



## **ENVIRONMENT, CLIMATE EMERGENCY AND TRANSPORT COMMITTEE**

**MONDAY 15 JULY 2024**

<b>REPORT TITLE:</b>	<b>2024/25 BUDGET MONITORING FOR QUARTER ONE (THE PERIOD TO 30 JUNE 2024)</b>
<b>REPORT OF:</b>	<b>DIRECTOR OF NEIGHBOURHOODS</b>

### **REPORT SUMMARY**

This report sets out the financial monitoring information for the Environment, Climate Emergency and Transport Committee as at Quarter 1 (30 June) of 2024/25. The report provides Members with an overview of budget performance, including progress on the delivery of the 2024/25 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 and where appropriate, Committees on the performance of those budgets.

At the end of Quarter 1, there is a forecast adverse position £0.400m for Environment, Climate Emergency and Transport Committee.

This is not a key decision and affects all wards.

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

## **RECOMMENDATIONS**

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

1. Note the adverse position presented at Quarter 1.
2. Note the 2024/25 savings programme at Quarter 1.
3. Note the forecast level of reserves at Quarter 1.
4. Note the capital position at the end of Quarter 1.

## **1.0 REASONS FOR RECOMMENDATIONS**

- 1.1 Regular monitoring and reporting of the revenue budgets and savings achievements enables decisions to be taken in a timely manner, which may produce revenue benefits and will improve financial control of Wirral Council.

## **2.0 OTHER OPTIONS CONSIDERED**

- 2.1 The Policy & Resources Committee has previously determined the budget monitoring process and this report details the agreed course of action.
- 2.2 In striving to manage budgets, available options have been evaluated to maintain a balance between service delivery and a balanced budget.

## **3.0 BACKGROUND INFORMATION**

- 3.1 At the end of Quarter 1, there is a forecast adverse position for the overall Council of £12.493m on Directorate spend. This position is based on activity to date, projected trends in income and expenditure and changes to Council funding.

This is a serious financial position for the Council that needs to be significantly mitigated in-year through all available measures to reduce expenditure and generate cost savings. The source of the overspend reflects the outturn position from 2023/24 for which an action plan has been developed and implemented. This is designed to address the main issues generating the adverse position and progress will be reported on this in all future reports and to the relevant committees. However, the majority of this overspend is a consequence of increased demand and costs for social care services and will not be easily resolved.

Whilst the overall position can currently largely be managed in-year Corporately by

- a) utilising the contingency budgets,
- b) applying flexible use of capital receipts to fund transformational revenue spend, and
- c) re-provisioning of earmarked reserves,

it is not a sustainable position going forward and will adversely impact budget planning for 2025/26.

### **Economic Context**

- 3.2 While geopolitical events pose potential threats to price stability, the UK's inflation outlook remains positive. The headline Consumer Price Index (CPI) rose by 2.0% in the year to May 2024, while core inflation has markedly declined in recent months. This sustained downward trend in UK inflation is projected to persist, prompting market analysts to forecast lower interest rates in the latter part of the year.
- 3.3 In June, the Bank of England maintained its Bank Rate at 5.25%. While the Monetary Policy Committee (MPC) recognises the need to stimulate the UK economy by lowering rates in upcoming quarters, concerns over persistent inflationary pressures are likely to postpone any cuts until the third quarter of 2024.

Experts anticipate a gradual reduction, with rates potentially reaching around 3% by late 2025.

- 3.4 The results of the UK general election will play a pivotal role in determining the economic trajectory in the coming financial year. Regardless of which political party is successful, the election outcome will influence a range of factors, from fiscal policies and public spending to trade relations and regulatory frameworks.
- 3.5 The overall economic environment, whilst forecast to be more stable than recent years, there remains a great deal of uncertainty and challenge which will need to be monitored carefully as the year progresses. In this context, the Council must remain agile and ready to respond to emerging trends and unforeseen events. Regular reassessment of economic indicators and global developments will be key to navigating this calmer, yet still challenging, economic landscape.

**Quarter 1 Forecast Revenue Outturn Position**

- 3.6 Table 1 presents the forecast outturn as a net position, i.e. expenditure minus income. Favourable variances (underspends) are shown as negative values and adverse variances (overspends) are shown as a positive value.
- 3.7 At the end of Quarter 1, against the revised net revenue budget of £69.317m, there is forecast adverse variance of £0.400m, which can be managed corporately by utilising the contingency budget, applying flexible use of capital receipts to fund transformational revenue spend and the re-provisioning of earmarked reserves.

**TABLE 1: 2024/25 REVENUE BUDGET & FORECAST OUTTURN**

	Budget	Forecast Outturn	Variance (+ Adv / - Fav)	
	£000	£000	£000	%
Highways	6,962	7,362	400	6%
Climate Emergency and Environment	7,633	7,633	0	0%
Recycling and Waste	31,172	31,172	0	0%
Transport Levy	23,549	23,549	0	0%
<b>Net Committee Expenditure</b>	<b>69,317</b>	<b>69,717</b>	<b>400</b>	<b>1%</b>

**Significant risks are as follows.**

- 3.8 Highways and Infrastructure: adverse variance £0.400m.  
A historic £0.500m income target, reliant on developer contributions from external projects within the Borough, of which, £0.400m is considered unattainable. The Highways service risks a £0.300m shortfall on Parking income unless the proposed Parking Charging Policy is approved and implemented promptly to balance the parking budget. Furthermore, the Highways Maintenance Service will closely monitor

maintenance costs which, in the past, have regularly exceeded budget by up to £0.400m, to ensure a balance budget is achieved.

- 3.9 Climate Emergency and Environment: Balanced.  
The Climate Emergency and Environment Service is evaluating how the Fleet Service, and its workshop are managed. This service exceeded its budget by £0.300m in 2023/24. The Service will assess current operations and is determined to establish a system that fully recovers all costs incurred.
- 3.10 A detailed revenue table is attached in Appendix 1.

### **Pressures to be managed.**

- 3.11 It is financially imperative and legally required that the Council report a balanced position at the end of the financial year. Failure to do so results in the Council's Section 151 officer having to produce a Section 114 report under the Local Government Act 1988.
- 3.12 A number of actions and projects have been taken by the Senior Leadership Team to try and address the overall position. This ranges from the development of joint commissioning activities within Adults and Childrens, panels reviewing high-cost placements, development of a strategy to increase foster care provision, implementation of the findings from the Home to School Transport review, a number of task and finish groups to address the outstanding issues within Leisure, Libraries and Highways and a review of the Housing Benefit subsidy issues.
- 3.13 This is in addition to the ongoing transformation programme, elements of this will be accelerated in-year including the property rationalisation and the workforce reductions planned within the agreed budget. A robust vacancy management process has been agreed by SLT and will be implemented. Consequently, any external recruitment will be undertaken by exception.

### **Role of Policy and Service Committee**

- 3.14 As per the 'Budget Monitoring and Budget Setting Processes Report', which can be found elsewhere on the Committee's agenda and will be presented to all Policy & Service Committees in July, 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.
- 3.15 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 Working group.

### **Budget Virements/ Amendments**

- 3.16 Since the end of 2023/24, there have been some administrative changes to how services report between directorates. All elements of the Assisted Travel Service

have been consolidated into the Children Families and Education Directorate. These are administrative changes that do not impact the strategic delivery of services.

**Progress on delivery of the 2024/25 savings programme.**

3.17 There are no savings for this committee in 2024/25.

**Reserves**

3.18 On 1 April 24, earmarked reserves totalled £0.065m.

**TABLE 3: EARMARKED RESERVES**

<b>Reserve</b>	<b>Opening Balance £000</b>	<b>Use of Reserve £000</b>	<b>Contribution to Reserve £000</b>	<b>Ring-fenced</b>	<b>Non Ring-fenced (committed)</b>	<b>Non Ring-fenced (available)</b>
Trading Standards	23	0	0	23	0	0
Health & Safety Armed Forces Welfare Pathway	14	0	0	14	0	0
BikeSafe	8	0	0	8	0	0
Repairs & Maintenance upgrades on Public Conveniences	8	0	0	0	0	8
Frith Consultancy	12	0	0	0	12	0
<b>Total</b>	<b>65</b>	<b>0</b>	<b>0</b>	<b>45</b>	<b>12</b>	<b>8</b>

## Capital Programme

3.19 Table 4 provides an update on the 2024/25 Capital Programme.

**TABLE 4: ENVIRONMENT, CLIMATE EMERGENCY AND TRANSPORT COMMITTEE  
CAPITAL PROGRAMME 2024/25**

Scheme	2024/25			2025/26	2026/27
	Budget at 01.04.24 £000	Q1 Forecast £000	Variance	Budget £000	Budget £000
Active Travel Tranche 2	1,363	1,363	0	-	-
Air Quality Control DEFRA	35	24	-11	11	-
Allotment Sites Expansion	50	35	-15	15	-
Grange Cemetery	45	31	-14	14	-
Churchyard Boundary & Landican Cememetry Structural	56	39	-17	17	-
Flaybrick Cemetery Pathway	200	140	-60	60	-
Arrowe Country Park - New Machine Shed & Wash Bay	75	75	0	-	-
Arrowe Country Park Depot: Re- Surfacing, Material Bays & Electronic Entrance Barrier	27	27	0	-	-
Birkenhead Park World Heritage Project Team	85	59	-26	26	-
Bridges excluding Dock Bridge Cemetery Extension & Improvements (Frankby)	1,479	1,035	-444	604	75
Climate Emergency Budget	140	98	-42	42	-
Coastal Defence - Meols Feasibility Study	23	16	-7	7	-
100	70	-30	30	-	
Combined Authority Transport Plan (CATP)	4,596	3,217	-1,379	3,289	1,910
Connecting Wirral Waters: Detailed Design	26	26	0	-	-
Coronation Park Sustainable Drainage	222	155	-67	67	-
DEFRA -Food Waste Collection Service	-	-	0	2,377	-
Depot Welfare Improvements	13	13	0	-	-
DfT Funding Highways Maintenance and Improvements	1,312	918	-394	394	-
Dock Bridges replacement	210	147	-63	63	-
England Coastal Path	-	248	248	107	-
Environmental Improvements	1,150	805	-345	420	75
Food Waste	-	-	0	-	3,200
Highway Maintenance	8,088	5,662	-2,426	8,139	5,763

Key Route Network (LGF3) - Operate Key Roads / Routes Efficiently	166	116	-50	50	-
Key Route Network CRSTS	454	318	-136	136	-
Kingsmead School - Playing Field S106	397	278	-119	119	-
Levelling Up Parks Fund-Woodchurch	12	8	-4	4	-
Lever Sports Pavilion	80	80	0	-	-
Major Infrastructure Development & Strategic Transport Forward Planning - Traffic Management	53	53	0	-	-
Moreton Sandbrook Drainage	203	142	-61	61	-
New Ferry Rangers Community Clubhouse	37	26	-11	11	-
Parks and Countryside DDA	351	51	-300	-	-
Parks Machinery	1,305	913	-392	392	-
Parks Vehicles	902	631	-271	313	-
Parks Workshop & various machinery	133	93	-40	40	-
Play Area Improvements	103	282	179	121	-
Plymyard Cemetery Roadways	8	6	-2	2	-
Plymyard Playing Field	116	81	-35	35	-
PSDS Decarbonisation Phase 1	958	671	-287	1,287	-
Quick Win Levy	45	31	-14	14	-
Removal of remaining analogue CCTV circuits-21-22	1	1	0	-	-
Street Lighting -Column Replacement & Signage	9	6	-3	3	-
SUD - Leasowe to Seacombe Corridor	108	108	0	-	-
Surface Water Management Scheme	57	40	-17	17	-
Allotment & Cemetery Standpipes	313	219	-94	94	-
Bidston Court - Path Improvements	350	245	-105	105	-
Football Goals	97	68	-29	29	-
Health & Safety Equipment for Transport Workshop	21	15	-6	6	-
Arrowe Country Park - Main Driveway Resurfacing & Fencing Work	60	42	-18	18	-
Landican Cemetery Extension of Burial Area & Modernisation of Chapel Complex	120	84	-36	676	550
Allotment Sites Expansion - Top Up	148	104	-44	44	-
TAG Bus Case-A41 Corridor North	112	112	0	-	-
TAG Bus Case-Wirral Waters outline	1	1	0	-	-
Tower Road National Productivity Investment Fund (NPIF) - ease congestion / upgrade national or local networks	48	34	-14	14	-



Traffic Signal LED Upgrade	463	324	-139	139	-
UK Shared Prosperity Fund (UKSPF)	472	472	0	-	-
Urban Tree Challenge Fund	69	48	-21	21	-
Wallasey Embankment Toe Reinforcement	227	159	-68	68	-
West Kirby Flood alleviation	9	6	-3	3	-
Wirral Way Widening	29	20	-9	9	-
<b>Total Environment, Climate Emergency and Transport</b>	<b>27,332</b>	<b>20,091</b>	<b>-7,241</b>	<b>19,513</b>	<b>11,573</b>

- 3.20 As noted above, there has been a reprofiling of expenditure in this year's Programme so far are in respect of deferrals of budget into future years.
- 3.21 It is anticipated that further reductions and/or deferrals of budget will be made in future quarters. Such deferrals reduce the borrowing costs incurred during 2024/25 and also delays the resultant Minimum Revenue Provision (MRP) charges into future years.
- 3.22 Given the budgetary pressures that the Council faces, a review of the Programme continues to try and identify schemes that may no longer be financially viable, essential, or deliverable.
- 3.23 New additional awards of grant has been received during Quarter 1 relating to the Capital Programme:

Food Waste Department of housing, Levelling up and Communities (DHLUC) - £2.377m

This funding is for the capital cost of bins and vehicles to assist in the delivery of weekly food waste collections. This has been added to the programme in 2025/26.

#### **4.0 FINANCIAL IMPLICATIONS**

- 4.1 This is the Quarter 1 budget monitoring report that provides information on the forecast outturn for the Council for 2024/25. The Council has robust methods for reporting and forecasting budgets in place and alongside formal Quarterly reporting to Policy & Resources Committee, the financial position is routinely reported at Directorate Management Team meetings and corporately at the Strategic Leadership Team (SLT). In the event of any early warning highlighting pressures and potential overspends, the SLT take collective responsibility to identify solutions to resolve these to ensure a balanced budget can be reported at the end of the year.

#### **5.0 LEGAL IMPLICATIONS**

- 5.1 The Council must set the budget in accordance with the provisions of the Local Government Finance Act 1992 and approval of a balanced budget each year is a statutory responsibility of the Council. Sections 25 to 29 of the Local Government Act 2003 impose duties on the Council in relation to how it sets and monitors its budget. These provisions require the Council to make prudent allowance for the risk and uncertainties in its budget and regularly monitor its finances during the year. The

legislation leaves discretion to the Council about the allowances to be made and action to be taken.

5.2 The provisions of section 25, Local Government Act 2003 require that, when the Council is making the calculation of its budget requirement, it must have regard to the report of the chief finance (s.151) officer as to the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves.

5.3 It is essential, as a matter of prudence that the financial position continues to be closely monitored. In particular, Members must satisfy themselves that sufficient mechanisms are in place to ensure both that savings are delivered, and that new expenditure is contained within the available resources. Accordingly, any proposals put forward must identify the realistic measures and mechanisms to produce those savings.

## **6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS**

6.1 At this time, there are no additional resource implications as these have already been identified for the proposals agreed and submitted. However, where the budget is unbalanced and further proposals are required, then there will be resource implications, and these will be addressed within the relevant business cases presented to the Committee.

## **7.0 RELEVANT RISKS**

7.1 The Council's ability to maintain a balanced budget for 2024/25 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 2024/25 budget monitoring process and budget setting process.

8.2 Since the budget was agreed at Full Council on 26 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 – Detailed Revenue Budget

## **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**

Environment, Climate Emergency and Transport Committee Report 15 Jul 24: Budget Monitoring and Budget Setting Processes Report.

CIPFA's Financial Management Code

## **SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>
<b>Environment, Climate Emergency and Transport Committee</b>	<b>12 March 2024</b>
<b>Environment, Climate Emergency and Transport Committee</b>	<b>5 December 2023</b>
<b>Environment, Climate Emergency and Transport Committee</b>	<b>20 September 2023</b>
<b>Environment, Climate Emergency and Transport Committee</b>	<b>24 July 2023</b>
<b>Environment, Climate Emergency and Transport Committee</b>	<b>19 June 2023</b>
<b>Environment, Climate Emergency and Transport Committee</b>	<b>14 March 2023</b>

## APPENDIX 1 – Detailed Revenue Budget

	Net Budget	Forecast Outturn	Variance		Adv/ Fav
			(+ Fav / - Adv)		
Service Area	£000	£000	£000	%	
Design & Commissioning	91	91	0	0%	Balanced
Highways and Infrastructure	411	411	0	0%	Balanced
Highways Maintenance & Street Lighting	6,931	6,931	0	0%	Balanced
Highways Service Support	402	402	0	0%	Balanced
Network Operations	-65	-65	0	0%	Balanced
Traffic Management	-808	-408	400	50%	Adverse
<b>Highways &amp; Infrastructure Total</b>	<b>6,962</b>	<b>7,362</b>	<b>400</b>	<b>6%</b>	
Parks & Countryside	5,673	5,673	0	0%	Balanced
Parks Workshop	448	448	0	0%	Balanced
Transport Depot	-199	-199	0	0%	Balanced
Allotments	-21	-21	0	0%	Balanced
Cemeteries	-1,511	-1,511	0	0%	Balanced
Parks & Countryside - Parks HQ	1,259	1,259	0	0%	Balanced
Climate Emergency	406	406	0	0%	Balanced
Flood Management	608	608	0	0%	Balanced
Tree Management	970	970	0	0%	Balanced
<b>Climate Emergency and Environment Total</b>	<b>7,633</b>	<b>7,633</b>	<b>0</b>	<b>0</b>	
Waste & Street Cleansing	13,070	13,070	0	0%	Balanced
Waste Levy	18,101	18,101	0	0%	Balanced
<b>Recycling, Waste Total</b>	<b>31,171</b>	<b>31,171</b>	<b>0</b>	<b>0</b>	
Transport Levy	23,549	23,549	0	0%	Balanced
<b>Transport Levy Total</b>	<b>23,549</b>	<b>23,549</b>	<b>0</b>	<b>0</b>	
<b>Surplus / (Deficit)</b>	<b>69,316</b>	<b>69,716</b>	<b>400</b>	<b>1%</b>	<b>Adverse</b>