



## ENVIRONMENT, CLIMATE EMERGENCY AND TRANSPORT COMMITTEE

Wednesday, 20 September 2023

REPORT TITLE:	BUDGET REPORT
REPORT OF:	DIRECTOR OF NEIGHBOURHOODS

### 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 sets a Medium Term Financial Plan which considers 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 Committee is asked to note the report and endorse any proposed actions to mitigate the in-year position.

This is a key decision and affects all wards.

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 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 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 an updated revenue financial position for the Environment, Climate Emergency and Transport 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 £0.500m against the 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	%
<b>Environment (including Parks and Open Spaces)</b>	6,304	6,304	0	0%
<b>Highways Management and Infrastructure</b>	6,357	6,857	500	8%
<b>Recycling and Waste</b>	30,137	30,137	0	0%
<b>Transport Levy</b>	23,043	23,043	0	0%
<b>Net Committee Expenditure</b>	<b>65,840</b>	<b>66,340</b>	<b>500</b>	<b>1%</b>

Notes:

\* Budget figures assume agreement to a budget amendment of £0.870m as agreed at Policy and Resources committee on 12<sup>th</sup> July. However, this is still subject to Council approval which will be confirmed in October 2023.

### Updates in revenue position since Quarter 1

- 3.4 There are risks linked to additional in year pressures within the following areas. These additional pressures and any potential mitigating actions are being explored and will be reported back to Committee in the Q2 monitor report.
- A projected shortfall in income received from developers, which is currently based on income received to date. This is due to a reduction in housing developers commencing construction work because of the current macroeconomic conditions in relation to supply chain costs, inflation, and rising interest rates. However, the position could improve if developers commence work later in the financial year and work is currently being undertaken to maximise income generating opportunities within Highways and infrastructure.
  - There is a risk due to a shortfall in enforcement income, as this will not be achieved until the policy is agreed and implemented.
  - There are potential pressures within Parks and Environment. These relate to premises and maintenance, water charges, transport maintenance and shortfalls against income targets following COVID-19.

### Progress on delivery of the 2023/24 savings programme.

- 3.5 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 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.
- 3.6 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 by Directorate:

**TABLE 2: SUMMARY OF PROGRESS ON DELIVERY OF 2023/24 SAVINGS**

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

### Updates in savings delivery since Quarter 1.

- 3.7
- **Introduction of an environmental enforcement scheme** – The saving of £0.150m. The saving will be delivered once the policy documents have been

agreed, although the full year effect of the saving will not be reflected this financial year.

### **Mitigating Measures.**

- 3.8 It is imperative that the Council report a balanced position at the end of the financial year.
- 3.9 As per the '2023/24 Budget and Budget Monitoring Processes Report', which was presented to P&R and all Service Committees in June, the 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.
- 3.10 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 who will then take an organisational-wide view of how this adverse variance will be managed. There must be immediate action agreed to ensure a deliverable, balanced forecast position can be reported, and this will be monitored on a monthly basis by the Policy and Resources Committee Finance Sub-group.
- 3.11 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 legal.
- 3.12 The quarter 1 position highlights £0.500m 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.
- 3.13 The service will aim to maximise opportunities to capitalise staffing costs. Income generation opportunities will be sought within Parks and Cemeteries 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**

3.14

### **Environment (including Parks and Open Space)**

There are significant one-off pressures in year and in 2024/25 linked to an obligation to remove abandoned boats at Heswall Shore.

## **Highways Management and Infrastructure**

There is an ongoing pressure linked to proposed parking charges at new sites. This proposal was incorporated into the budget in 2021/22 but has not yet been implemented and a decision relating to this will be informed by the parking strategy.

In addition to this there are pressures linked to footway maintenance. Any capital from Department for Transport focused on carriageways. Footways have deteriorated over the past 20 years, resulting in more footway claims, more enquiries, and increased repairs to respond to these pressures.

## **Recycling and Waste**

There are additional pressures associated with the Waste Contract. However, these total increases have not been confirmed yet as they will be linked to projected CPI rates in April 2024. The Waste Levy will also increase in 2024 and Merseyside Regional Waste Authority (MRWA) will confirm the figure later in the year.

## **4.0 FINANCIAL IMPLICATIONS**

4.1 This budget report that 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 take 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

APPENDIX 1 – Breakdown of Revenue Spend

## 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

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

## SUBJECT HISTORY (last 3 years)

Council Meeting	Date
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<b>Policy and Resources Committee</b>	<b>12 July 2023</b>
<b>Policy and Resources Committee</b>	<b>14 June 2023</b>
<b>Policy and Resources Committee</b>	<b>15 February 2023</b>
<b>Policy and Resources Committee</b>	<b>18 January 2023</b>
<b>Policy and Resources Committee</b>	<b>09 November 2022</b>
<b>Policy and Resources Committee</b>	<b>13 July 2022</b>
<b>Council</b>	<b>28 February 2022</b>
<b>Policy and Resources Committee</b>	<b>15 February 2022</b>
<b>Environment, Climate Emergency and Transport Committee</b>	<b>22 October 2020</b>
<b>Environment, Climate Emergency and Transport Committee</b>	<b>3 December 2020</b>
<b>Environment, Climate Emergency and Transport Committee</b>	<b>1 February 2021</b>
<b>Environment, Climate Emergency and Transport Committee</b>	<b>16 March 2021</b>
<b>Environment, Climate Emergency and Transport Committee</b>	<b>14 June 2021</b>
<b>Environment, Climate Emergency and Transport Committee</b>	<b>7 September 2021</b>
<b>Environment, Climate Emergency and Transport Committee</b>	<b>15 November 2021</b>
<b>Environment, Climate Emergency and Transport Committee</b>	<b>20 January 2022</b>
<b>Environment, Climate Emergency and Transport Committee</b>	<b>1 March 2022</b>

<b>Environment, Climate Emergency and Transport Committee</b>	<b>20 June 2022</b>
<b>Environment, Climate Emergency and Transport Committee</b>	<b>20 October 2022</b>
<b>Environment, Climate Emergency and Transport Committee</b>	<b>30 November 2022</b>
<b>Environment, Climate Emergency and Transport Committee</b>	<b>30 January 2023</b>
<b>Environment, Climate Emergency and Transport Committee</b>	<b>14 March 2023</b>
<b>Environment, Climate Emergency and Transport Committee</b>	<b>19 June 2023</b>
<b>Environment, Climate Emergency and Transport Committee</b>	<b>24 July 2023</b>

## Appendix 1 – Breakdown of Revenue Budget Monitoring

		Budget	Outturn	Variance		Adv/ Fav
		£000	£000	(+ Fav / - Adv) £000	%	
<b>Environment (including Parks and Open Spaces)</b>	Flood Management	598	598	0	0%	
	Parks & Countryside	4,918	4,918	0	0%	
	Tree Management	788	788	0	0%	
<b>Highways Management and Infrastructure</b>	Design & Commissioning	53	53	0	0%	
	Highways & Infrastructure	517	517	0	0%	
	Highways Maintenance & Street Lighting	6,445	6,445	0	0%	
	Highways Service Support	389	389	0	0%	
	Network Management	-579	-579	0	0%	
	Network Operations	-468	32	500	-107%	Adverse
<b>Recycling and Waste</b>	Merseyside Recycling and Waste Authority Levy	17,521	17,521	0	0%	
	Waste & Street Cleansing	12,615	12,615	0	0%	
<b>Transport Levy</b>	Regeneration Strategy and Transport	23,043	23,043	0	0%	
<b>Surplus / (Deficit)</b>		<b>65,840</b>	<b>66,340</b>	<b>500</b>	<b>1%</b>	<b>Adverse</b>