

POLICY AND RESOURCES COMMITTEE

Wednesday, 17 July 2024

REPORT TITLE:	2023/24 REVENUE OUTTURN
REPORT OF:	DIRECTOR OF FINANCE

REPORT SUMMARY

This report provides a summary of the year-end revenue position for the 2023/24 financial year as at the end of March 2024. 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.

The year-end revenue outturn for 2023/24, represents an adverse variance against directorate revenue budgets of £10.704m, which is a £2.734m deterioration from the quarter 3 forecast, largely due to activity within the Neighbourhood Services, Adults and Childrens Directorates. This adverse position can be offset by utilising the contingency budget, savings from reduced energy costs and funding in year transformational activity costs from capital receipts.

This matter affects all Wards within the Borough and is a key decision.

The report contributes to the Wirral Plan 2023-2027 in supporting the organisation in meeting all Council priorities.

RECOMMENDATIONS

The Policy and Resources committee is recommended to:

1. Note the draft, unaudited 2023/24 outturn adverse Directorate variance of £10.704m, offset by utilising the contingency budget, savings from reduced energy costs and use of flexible use of capital receipts;
2. Note the progress on delivery of the 2023/24 savings programme.
3. Agree the transfer to and use of earmarked reserves, as detailed in Appendix 2; and
4. Agree that the debts in excess of £10,000 included within Appendix 3 be approved for write off against the Provision for Bad Debts.

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 the Council.
- 1.2 This report presents timely information on the full year financial position for 2023/24, prior to final audit engagement.

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. In quarter 1, a favourable £2.000m variation against the funding relating to an adjustment of Business Rates Section 31 grants, increased the revenue budget to £368.6m.
- 3.2 The Quarter 1 monitoring report, presented on 12 July 2023 to Policy & Resources Committee, highlighted growing in-year pressures of £3.6m, which had risen to £7.2m by Quarter 2 and £7.97m by Quarter 3. Several potential mitigations were identified that could be used to present a balanced budget at the end of the year. This report sets out the updated revenue financial position at the end of the year.

Economic Context

- 3.3 Throughout 2023-24 the headline consumer price inflation (CPI) continued to decline from 8.7% at the start of the year to 3.4% in February but was still above the Bank of England's 2% target.
- 3.4 Having begun the financial year at 4.25%, the Bank of England's Monetary Policy Committee (MPC) increased the Bank Rate to 5.25% in August 2023 and it has remained at this level through to March 2024. Although financial markets have shifted their interest rate expectations downwards, with expectations of a cut early in the new year, the MPC's focus remains on maintaining the current interest rate in order to control inflation over the medium term.
- 3.5 The overall risk environment remained particularly challenging throughout 2023-24, with subdued economic activity, poor outlooks for growth and inflation and increased geopolitical tensions, all placing significant pressures on finances and restricting the ability to forecast and plan, with confidence.

Quarter 4 Revenue Outturn Position

- 3.6 At the end of 2023/24, against the Council's revised net revenue budget of £368.600m, there is a Directorate adverse variance of £10.704m, which can be largely offset by utilising the £5m contingency budget, £2.5m of savings from reduced energy costs and utilising £2.9m of flexible use of capital receipts.

TABLE 1 2023/24 REVENUE BUDGET & OUTTURN

	Budget	Outturn	Variance	
	£000	£000	(+ Adv / - Fav) £000	%
Adult Care & Health	131,257	132,449	1,192	1%
Chief Executive Office	0	0	0	0%
Children, Families & Education	88,307	90,281	1,974	2%
Finance	7,840	9,728	1,888	24%
Law & Corporate Services	7,909	8,424	515	7%
Neighbourhoods Services	39,927	46,034	6,107	15%
Regeneration and Place	14,779	14,738	-41	0%
Resources	17,336	16,405	-931	-5%
Net Directorate Expenditure	307,356	318,060	10,704	3%
Levies	40,939	41,161	222	1%
Strategic Holding Account and Corporate Items	20,305	12,279	-8,026	-40%
Flexible Use of Capital Receipts	0	-2,900	-2,900	
Net Council Expenditure	368,600	368,600	0	0%

Significant aspects of revenue variances by directorate

Adult Care & Health adverse variance of £1.192m.

- 3.7 The Adult Social Care savings target was a challenging target in a demand led service. £3.7 million of savings have been achieved, however the non-achievement of £2.2 million is the significant contributing factor to the overspend in the directorate in year.
- 3.8 The numbers of clients supported in Wirral continues to increase, there has been an increase of 6% across care services from the start of the financial year. Domiciliary care pick up continues to improve with activity reflecting an increase of 11% in commissioned packages since quarter one, however placements within residential and nursing settings are still increasing with activity showing 2% increase during the financial year. With additional hours and top-up payments being made to meet the complex needs of people being discharged from hospital as early as possible, the

cost of these placements has put pressure on the budget and achievement of savings targets.

Children, Families & Education adverse variance of £1.974m

- 3.9 The adverse variance within the directorate is predominately due to Children Looked After placement costs (£4.5 million overspend). As at year end, the number of Children Looked After (CLA) has slightly decreased to 776, however, there are still significant pressures from the CLA placement costs. Whilst the number of CLA has decreased, there has been a 24% increase in residential placements since the beginning of the financial year.
- 3.10 The increasing demand in the special education needs and disabilities (SEND) area, such as transport and Education Psychological services, have added to the overspend position, with an overspend of £1.4 million in this area.
- 3.11 The pressures within transport and social care placements have been partly mitigated in year with underspends in early help and prevention together with the one-off use of £1m of the social care reserve and £702k additional use of Children's reserves. The CLA placement costs and SEND related costs will continue to be a pressure into 2024/25.

Finance adverse variance of £1.888m

- 3.12 The adverse variance within the Finance Directorate mainly derives from the following positions within the Revenues and Benefits service:
- Grant repayment - In 2022-23 the Council received an energy grant (£1.186m) for those residents not supplied with mains gas or electricity i.e., oil or alternative fuels. In 2022/23 this funding was reported in the revenue outturn position. A proportion of the grant £89.6k was utilised as intended with the remainder repayable back to the Government department in 2023/24. This will have an adverse impact on the revenue position within the Finance Directorate (specifically in Revenue and Benefits).
 - Discretionary Council Tax discounts - The council awards a number of Local Discounts for Council Tax under its powers under Section 13A1(c) of the Local Government Finance Act 1992. From a financial impact perspective, these discounts consist of two main categories: firstly a discount for all Care Leavers under the age of 25 and secondly a discount to the women's refuge. The cost of these discounts has been incorrectly allocated to the collection fund for a number of years - the cost of these discounts should be met from the council's general fund. The impact of this error means that the cost of these local discounts has been paid for in proportion by all council tax preceptors. Therefore, the council have retrospectively corrected this error at a cost of £0.875m. The future year impact of this amendment has been addressed in the MTFP.
 - The budget for court summons income was not achieved, to the value of £0.737m, however this has been offset by various favourable variances, which has enabled balance to be maintained.

Law & Governance adverse variance of £0.515m

3.13 The adverse variance within the Law and Governance Directorate mainly derives from the following:

- £0.105m of the adverse variance is within Coroners. There are increased costs associated with the level of more complex cases involving post-mortem, toxicology and witness expenses associated with investigations and the holding of public enquiries. Officers continue to work with colleagues at Liverpool City Council and the Coroner's office to manage costs. A pressure of £0.100m has been put into the MTFP for 24/25 to address this position.
- £0.225m of the variance relates to demand within Childrens and the necessity to use locum legal expertise as recruitment. The national and local market for safeguarding lawyers, similar to the market for social workers, has moved increasingly to partial or complete reliance on locum lawyers. This means that the current budget is not at the level required and is the key driver for the adverse variance to Legal Services. Agency staff in Legal was reported as £0.780m. Work to look at options is being explored in the Legal and Corporate Services directorate, to identify ways to reduce the pressure on Legal costs.
- In addition to difficulties in recruiting safeguarding lawyers, the legal team are also experiencing difficulties in recruiting planning, regeneration and property lawyers. HR has supported the legal team to undertake numerous recruitment campaigns, but despite this there are still five senior lawyer posts to fill permanently that are currently being covered by locum staff. When all posts are filled this will create a pressure of £0.072m but will reduce expenditure on locum staff.
- Civic and Electoral Services are £0.092m adverse due to staff savings and one-off costs in year or overspends on ceremonial activities. The Council appointed three freeman and the associated costs for badges and ceremonial events. Furthermore, the Council continues to support Remembrance Sunday events throughout the Borough, which expanded last year.

Neighbourhoods Services adverse variance of £6.107m

3.14 The outturn position has largely been impacted by unachieved income and savings targets that have not been realised. The significant areas to note are as follows:

3.15 Neighbourhoods Management: An adverse variance of £0.608m. This mainly relates to shortfalls in Neighbourhood savings from 2022/23 and 2023/24 of £0.500m that have not been achieved. £0.250m has been addressed by budget adjustments for 2024/25, with further service reviews ongoing for the remainder.

3.16 Neighbourhood Safety and Transport: An adverse variance of £1.010m. £0.323m is due to historical, unachievable income shortfalls and a significant reduction in the number of schools choosing to renew Community Safety services, which has partly been addressed in 2024/25 with a £0.150m uplift. There are further significant pressures £0.867m on the service within Community Transport that is currently being reviewed within Children, Families and Education teams. It is envisaged that all Community Transport budget will transfer to one Directorate.

- 3.17 Highways and Infrastructure: An adverse variance of £1.291m. £0.500m relates to unachieved income targets for Car Parking charges as a result of delays to implementing a Parking Charging Policy. £0.200m has been adjusted for as part of budget setting, with the outstanding £0.300m remaining a challenge for 2024/25. A further £0.470m relates to unachievable developer income targets, which is not expected to improve for 2024/25 due to lack of demand. The remainder are adverse variances within Highways Operational Services and Street Light Maintenance that will be addressed by ensuring all opportunities to capitalise spend are explored and reducing maintenance to remain within budget.
- 3.18 Leisure, Libraries and Customer Engagement – an adverse variance of £2.416m. In the main, this relates to Theatre and Hospitality for £1.853m. This includes one off costs for the Sail Loft of £0.200m that will not recur. The Theatre and Hospitality budget will be reviewed in light of the adverse variance accounted for in 2024/25. It will also be adjusted in 2024/25 to remedy unachievable targets attributed to legacy savings and income of circa £0.900m. Sports and Recreation, specifically the Bidston Sports & Activity Centre has £0.400m unachieved income. This could be attributed to only 6 months actual trading in the 2023/24 financial year, with the centre income profile weighted towards increased income over the spring and summer holiday periods and would therefore be expected to balance for 2024/25. Overspends in libraries for repairs and maintenance with works exceeding the allocated budget. These overspends will be dealt with in 2024/25 and future maintenance will be considered as part of the move to a Corporate Landlord Model.
- 3.19 Climate Emergency & Environment: An adverse variance of £0.810m. This is mainly due to shortfalls in enforcement income of £0.220m, as this will not be achieved until the revised enforcement policy is agreed and operational delivery model implemented, £0.298m relating to fleet management hire costs, review currently being undertaken with recommendations due to be presented this summer, and income shortfalls in Parks.

Regeneration & Place favourable variance of £0.041 m

- 3.20 Regeneration : Has a favourable variance of £0.500m, which is an increase of £0.300m from quarter 3 due to maximising the use of grants to help fund staff costs working on the grant areas.
- 3.21 Local Plan: The local plan has adverse spend of £0.100m, which is an improvement from the £0.200m reported at quarter 3, due to the release of £0.100m of reserves to help the position.
- 3.22 Assets : There is a £0.800m adverse spend on Assets, which has increased from £0.300m reported at quarter 3. The adverse spend on commercial income has increased by £0.200m, with the need to cover potential bad debts, especially in relation to the Europa Building. Winter also saw an increase in repairs and maintenance across the Council's assets with an adverse position of £0.100m. This also meant the Wallasey Town Hall Standby saving, of which £0.200m was expected to be mitigated from the maintenance budgets could also not be covered and so has added to the adverse spend in Assets.

- 3.23 Housing : Housing has a favourable position of £0.900m. This is due to contract efficiencies on Private Sector Housing (£0.200m), maximising grants to help Supported Housing (£0.500m) and also the release of reserves (£0.200m).
- 3.24 Planning : Planning has an adverse outturn of £0.400m, in line with quarter 3 forecasts due to planning fee income shortfalls.

Resources favourable variance of £0.931m

- 3.25 Human Resources and Organisational Development were underspent in year by £0.464m. This is primarily due to the deletion of posts and a time lag in filling vacancies following the Enabling Service Review (ESR), use of training budget delayed due to availability of resources which will go into 2024/25.
- 3.26 Digital and IT have an overspend of £1.216m which has been supported by Project Management Office (PMO) budget. The variance is primarily due to a £0.309m reduction in centralisation of postal charges and staffing costs of £0.790m. As more IT moves to a service type procurement than a capital procurement, IT costs will continue to require further investment to ensure the service meets the Council Plan strategic aims. A number of these issues are historic and following a review of Digital and IT, this has identified the necessity to review further the needs of this service and the services it provides.
- 3.27 The underspend of £1.775m in Business Change and the Programme Management Office is primarily due to the deferral/delay in the use of planned specialist and consultancy services to support strategic programmes as well as the use of Council's capital budget or external grant funding to off-set revenue costs. This budget is being reviewed for 2024/25 with a view to supporting growth in IT services.

Strategic Holding Account & Corporate Items favourable variance of £8.026m

- 3.28 Energy costs were £2.5m lower than initially expected at the time of setting the budget, due to changes in market conditions.
- 3.29 Within this area is the General Contingency Budget, circa £5m, established as part of the 2023/24 budget setting to help mitigate against pressures arising from unanticipated fluctuations in spending and income, growing inflationary pressures, slippage on savings delivery and also to provide much needed financial resilience.

Flexible Use of Capital Receipts favourable variance of £2.900m

- 3.30 In February 21, the Secretary of State approved the continuation of the capital receipts flexibility programme for a further three years. This gave local authorities the continued freedom to use capital receipts from the sale of their own assets (excluding Right to Buy receipts) to help fund the revenue costs of transformation projects and release savings.
- 3.31 In 2023-24 this flexibility has allowed the Council to mitigate the overall adverse variance by using capital receipts to fund costs with the Project Management Office, cost associated with Community Asset Transfer projects and also the statutory element of redundancy payments.
- 3.32 A detailed revenue table is attached in Appendix 1.

Action plan

- 3.33 It is recognised that there are a number of issues within the outturn position, and particularly the variances between quarter 3 and the final outturn, which will impact on the position in 24/25.
- 3.34 In order to ensure that these issues are appropriately managed, actions for each directorate have been recorded in conjunction with the Director and progress against these will be monitored monthly.
- 3.35 This process will also monitor the activity data within the particularly high-risk areas that have emerged as budget pressures at the end of 23/24 in both Adults and Childrens. The management and effective mitigation of these demand led costs is critical to achieve a balanced budget position in 24/25 and beyond.
- 3.36 The issues that have emerged during the outturn process are largely relating to business as usual activities that fall outside the main Change Programme. The resourcing of these required activities will be considered alongside the existing transformation resource in place to support the Change Programme.
- 3.37 The outputs of this work and the proposed corrective action will feed into the budget setting process for 25/26 and the next iteration of the Medium-Term Financial Plan.
- 3.38 Enhanced procedural rigor in relation to the budget monitoring process is set out in the report titled '2025-26 Budget and Budget Monitoring' found later in the agenda. This outlines the stringent processes implemented for the upcoming fiscal year. The recent reorganising of financial operations has bolstered financial support and resources across the entire organisation to support these processes alongside the implementation of Oracle Fusion. This has equipped the Council with an accessible financial analysis tool. The enterprise resource planning software provides enhanced data integration, processing capabilities and reporting functionalities. With Oracle Fusion now operational, comprehensive insights can be derived from financial data through in-depth analysis, enabling more informed decision-making and strategic planning based on accurate, real-time financial information across all business units and operations.

Progress on delivery of the 2023/24 savings programme.

3.39 Table 2 presents the progress on the delivery of the 2023/24 approved savings. In terms of savings, £22.411m of the £28.345m savings targets were delivered, representing 79% of the total savings target with a further 10% or £2.809m achieved through mitigation. The table below summarises the progress by Directorate:

TABLE 2: SUMMARY OF DELIVERY OF 2023/24 SAVINGS

Directorate	Approved Saving £m	Delivered £m	Delivered through mitigation £m	Delayed/ unachieved in year £m
Adult Care & Health	-5.935	-3.735	-1.100	-1.100
Children, Families & Education	-4.180	-2.980	-0.100	-1.100
Finance	-5.200	-5.200	0.000	0.000
Law & Corporate Services	-0.070	-0.052	-0.018	0.000
Neighbourhood Services	-1.600	-0.784	-0.091	-0.725
Regeneration & Place	-2.660	-2.460	0.000	-0.200
Resources	-0.160	-0.160	0.000	0.000
Corporate	-8.540	-7.040	-1.500	0.000
TOTAL	-28.345	-22.411	-2.809	-3.125

Significant variances by directorate.

Adults Care & Health: £1.100m of delayed/ unachieved in year savings

3.40 £1.1m of the £4.9m saving in relation to reviewing services to support independent living was not achieved as at the end of the financial year. Whilst independent living is being actively encouraged and promoted, the demand pressures and increases within residential and nursing services has resulted in the saving not being fully achieved in year,

Children, Families & Education: £1.100m of delayed/ unachieved in year savings

3.41 During the last quarter there was an increase in the number of the Children Looked After placed in a residential setting; this increase was more than previously anticipated. Due to the costs associated with these placements, the saving of £1.1m against placement settings was unachieved at the end of the financial year.

Neighbourhoods: £0.725m of delayed/ unachieved in year savings.

3.42 The key variances are as follows:

- **Introduction of an environmental enforcement scheme** - This saving is unachieved and a budget pressure of £0.150m has been approved, as part of the 2024/25 budget setting process, to remove the savings target.
- **Leisure Centre service review** – The saving of £0.500m will not be fully achieved until 2024/25. £0.241m of savings was delivered in year, with the remaining savings to be achieved in the next financial year as the full impact of energy efficiency projects are realised and EVR savings agreed.

- **Review of Neighbourhoods Staffing Structure** - The saving of £0.425m has been delayed whilst work is carried out to ensure there is no overlap with the corporate enabling services saving. EVR/VS requests are still being considered. These delays mean that £0.287m of the saving has been delayed until 2024/25.

Regeneration & Place: £0.2m of delayed/ unachieved in year savings

- 3.43 £0.2m adverse pressure relates 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. However, the building has been used for the local plan consultation and the public enquiry. Consequently, only half of the saving was achieved in year and the town hall remains in standby mode for 2024-25 whilst options are considered.

Reserves and Balances

3.44 On 1 April 23, earmarked reserves totalled £72.254m* and General Fund Balances totalled £13.180m. Of the total earmarked reserves, more than a quarter were utilised in 2023/24, on the activities for which they were established.

TABLE 3: SUMMARY OF EARMARKED RESERVES

Directorate	Opening Balance £000	Use of Reserve £000	Contribution to Reserve £000	Analysis of Forecast Closing Balance £000		
				Ring-fenced	Non Ring-fenced (committed)	Non Ring-fenced
Adult Care & Health	7,329	-459	17	6,726	0	161
Children, Families & Education	3,660	-1,696	0	838	891	235
Law & Governance	270	-150	0	70	50	0
Neighbourhoods Services	301	-204	52	129	12	8
Regeneration and Place	16,173	-3,897	7,122	17,482	250	1,666
Resources	1,915	-500	93	93	0	1,415
Other Corporate	42,606	-21,644	4,468	19,754	0	5,676
Total	72,254	-28,550	11,752	45,092	1,203	9,161
				Total Earmarked Reserves Forecast Closing Balance		55,456
General Fund Balances	13,180	0	0	0	0	13,180

*The opening balance for Earmarked Reserves was amended after quarter 3 to account for £0.4m previously not included

3.45 The Council is currently forecast to have £55.456m of earmarked reserves at the end of the financial year 2023-24. Of this £45.092m can be considered ringfenced, with specific conditions limiting their use, £1.203m is non ring fenced but already committed for specific purposes and £9.161m can be considered earmarked but not ringfenced . Ringfenced reserves include School's balances, Insurance fund, Public Health Grant, Wirral Growth Company, Covid Additional Relief Fund (CARF), Resettlement Programme Grant, and Selective Licensing.

3.46 The contribution to earmarked reserves in 2023/24 includes the establishment of the following new reserves:

- MRP – Repayment Equalisation £96k set aside to smooth out MRP payments for services who commit to borrowing as part of their capital projects. This smoothing allows for certainty to budgets that the charge will be taken on a straight line

basis over the asset life whilst MRP repayments start lower and increase over time.

- Council Tax Support fund: £38k of unspent grant that is to be used to support future Local Council Tax Support claimants.
- Frith Consultancy: £12k Wirral's element of unspent contribution towards consultancy for Waste Strategy for Liverpool City Region has been set aside in this reserve.
- Market Rental Risk: £500k towards building up a reserve to mitigate rental losses from future regeneration initiatives.
- Super Squad Planning: £250k of grant funding towards helping Local Authorities, Local Planning Authorities, developers, and the wider market to unlock, unblock and support large scale Housing and Regeneration programmes and projects.
- Data Archive: £93k of grant funding towards supporting the central government initiative that 30-year records can be moved to storage of 20 years.

3.47 Appendix 2 provides a full list of all earmarked reserves.

3.48 2023/24 Collection Fund Performance

TABLE 4: COUNCIL TAX COLLECTION SUMMARY 2023/24

Council Tax		
Net	£	£
Arrears brought forward		41,957,234
Original debit raised	210,485,093	
Adjustments (discounts, reliefs, refunds etc.)	-598,827	
Cash collected	-202,307,732	
Net Movement in arrears		7,578,534
Closing Balance		49,535,768

3.49 Irrecoverable Council Tax: Recovery of Council Tax is maximised wherever possible and year on year collection continues to be high. In some circumstances, however, cases need to be put forward for write off, for example where the liable person is deceased with no estate, due to Insolvency or the person cannot be traced.

3.50 The total Bad Debt provision for 2023/24 was £23.9m (including preceptor's provision). During the year, a total of £480,522 in Council Tax debt was approved for write off by the Section 151 Officer under delegation. The write off categories are detailed in Appendix 3.

TABLE 5: COUNCIL TAX STATISTICS COMPARISON

	2023/24	2022/23
Number of properties	151,546	151,023
Number of Council Tax Support claimants	29,056	29,638
Council Tax Collection Rate	93.72%	94.3%

TABLE 6: BUSINESS RATES (NATIONAL NON-DOMESTIC RATES) COLLECTION SUMMARY 2023/24

Business Rates		
	£	£
Arrears brought forward		6,856,351
Original debit raised	98,033,820	
Adjustments (discounts, reliefs, refunds etc)	-40,076,792	
Cash collected	-58,348,452	
Net Movement in arrears		-391,424
Closing Balance		6,464,927

3.51 Irrecoverable Business Rates: The total Bad Debt provision for Business Rates was £910,240 in 2023/24 (including preceptors) . During the year, a total of £185,471 in

Business Rates was approved for write off by the Section 151 Officer. The write off categories shown in Appendix 3.

- 3.52 The collection rate of 96.60% in 2023/24 was achieved despite a climate of economic uncertainty.

TABLE 7: BUSINESS RATES STATISTICS COMPARISON

	2023/24	2022/23
Properties on Valuation List	8,548	8,551
Rateable Value	193,210,318	193,093,720
Business Rates Collection Rate	96.60%	95.99%

- 3.53 Accounts Receivable invoices, often referred to as Sundry Debtors, are issued in respect of a wide and varying range of services, including charges for Adult Social Care. In 2023/24, invoices totalling £101.14m were raised and income of £97.4m collected.

TABLE 8: ACCOUNTS RECEIVABLE COLLECTION STATEMENT

	2022/23		2023/24	
	£			£
Balance brought forward	28,941,359		Balance brought forward	31,318,848
Debits (Invoice Raised)	101,144,146		Debits (Invoice Raised)	122,475,790
	130,085,505			153,794,638
Write Offs	-1,489,261		Write Off Wirral	-1,128,607
	128,596,244			152,666,031
Payments received	-97,446,645		Payments received	-113,971,098
Adjustments	169,249		Adjustments	97,233
Balance carried forward	31,318,848		Balance carried forward	38,792,166

- 3.54 Irrecoverable Accounts Receivable: The bad debt provision for 2023/24 was £11.126m. During 2023/24 debts totalling £1.13m were approved by the S151 Officer for write off and those written-off comprised of £0.97 m of Adult Social Services debtors and a further £0.16m of other Directorate debts. The write off categories are shown in Appendix 3.

Housing Benefit Overpayment Debts

- 3.55 The total Bad Debt provision for Housing Benefit overpayments was £6.151m (2023/24). During the year, a total of £0.156m in Housing Benefit overpayments was approved for write off by the Section 151 Officer. The write off categories are shown in Appendix 3.

4.0 FINANCIAL IMPLICATIONS

- 4.1 This is the Quarter 4 budget monitoring report that provides information on the revenue 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 is 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 was dependent on a stable financial position. The delivery of the budget was subject to ongoing variables both positive and adverse which gave 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. The issuing of a Section 114 notice bans all new spending with the exception of protecting vulnerable people and statutory services and pre-existing commitments.

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.

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 – Directorate Summary Financial Positions

APPENDIX 2 – Earmarked Reserves

APPENDIX 3 – Collection Summary

BACKGROUND PAPERS

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

Bank of England – Monetary Policy Report

CIPFA’s Financial Management Code

Guidance on flexible use of capital receipts

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Policy and Resources Committee	13 February 2024
Policy and Resources Committee	8 November 2023
Policy and Resources Committee	12 July 2023
Council	27 February 2022
Policy and Resources Committee	15 February 2023
Policy and Resources Committee	18 January 2023
Policy and Resources Committee	9 November 2022

Appendix 1 – Directorate Financial Summary Positions

	Budget	Outturn	Variance	
			(+ Adv / - Fav)	
	£000	£000	£000	%
Adult Care & Health				
ASC Central Functions	8,096	8,924	828	10%
Delivery Services	5,586	5,752	166	3%
Mental Health & Disability Services - CWP	54,888	52,506	-2,382	-4%
Older People Services	62,382	64,735	2,353	4%
Other Care Commissions	-59	249	308	-522%
Public Health	-161	-161	0	0%
Wirral Intelligence Service	525	444	-81	-15%
Adult Care & Health Net Expenditure	131,257	132,449	1,192	1%
Children Families and Education				
Children and Families	56,569	61,100	4,531	8%
Early help and prevention	11,001	9,154	-1,847	-17%
Modernisation and Support	4,518	4,371	-147	-3%
Schools - Core	16,219	15,656	-563	-3%
Children Families & Education Net Expenditure	88,307	90,281	1,974	2%
Finance				
Audit & Risk	706	655	-51	-7%
Finance & Investment	4,328	4,112	-216	-5%
Revenues & Benefits	2,806	4,961	2,155	77%
Finance Net Expenditure	7,840	9,728	1,888	19%
Law & Corporate Services				
Law & Governance (Monitoring Officer)	463	455	-8	-2%
Legal Services	3,421	3,647	226	7%
Licensing	-85	-68	17	-20%
Democratic & Member Services	1,108	1,129	21	2%
Coroners Services	730	835	105	14%
Civic & Electoral Services	481	574	93	19%
Registrars Service	-117	-81	36	-31%
Policy & Strategy	259	246	-13	-5%
Comms & Marketing	712	757	45	6%
Executive Support	615	587	-28	-5%
Members Support Team	226	206	-20	-9%
Committee Services	96	137	41	43%
Law & Corporate Services Net Expenditure	7,909	8,424	515	6%

Appendix 1 – Directorate Financial Summary Positions

	Budget	Outturn	Variance	
			(+ Adv / - Fav)	
	£000	£000	£000	%
Neighbourhoods				
Neighbourhoods Management Team	111	719	608	548%
Neighbourhood Safety & Transport	3,871	4,962	1,091	28%
Highways and Infrastructure	6,474	7,765	1,291	20%
Leisure, Libraries and Customer Engagement	8,823	11,185	2,362	27%
Parks and Environment	20,648	21,403	755	4%
Neighbourhoods Net Expenditure	39,927	46,034	6,107	15%
Regeneration & Place				
Regeneration	956	452	-504	-53%
Housing	5,841	4,914	-927	-16%
Development & Investment	6,114	7,000	886	14%
Chief Planner	1,218	1,626	408	33%
Special Projects & Regeneration	250	250	0	0%
Local Plan	400	496	96	24%
Regeneration & Place Net Expenditure	14,779	14,738	-41	0%
Resources				
HR & OD	4,690	4,225	-465	-10%
Digital & Improvement	8,827	10,135	1,308	15%
PMO and Change	3,820	2,045	-1,775	-46%
Resources Net Expenditure	17,337	16,405	-932	-5%
Directorate Net Expenditure	307,356	318,059	10,703	3%
Levies				
Transport Levy	23,043	23,042	-1	0%
Waste Levy	17,521	17,712	191	1%
Environmental Health Levy	200	220	20	10%
Environment Agency Levy	175	187	12	7%
Levies Net Expenditure	40,939	41,161	222	1%
Strategic Holding Account & Corporate Items				
Pension	-1,067	-1,067	0	0%
Treasury & Debt Management	20,098	20,484	386	2%
Other Corporate Items	7,750	-661	-8,411	109%
Public Health Recharge	-6,476	-6,476	0	0%
Strategic Holding Acc. & Corporate Items Net Exp.	20,305	12,280	-8,025	-40%
Flexible Use of Capital Receipts	0	-2,900	-2,900	
Total Net Expenditure	368,600	368,600	0	0%

Appendix 2 - Earmarked Reserves 2023/24

Adult Care and Public Health

Reserve	Opening Balance £000	Use of Reserve £000	Contribution to Reserve £000	Closing Balance £000
Adult Social Care – Safeguarding	46	0	17	63
Public Health Ringfenced Grant	6,912	-325	0	6,587
Champs Innovation Fund	69	-53	0	16
Champs Covid-19 Contact Tracing Hub	204	-81	0	123
Implementation of Charging Reform	98	0	0	98
Total	7,329	-459	17	6,887

Children, Families and Education

Reserve	Opening Balance £000	Use of Reserve £000	Contribution to Reserve £000	Closing Balance £000
Intensive Family Intervention Project	405	-405	0	0
School Improvement -	856	-61	0	795
Schools Causing Concern	500	-206	0	294
SEND OFSTED Inspection Improvement Action Plan	880	-504	0	376
Children's Centre – Outdoor Play	92	-41	0	51
Looked After Children Education Services	111	0	0	111
Local Safeguarding Children's Board	23	0	0	23
SEND - High Needs	110	0	0	110
YOS - Remand & Mobile Youth Centre	121	0	0	121
Early Help & Play Development	117	-117	0	0
DRIVE Safe lives & Domestic Abuse Hub	50	0	0	50
Children IT data system	127	-127	0	0
Mersey & Cheshire ICS Pilot	20	0	0	20
Care Leaver Accommodation Development	203	-203	0	0
Wirral Apprentice Programme	19	-19	0	0
Help for Young People	26	-13	0	13
Total	3,660	-1,696	0	1,964

Appendix 2 - Earmarked Reserves 2023/24

Law and Governance

Reserve	Opening Balance £000	Use of Reserve £000	Contribution to Reserve £000	Closing Balance £000
Taxi, Marriage & Scrap Metal Licences	120	-50	0	70
Electoral Reserve	150	-100	0	50
Total	270	-150	0	120

Neighbourhood Services

Reserve	Opening Balance £000	Use of Reserve £000	Contribution to Reserve £000	Closing Balance £000
Community Safety Initiatives	43	-43	0	0
Environmental Health	40	-40	40	40
Les Mills Classes	54	-54	0	0
Coastal Protection	35	-35	0	0
Sports Development Reserve	22	0	0	22
Trading Standards	25	-2	0	23
Hilbre Island - Legacy	21	0	0	21
Health & Safety Armed Forces Welfare Pathway	14	0	0	14
Bike Safe	8	0	0	8
Repairs & Maintenance upgrades on Public Conveniences	8	0	0	8
Library Donations	1	0	0	1
Storeton Quarry	30	-30	0	0
Frith Consultancy	0	0	12	12
Total	301	-204	52	149

Appendix 2 - Earmarked Reserves 2023/24

Regeneration and Place

Reserve	Opening Balance £000	Use of Reserve £000	Contribution to Reserve £000	Closing Balance £000
Selective Licensing	1,433	-81	8	1,360
Wirral Ways to Work	625	-250	20	395
Regeneration and Inward Investment	1,385	-650	0	735
Urban Development Corporation Bid	77	-34	0	43
Building Control Fee Earning	420	-175	00	245
HMO Licence Fees	164	0	13	177
Major Infrastructure Project Development	62	0	0	62
Property Repairs rental income	276	0	106	382
DCLG Empty Shops Grant	41	0	0	41
ERDF 4.2 Match Funding	18	0	0	18
Emergency Maintenance and Work in Default	274	0	39	313
Resettlement Programme Grant	1,786	0	3,546	5,332
Homelessness	166	-166	0	0
Domestic Abuse Bill Grant	602	0	69	671
Economic Growth	342	-168	0	174
Birkenhead Future High Street funding	447	0	0	47
Wirral Growth Company Profit	8,455	-2,373	3,071	9,153
Super Squad Planning	0	0	250	250
Total	16,173	3,897	7,122	19,398

Resources

Reserve	Opening Balance £000	Use of Reserve £000	Contribution to Reserve £000	Closing Balance £000
HR/OD Talent Management	50	0	0	50
HR Reserve – Schools	41	0	0	41
ICT Records Management	258	0	0	258
Digital Transformation	1,566	-500	0	1,066
New Burdens – Archive Service	0	0	93	93
Total	1,915	-500	93	1,508

Appendix 2 - Earmarked Reserves 2023/24

Other Corporate

Reserve	Opening Balance £000	Use of Reserve £000	Contribution to Reserve £000	Closing Balance £000
Commercial Management	205	-155	0	50
Discretionary Housing Payments	465	0	0	465
Financial Instrument Equalisation	483	0	0	483
Treasury Management Equalisation	360	0	0	360
Financial Resilience Reserve	100	-100	0	0
Covid-19	338	-318	0	20
Insurance Fund	9,002	-1,000	0	8,002
Social Care Fund	1,500	-1,500	0	0
EVR/VS Termination Payments	1,560	-941	3,002	3,621
Asset Consolidation Staff Relocation Contingency	81	0	0	81
Community Asset Transfer	178	-137	0	41
Business Rates Equalisation	7,000	-7,000	0	0
Enterprise Zone Contingency	29	0	0	29
Enterprise Zone Investment	339	-125	3	217
Local Council Tax Support Grant	2,426	-2,426	0	0
Freeport Zone Investment	3	0	307	310
Covid Additional Relief Fund	4,334	-4,334	0	0
Council Tax Support Fund	0	0	38	38
Market Rental Risk	0	0	500	500
MRP - Repayment Equalisation	0	0	96	96
Schools Capital	686	-230	170	626
Schools Balances	13,517	-3,378	352	10,491
Total	42,606	-21,644	4,468	25,430
GRAND TOTAL	72,254	-28,550	11,752	55,456

Notes on New Reserves:

1. MRP – Repayment Equalisation: £96k set aside to smooth out MRP payments for services who commit to borrowing as part of their capital projects. This smoothing allows for certainty to budgets that the charge will be taken on a straight line basis over the asset life whilst MRP repayments start lower and increase over time.
2. Council Tax Support fund: £38k of unspent grant that is to be used to support future Local Council Tax Support claimants.
3. Frith Consultancy: £12k Wirral's element of unspent contribution towards consultancy for Waste Strategy for Liverpool City Region has been set aside in this reserve.

Appendix 2 - Earmarked Reserves 2023/24

4. Market Rental Risk. £500k towards building up a reserve to mitigate rental losses from future regeneration initiatives.
5. Super Squad Planning: £250k of grant funding towards helping Local Authorities, Local Planning Authorities, developers, and the wider market to unlock, unblock and support large scale Housing and Regeneration programmes and projects.
6. Data Archive: £93k of grant funding towards supporting the central government initiative that 30-year records can be moved to storage of 20 years.

Appendix 3 – Collection Summary 2023/24

Irrecoverable Council Tax

Recovery of Council Tax is maximised wherever possible and year on year collection continues to be high. In some circumstances, however, cases need to be put forward for write off, for example where the liable person is deceased with no estate, due to Insolvency or the person cannot be traced. The total Bad Debt provision for 2023/24 was £23.9m (including preceptor's provision). During the 2023/24 year a total of £480,522 in Council Tax debt was approved for write off by the Section 151 Officer. The write off categories were as follows:

Category	2023/24	2022/23
	£	£
Deceased	15,087	40,346
Insolvency	401,530	285,078
Non-Traceable	9	827
Uncollectable (Incl. Costs)	63,926	40,471
TOTAL	<u>480,522</u>	<u>366,992</u>

Sums over the limit of delegation £10,000 require Member approval and for each case over £10,000 explanations are provided to Members as follows.

Category	2023/24	2022/23
	£	£
Insolvency	29,714	£40,082
TOTAL	<u>29,714</u>	<u>£40,082</u>

Irrecoverable Business Rates

The total Bad Debt provision for Business Rates was £23.9m in 2023/24 (including preceptors). During the year, a total of £185,741 in Business Rates was approved for write off by the Section 151 Officer. The write off categories are as follows:

Category	2023/24	2022/23
	£	£
Deceased	8,125	0
Insolvency	150,132	185,911
Non-Traceable	12,498	75,676
Uncollectable (inc costs)	14,986	4,874
TOTAL	<u>185,741</u>	<u>266,461</u>

Appendix 3 – Collection Summary 2023/24

Sums over the limit of delegation £10,000 require Member approval and for each case over £10,000 explanations are provided to Members as follows.

Category	2023/24 £	2022/23 £
Insolvency (Including Summons costs)	500,641	183,002
Non Traceable		26,354
TOTAL	500,641	209,356

Irrecoverable Accounts Receivable

The bad debt provision for 2023/24 was £11.12m During 2023/24 debts totalling £1,13m were approved by the S151 Officer for write off and those written-off comprised £966,349 of Adult Social Services debtors and a further £0.16m of other Directorate debts. The write off categories were as follows.

Category	Adult Social Services £	Other £
Department Advise	1,074	4,661
Deceased	326,528	0
Irrecoverable	333,390	111,743
Liquidation/Bankrupt	0	33,702
Small Amount	0	48
Statute Barred	294,910	12,302
Uneconomical to Pursue	10,447	876
Total	<u>966,349</u>	<u>163,332</u>

Sums over the limit of delegation £10,000 require Member approval and for each case over £10,000 explanations are provided to Members as follows.

Category	2023/24 £
Deceased	34,965
Irrecoverable	74,471
Liquidation	15,459
Statute Barred	179,212
Total	<u>304,108</u>

Appendix 3 – Collection Summary 2023/24

Irrecoverable Housing Benefit Overpayments

The total Bad Debt provision for Housing Benefit overpayments was £6.15m 2023/24. During the year a total of £156,270 in Housing Benefit overpayments was approved for write off by the Section 151 Officer. The write off categories are as follows:

Category	2023/24
	£
Deceased	96,666
Insolvency	17,762
Non-Traceable	5,318
Irrecoverable	5,161
Statute Barred	31,363
TOTAL	<u>156,270</u>

Sums over the limit of delegation £10,000 require Member approval and for each case over £10,000 explanations are provided to Members as follows.

Category	2023/24
	£
Deceased	11,594
Irrecoverable	31,603
TOTAL	<u>43,197</u>