

## **ECONOMY REGENERATION & HOUSING COMMITTEE**

**Wednesday, 27 March 2024**

<b>REPORT TITLE:</b>	<b>2023/24 BUDGET MONITORING FOR QUARTER THREE (THE PERIOD TO 31 DECEMBER 2023)</b>
<b>REPORT OF:</b>	<b>DIRECTOR OF REGENERATION &amp; PLACE</b>

### **REPORT SUMMARY**

This report sets out the financial monitoring information for the Economy Regeneration & Housing Committee as at Quarter 3 (31 December) 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 3, there is a forecast adverse position of £0.7m, with spend of £15.479m against the £14.779m 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 £0.7m as at Quarter 3.
2. Note the progress on delivery of the 2023-24 savings programme at Quarter 3.
3. Note the level of reserves at Quarter 3.
4. Note the capital programme of £49.556m 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 3 forecast (at 31<sup>st</sup> December 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 3 (31<sup>st</sup> December 2023) for Economy Regeneration & Housing Committee is an adverse position of £0.7m, with spend of £15.479m against the £14.779m budget. The budget has increased from 13.819m reported at Quarter Two due to the allocation of centrally held budgets relating to funding for the pay award and business rates increases.

**TABLE 1 2023/24 Economy Regeneration & Housing Committee – Service Budget & Forecast Quarter 3**

	*Budget	**Forecast Outturn	Variance	
	£000	£000	(+ Adv / - Fav) £000	%
<b>Regeneration &amp; Place</b>				
Regeneration	444	244	-200	-45%
Housing	6,009	6,009	0	0%
Asset Management & Investment	6,472	6,772	300	4%
Planning	1,333	1,733	400	30%
Special Projects	121	121	0	0%
Local Plan	400	600	200	50%
<b>Regeneration &amp; Place Net Expenditure</b>	<b>14,779</b>	<b>15,479</b>	<b>700</b>	<b>5%</b>

- 3.2 **Regeneration** : The use of the UKSPF grant to fund a proportion of the Business Support Service has helped provide a favourable forecast of £0.2m since reported at Quarter Two, as agreed at Economy, Regeneration and Housing Committee on 18<sup>th</sup> September 2023.
- 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 £0.2m adverse position is forecast this year, which is a reduction from £0.5m previously reported, as the remaining spend is now expected in 24-25 (and will be funded from the existing budget). This slippage was from the delay to the hearings due to the Planning Inquiry.
- 3.4 **Assets** : Commercial Income has an adverse forecast of £0.300m across the estate, with Europa House income being a key aspect of this figure; the department are working closely with administrators to review a way forward alongside continued strategic asset management with potential future tenants.
- 3.5 **Planning** : An adverse variance of £0.4m is forecast. This is due to potential costs from further public inquiries, as well as a reduction in large planning submissions that has impacted planning income this year.

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

- 3.6 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**

<b>Saving Proposal</b>	<b>Approved Saving</b>	<b>Green</b>	<b>Amber</b>	<b>Red</b>	<b>Mitigation</b>
<b>Economy Regeneration &amp; Housing</b>	<b>£2.661m</b>	<b>£2.461m</b>	<b>£0.200m</b>	<b>£0.000m</b>	<b>£0.200m</b>

- 3.7 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 had been used for the local plan consultation and the public enquiry during the first half of 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.
- 3.8 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 20<sup>th</sup> June 2023.

### Earmarked Reserves

- 3.9 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	-63		1,370
Wirral Ways to Work	625	-300		325
Regeneration and Inward Investment	1,385	-650		735
Urban Development Corporation Bid	77	-77		0
Building Control Fee Earning	420	-100		320
HMO Licence Fees	164	-45		119
Major Infrastructure Project Development	62			62
Property Repairs rental income	276	-72		204
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	-773		1,013
Homelessness	166	-166		0
Domestic Abuse Bill Grant	602	-600		2
Economic Growth	342	-170		172
Birkenhead Future High Street funding	47			47
<b>Total</b>	<b>7,718</b>	<b>-3,016</b>	<b>0</b>	<b>4,702</b>

### Capital Monitoring

- 3.10 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.
- 3.11 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.
- 3.12 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.

**3.13 TABLE 4: 2023/24 Economy Regeneration & Housing Committee – Capital Budget**

<b>Scheme</b>	<b>23/24 Budget £'000s</b>	<b>24/25 Budget £'000s</b>	<b>25/26 Budget £'000s</b>
Birkenhead Regeneration Delivery Fund	1,034	2,000	
Birkenhead Market Construction	1,909	11,800	0
Birkenhead Regeneration Framework	200	105	0
Birkenhead Waterfront Programme	1,030	19,970	
Birkenhead Town Centre Sub-Station	0	2,250	2,250
Business Investment Fund	0	585	
Capitalisation of Regen Salaries	971	984	0
FHSF New Ferry 21-22	1,000	2,112	
Future High Streets - Birkenhead	8,716	4,903	1,170
Hind Street Programme	1,499	42,056	
Levelling Up Fund 3 - Liscard	0	634	621
Liscard Town Centre Delivery	7	3	
Local Authority Housing Fund 2	4,225		
New Brighton Masterplan for Marine Promenade	40	15	
New Ferry Regeneration Strategic Acquisitions	500	842	
Office Quarter Building Fit-Out	9,387	0	0
Strategic Acquisition Fund	10,500	2,992	
Strategic Acquisitions - Capital Enhancements	333	667	500
Town Centre scheme - New Ferry	3	2	
Town Fund B'head	35	18	
Wirral Waters Investment Fund	0	0	7,000
Aids, Adaptations and Disabled Facility Grants	5,500	6,524	4,700
Birkenhead Town Centre Masterplanning & Housing Delivery	193	97	
Clearance	160	30	195
Empty Property Grant Scheme	265	310	0
Property Pooled Plus I.T System	10	3	3
Town Deal Fund - Birkenhead	2,000	8,909	11,455
West Kirby Masterplan	39	19	
<b>Total</b>	<b>49,556</b>	<b>107,830</b>	<b>27,894</b>

The Quarter 3 Amendments represent changes to the programme which were presented to P&R Committee on 17<sup>th</sup> January 2024. These consist of the following :

**3.14 Levelling Up Fund Round 3 for Liscard : £1.255m** – The Council has provisionally been awarded £10.788m funding for Liscard. The funding is subject to an additional local contribution of £1.255m, which is expected to be funded via Council borrowing. Match funding will only be required if The Levelling Up Funding is confirmed by DLUHC following a period of due diligence.

- 3.15 **Birkenhead Market** : Whilst viable options are progressed for the delivery of the market and with financial pressures on available resources, the funding has been amended at P&R to reflect the Pathfinder Grant indicated in the Investment Plan.
- 3.16 **Maritime Knowledge Hub(MKH)** : There is currently no viable business case in relation to the MKH. The financial risk associated with the indicative proposals are significant and could not realistically be accepted by the Council at the current time given the underlying financial position and Medium-Term Financial Plan forecasts.

This scheme has been removed from the programme until such time as a viable scheme is brought forward for consideration.

#### **4.0 FINANCIAL IMPLICATIONS**

- 4.1 This is the Quarter 3 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**

**SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>
<b>Economy, Regeneration and Housing Committee</b>	<b>6 December 2023</b>
<b>Policy and Resources Committee</b>	<b>17 January 2024</b>
<b>Economy, Regeneration and Housing Committee</b>	<b>18 September 2023</b>
<b>Council</b>	<b>27 February 2023</b>

