

ENVIRONMENT, CLIMATE EMERGENCY AND TRANSPORT COMMITTEE

MONDAY 24 July 2023

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

REPORT SUMMARY

This report sets out the financial monitoring information for the Council 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.

At the end of Quarter 1, there is a forecast adverse position of £0.500m on the Committee's proposed revised net revenue budget, of £65.840m. The revised net revenue budget includes an increase of £0.870m in Quarter 1, which is still subject to Council approval. This position is based on activity to date, projected trends in income and expenditure and changes to Council funding.

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

RECOMMENDATIONS

The Environment, Climate Emergency and Transport committee is recommended to:

1. Note the Directorate forecast adverse position of £0.500m presented at Quarter 1.
2. Note the allocation of additional £0.870m funding from the increased council budget of £2.000m, subject to Council approval;
3. Note the progress on delivery of the 2023/24 savings programme at Quarter 1.
4. Note the forecast level of reserves and balances at Quarter 1.
5. Note the forecast capital position presented at Quarter 1.

1.0 REASONS FOR RECOMMENDATIONS

- 1.1 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.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 The Policy & 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. This report sets out the updated revenue financial position at Quarter 1 for the Environment, Climate Emergency and Transport Committee.

Economic Context

- 3.2 There remains considerable uncertainties in the economy at the start of 2023/24. High inflation and rising interest rates continue to place significant pressures on Council finances and restrict the ability to forecast and plan, with confidence, for the future.
- 3.3 In April, prices were 8.7% higher than a year ago (based upon consumer price index (CPI)). Inflation has been around 10% since last summer, well above the Bank of England's 2% target.
- 3.4 To help inflation return to the Bank of England's 2% target, interest rates have been increased to 5.0%. Higher interest rates should help to reduce the demand for goods and services in the economy. Which, in turn, will help slow the rate of inflation.
- 3.5 The Bank of England expect inflation to fall to around 5% by the end of this year, with the expectation for inflation to continue to fall next year and meet the target of 2% by late 2024.

Quarter 1 Forecast Revenue Outturn Position

- 3.6 Table 1 presents the forecast outturn as a net position, i.e. expenditure minus income. Favourable variances (underspends) are shown as negative values and adverse variances (overspends) are shown as a positive value.
- 3.7 At the end of Quarter 1, there is a forecast adverse variance of £0.500m against the Environment, Climate Emergency and Transport Committee's revised net revenue budget of £65.840m, which is equivalent to a variance of 1% from the annual budget.

TABLE 1: 2023/24 REVENUE BUDGET & FORECAST OUTTURN

	Budget	Forecast Outturn	Variance	
			(+ Adv / - Fav)	
	£000	£000	£000	%
Environment (including Parks and Open Spaces)	6,304	6,304	0	0%
Highways Management and Infrastructure	6,357	6,857	500	8%
Recycling and Waste	30,137	30,137	0	0%
Transport Levy	23,043	23,043	0	0%
Net Committee Expenditure	65,840	66,340	500	1%

Notes:

* Budget figures assume agreement to budget amendments shown in Table 2, although this is still subject to Council approval which will be confirmed in October 2023.

** Forecast Outturn figures assume reserves movements shown in Table 4.

Significant aspects of revenue variances by directorate

- 3.8 The significant areas of note are as follows:
- Car Parking: adverse variance of £0.500m relates to Car Parking charges. This is pending a further report being brought to Members for proposed charges in new locations which will be informed by the parking strategy and reflecting the need to efficiently manage parking and traffic within the borough and recover the costs of the service. This forecast variance is expected to reduce if the policy is implemented promptly.

Budget Amendments

- 3.9 There has been a favourable £2.000m variation in funding, relating to Business Rates Section 31 grant. This provides the opportunity to carry out budget amendments to address some of the budget pressures across the Council, £0.870m of which are within this Committee. These amendments are proposed at quarter 1 and limit the adverse position.
- 3.10 Table 2 proposes the budget areas which will be amended (subject to Council approval). These amendments are already incorporated into the budget column in Table 1 and are explained below.

Table 2: Proposed Q1 Budget Virements

Committee	Budget Amendment	£000
Environment, Climate Emergency and Transport	Car Parking Income	600
Environment, Climate Emergency and Transport	Winter Gritting	270
Total		870

- 3.11 A £0.600m adverse variance relates to a shortfall in car parking income as ticket sales remain low due to an increase in hybrid working and changes in customer behaviour. This pressure is proposed to be mitigated by the allocation of £0.600m of additional budget, subject to Council approval.
- 3.12 Winter Gritting – An adverse variance of £0.270m is forecast for 2023/24. Costs have increased within this area in recent years due to inflationary rises in the cost of materials and service provision. Therefore, a pressure of £0.1m was incorporated into the budget from 2023/24 onwards to help address some of these issues. However, this is not deemed sufficient to address all the current pressures, as the service must maintain a minimum level of gritting during the winter to comply with statutory requirements. This has resulted in an ongoing pressure being presented by the service as at Quarter 1. This pressure is proposed to be mitigated by the allocation of £0.270m of additional budget, subject to Council approval.

Progress on delivery of the 2023/24 savings programme.

- 3.13 Table 3 presents the progress on the delivery 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.
- 3.14 In terms of savings, £0.400m of the £0.485m savings targets are either delivered or on track to be delivered, representing 82% of the total savings target with a further 18% or £0.085m anticipated to be delivered through alternative means. The table below summarises the progress for the Committee:

TABLE 3: SUMMARY OF PROGRESS ON DELIVERY OF 2023/24 SAVINGS

Committee	Approved Saving £m	Green £m	Amber £m	Red £m	Mitigation £m
ECET	-0.485	-0.400	-0.085	0.000	-0.085

Significant variances by directorate.**Neighbourhoods: £0.150m amber rated savings-**

3.15 The key variances are as follows:

- **Introduction of an environmental enforcement scheme** - The saving of £0.150m has been delayed until policy documents can be agreed at ECET Committee later in the year. The cost of the delay will be mitigated through vacancy control and through restricting non staffing expenditure to essential items only.

Earmarked Reserves

3.16 On 1 April 23, earmarked reserves for the Committee totalled £0.064m. Of the total earmarked reserves, more than half will be spent in 2023/24, on the activities for which they were established. There will be cases however where some of the reserves will be committed over a longer period and have been set aside now to support the Council's financial sustainability and have little or limited impact on future years budgets.

TABLE 4: BREAKDOWN OF EARMARKED RESERVES

Reserve	Opening Balance £000	Use of Reserve £000	Contribution to Reserve £000	Closing Balance £000
Coastal Protection	35	-35		0
Hilbre Island - Legacy	21			21
BikeSafe	8			8
Total	64	-35	0	29

Capital Monitoring

3.17 Capital budgets are the monies allocated for spend on providing or improving non-current assets, which include land, buildings and equipment, which will be of use or benefit in providing services for more than one financial year.

TABLE 5: 2023/24 Environment, Climate Emergency and Transport Committee – Capital Budget & Forecast Outturn

Capital Programme	2023/24			2024/25		2025/26	2026/27
	Budget 01/04/23	Q1 Forecast Budget	Variance		Budget	Budget	Budget
	£000	£000	£000		£000	£000	£000
Buildings	370	247	-123		493	0	0
CCTV	4	0	-4		4	0	0
Climate Emergency	172	115	-57		57	0	0
Environment	0	75	75		75	75	75
Flood Prevention	6,763	6,171	-592		3,842	0	0
Parks	5,385	3,674	-1,711		2,739	42	0
Roads and Bridges	10,962	7,059	-3,903		4,216	563	563
Street Lighting	510	340	-170		170	0	0
Travel and Transport	6,455	4,303	-2,152		4,312	1,910	1,910
Tree Strategy	211	141	-70		70	0	0
UK Shared Prosperity Fund	176	117	-59		445	0	0
Waste	0	0	0		3,200	0	0
Total	31,008	22,242	-8,766		19,623	2,590	2,548

3.18 Table 5 summarises the forecast expenditure against Capital Budgets. A full breakdown of each Capital Scheme with details can be found in Appendix 1. The favourable variance of £8.766m relates to expenditure being less than what was forecasted for Travel and Transport, Roads and Bridges and Parks. This expenditure has been slipped into 2024/25 financial year.

4.0 FINANCIAL IMPLICATIONS

4.1 This is the Quarter 1 budget monitoring report that provides information on the forecast 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 & 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.

5.0 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 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 27 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 – Breakdown of Capital

BACKGROUND PAPERS

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Policy and Resources Committee	12 July 2023
Policy and Resources Committee	14 June 2023
Policy and Resources Committee	15 February 2023
Policy and Resources Committee	18 January 2023
Policy and Resources Committee	09 November 2022
Policy and Resources Committee	13 July 2022
Council	28 February 2022
Policy and Resources Committee	15 February 2022
Environment, Climate Emergency and Transport Committee	22 October 2020
Environment, Climate Emergency and Transport Committee	3 December 2020
Environment, Climate Emergency and Transport Committee	1 February 2021
Environment, Climate Emergency and Transport Committee	16 March 2021
Environment, Climate Emergency and Transport Committee	14 June 2021
Environment, Climate Emergency and Transport Committee	7 September 2021
Environment, Climate Emergency and Transport	15 November 2021

Committee	
Environment, Climate Emergency and Transport Committee	20 January 2022
Environment, Climate Emergency and Transport Committee	1 March 2022
Environment, Climate Emergency and Transport Committee	20 June 2022
Environment, Climate Emergency and Transport Committee	20 October 2022
Environment, Climate Emergency and Transport Committee	30 November 2022
Environment, Climate Emergency and Transport Committee	30 January 2023
Environment, Climate Emergency and Transport Committee	14 March 2023
Environment, Climate Emergency and Transport Committee	19 June 2023

Appendix 1 – Breakdown of Capital Programme

Area	Scheme	2023/24			2024/25	2025/26	2026/27
		Budget 01/04/23	Q1 Forecast Budget	Variance	Budget	Budget	Budget
		£000	£000	£000	£000	£000	£000
Buildings	Energy efficient buildings	370	247	-123	493	0	0
CCTV	Removal of remaining analogue CCTV circuits-21-22	4	0	-4	4	0	0
Climate Emergency	Air Quality Control DEFRA	120	80	-40	40	0	0
	Climate Emergency Budget	52	35	-17	17	0	0
Environment	Environmental Improvements	0	75	75	75	75	75
Flood Prevention	Coastal Defence - Meols Feasibility Study	100	67	-33	33	0	0
	Connecting Wirral Waters: Detailed Design	42	28	-14	14	0	0
	Coronation Park Sustainable Drainage	222	148	-74	74	0	0
	Moreton Sandbrook Drainage	203	135	-68	68	0	0
	SUD - Leasowe to Seacombe Corridor	3016	0	-3016	3016	0	0
	Surface Water Management Scheme	57	38	-19	19	0	0

Area	Scheme	2023/24			2024/25	2025/26	2026/27
		Budget 01/04/23 £000	Q1 Forecast Budget £000	Variance £000	Budget £000	Budget £000	Budget £000
	Wallasey Embankment Toe Reinforcement	618	0	-618	618	0	0
	West Kirby Flood alleviation	2505	5755	3250	0	0	0
	Woodchurch Rd Drainage	0	0	0	0	0	0
Parks	Allotment Sites Expansion	72	48	-24	24	0	0
	Arrowe Country Park - New Machine Shed & Wash Bay	109	73	-36	36	0	0
	Arrowe Country Park Depot: Re-Surfacing, Material Bays & Electronic Entrance Barrier	27	18	-9	9	0	0
	Birkenhead Park World Heritage Project Team	85	57	-28	28	0	0
	Cemetery Extension & Improvements (Frankby)	142	95	-47	47	0	0
	Churchyard Boundary & Landican Cemetery Structural	56	37	-19	19	0	0

Area	Scheme	2023/24			2024/25	2025/26	2026/27
		Budget 01/04/23 £000	Q1 Forecast Budget £000	Variance £000	Budget £000	Budget £000	Budget £000
	Flaybrick Cemetery Pathway	200	193	-7	7	0	0
	Grange Cemetery	45	30	-15	15	0	0
	Landican Chapels	40	27	-13	13	0	0
	Levelling Up Parks Fund-Woodchurch	38	25	-13	13	0	0
	Lever Sports Pavilion	0	0	0	80	0	0
	New Ferry Rangers Community Clubhouse	843	562	-281	281	0	0
	Parks and Countryside DDA	421	281	-140	140	0	0
	Parks Machinery	2136	1424	-712	1211	0	0
	Parks Vehicles	580	387	-193	642	42	0
	Parks Workshop & various machinery	135	90	-45	45	0	0
	Play Area Improvements	177	118	-59	59	0	0
	Plymyard Cemetery Roadways	75	50	-25	25	0	0
	Plymyard Playing Field	134	89	-45	45	0	0
	Wirral Way Widening	70	70	0	0	0	0
Roads and Bridges	Bridges excluding Dock Bridge	894	596	-298	298	0	0

Area	Scheme	2023/24			2024/25	2025/26	2026/27
		Budget 01/04/23	Q1 Forecast Budget	Variance	Budget	Budget	Budget
		£000	£000	£000	£000	£000	£000
	Dock Bridges replacement	210	140	-70	70	0	0
	Highway Maintenance	7213	4642	-2571	2884	563	563
	Key Route Network (LGF3) - Operate Key Roads / Routes Efficiently	166	111	-55	55	0	0
	Key Route Network CRSTS	1757	1171	-586	586	0	0
	Lyndale Ave Parking & Safety Measures	124	0	-124	124	0	0
	Major Infrastructure Development & Strategic Transport Forward Planning - Traffic Management	210	140	-70	70	0	0
	TAG Bus Case-A41 Corridor North	192	128	-64	64	0	0
	TAG Bus Case-Wirral Waters outline	39	26	-13	13	0	0
	Tower Road National Productivity Investment Fund (NPIF) - ease congestion / upgrade	157	105	-52	52	0	0

Area	Scheme	2023/24			2024/25	2025/26	2026/27
		Budget 01/04/23 £000	Q1 Forecast Budget £000	Variance £000	Budget £000	Budget £000	Budget £000
Street Lighting	Street Lighting Column - Replacement or Upgrade	483	322	-161	161	0	0
	Street Lighting -Illuminated Lighting and Signage	27	18	-9	9	0	0
Travel and Transport	Active Travel Tranche 2	1517	1011	-506	506	0	0
	Combined Authority Transport Plan (CATP)	3712	2475	-1237	3397	1910	1910
	Depot Welfare Improvements	45	30	-15	15	0	0
	Quick Win Levy	15	10	-5	5	0	0
	Traffic Signal LED Upgrade	1166	777	-389	389	0	0
Tree Strategy	Tree Strategy	64	43	-21	21	0	0
	Urban Tree Challenge Fund	147	98	-49	49	0	0
UK Shared Prosperity Fund	UK Shared Prosperity Fund (UKSPF)	176	117	-59	445	0	0
Waste	Food Waste	0	0	0	3200	0	0
Total		31,008	22,242	-8,766	19,623	2,590	2,548