of expenditure within the Capital Programme is continuing and is likely to lead to a further reduction in anticipated spend for the year.
- 3.10 Table 4 shows the current capital position for the Committee, taking into account the reprofiling exercise. No resources have been lost as a result of this, they have been moved into future years to better reflect current delivery plans.

3.11 TABLE 4: 2023/24 Economy Regeneration & Housing Committee – Capital Budget & Outturn

2023-24 PROGRAMME	Opening Balance 1 April 23	Quarter 1 Amendments	Slippage to 24-25	Revised 2023/24 Programme
Aids, Adaptations and Disabled Facility Grants	2,521	4,724	(2,415)	4,830
Birkenhead Market Construction	13,300	0	(11,800)	1,500
Birkenhead Regeneration Delivery Fund	24,034	(21,000)	(2,000)	1,034
Birkenhead Waterfront Programme	0	21,000	(19,970)	1,030
Birkenhead Regeneration Framework	315	0	(105)	210
Birkenhead Town Centre Masterplanning & Housing Delivery	290	0	(97)	193
Business Investment Fund	585	0	(535)	50
Capitalisation of Regen Salaries	971	0	0	971
Clearance	191	0	(64)	127
Empty Property Grant Scheme	315	0	(105)	210
FHSF New Ferry 21-22	3,112	0	(2,112)	1,000
Future High Streets – Birkenhead	12,403	0	(8,403)	4,000
Hind Street Programme	0	2,255	(756)	1,499
Housing Infrastructure Fund (Enabling Infrastructure)	1	(1)	0	0
Liscard Town Centre Delivery	10	0	(3)	7
Maritime Knowledge hub	12,351	0	(12,251)	100
New Brighton Masterplan for Marine Promenade	45	0	(15)	30
New Ferry Regeneration Strategic Acquisitions	1,342	0	(842)	500
Office Quarter Building Fit-Out	5,248	4,000	0	9,248
Property Pooled Plus I.T System	20	0	(7)	13
Strategic Acquisition Fund	2,992	10,500	(2,992)	10,500
Strategic Acquisitions - Capital Enhancements	0	500	(167)	333
Town Centre scheme - New Ferry	5	0	(2)	3
Town Deal Fund – Birkenhead	15,189	0	(13,189)	2,000
Town Fund B'head	53	0	(18)	35
West Kirby Masterplan	58	0	(19)	39
Wirral Waters Investment Fund	7,000	0	(7,000)	0
Total Economy, Regeneration and Housing	102,351	21,978	(84,867)	39,462

The Quarter 1 Amendments represent changes to the programme which were presented to P&R Committee on 12th July 2023. These consist of the following :

3.12 Hind Street Programme £2.255m. This relates to the delivery of Phases A and B of the Hind Street Urban Village scheme on a brownfield site close to Birkenhead Town Centre in an area of very high deprivation. Phases A and B will deliver 626 new residential units (of which 10% will be affordable homes, delivered with a registered provider and in line with policy) plus 1,439m² of ancillary retail and commercial

accommodation. It will also include new active mode and public transport infrastructure and greenspace. The full Hind Street development (also including Phases C, D and E) will deliver a total of 1,578 homes.

- 3.13 **Office Quarter Building Fit-Out – Additional £4.000m.** The regeneration of Birkenhead has been a long-term priority for the Authority as it supports our ambitions around inclusive economic growth, sustainable development and the promotion of increased prosperity for our residents. The delivery of the Birkenhead Commercial District (BCD) represents a key opportunity to contribute significantly to these aims and objectives. This office space will be an anchor in the ambitious regeneration project that is taking place across Birkenhead and will be home for Wirral Council employees along with partner organisations. Further funding is required to deliver the full programme of works including the relocation of the Archives, Records Management and other services.
- 3.14 **Strategic Acquisition Fund – Addition £10.5m.** Policy & Resource Committee on 27 April 2023 agreed the recommendation by the Director of Regeneration and Place to acquire a location of strategic importance from a regeneration perspective, subject to the completion of satisfactory due diligence. The transaction was completed in May 2023.

4.0 FINANCIAL IMPLICATIONS

- 4.1 This is the Quarter 1 budget monitoring report that provides information on the forecast position 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 & 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 2023/24 is dependent on a stable financial position. That said, the delivery of the budget is subject to ongoing variables both positive and adverse which imply 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.

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. 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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BACKGROUND PAPERS

23/24 Budget Monitoring for Quarter 1, P&R 12th July 2023
23/24 Capital Monitoring for Quarter 1, P&R 12th July 2023

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Economy, Regeneration and Housing Committee	20 June 2023

Policy and Resources Committee	14 June 2023
Council	27 February 2023
Policy and Resources Com	15 February 2023