



ECONOMY REGENERATION AND HOUSING COMMITTEE

Monday, 18 September 2023

REPORT TITLE:	BUDGET REPORT
REPORT OF:	DIRECTOR OF REGENERATION AND PLACE

REPORT SUMMARY

The purpose of this report is to provide an update on the budgets within the remit of the Committee in respect of the in-year position and the anticipated pressures for future years that are being considered within the Medium Term Financial Plan.

The Council is required to set a balanced budget each year and its Medium Term Financial Plan takes into account the future pressures and savings options that will be taken forward to result in a balanced budget position.

The Council faces a challenging financial outlook due to inflationary and demand pressures alongside the previous significant reductions in Government funding and uncertainty around the future financial settlements. This report provides an update for the Committee on those budget areas within its remit, including any forecast overspends reported in the first quarter and potential pressures in both the current and future years.

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

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

RECOMMENDATIONS

The Economy Regeneration and Housing Committee is recommended to note and endorse the report.

SUPPORTING INFORMATION

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 the financial control of the Council.

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. This report sets out an updated revenue financial position for the Economy Regeneration and Housing Committee.

Quarter 1 Forecast Revenue Outturn Position

- 3.2 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.
- 3.3 At the end of Quarter 1, there was a forecast adverse variance of £0.5m against the Committee's revised net revenue budget of £13.21m, which is equivalent to a variance of 4% from the annual budget.

TABLE 1: 2023/24 REVENUE BUDGET & FORECAST OUTTURN

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

Updates in revenue position since Quarter 1

- 3.4 A number of assets retained as investment purposes will not achieve the anticipated income targets due to surrender or reduction in rents. These primarily centre around the Europa Centre, Birkenhead which includes the unit leased by Wilko's.
- 3.5 Assets which are vacated as part of Directorate savings are being retained, with their strategic future uses being fully worked through. The holding costs and high cost items such as security are being met from Asset Management.
- 3.6 A series of invoices relating specifically to Covid activities for Facilities Management services across all Directorates have been submitted by the contractor but also covers operational orders for security, cleaning and removals.
- 3.7 The additional pressures and any potential mitigating actions are being explored and will be reported back to Committee in the Q2 monitor report.

Progress on delivery of the 2023/24 savings programme.

- 3.8 Progress on savings remains as reported at Q1. Table 2 presents the progress on the delivery of the 2023/24 approved savings as at quarter 1. For savings rated as Amber, an equal amount of temporary in-year mitigation has been identified to cover any shortfalls which may occur. For savings 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.
- 3.9 In terms of savings, £2.461m of the £2.661m savings targets are either delivered or on track to be delivered, representing 92% of the total savings target with a further 8% or £0.2m anticipated to be delivered through alternative means. The table below summarises the progress by Directorate:

TABLE 2: SUMMARY OF PROGRESS ON DELIVERY 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

Mitigating Measures.

- 3.10 It is imperative that the Council reports a balanced position at the end of the financial year.
- 3.11 As per the '2023/24 Budget and Budget Monitoring Processes Report', which was presented to Policy and Resources Committee and all other Policy and Service Committees in June 2023, the relevant Policy and Service Committees will be responsible for containing net expenditure within their overall budget envelope and not overspending. Where an adverse variance is forecast, each Committee will be required to take remedial action, with detailed plans and timeframes, to bring the budget back in line and ensure that overspends are mitigated.

- 3.12 Where a committee has taken all possible steps for remedial action and is unable to fully mitigate an overspend, this must be reported to the Policy and Resources Committee which will then take an organisational-wide view of how this adverse variance will be managed. There must be agreed to ensure that a deliverable, balanced forecast position can be reported, and this will be monitored on a monthly basis by the Policy and Resources Finance Sub-group.
- 3.13 The Policy and Resources Committee has ultimate responsibility for taking any necessary steps required to ensure a balanced budget position is delivered. The Section 151 Officer will be responsible for ensuring that any budget actions, proposals and mitigations are achievable and lawful.
- 3.14 The quarter 1 position highlights £0.5m of forecast adverse variances for which as yet no mitigation has been identified. Committees and the relevant Chief Officers will need to agree remedial action to address these variances to ensure a balanced position can be presented at the end of the year.
- 3.15 The service will aim to maximise opportunities to capitalise staffing costs. Income generation opportunities will be sought across the department to mitigate the overall position. In addition to this, expenditure will be delayed until next financial year where possible and mitigation will also be sought from staffing vacancies and non-essential expenditure.

Medium Term Financial Plan

- 3.16 Table 3 below summarises the expected budget pressures being faced in 24-25, each of which has a budget pressure document that is being developed to support the areas outlined.

TABLE 3 2024-25 BUDGET PRESSURES

Pressure Items for 2024/25	Detail
Contract Inflation	General contract inflation will be required, in particular within Supported Housing which has not had inflationary budget increases recently.
Capitalisation of Staff	The amount of staff and costs that can be capitalised is under continuous review to ensure it is compliant with regulations and this process will continue into 24-25 and beyond as the Regeneration programme develops.
Birkenhead Commercial District	Cost associated with the move to BCD offices, lettings, exit clauses from Cheshire Lines and accommodation arrangements for the Archive, Records Management and the Data Centre.
Town Halls feasibility	Feasibility studies are required for both Town Halls to determine the best future use of the 2 assets along with commercial and social opportunities. The work will include updating condition reports and valuations.
Compliance Requirements	A budget is required to undertake a range of compliance checks; fire risk assessments, electrical, asbestos, gas, legionella across the corporate estate. This will be an annual requirement.
Security Requirements	Vacant buildings are posing a security, insurance and safety risk. Following the internal service withdrawal there is a need to appoint a key holding service. A separate contract is also required for the provision of security to vacant buildings response services.
Corporate Landlord	Mobilisation of the Corporate Landlord Model will require dedicated resource, linked to one of the Councils priorities for centralisation of asset/FM functions.
Commercial Property Advice	Funding is required for partner firms to undertake independent valuations, provide property advice linked to Regeneration, disposal routes, investment etc.

4.0 FINANCIAL IMPLICATIONS

4.1 This budget report provides information on the forecast outturn for the Council for 2023/24 and future years. 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 takes collective responsibility to identify solutions to resolve these to ensure a balanced budget can be reported at the end of the year and for future years.

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

None

TERMS OF REFERENCE

This matter is being considered by the Policy and Resources Committee in accordance with section 1.2(b) provide a co-ordinating role across all other service committees and retain a 'whole council' view of [budget monitoring].

BACKGROUND PAPERS

Wirral Borough Council - Medium Terms Financial Plan

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Policy and Resources Committee	14 June 2023
Council	27 February 2023
Policy and Resources Committee	15 February 2023
Economy Regeneration and Housing Committee	17 July 2023
Economy Regeneration and Housing Committee	20 June 2023
Economy Regeneration and Housing Committee	8 March 2023
Economy Regeneration and Housing Committee	26 January 2023