

POLICY AND RESOURCES COMMITTEE

Wednesday, 17 March 2021

REPORT TITLE:	2021/22 BUDGET MONITORING AND 22/23 BUDGET PROCESS
REPORT OF:	DIRECTOR OF RESOURCES

REPORT SUMMARY

2021/22 Budget Monitoring

The report describes how the 2021/22 budget will be monitored through the Committee system during the year. This will enable the Policy and Services Committees (the committees) to take ownership of their specific budgets and provide robust challenge and scrutiny of Officers on the performance and management of those budgets. For the first committees in the new municipal year, each committee will receive a budget book detailed by function to enable committees to have oversight of where income and expenditure occurs.

Committee's will be responsible for ensuring that the budget is spent responsibly and remains within the relevant envelope, identifying savings where possible. Officers will be accountable for providing best advice to committees. Policy and Resources Committee will be responsible for ensuring and advising the Council that the entire budget remains in balance at all times or provides mitigating actions to bring the budget back in line, should a deficit be forecast.

To enable committees to manage and monitor budgets effectively in year, a suite of detailed information will be provided on a quarterly basis:

- Full revenue budget monitoring report for the preceding quarter and full year forecast
- Full list of budget savings proposals and the progress for their achievement
- Full list of reserves allocated to the Committee for future one-off commitments
- Full capital budget monitoring report for the preceding quarter and full year forecast
- Other specific information relevant to the individual committee

In addition, committees who have requested it, will be provided with an exception report on a monthly basis, outside of the quarterly monitoring.

2022/23 Budget Process

The process for setting the 2022/23 will commence immediately. Members will remember that one of the key documents required to enable the Council to receive approval for exceptional financial support was a balanced five-year medium term financial plan (MTFP).

A summary of this was provided in the budget report to the Committee on 17 February 2021. This document was prepared by Officers and shared virtually with Policy and Resources Committee Members, and now requires committee oversight and approval. Committees will consider whether the proposals included in the MTFP for the 2022/23 budget, and beyond, are to be taken forward or whether they are to be replaced by alternative proposals that the committees recommend.

Any alternative proposals will be required to be tested against the Council's objectives of the Wirral Plan to ensure that resources are aligned to priorities and can demonstrate beneficial outcomes and value for money. The refreshed Wirral Plan will be presented to full Council in June 2021 for approval.

In readiness for the first committees of the new municipal year, Officers will prepare a suite of documents to present to the committees. These will be:

- Summary business cases for each of the savings proposals relevant to the committee for 2022/23 and whether any specific consultation is required for each one
- Summary business cases for each of the perceived pressures/growth items relevant to the committee with supporting evidence as to how they have been estimated
- Initial indications of future years savings proposals from 2023/24 onwards to enable work to start in developing these proposals further, where a long lead-in time is required to enable a full year saving to be achieved from the year in question
- Initial indications of future years pressures/growth items for the committees to determine how these can be mitigated in advance

Each committee will be responsible for seeking best advice to identify, develop and agree savings proposals during the summer to ensure a draft balanced budget can be considered by the Policy and Resources Committee in October 2021, to enable budget consultation to start in a timely manner following the P&R Committee in November 2021.

In advance of the first committee of the new municipal year, there is an opportunity for a joint working group to convene immediately to consider the content of the MTFP and make recommendations into the committees at their first meetings. This working group has further opportunity to continue to review and agree savings and pressures/growth items to be included for the 2022/23 budget on behalf of individual committees and to report progress back to them at each committee meeting.

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

RECOMMENDATION/S

The Policy and Resources Committee:

1. Agree the process for monitoring the 2021/22 in-year budget
2. Agree the process for the 2022/23 budget setting process
3. Agree that a joint working group convene immediately, the membership to be drawn from the Policy and Resources Committee and agreed by Group Leaders

4. Agree the process for the Zero Based Budgeting exercise in 2021/22 and the first committees to undertake the process, fully supported by Officers to enable a framework to be developed for other committees to follow.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 The 2021/22 Budget was agreed at Full Council on 1 March 2021. This budget was made up of savings proposals, pressures/growth items and funding that were based on actual known figures or best estimates available at the time. At any point during the year, these estimated figures could change and need to be monitored closely to ensure, if adverse, mitigating actions can be taken immediately to ensure a balanced forecast budget can be reported to the end of the year.
- 1.2 The 2022/23 budget is required to be agreed by full Council no later than 11 March each year. Due to the implementation of the new Committee system not starting until October 2020, the full range of Council members had less involvement in the 2021/22 budget setting process than would be expected in the future. For the 2022/23 process Members should be engaged as early as possible to have time to consider and recommend proposals to be able to present a balanced budget to full Council and to allow sufficient time for a meaningful public consultation exercise.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 Members can decide to establish their own process for monitoring the 2021/22 in-year budget and setting the 2022/23 budget. This would need to be agreed at the June Policy and Resources Committee which reduces the time available to implement mitigating actions, where an adverse 2021/22 forecast maybe found.
- 2.2 This also reduces the time available for the identification and agreement of proposals to be included in the 2022/23 budget. Either of these delays could put the ability to present a balanced 21/22 and 22/23 budget at risk and increase the risk of the issuing of a section 114 notice, in the event a balanced budget for either year cannot be maintained.

3.0 BACKGROUND INFORMATION

2021/22 Budget Monitoring Process

- 3.1 On 1 March 2021, full Council approved a balanced budget for 2021/22. The budget was underpinned by exceptional financial support (capitalisation) granted by the Ministry of Housing, Communities and Local Government (MHCLG) of up to £10.7m.
- 3.2 The approval for exceptional financial support for 2021/22 is based on the certain conditions:
 - The authority undergoes an external assurance review focussed on its financial position and its ability to deliver plans for sustainability
 - Evidence from this review of the authority's ability to meet any or all of the identified budget gap without additional borrowing
 - Evidence and recommendations from this review on the steps that the authority may need to take, for example to improve its governance arrangements, financial management, operational delivery and to reduce risk

- 3.3 The calculation of the 2021/22 budget had been prepared using known figures or best estimates at the time. At any point during the year, internal or external factors may influence a change in these estimates which could either have a favourable or adverse impact on the ability to maintain a balanced budget for the year.
- 3.4 It is imperative therefore that to ensure a balanced budget can be forecast throughout the year, and recommendations from the MHCLG external assurance review can be implemented to secure exceptional financial support in 2021/22, that a robust process for monitoring and managing the budget must be in place.
- 3.5 An internal Officer governance process is in place to challenge and scrutinise the budget performance in advance of it being presented to committees. This process includes:
- Initial meetings with budget holders and finance business partner (FBP) to review the previous months income and expenditure and to determine future commitments
 - Report to Directorate Management Team (DMT) presenting the finding of the budget holder FBP meetings
 - Challenge and scrutiny by DMTs as to the robustness of the figures and forecast presented
 - Discuss and agree remedial action where necessary
 - Referral to the Efficiency and Corporate Effectiveness Group for independent peer challenge (Corporate Management Team members)
 - Referral and/or escalation to Investment and Change Board for organisational oversight in conjunction with other corporate initiatives (Strategic Leadership and Corporate Management Team members)
 - Referral to specific quarterly Strategic Leadership Team performance meeting for Senior Officer scrutiny and agreement
 - Onward to Committees
- 3.6 For the first committees in the new municipal year, each committee will receive a budget book detailed by function to enable committees to have oversight of where income and expenditure occurs.
- 3.7 Committee's will be responsible for ensuring that the budget is spent responsibly and remains within the relevant envelope, identifying savings where possible. Policy and Resources Committee will be responsible for ensuring and advising the Council that the entire budget remains in balance at all times or provides mitigating actions to bring the budget back in line, should a deficit be forecast.
- 3.8 To enable committees to manage and monitor budgets effectively in year, a suite of detailed information will be provided on a quarterly basis:
- Full revenue budget monitoring report for the preceding quarter and full year forecast
 - Full list of budget savings proposals and the progress for their achievement
 - Full list of reserves allocated to the Committee for future one-off commitments
 - Full capital budget monitoring report for the preceding quarter and full year forecast

- Other specific information relevant to the individual committee

- 3.9 Committees have the autonomy (subject to delegation levels) to vire (transfer) budgets from one function to another within their overall committee budget envelope. Virements will also need to be agreed by the Section 151 Officer as there are certain conditions where budgets are not allowed to be vired for the purposes of gaining a specific benefit e.g. where budgets from supplies budget headings are vired to employees budget headings to take advantage of an uplift for pay inflation
- 3.10 Each committee will be responsible for remaining within its 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.
- 3.11 Where a committee has taken all possible steps for remedial action and is unable to mitigate an overspend, this must be reported to the P&R Committee who will take an organisational view of how this adverse variance will be managed. There must be immediate action agreed to ensure a forecast balanced budget can be reported, and this will be monitored on a monthly basis by the P&R Committee.
- 3.12 Whilst each committee is required to remain within its annual budget envelope, there maybe reasons for committees to report a favourable variance in-year. Committees wishing to use any forecast underspend must have approval from the P&R Committee to do this in line with the MHCLG external assurance review.
- 3.13 The council must not be in a situation where one committee is forecasting an overspend and is unable to mitigate it and another committee is forecasting an underspend and utilises this for unplanned growth purposes. The P&R Committee will be responsible for ensuring that operating in silos does not occur and that resources are aligned to Council objectives at all times.
- 3.14 The P&R Committee has overall responsibility for taking any necessary steps required to ensure a whole Council budget can report a balanced budget throughout the year. The Section 151 Officer will be responsible for ensuring that any budget actions, proposals and mitigations are achievable and legal.

In-year savings

- 3.15 During the course of the year, there maybe situations that result in a favourable variance being forecast to the end of the year as underspends. This maybe as a result of:
- Pressures not materialising to the level anticipated
 - Additional savings being achieved from estimated proposals agreed at the start of the year
 - The level of expenditure not being at the level expected e.g. through vacancy management etc
 - New proposals that emerge during the year that will result in savings either as a one-off or that are permanent and in advance of budget proposals for 2022/23 being implemented

- 3.16 In the exceptional financial support letter from MHCLG, there was a clear expectation that the external assurance review would assess the Council's ability to meet any or all or 2021/22 budget gap without additional borrowing.
- 3.17 The outcome of this would indicate that any in-year savings identified would reduce the value of the capitalisation offer for 2021/22 and that the council would be expected to look to ensure in-year savings could be made, for this purpose.
- 3.18 Appendix A provides a flow chart of the Governance process for managing and monitoring the 2021/22 budget.
- 3.19 Appendix B provides the savings proposals agreed at full Council by committee to be monitored by each committee during the year
- 3.20 Appendix C provides a summary of one-off earmarked reserves by committee. This will be updated for the year end position 2020/21 and a detailed list will be provided for each committee meeting in June as the starting position for 2021/22.

Zero Based Budgeting

- 3.21 As part of the 2021/22 budget, a savings proposal of £170k to carry out a zero based budgeting exercise was agreed. Zero basing is a method of budgeting in which all expenditure must be justified before it is agreed. The process starts from a 'zero base' i.e. a zero budget and every function within the area is analysed for its needs and costs. Budgets are then built around what is needed for the following period, regardless of whether each budget is higher or lower than the previous one.
- 3.22 The process can be time-consuming and is usually undertaken in advance of the following year's budget setting. The proposal for £170k saving recognises that this is a part year saving and should provide an indication of further savings that could be achieved in 2022/23.
- 3.23 There is an opportunity for the working group described above, if approved, to start the zero based budgeting review as soon as possible so that the committees can consider the outcome during the summer.
- 3.24 In order for the saving to be allocated at the start of the year and to facilitate effective monitoring of the saving achievement, the saving needs to be assigned at the start of the year to the committee(s) that would start the process. That committee would then identify a framework for the other committees to follow when undertaking their own zero basing. The process would be adequately resourced and supported to ensure the first committee could properly undertake a thorough analysis of their budgets.
- 3.25 The overall saving of £170k will need to be achieved in full by the end of the 2021/22 year.

2022/23 Budget Setting Process

- 3.26 Full Council approved a balanced budget for 2021/22 on 1 March 2021. The process in arriving at this point had been difficult, given the short timescale for Member involvement and engagement following approval to change to a Committee process part way through the year.
- 3.27 The first Committee – Policy and Resources Committee – took place on 7 October 2020; the budget paper to the committee described the process for setting the 2021/22 budget. In advance of the committee, officers had identified various proposals to contribute to balancing the 2021/22 budget that were then required to be debated by each committee with feedback provided to the P&R Committee in December.
- 3.28 A customary process for setting the following years budget would be led by Members who would, with the support of Officers, identify proposals for consideration within committees in order for a draft budget to be debated and agreed by the P&R Committee in the autumn.
- 3.29 To enable robust scrutiny and challenge of committee budgets and pressures and the identification of savings proposals, it is recommended that each of the committees establish their own budget working groups. This group would meet between June and September and report back to the committees at their September meetings with recommendations for the P&R Committee to consider in October.
- 3.30 This enables the P&R Committee adequate time to reflect on the recommendations of each committee and enable a meaningful consultation with residents, that could, as happens in other local authorities, be completed by Christmas. The Committee could then consider the outcome of consultation and make any changes in good time before a budget is recommended by the Committee in the following February to full Council in the March.
- 3.31 In some Councils the whole budget setting process is completed before Christmas and full Council agree the budget in January.
- 3.32 The process for setting the 2022/23 will commence immediately. Officers, to satisfy the requirement of MHCLG for exceptional financial support, have compiled a balanced five-year medium term financial plan (MTFP). Committees, via their working groups, will consider whether the proposals included in the MTFP for the 2022/23 budget, and beyond, are to be taken forward or whether they are to be replaced by alternative proposals that the committees recommend.
- 3.33 In readiness for the first committees of the new municipal year, Officers will prepare a suite of documents to present to the committees. These will be:
- Summary business cases for each of the savings proposals in the MTFP relevant to the committee for 2022/23 and whether any specific consultation is required for each one
 - Summary business cases for each of the perceived pressures/growth items in the MTFP relevant to the committee with supporting evidence as to how they have been estimated

- Initial indications of future years savings proposals from 2023/24 onwards in the MTFP to enable work to start in developing these proposals further, where a long lead-in time is required to enable a full year saving to be achieved from the year in question
- Initial indications of future years pressures/growth items in the MTFP for the committees to determine how these can be mitigated in advance

- 3.34 Each committee will be accountable for identifying, developing and agreeing savings and growth proposals during the summer to ensure a draft balanced budget can be considered by the P&R Committee in October 2021, to enable budget consultation to start in a timely manner following the P&R Committee in November 2021.
- 3.35 In advance of the first committee of the new municipal year, there is an opportunity for a joint P&R working group to convene immediately to consider the content of the MTFP and make recommendations into the committees at their first meetings.
- 3.36 This working group can also scrutinise and consider any cross-committee proposals or actions to ensure a whole organisational view so that no committee is disadvantaged of another's proposals and that proposals do not contradict any committees' objectives.
- 3.37 Working Groups operate most effectively with between no less than 5 and no more than 8 members. The working group should have some reflection of political representation.
- 3.38 Appendix D provides a flow chart of the Governance process for the 2022/23 budget setting process and the associated timeline.
- 3.39 Appendix E provides a list of potential savings proposals included in the MTFP up to 2025/26. Members will note as stated in the paragraphs above, summary business cases will be presented to each of the committees for these in June 2021 as these have not yet been fully developed.
- 3.40 Appendix F provides a list of anticipated pressures/growth items included in the MTFP up to 2025/26. Members will note as stated in the paragraphs above, summary business cases will be presented to each of the committees for these in June 2021 as these have not yet been fully developed.
- 3.41 Appendix G provides the assumed funding expected over the next four years in the MTFP for information only at this point. This will be updated as further information is received from government, including the anticipated four-year comprehensive spending review from 2022/23

4.0 FINANCIAL IMPLICATIONS

- 4.1 This report is concerned with the 2021/22 budget monitoring process and the 2022/23 budget setting process so has no direct financial implications. The outcome of each process will, if not adhered to or a suitable alternative process agreed, have significant financial implications.

- 4.2 This may result in, if either the 2021/22 budget or 2022/23 budget cannot be balanced, a Section 114 report being issued by the Section 151 Officer.

5.0 LEGAL IMPLICATIONS

- 5.1 The role of the Policy and Resources Committee, in consultation with the respective Policy and Service Committees, has been charged by Council to formulate a draft Medium Term Financial Plan (MTFP) and budget to recommend to the Council.
- 5.2 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.
- 5.3 Section 30(6) of the Local Government Finance Act 1992 provides that the Council has to set its budget before 11th March in the financial year preceding the one in respect of which the budget is set.
- 5.4 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.
- 5.5 Consultation must take place in accordance with the Council's duties under section 65 of the Local Government Finance Act 1992. The detailed summary of responses provided are attached in the appendix to this report. It must be borne in mind that this is consultation on the budget proposals, not on the decision to take whatever decision is implied by the adoption of that budget. The consultation process, including the Council's consideration of the responses, is required to comply with the following overarching obligations (unless detailed statutory rules supplant these):
- (a) Consultation must be at a time when proposals are at a formative stage.
 - (b) The proposer must give sufficient reasons for its proposals to allow consultees to understand them and respond to them properly.
 - (c) Consulters must give sufficient time for responses to be made and considered.
 - (d) Responses must be conscientiously taken into account in finalising the decision. This is the same whether or not a public body was required to consult or chooses to do so. This is because all of those rules are aspects of an overriding requirement for 'fairness'. The process must be substantively fair and have the appearance of fairness. The setting of the budget and council tax by Members involves their consideration of choices.
- 5.6 When considering options, Members must bear in mind their fiduciary duty to the council taxpayers of Wirral. Members must have adequate evidence on which to base their decisions on the level of quality at which services should be provided.

- 5.7 Where a service is provided pursuant to a statutory duty, it would not be lawful to fail to discharge it properly or abandon it, and where there is discretion as to how it is to be discharged, that discretion should be exercised reasonably.
- 5.8 The report sets out the relevant considerations for Members to consider during their deliberations and Members are reminded of the need to ignore irrelevant considerations. Members have a duty to seek to ensure that the Council acts lawfully. Members must not come to a decision which no reasonable authority could come to; balancing the nature, quality and level of services which they consider should be provided, against the costs of providing such services.
- 5.9 There is a particular requirement to take into consideration the Council's fiduciary duty and the public sector equality duty in coming to its decision.
- 5.10 The public sector equality duty is that a public authority must, in the exercise of its functions, have due regard to the need to: (1) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010; (2) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and (3) foster good relations between persons who share a relevant protected characteristic and persons who do not share it
- 5.11 Any decision made in the exercise of any function is potentially open to challenge if the duty has been disregarded. The duty applies both to Full Council when setting the budget and to the Policy and Services Committees when considering decisions.
- 5.12 Once a budget is in place, Council has delegated responsibility to the Policy and Services Committees to implement it. The Committees may not act contrary to the Budget without consent of Council other than in accordance with the Procedure Rules set out at Part 4(3) of the Constitution.
- 5.13 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.
- 5.14 Members are also individually reminded that Section 106 of the Local Government Finance Act 1992 applies to this meeting. Members who are two months or more in arrears with their Council Tax must declare this to the meeting and must not vote on budget recommendations, as to do otherwise can be a criminal offence.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

- 6.1 There are no specific resource requirements as a result of this report on process. There may be resource requirements of any action resulting in remedial or mitigating

tasks if an adverse forecast is reported with regards the 2021/22 budget in year, however these will be reported at the appropriate time.

- 6.2 There may also be resource requirements of any proposals considered with regards the 2022/23 budget and these will be reported at the appropriate time.

7.0 RELEVANT RISKS

- 7.1 The Council's ability to maintain a balanced budget for 2021/22 is dependent on robust monitoring of a changing environment. This is due to estimated figures being provided in the calculation for the 2021/22 budget, albeit the best estimates that were available at the time, plus any amount of internal and external factors that could impact on the budget position in year. Examples of which are new legislation, increased demand, loss of income, increased funding, decreased funding, inability to recruit to posts, ongoing impact of the pandemic etc
- 7.2 A robust monitoring and management process for the 2021/22 budget must be agreed and in place as soon as possible. If at any time during the year an adverse position is forecast, remedial action must be agreed and implemented immediately to ensure the budget can be brought back to balanced position.
- 7.3 The risk of this not being able to be achieved could mean that the Council does not have enough funding to pay for its expenditure commitments for the year and therefore not be able report a balanced budget at the end of the year. This could result in the Section 151 Officer issuing a Section 114 notice.
- 7.4 The budget agreed by full Council on 1 March 2021 for 2021/22 was underpinned by an offer not exceeding £10.7m exceptional financial support provided by MHCLG. This offer was conditional and is described in paragraph 3.2. If the Council does not accept recommendations made from the external assurance review, this may put the offer of the exceptional financial support at risk. If the Council is not able to report a balanced budget without some or all of the exceptional financial support, this may also result in the Section 151 Officer issuing a Section 114 notice in year.
- 7.5 A key risk to the Council's financial plans is that funding and demand assumptions in particular can change as more information becomes available. As such, the MTFP is regularly reviewed and updated as part of routine financial management.
- 7.6 Under the system of retained Business Rates, Authorities benefit from a share of any increased revenues but are liable for at least a share of any falls in income (subject to safety net triggers) and any non-collection. This includes reductions arising from appeals relating to past years which partially fall on the Authority. These risks are mitigated through a combination of the operation of the Collection Fund, General Fund Balances and a Business Rates Equalisation Reserve.
- 7.7 The MTFP currently presents a balanced budget over a five-year period. If the committees are not minded to accept the proposals included by officers in the MTFP, especially for the 2022/23 budget, alternative proposals need to be identified and agreed as soon as possible. A delay in agreeing these may put the timetable for setting the 2022/23 at risk and may result in a balanced budget not being identified in time for the deadline of 11 March 2022.

- 7.8 The five-year MTFP is based on current estimated information available. A four-year comprehensive spending review (CSR) is anticipated from Government from 2022/23. Assumptions have been made in the current MTFP for income and funding from business rates and council tax and social care grants as the main sources of funding. If there is an adverse change to these assumptions as a result of the CSR, additional savings proposals or reduced expenditure would need to be identified as soon as possible to ensure a balanced five-year MTFP can be achieved. Committees will be kept updated with any announcements regarding the CSR through the year.

8.0 ENGAGEMENT/CONSULTATION

- 8.1 Consultation has been carried out with the Senior Leadership Team in arriving at the governance process for the 2021/22 budget monitoring process and the 2022/23 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 There are no specific equality implications of this report regarding processes, however, it is recognised that some of the developing proposals for 2022/23 budget and beyond could have equality implications. Any implications will be considered and any negative impacts will be mitigated where possible.
- 9.3 Equality implications will be assessed during planning, decision and implementation stages and will be recognised as an ongoing responsibility. Any equality implications will be reported to the committees as part of the summary business cases. Equality issues will be a conscious consideration and an integral part of the process.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

- 10.1 There are no direct environmental and climate implications of this report on process. However, it is recognised that some of the developing proposals for 2022/23 budget and beyond could have environmental and climate implications. Any implications will be considered, and any negative impacts will be mitigated where possible.
- 10.2 Environmental and climate implications will be assessed during planning, decision and implementation stages and will be recognised as an ongoing responsibility. Any resulting implications will be reported to the committees as part of the summary business cases.

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APPENDICES

Appendix A	Flow chart of the process for monitoring the 2021/22 budget
Appendix B	Savings proposals agreed at full Council for 2021/22 by committee
Appendix C	List of summary earmarked reserves by committee
Appendix D	Flow chart of the process for the 2022/23 budget and timeline
Appendix E	Potential savings proposals included in the MTFP up to 2025/26
Appendix F	Pressures/growth items included in the MTFP up to 2025/26
Appendix G	Assumed funding expected over the next four years in the MTFP

BACKGROUND PAPERS

MHCLG letter of exceptional financial support offer

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Full Council	1 March 2021

APPENDIX B

Savings Proposals agreed by full Council 1 March 2021

	Item £000	Total £000
Children, Young People & Education Committee		
Reduce the subsidy to the Hive Youth Centre	100	
Modernisation & Social Care combined staff efficiency savings	102	
Semi-Independent Living	500	
PAUSE programme	567	
Additional demand mitigation	1,000	
Youth Offending Service	25	
Total		2,294
Environment, Climate and Transport Committee		
Review of the Neighbourhood Services Directorate	350	
Additional and increased parking charges: Whole scale car parking review	1,000	
Reduction in grass cutting and maintenance of roadside verges and all Parks and Open Spaces	250	
Amenity space and grass verge maintenance cessation	100	
Contract Efficiency Savings with BIFFA	75	
Income generated from establishing targeted and discretionary environmental enforcement	150	
Savings from LED street lights	1,300	
Total		3,225
Tourism, Communities, Culture and Leisure Committee		
Culture and Visitor Economy savings	620	
Closure or income generation of Europa Fun Pool	250	
Pause re-opening of Woodchurch Leisure Centre	322	
Royden Park Commercial Development - Phase 1	80	
Savings from efficiencies at the Williamson Art Gallery	90	
Provision of additional catering across multi-site and	35	
Total		1,397
Economy, Regeneration and Development Committee		
Birkenhead Market Restructure	240	
Budget Allocation for DDA	200	
Wirral Growth Company Joint Venture Income	1,381	
Additional income from regeneration activities	236	
Total		2,057
Housing Committee		
Delay the ceasing of support for Community Alarms	200	
Total		200
Adult Care & Health Committee		
Wirral Evolutions review of day services people with Learning Disabilities	500	
Demand mitigations and change initiatives	4,000	
Total		4,500

APPENDIX B Continued

Savings Proposals agreed by full Council 1 March 2021

	Item £000	Total £000
Policy and Resources Committee		
Reduce Ward Member budgets to £1,000 each Member	184	
One Stop Shop Service Reduction	98	
Restructure of Revenues & Benefits	150	
Business Change Service Reduction	670	
New Staffing Structure in IT Services	618	
Centralised Print Process	157	
Business Support Unit - Staffing Reduction	237	
Hardship fund and reduction in bad debt provision	1,000	
Contract Management & Commissioning	350	
Apprenticeships	148	
Traded Services Review	270	
Workforce efficiencies	150	
Fund the Local Welfare Assistance Scheme from Covid-19 Funding	200	
Use of the Brexit Reserve	100	
Budgeting at cost for newly recruited employees	240	
Zero Based Budgeting	170	
Government support for PFI funding	250	
Wide Area Network savings	240	
Temporary closure of buildings	952	
Continuation of agile working	500	
Asset sales	744	
Total		7,428
Overall total		21,101

Earmarked Reserves summary as at Febuary 2021

Committee Summary	2020-21 Opening balance	2020-21 Projected Movement	2020-21 Projected Closing Balance
	£m	£m	£m
Adult Care & Health	-3.753	0.709	-3.044
Children, Young People and Education	-8.854	5.198	-3.656
Tourism, Communities, Culture & Leisure	-0.361	0.000	-0.361
Environment, Climate Emergency & Transport	-3.487	1.832	-1.655
Policy & Resources	-45.142	15.148	-29.994
Housing	-0.964	0.295	-0.669
Economy, Regeneration and Development	-4.207	0.984	-3.222
Total Earmarked Reserves:	-66.768	24.167	-42.600

Note that this list includes the Covid-19 reserve balance to be carried forward into 2021/22 that was not included in the total in the budget report to Policy and Resources Committee on 17 February 2021.

APPENDIX E

Savings ideas in the Medium Term Financial Plan

	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Children, Young People & Education Committee				
Children Looked After Residential Accommodation	1,000			
PAUSE programme	283			
Demand pressures mitigaiton	1,000	1,500	1,500	
Troubled Families Exit Strategy	1,100			
All Age Disability Reivew	1,000			
Youth Offending Service	25	50		
Total	4,408	1,550	1,500	0
Environment, Climate and Transport Committee				
Whole Council transport Review	1,000			
Reduction of grass cutting and maintenance of verges	150	100	100	50
Review of Neighbourhood Directorate	150	150	150	150
Total	1,300	250	250	200
Tourism, Communities, Culture and Leisure Committee				
Income from camper vans	340			
Leisure Strategy	300	1,020	60	
Total	640	1,020	60	0
Economy, Regeneration and Development Committee				
New income from regeneration projects	826	641	1,451	2,476
Wirral Growth Company Joint Venture Income	369	712		899
Total	1,195	1,353	1,451	3,375
Housing Committee				
Delayed ceasing of support for Community Alarms	300			
Review of Housing	500	500		
Total	800	500	0	0
Adult Care & Health Committee				
Demand mitigations and change initiatives	4,000	4,000	4,000	4,000
All Age Disability Review		1,000		
Total	4,000	5,000	4,000	4,000

APPENDIX E Continued

Savings ideas in the Medium Term Financial Plan

	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Policy and Resources Committee				
Review of Traded Services	150			
Business Change Reduction				300
Revenues & Benefits Restructure	600			
Commercial Income	225	225	400	800
New Treasury Investments	1,000			
Network Integration	161			
Coronors Efficiencies	50			
Law & Governance	200			
Workforce re-modeling	1,250	1,250	1,250	1,250
Apprenticeships First Strategy	120	100		
One Stop Shop Efficiencies	100	210		
Buildings efficiencies	260	600		100
Centralising Support Services	300	500	275	175
SmartBusiness - new financial system	398	800	1,200	
Contracts and Commissioning	2,000	2,500	2,500	2,650
LEAN Processes	600	450		
Total	7,414	6,635	5,625	5,275
Overall total	19,757	16,308	12,886	12,850

APPENDIX F

Future years pressures/growth items in the Medium Term Financial Plan

	2022/23	2023/24	2024/25	2025/26
	£000	£000	£000	£000
Children, Young People & Education Committee				
Residential placements inflation	500	500	600	600
Loss of Troubled Families income	1,100			
Independent Foster Care Inflation	100	100	100	100
Allowances Inflation	300	300	300	300
Additional Demand	1,200	1,300	1,200	800
Total	3,200	2,200	2,200	1,800
Environment, Climate and Transport Committee				
Merseytravel Levy	2,000	400	400	400
Waste Contract Inflation	300	300	300	300
Food Waste Recycling		1,800		
Waste Levy	200	200	200	200
Total	2,500	2,700	900	900
Adult Care & Health Committee				
Demographic Growth (OP & LD)	2,400	2,400	2,400	2,400
Care Cost demand pressures	3,000	3,000	3,000	3,000
Specialist Fee rate increases	300	300	300	300
Contract Increases (WCFT & CWP)	500	500	500	500
Total	6,200	6,200	6,200	6,200
Policy and Resources Committee				
Pay & Pensions increases	2,900	3,000	3,100	3,200
McCloud Pensions increase		1,100		
Market Risk		1,000		
Investment - non-statutory override	1,000			
Capital financing	1,600	100	700	
Total	5,500	5,200	3,800	3,200
Overall total	17,400	16,300	13,100	12,100

APPENDIX G

MEDIUM TERM FINANCIAL PLAN FUNDING				
	22-23	23-24	24-25	25-26
<u>National Non Domestic Rates:</u>				
Business Rates Income	(73.4)	(74.6)	(75.9)	(77.1)
Business Rates Section 31 Grant	(13.0)	(13.2)	(13.4)	(13.7)
Top-Up Grant	(35.1)	(35.7)	(36.2)	(36.8)
Better Care Fund (BCF)	(19.1)	(19.4)	(19.7)	(20.0)
Business Rates	(140.6)	(142.9)	(145.2)	(147.6)
<u>Council Tax:</u>				
Council Tax base position	(156.6)	(161.1)	(165.7)	(170.5)
Annual increase in number of properties	(1.5)	(1.5)	(1.5)	(1.6)
Inflation	(3.1)	(3.2)	(3.2)	(3.4)
Council Tax	(161.2)	(165.8)	(170.5)	(175.4)
Collection Fund shortfall	1.9	3.0	-	-
New Homes Bonus	(0.1)	-	-	-
Social Care Support Grant	(11.3)	(11.3)	(11.3)	(11.3)
Capital Receipts	(4.6)	-	-	-
Total other funding	(14.0)	(8.2)	(11.3)	(11.3)
Total Funding	(315.8)	(316.9)	(327.0)	(334.3)