



Policy and Resources Committee Budget Meeting

Date:	Tuesday, 15 February 2022
Time:	6.00 p.m.
Venue:	Floral Pavilion, New Brighton

Members of the public are encouraged to view the meeting via the webcast (see below), but for anyone who would like to attend in person, seating is limited therefore please contact the Floral Pavilion box office at their website: <https://www.florarpavilion.com/en-GB/categories/wirral%20council> or by telephone on 0151 666 0000 in advance of the meeting, if you would like to reserve a seat. All those attending will be asked to wear a face covering (unless exempt) and are encouraged to take a Lateral Flow Test before attending. You should not attend if you have tested positive for Coronavirus or if you have any symptoms of Coronavirus.

Wirral Council is fully committed to equalities and our obligations under The Equality Act 2010 and Public Sector Equality Duty. If you have any adjustments that would help you attend or participate at this meeting, please let us know as soon as possible and we would be happy to facilitate where possible. Please contact committeeservices@wirral.gov.uk

This meeting will be webcast at
<https://wirral.public-i.tv/core/portal/home>

Contact Officer: Andrew Mossop
Tel: 0151 691 8501
e-mail: andrewmossop@wirral.gov.uk
Website: wirral.gov.uk

AGENDA

1. **WELCOME AND INTRODUCTION**
2. **APOLOGIES**
3. **MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST**

Members are asked to consider whether they have any disclosable pecuniary interests and/or any other relevant interest in connection with any item(s) on this agenda and, if so, to declare them and state the nature of the interest.

4. MINUTES (Pages 1 - 8)

To approve the accuracy of the minutes of the meeting held on 17 January, 2022.

5. PUBLIC AND MEMBER QUESTIONS

5a. Public Questions

Notice of question to be given in writing or by email by 12 noon, Thursday, 10 February, 2022 to the Council's Monitoring Officer (committeeservices@wirral.gov.uk) and to be dealt with in accordance with Standing Order 10.

For more information on how your personal information will be used, please see this link:

[Document Data Protection Protocol for Public Speakers at Committees | Wirral Council](#)

Please telephone the Committee Services Officer if you have not received an acknowledgement of your question by the deadline for submission.

5b. Statements and Petitions

Notice of representations to be given in writing or by email by 12 noon, Thursday, 10 February, 2022 to the Council's Monitoring Officer (committeeservices@wirral.gov.uk) and to be dealt with in accordance with Standing Order 11.1.

Petitions may be presented to the Committee. The person presenting the petition will be allowed to address the meeting briefly (not exceeding one minute) to outline the aims of the petition. The Chair will refer the matter to another appropriate body of the Council within whose terms of reference it falls without discussion, unless a relevant item appears elsewhere on the Agenda. Please give notice of petitions to committeeservices@wirral.gov.uk in advance of the meeting.

Please telephone the Committee Services Officer if you have not received an acknowledgement of your question by the deadline for submission.

5c. Questions by Members

Questions by Members to dealt with in accordance with Standing Orders 12.3 to 12.8.

SECTION A - BUDGET AND PERFORMANCE MANAGEMENT

6. BUDGET MONITORING QUARTER 3 2021/22 (Pages 9 - 54)

- 7. CAPITAL MONITORING QUARTER 3 2021/22 (Pages 55 - 84)**
- 8. BUDGET 2022/23 AND MEDIUM-TERM FINANCIAL PLAN (Pages 85 - 444)**
- 9. CAPITAL PROGRAMME 2022-27 (Pages 445 - 474)**
- 10. CAPITAL FINANCING STRATEGY 2022/23 (Pages 475 - 494)**
- 11. TREASURY MANAGEMENT STRATEGY 2022/23 (Pages 495 - 524)**
- 12. INVESTMENT STRATEGY 2022/23 (Pages 525 - 536)**
- 13. PROCEDURE FOR BUDGET DECISION MEETING OF COUNCIL (Pages 537 - 548)**

This page is intentionally left blank

POLICY AND RESOURCES COMMITTEE

Monday, 17 January 2022

Present: Councillor J Williamson (Chair)

Councillors	T Anderson	S Hayes
	H Cameron	T Jones
	P Cleary	J McManus
	W Clements	Y Nolan
	P Gilchrist	L Rennie
	JE Green	J Robinson
	EA Grey	P Stuart

109 **WELCOME AND INTRODUCTION**

The Chair welcomed everyone to the meeting and those watching the webcast. She then made a statement to the Committee on the challenges the Council faced in setting a budget for 2022/23, as follows:

“The Council has a significant challenge in setting the budget for next year to fund over £27m of pressures. We do not have enough funding to provide the same services next year as we are doing this year and therefore, we have to look at what we are able to provide with the funding we have available.

We are also under external scrutiny following the publication of two government reports which expect us, in no uncertain terms, to ensure we can present a balanced budget for next year and demonstrate that we are financially sustainable for the longer term. The proposals put before the Committee this evening will be consulted upon and following the outcome of that we will recommend a budget to full Council at this Committee on 15 February.

If we fail to do this, we will receive government intervention which will result in far worse action being taken across the Borough and this Committee is not prepared for that to happen.”

110 **APOLOGIES**

The Chair confirmed that no apologies had been received.

111 **MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST**

Members were asked to declare any disclosable pecuniary interests and any other relevant interest and to state the nature of the interest.

No such declarations were made.

112 **MINUTES**

Resolved – That the minutes of the meetings held on 30 November, and 1 December, 2021, be approved and adopted as correct records.

113 **PUBLIC QUESTIONS**

The Chair informed the meeting that thirteen questions had been received from members of the public, some of whom were in attendance and some who had asked that their question be read out at the meeting.

The five members of the public and two who had been unable to attend the meeting at the last minute (who had their questions read out on their behalf) put their questions to the Chair and responses were given at the meeting.

Six members of the public who had indicated they would not be attending, had their questions read out by the Director of Law and Governance and the Chair agreed that responses to these would be published on the Council website.

[Subsequent to the meeting, an agenda supplement was published with all thirteen questions and responses contained therein.]

114 **STATEMENTS AND PETITIONS**

The Chair informed the meeting that no statements or questions from Members had been received.

Councillor Jean Robinson presented a petition of some 3,100 signatories to 'Save Woodchurch Leisure Centre from closure'.

Resolved – That the petition be noted and referred to the appropriate Chief Officer in accordance with Standing Order 11.2.

115 **2022/23 BUDGET UPDATE**

The Chief Executive spoke to the Budget Update report before the Committee stressing the need for the Council to address the financial challenges it faced, as emphasised by the Leader at the start of the meeting. The two external assurance reports commissioned by the Government were both critical of the Council on its leadership and governance and financial position, stating that the Council had tried over the past years to deliver the same level of services despite not having the financial means to do so. Wirral was only one of eleven councils in England to have requested exceptional financial support from the Government for 2020/21 and 2021/22. He went on to outline the work undertaken by both officers and Members, since the publication of the reports

in November, to address the challenges faced and to establish and then maintain a sound financial footing for the Council.

The Director of Resources introduced the report, which was part of the Council's formal budget process, as set out in the constitution and in accordance with the legal requirements to set a balanced and sustainable budget for 2022/23.

The Committee on 25 October 2021 agreed to ask for the views of residents, businesses, and all those with a stake in the future of Wirral, about what council services mattered most to them to help develop the budget plan. This consultation had run from 2 to 28 November 2021 and the outcomes were provided in an appendix to the report.

At the Committee on 25 October 2021, and in line with the external assurance review recommendations to provide sensitivity analysis, three potential budget scenarios were presented as to what the budget gap could be for 2022/23. The rationale for the three scenarios was to present assumptions based on known information at the time in advance of the draft Local Government Finance Settlement being published and in advance of the compilation of proposals for pressures and growth items and savings and income for the 2022/23 budget.

The Draft Local Government Finance Settlement was published on 16 December, 2021 and budget proposals had been developed in response to the previously outlined budget gap. The report provided an updated position on the draft budget for 2022/23 and related statutory consultation with the final budget proposals to be presented to the Committee on 15 February, 2022 for recommendation to full Council. A process of review and challenge was ongoing, to ensure that the final proposals made were fully scrutinised and fit and proper in terms of readiness for decision-making.

An appendix to the report provided details of all the current proposals for consideration prior to the need to make decisions on how the budget for 2022/23 should be formulated. Setting out the potential budget proposals in the report ensured statutory consultation could be carried out in advance of setting the 2022/23 annual budget.

Information in the report also provided the opportunity for the Policy and Services Committees, at their meetings in January 2022, to provide feedback on the budget proposals for this Committee to take into consideration in recommending a legal budget to Full Council at its meeting on 28 February, 2022.

Members commented upon the report and the need to address the difficulties the Council faced, including the structural deficit which the Council had.

The Chief Executive and Director of Resources responded to a number of comments from Members

The Chair reiterated the fact that the report before the Committee contained proposals, and they were at this stage, being asked to agree the proposals going forward for consultation.

On a motion by the Chair, seconded by Councillor Yvonne Nolan, it was -

Resolved – That this Committee:

- (1) notes the outcome of the draft Local Government Financial Settlement for 2022/23, in advance of the final Settlement which is due later in January 2022;**
- (2) recognises the extent of the Council’s financial challenge and structural deficit, which needs to be eliminated;**
- (3) notes the savings and income proposals that could address the 2022/23 budget gap;**
- (4) notes the outcome of the November 2021 consultation;**
- (5) consults on the draft budget proposals for 2022-23, under section 65 of the Local Government Finance Act 1992.**

116 **COUNCIL TAX 2022/23 - TAX BASE, DISCOUNTS AND EXEMPTIONS AND LOCAL COUNCIL TAX REDUCTION SCHEME**

The Head of Revenues and Benefits introduced a report which brought together related issues regarding the proposed Council Tax Base for 2022/23 upon which the annual billing and Council Tax levels would be set; the proposed Council Tax Discounts including Local Discounts, exemptions for 2022/23 and the Local Council Tax Reduction Scheme to be used during 2022/23.

The Head of Revenues and Benefits responded to a comment from a Member on the Council Tax Reduction Scheme and the effect of the reduction in the minimum amount to be paid by non-vulnerable working age claimants on collection rates. This had yet to work its way through because of the impact of the pandemic but he did state that collection rates were broadly similar.

On a motion by the Chair, seconded by Councillor Yvonne Nolan, it was -

A. Resolved -

(1) That the figure of 95,172.39 as the Council Tax Base for 2022/23, be approved.

B. RECOMMENDED – To Council,

(2) The level and award of each local discount for 2022/23 be as follows:

Wirral Women’s & Children’s Aid

To continue to award Wirral Women & Children’s Aid 100% discount. This remains unchanged from 2021/22.

Care Leaver’s Discount

To award Care Leavers the requisite discount to reduce their Council Tax liability to zero until they are 25. This remains unchanged from 2021/22.

Empty Property Discounts

Discount category D = 0% Full charge on properties undergoing renovations.

Discount category C = 0% Full charge on empty properties from date they become unoccupied.

Both remain unchanged from 2021/22, Except for properties requiring adaptations to meet the need of a disabled person as described in Section 3.23

Empty Property Premium =

100% (200% Council Tax) for unfurnished properties empty for more than two years.

200% (300% Council Tax) for unfurnished properties empty more than five years.

300% (400% Council Tax) for unfurnished properties empty more than ten years.

All remain unchanged from 2021/22, except for properties requiring adaptations to meet the need of a disabled person as described in Section 3.23

Council Tax Discretionary Hardship Relief Scheme

The Council Tax Discretionary Hardship Relief Scheme, approved by Cabinet in October 2013, continues in its current format for 2022/23. The Scheme offers help and assistance in exceptional cases of hardship.

Local Council Tax Reduction Scheme (LCTRS)

The current Local Council Tax Reduction Scheme remains to be the most appropriate scheme for Wirral Council and therefore will remain unchanged from 2021/22 apart from the following:

The scheme will be aligned to all the DWP's upratings and changes for Housing Benefit and Universal Credit.

117 WORK PROGRAMME UPDATE

The Director of Law and Governance introduced a report which advised how this Committee, in co-operation with the other Policy and Service Committees, was responsible for proposing and delivering an annual committee work programme.

The work programme was formed from a combination of key decisions, standing items and requested officer reports. The report provided the Committee with an opportunity to plan and regularly review its work across the municipal year and was attached as an appendix to the report. The Committee would be mindful of the decision taken at the special meeting of this Committee on 30 November, 2021, with regard to the programming of future agendas.

Resolved – That the Policy & Resources Committee work programme for the 2021/22 municipal year, be agreed.

118 REFERRAL FROM AUDIT AND RISK MANAGEMENT COMMITTEE: EXTERNAL AUDITOR APPOINTMENT 2023/24 TO 2027/28

The Director of Law and Governance introduced a report on the recommendations of the Audit and Risk Management Committee from its meeting on 30 November, 2021, in respect of the External Auditor Appointment 2023/24 to 2027/28.

RECOMMENDED – That Council be recommended to enter into the option to enter into the procurement exercise led by the Public Sector Audit Appointments Ltd (PSAA) for the appointment of external auditors for a period of five financial years from 1st April 2023.

119 **MINUTES OF THE SENIOR OFFICER AND APPOINTMENTS STAFFING SUB-COMMITTEE**

In respect of the minutes of 1 November, 2021 meeting and in response to a Member's comment, the Chief Executive agreed that he would update Members on the latest situation at a suitable time.

On a motion by the Chair, seconded by Councillor Yvonne Nolan, it was -

Resolved – That the minutes of the Senior Officer and Appointments Staffing Sub-Committee meetings held on 1 November and 15 December, 2021, be noted.

This page is intentionally left blank



POLICY AND RESOURCES COMMITTEE

Tuesday, 15 February 2022

REPORT TITLE:	2021-22 BUDGET MONITORING FOR QUARTER THREE (1 OCT – 31 DEC)
REPORT OF:	DIRECTOR OF RESOURCES

REPORT SUMMARY

This report sets out the financial monitoring information for the Council as at quarter 3 (Oct-Dec) of 2021-22. The report provides Members with an overview of budget performance 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 Committee is aware that the Department for Levelling Up, Housing and Communities (DLUHC) have provided a conditional offer of Exceptional Financial Support (capitalisation directive) for 2021/22 of up to £10.7m. One of the conditions of that offer is that the Council will need to provide evidence from the assurance review of the authority's financial position and its ability to meet any or all the identified budget gap without any additional borrowing. An Independent Panel has been appointed to monitor the progress of the implementation of the recommendations of the review.

Therefore, it is vitally important that the Council has robust processes in place to manage and monitor the in-year financial position, to ensure it delivers a balanced position at the end of the year. During the year a number of improvements have been made to address this:

- Six weekly performance meetings with Chief Executive and Director of Resources to scrutinise and challenge individual Directors as to their financial performance
- Reporting to Operational Performance Group
- Much improved compliance with procurement processes to ensure value for money
- Robust challenge at the Recruitment Panel on requests to recruit to permanent and temporary posts

The projected year-end revenue outturn, recorded as part of Quarter 3 financial monitoring activity, represents a favourable variance against revenue budget of £1.345m. This improved forecast since quarter 2 includes an historic repayment from The Ministry of Justice (MoJ) for Magistrates Court Fees. As any favourable variance must contribute to the reduction in the value of the Exceptional Financial Support for 2021/22, the forecast year end position is a balanced budget.

This budget position includes the utilisation of the Government's Exceptional Financial Support (EFS) but it is not anticipated that the full amount will be required, following a review of new funding received and a reduction in pressures estimated in March.

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

RECOMMENDATION/S

The Policy and Resources committee is recommended to:

1. Note the favourable forecast position, prior to the proposed adjustment to the exceptional financial support, presented at Quarter 3
2. Note the forecast reduction in the requirement to utilise the Government's Exceptional Financial Support (EFS)
3. Note the impact of funding and expenditure as a direct consequence of Covid-19, including the additional funding sources which have been identified.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 It is vitally important that the Council has robust processes in place to manage and monitor the in-year financial position, to ensure it delivers a forecast balanced position at the end of the year
- 1.2 Regular monitoring and reporting of the revenue budgets and savings achievements enables decisions to be taken in a timely manner, which may produce revenue benefits and will improve financial control of Wirral Council.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 The Committee can decide to establish their own process for monitoring the 2021/22 in-year budget. This would need to be agreed at the next Policy and Resources Committee which reduces the time available to implement mitigating actions, where an adverse 2021/22 forecast maybe found.

3.0 BACKGROUND INFORMATION

- 3.1 It is vitally important that the Council has robust processes in place to manage and monitor the in-year financial position, to ensure it is reporting a forecast balanced position to the end of the year.
 - 3.1.1 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
 - Full list of budget savings proposals and the progress for their achievement
 - Full list of reserves for future one-off commitments
 - Full capital budget monitoring report for the preceding quarter (this information is contained within a separate 'Capital Monitoring report' elsewhere on the Committee Agenda).
 - 3.1.2 The projected year-end revenue outturn, recorded as part of Quarter 3 financial monitoring activity, represents a favourable variance against revenue budget of £1.345m.

TABLE 1 2021/22 REVENUE BUDGET & FORECAST

	Budget £000	Forecast Outturn £000	Variance		Adverse/ Favourable
			(+ Fav / - Adv) £000	%	
Adult Care & Health	113,582	113,106	476	0%	Favourable
Chief Executive Office	1,941	1,964	-23	-1%	Adverse
Children, Families & Education	86,679	85,789	890	1%	Favourable
Law & Governance	3,803	3,936	-133	-3%	Adverse
Neighbourhoods Services	53,920	54,396	-476	-1%	Adverse
Regeneration and Place	34,057	34,007	50	0%	Favourable
Resources	35,368	34,807	561	2%	Favourable
Total Surplus / (Deficit)	329,350	328,005	1,345	0%	Favourable
Value to offset EFS			-1,345		
Year-end forecast			0	0%	
For Information:					
Included as part of budget funding:					
Exceptional Financial Support	-10,700	-6,355	-4,345	41%	

- 3.1.3 The reduction in COVID pressures, previously reported at Quarter 2, remains the same. The value of exceptional financial support at Quarter 2 was reduced by £3m due to additional grant funding being received after submission of the Council's EFS request. The EFS requirement forecast was then further reduced as a result of favourable year end forecasts across the Council.
- 3.1.4 The movement in EFS from Quarter 2 to Quarter 3 reflects an additional improved year end forecast as a result of a more robust budget monitoring and compliance process, additional income received and vacancies being held in advance of recurrent savings proposed for 22/23. This has resulted in an additional £849k being made available to further reduce the value of EFS to £6,355m. Members will be aware that the EFS is still an offer from DLUHC and has not yet been confirmed.
- 3.1.5 It is imperative that the Council can report at least a supported balanced position at the end of the year and where possible, further reduce the value of the exceptional financial support offered by DLUHC. Work will continue to do this in the last quarter of the year.
- 3.1.6 Details of in year savings and progress to date are listed under each individual Directorate area below.

Directorate Summaries

3.2 Adult Care and Health

- 3.2.1 As at the end of December 2021 (Quarter 3), the financial forecast year end position for Adult Care and Public Health is a favourable variance of £0.476m against a budget of £113.582m.
- 3.2.2 This forecast anticipates continued uptake by providers of the Real Living Wage fee rates agreed at Committee on 7th June 2021 and full achievement of the £4.5m saving target against community care. Provision is also identified for anticipated winter pressures.
- 3.2.3 Government funding for hospital discharge has also now been extended until March 2022. For the period April to November 2021 funds of £1.2m have been received and are reflected in the forecast figures.

TABLE 2 2021/22 Adult Care and Public Health – Service Budget & Forecast

	Budget £000	Forecast Outturn £000	Variance (+ Fav / - Adv)		Adverse/ Favourable
			£000	%	
Adult Social Care Central Functions	5,601	5,270	331	6%	Favourable
Older People Services - WCFT	51,693	51,042	651	1%	Favourable
Mental Health & Disability Services - CWP	52,626	53,081	-455	-1%	Adverse
Other Care Commissions	-104	8	-112	108%	Adverse
Public Health	-262	-262	0	0%	
Wirral Intelligence Service	480	419	61	13%	Favourable
Directorate Surplus / (Deficit)	110,034	109,558	476	0%	Favourable
Support / Admin Building Overhead	3,548	3,548	0	0%	
Total Surplus / (Deficit)	113,582	113,106	476	0%	Favourable

- 3.2.4 **Central Functions:** A favourable variance of £0.331m is reported at quarter 3. This variance is as a result of a number of vacancies and delays in recruitment. This position will continue to be monitored throughout the year.
- 3.2.5 **Older People Services:** A favourable variance of £0.651m is reported at quarter 3. The forecast assumes full achievement of the £2m savings target attributed to Older People services. The variance will reflect some slippage against providers who have yet to sign up to the Real Living Wage approved rates and will therefore be paid at the standard rate.

3.2.6 **Mental Health & Disability Services:** An adverse variance of £0.455m is reported at quarter 3. This is in part due to a shortfall against anticipated client income and the introduction of some high-cost packages since Q2. The forecast continues to assume the full achievement of the original £2.5m savings target attributed to complex care services.

3.2.7 **Other Care Commissions:** An adverse variance of £0.112m is reported at quarter 3 due to a number of minor variances from budget.

3.2.8 **Public Health:** A balanced position is reported at quarter 3. Public Health is a ringfenced grant with an annual value £30.1m and projected to be fully utilised. £6.7m of this funding supports public health activities delivered by the Council, representing a significant funding stream.

3.2.9 **Wirral Intelligence Team:** A favourable variance of £0.061m is reported at quarter 3. The minor forecast surplus within this Service Area is relates to employee budgets.

TABLE 3 2021/22 Adult Care and Public Health – Subjective Budget & Forecast

	Budget	Outturn	Variance		Adverse/ Favourable
			(+ Fav / - Adv)		
	£000	£000	£000	%	
Income	-87,302	-87,941	639	-1%	Favourable
Expenditure					
Employee	6,579	6,186	393	6%	Favourable
Non Pay	58,582	59,033	-451	-1%	Adverse
Cost of Care	132,175	132,280	-105	0%	Adverse
Total Expenditure	197,336	197,499	-163	0%	Adverse
Directorate Surplus / (Deficit)	110,034	109,558	476	0%	Favourable
Support / Admin Building Overhead	3,548	3,548	0	0%	
Total Surplus / (Deficit)	113,582	113,106	476	0%	Favourable

Budget Virements

3.2.10 There have been no budget variations requiring committee approval in this Directorate in Quarter 3. For information, there have been several intra-directorate budget virements which have occurred since the Q2 report, aimed at better reflecting the Better Care Fund scheme costs in 2021/22. These movement have not impacted on the overall Directorate budget, nor on the forecast outturn.

Budget Saving Achievement Progress

3.2.11 Within each Committee's revenue budget there are a number of savings proposals that were based on either 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.

TABLE 4: 2021/22 Adult Care and Public Health – Budget Savings

Saving Title	Agreed Value	Forecast Value	RAG Rating	Comments
Demand Mitigations	£3.8m	£3.8m	Green	On target to be achieved
Change Initiatives	£0.2m	£0.2m	Green	Work commenced with Partners for Change who are supporting this initiative
Wirral Evolutions review of day services for people with Learning Disability	£0.5m	£0.5m	Amber (Green after mitigations applied)	Wirral Evolutions are currently subject to a value review. A further report will be presented to Adult Social Care and Public Health Committee in March 2022
TOTAL	£4.5m	£4.5m		

3.2.12 **Demand Mitigations:** As part of the Community Health and Care Efficiency Improvement Programme the Wirral Community Health and Care NHS Foundation Trust (WCHC) and Cheshire & Wirral Partnership Trust (CWP) have been tasked with delivering savings from their delegated responsibilities budget. The Trusts undertake a programme of targeted work each year to deliver savings against the care budget allocation. Activity includes focussed review work to ensure that people receive the right level of support, supporting people to access services that are proportionate to their needs, and working with commissioners on a range of activity to ensure best value and to achieve the best outcomes for people who need care and support.

3.2.13 **Change Initiatives:** Adult Social Care and Health are working with Partners for Change to explore a new way of working with people who ask for care and support or who already use care and support services. This is a cultural change programme, working with staff and with people who use services in "innovation sites", responding to their needs with a different conversation. Rather than resorting to a traditional range of services to meet needs, staff will have a different conversation with people to identify what really matters to them and how they can find solutions to their needs, with support and with a different approach.

3.2.14 **Wirral Evolutions:** Wirral Evolutions are progressing with a service review, including their staffing arrangements, in order to manage their operating service costs within the agreed service payment and to reduce their costs by £0.5m.

Earmarked Reserves

3.2.15 Earmarked reserves are amounts set aside for a specific purpose or projects.

TABLE 5: 2021/22 Adult Care and Public Health – Earmarked Reserves

Reserve	Opening Balance £000	Use of Reserve £000	Contribution to Reserve £000	Closing Balance £000
Adult Social Care – Safeguarding	181	-181	0	0
Public Health Ringfenced Grant	3,682	0	2,124	5,806
Champs Innovation Fund	2,419	0	589	3,008
Champs Covid-19 Contact Tracing Hub	1,962	0	72	2,034
Total	8,244	-181	2,785	10,848

3.2.16 The Safeguarding reserve within Adult Social Care has a balance of £0.181m. The funding for the combined Board has now ceased. If required, the residual funds will be used to support the Merseyside Safeguarding Adults Board business unit transition period and any residual SARs (Safeguarding Adults Reviews).

3.2.17 The Public Health Ringfenced grant reserve has a balance of £3.7m. Current spending plans against this year's grant allocation of £30.1m will result in a transfer to reserve of £2.1m to meet future year contractual commitments.

3.3 Chief Executive Office

3.3.1 As at the end of December 2021 (Quarter 3), the forecast year end position for Chief Executive Office is a minor adverse variance of £0.023m against a budget of £1.941m.

3.3.2 The effects of the Covid-19 pandemic impacted the ability of Wirral to generate marketing income. The loss relating to Quarter 1 has been mitigated in part with income from the Sales, Fees and Charges Income Loss Compensation Scheme. Focus has been on recovery from Quarter 2 onwards and services is exploring further income generating opportunities.

TABLE 6: 2021/22 Chief Executive Office – Service Budget & Forecast

	Budget	Forecast Outturn	Variance		Adverse/ Favourable
	£000	£000	(+ Fav / - Adv)		
			£000	%	
Chief Executive Office	258	263	-5	-2%	Adverse
Comms & Marketing	897	923	-26	-3%	Adverse
PAs/Exec. Support	629	621	8	1%	Favourable
Directorate Surplus / (Deficit)	1,784	1,807	-23	-1%	Adverse
Support/Admin Building Overhead	157	157	0	0%	
Total Surplus/ (Deficit)	1,941	1,964	-23	-1%	Adverse

3.3.3 **Chief Executive Office:** A minor favourable variance of £0.005m is reported for 2021/22.

3.3.4 **Comms & Marketing:** A minor adverse variance of £0.026m is reported for 2021/22. Marketing income in relation to advertising has not yet returned to pre Covid-19 levels and there is an anticipated shortfall for this financial year which will be offset in part with a reduction in costs in providing the service in line with demand. Quarter 1 losses have been mitigated through income available from the Government's Sales, Fees and Charges loss compensation scheme. The remaining income shortfalls have been mitigated through the use of the commercial management reserve.

3.3.5 **PAs/ Exec. Support:** A minor adverse variance of £0.008m is reported for 2021/22.

TABLE 7: 2021/22 Chief Executive Office – Subjective Budget & Forecast

	Budget	Outturn	Variance		Adverse/ Favourable
			(+ Fav / - Adv)		
	£000	£000	£000	%	
Income	-321	-321	0	0%	
Expenditure					
Employee	1,948	2,040	-92	-5%	Adverse
Non Pay	157	88	69	44%	Favourable
Cost of Care	0	0	0	0%	Favourable
Total Expenditure	2,105	2,128	-23	-1%	Adverse
Directorate Surplus / (Deficit)	1,784	1,807	-23	-1%	Adverse
Support / Admin Building Overhead	157	157	0	0%	
Total Surplus / (Deficit)	1,941	1,964	-23	-1%	Adverse

Budget Virements

3.3.6 There have been no budget variations requiring committee approval in this Directorate in Quarter 3.

Budget Saving Achievement Progress

3.3.7 There are no identified budget savings within the Chief Executive Office Directorate.

Earmarked Reserves

3.3.8 Earmarked reserves are amounts set aside for a specific purpose or projects.

3.3.9 There are no reserves in the Chief Executive Office directorate.

3.4 Children, Families and Education

3.4.1 As at the end of December 2021 (Quarter 3), the forecast year end position for Children, Families and Education shows a favourable variance of £0.890m on a £86.679m budget.

3.4.2 The service continues to manage demand with financial pressures being mitigated by in-year cost savings and use of specific related reserves. In-year employee cost savings across the service and efficient use of grant funding have contributed to the reported position. The forecast position reflects delivery of most of the 2021/22 saving proposals.

TABLE 8: 2021/22 Children, Families and Education – Service Budget & Forecast

	Budget	Forecast Outturn	Variance		Adverse/ Favourable
			(+ Fav / - Adv)		
	£000	£000	£000	%	
Children and Families	50,569	50,707	-138	0%	Adverse
Early Help and Prevention	10,949	10,054	895	8%	Favourable
Modernisation and Support	5,055	4,788	267	5%	Favourable
Schools - Core	12,668	12,802	-134	-1%	Adverse
Directorate Surplus / (Deficit)	79,241	78,351	890	1%	Favourable
Support / Admin Building Overhead	7,438	7,438	0	0%	
Total Surplus / (Deficit)	86,679	85,789	890	1%	Favourable

3.4.3 **Children and Families:** An adverse forecast variance of £0.138m is reported for 2021/22. External funding of £0.338m has been secured by officers to support the delivery of specific initiatives that are expected to deliver both financial and service delivery benefits in future years and contribute to managing service pressures.

The budget for this service includes £24.779m of care costs. Care costs reflect the demand led elements of the service which are expected to be managed within the 2021/22 budget. An increase in the number of children in residential settings has led to a slight increase in the forecast since Quarter 2. Overall, performance data indicates that the CLA rate has been stable in recent months and has now started to fall slightly. This is as expected and feeds into forward planning for the next year (see tables below). However, it should be noted that the nature of CLA costs can be unpredictable and future demand requirements could lead to further budgetary pressures. This service also includes expenditure to support unaccompanied asylum seekers with grant income forecast to cover the associated costs.

	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21
Number of Children in Care	824	822	825	823	825	821	819	814	795

	19/20	20/21	Jun-21	Sep-21	Dec-21	National (19/20)	North West (19/20)	Statistical Neighbourhoods (19/20)
Children Looked After rate per 10,000 population	120	121.6	121.3	120.6	117.8	67	97	101

3.4.4 **Early Help & Prevention:** A favourable forecast variance of £0.895m is reported for 2021/22. The favourable variance is mainly due to efficient use of grant funding and staff vacancies arising during the year, as well as the youth offer review being implemented later than planned. The circumstances that drive these variations are subject to change and the staff costs savings are non-recurring.

3.4.5 **Modernisation and Support:** A favourable forecast variance of £0.267m is reported for 2021/22. The favourable variance is mainly due to staff vacancies that have arisen during the year. The circumstances that drive these variations are subject to change and the staff costs savings are non-recurring.

3.4.6 **Schools – core:** An adverse forecast variance of £0.134m is reported for 2021/22. The adverse variance is due to:

- Schools PFI £0.520m adverse forecast variance which is due to the on-going annual costs that are being incurred in relation to the non-operational status of the Kingsway School building. Use of the site for educational purposes is currently in development with a view to it being operational by September 2022. Schools Traded services is also reporting an adverse variance of £0.020m
- The adverse forecast variances have been partially mitigated by £0.273m of savings against Teachers historic pensions costs where the actual reduction in on-going commitments is greater than expected. Further general cost savings across the service of £0.133m have resulted in a total operational adverse variance of £0.134m.

TABLE 9: 2021/22 Children, Families and Education – Subjective Budget & Forecast

	Budget	Forecast Outturn	Variance		Adverse/ Favourable
			(+ Fav / - Adv)		
	£000	£000	£000	%	
Income	-19,299	-23,618	4,319	-22%	Favourable
Expenditure:					
Employee	40,564	39,281	1,283	3%	Favourable
Non Pay	33,197	36,853	-3,656	-11%	Adverse
Cost of Care	24,779	25,835	-1,056	0%	Adverse
Total Expenditure	98,540	101,969	-3,429	-3%	Adverse
Directorate Surplus / (Deficit)	79,241	78,351	890	1%	Favourable
Support/Admin Building Overhead	7,438	7,438	0	0%	
Total Surplus/ (Deficit)	86,679	85,789	890	1%	Favourable

Budget Virements

3.4.7 There have been no budget variations requiring committee approval in this Directorate in Quarter 3.

TABLE 10: 2021/22 Children, Families and Education–Dedicated Schools Grant (DSG)

	Budget	Outturn	Variance		Adverse/ Favourable
			(+ Fav, - Adv)		
	£000	£000	£000	%	
DSG Expenditure:					
Schools Block	117,102	117,102	0	0%	
Schools Block De-delegated	1,560	1,540	20	1%	Favourable
Central School Services Block	2,153	2,098	55	3%	Favourable
High Needs	43,874	46,180	-2,306	-5%	Adverse
Early Years	21,644	22,295	-651	-3%	Adverse
Total Gross Surplus / (Deficit)	186,333	189,215	-2,882	-2%	Adverse
DSG Income:	-189,016	-188,896	-120	0%	Adverse
Movement in DSG Reserve	2,683	-319	3,002	112%	
Total Net Surplus / (Deficit)	0	0	0	0%	

- 3.4.8 **Schools Block:** A balanced position is forecast for 2021/22. Schools Block expenditure is in line with budget as year-end variances against schools' DSG allocations are offset with the schools' ring-fenced balances.
- 3.4.9 **Schools Block De-delegated:** A favourable forecast variance of £0.020m is reported mainly due to vacancies. De-delegated funds are a deduction from a school's budget share and are held centrally to fund relevant services.
- 3.4.10 **Central Schools Costs:** A favourable forecast variance of £0.055m is reported mainly due to vacancies. Central Schools Costs relate to central functions carried out on behalf of maintained schools and academies e.g., School Admissions.
- 3.4.11 **High Needs Block:** An adverse forecast variance of £2.306m is reported for 2021/22. The adverse variance is mainly due to an increase in demand and complexity. In particular, SEN additional resources are expected to overspend by £1.480m in line with the increase in requests for EHCP.
- 3.4.12 **Early Years:** An adverse forecast variance of £0.651m is reported for 2021/22. The adverse variance is due to an increase in high needs support from the Inclusive Practice fund (£0.463m) and additional expenditure to help providers to make reasonable adjustments in their settings for children with disabilities (£0.188m). The £0.188m overspend for children with disabilities have been offset by use of unspent Disability Access Funding from prior years and which has been set-aside in the DSG reserve for this purpose.
- 3.4.13 **DSG income:** An adverse forecast variance of £0.120m is reported for 2021/22. The adverse variance relates mainly to a change in funding to reflect updated pupil information.
- 3.4.14 **DSG reserve:** The 2021-22 budget includes a planned surplus of £2.683m in the High Needs Block that is to be carried forward into the reserve at the end of the financial year. Due to the forecast adverse variance of £3.002m, a use of reserve of £0.319m will be required. The DSG reserve balance reflects a deficit position of £1.679m and this is forecast to increase to £1.998 by the end of 2021/22.

Budget Saving Achievement Progress

- 3.4.15 Within each Committee's revenue budget there are a number of savings proposals, that were based on either 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 so that, should an adverse position be identified, mitigating actions can be taken immediately to ensure a balanced budget position can be reported to the end of the year.

TABLE 11: 2021/22 Children, Families and Education – Budget Savings

Savings Title	Agreed value	Forecast value	RAG Rating	Comments
Semi-independent living	£0.500m	£0.500m	Green	On target to be achieved
Pause Programme	£0.567m	£0.567m	Amber, (Green with mitigations applied)	The benefits of the pause programme are not expected to be fully realised in 2021/22. These have been offset by additional grant income, staff vacancies and pay scale variations.
Modernisation & Social Care efficiencies	£0.102m	£0.102m	Green	On target to be achieved
Childrens containing demand pressure mitigation	£1.000m	£1.000m	Green	On target to be achieved
Explore reduction in Youth Provision	£0.100m	£0.100m	Green	On target to be achieved
YOS	£0.025m	£0.025m	Green	On target to be achieved
Total Savings	£2.294m	£2.294m		

3.4.16 £2.294m of savings have been identified for the budget to break-even in 2021/22. The forecast position at Quarter 2 assumes that £2.294m savings will be achieved. The vast majority of the savings (£2.067m) relate to projects reducing the demand impact on the Social Care system. £0.127m relates to departmental efficiencies. A further £0.100m is to achieve sponsorship within the Youth Service.

Earmarked Reserves

3.4.17 Earmarked reserves are amounts set aside for specific purposes or projects.

TABLE 12: 2021/22 Children, Families and Education – Reserves

Service	Opening Balance 2021-22 £000	Movement in reserves			Closing Balance £000
		Reserves Increase £000	Reserves Call Out £000	Total Movement £000	
Children, Families & Education	-2,347	0	46	46	-2,301
Schools – DSG	1,679	0	319	319	1,998
Total	668	0	365	365	303

3.4.18 Children, Families and Education reserves reflect funds that have been set aside for specific projects and activities. Calls on these reserves for 2021/22 of £0.046m have been identified in relation to a project reducing violence (£0.035m) and (£0.012m) SEND Improvement / action plan following the recent OFSTED inspection.

3.4.19 Schools DSG reserve reflects a deficit balance which is mainly due to the cumulative effect of cost pressures from previous years. It is expected that balance will now increase by £.0319m and increasing the overall deficit to £1.998m.

3.5 Law & Governance

3.5.1 As at the end of December 2021 (Quarter 3), the forecast year end position for Law and Governance is an adverse variance of £0.133m against a budget of £3.803m

3.5.2 The Law and Governance Directorate continues to experience difficulties in recruiting to posts in Legal Services and the cost of external legal services. The impact is reduced overall by vacancies in Democratic Services and a Grant received towards the shared costs of the Elections held earlier this year.

TABLE 13: 2021/22 Law & Governance – Service Budget & Forecast

	Budget	Forecast	Variance		Adverse/ Favourable
		Outturn			
	£000	£000	(+ Fav / - Adv) £000	%	
Law & Governance (Corporate)	403	438	-35	-9%	Adverse
Legal Services	2,685	3,001	-316	-12%	Adverse
Democratic & Member Services	3,316	3,154	162	5%	Favourable
Coroner Services	680	734	-54	-8%	Adverse
Electoral Services	569	438	131	23%	Favourable
Registrar Services	-128	-159	31	-24%	Favourable
Licensing	-81	-29	-52	64%	Adverse
Directorate Surplus / (Deficit)	7,444	7,577	-133	-2%	Adverse
Support/Admin Building Overhead	-3,641	-3,641	0	0%	
Total Surplus/ (Deficit)	3,803	3,936	-133	-3%	Adverse

3.5.3 **Law & Governance:** A small favourable variance of £0.035m is reported for 2021/22.

3.5.4 **Legal Services:** An adverse forecast variance of £0.316m is reported for 2021/22. There are still a number of posts to fill permanently that are being partially covered by locum staff which increases the staffing costs and costs of external legal services. Also, HM Courts & Tribunal Service invoices have been received in December covering Safeguarding cases covering past years (2019/20, 2020/21 & 2021/22).

3.5.5 **Democratic & Member Services:** A favourable forecast variance of £0.162m is reported for 2021/22. The service is currently carrying vacancies due to difficulties in recruitment.

3.5.6 **Coroner Services:** An adverse forecast variance of £0.054m is forecast for 2021/22. In consultation with the coroner, we have been advised to expect a similar level of charges this year as to 2020/21 where there was an overspend of £0.054m.

3.5.7 **Electoral Services:** A favourable forecast variance of £0.131m is reported for 2021/22. The favourable variance is due to the grant contribution reducing costs of the shared elections earlier this year.

3.5.8 **Registrars Services:** A small favourable forecast variance of £0.031m is reported for 2021/22.

3.5.9 **Licensing:** A small adverse forecast variance of £0.052m is reported for 2021/22.

TABLE 14: 2021/22 Law & Governance – Subjective Budget & Forecast

	Budget		Outturn		Variance		Adverse/ Favourable
					(+ Fav / - Adv)		
	£000	£000	£000	£000	%		
Income	-2,069	-2,332	263	-13%		Favourable	
Expenditure							
Employee	4,254	4,572	-318	-7%		Adverse	
Non Pay	5,259	5,337	-78	-1%		Adverse	
Total Expenditure	9,513	9,909	-396	-4%		Adverse	
Directorate Surplus / (Deficit)	7,444	7,577	-133	-2%		Adverse	
Support / Admin Building Overhead	-3,641	-3,641	0	0%			
Total Surplus / (Deficit)	3,803	3,936	-133	-3%		Adverse	

Budget Virements

3.5.10 There have been no budget variations requiring committee approval in this Directorate in Quarter 3. For information, there has been a £2.214m budget virement from Law & Governance to the Resources Directorate to better align budgets to the Council's operational structure. This is an administrative budget change as part of the preparation for implementation of the ERP solution with no impact on service delivery or policy.

Budget Saving Achievement Progress

3.5.11 Within each Committee's revenue budget there are a number of savings proposals, that were based on either 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.

TABLE 15: 2021/22 Law and Governance – Budget Savings

Saving Title	Agreed Value	Forecast Value	RAG Rating	Comments
Suspension of Individual Ward budgets	£0.184m	£0.184m	Green	Fully achieved
Total	£0.184m	£0.184m		

3.5.12 The savings have been fully achieved.

Earmarked Reserves

3.5.13 Earmarked reserves are amounts set aside for a specific purpose or projects.

TABLE 16: 2021/22 Law and Governance – Earmarked Reserves

Reserve	Opening Balance £000	Use of Reserve £000	Contribution to Reserve £000	Closing Balance £000
Licensing Reserve	60	0	0	60
Taxi, Marriage & Scrap Metal Licences	103	0	0	103
Constituency Fund Carry forward	15	15	0	0
Total	178	15	0	163

3.5.14 The reserves for Licencing, Taxi, Marriage & Scrap Metal Licences hold prepayments of licences to be brought down into the revenue for the year that they relate to. The Constituency Fund Carry forward reserve is for committed spend from the previous financial year that had not yet been incurred.

3.6 Neighbourhood Services

- 3.6.1 As at the end of December 21 (Quarter 3), the forecast year end position for Neighbourhoods is an adverse variance of £0.476m against a budget of £53.920m. The Directorate is currently on target to deliver 2021/22 savings, with the inclusion of mitigating items.
- 3.6.2 Included in the Directorate position is the mitigation available from the Sales, Fees and Charges income loss compensation scheme. This was available until the end of Quarter 1 and the service has claimed 75p in the pound for eligible planned income. The compensation claim is £2.075m.
- 3.6.3 The focus for the Directorate has been on recovery in 2021/22 with the gradual reintroduction of services. However, income generating opportunities have not yet returned to pre-pandemic levels due to phased and partial reopening of some services during the year. Although most sites have now reopened some Leisure and Library sites are still being utilised for COVID-19 purposes which restricts income generating opportunities.
- 3.6.4 As case rates within the Borough remained high, localised decisions were taken in Quarters 1 and 2 based on Public Health advice, which means some restrictions remained in place after the government road map date of 19th July. Although most services are now open at full capacity there are risks associated with this and this decision could have an adverse effect on projected income targets. This is being kept under review throughout the year and the Directorate will aim to mitigate these if necessary.

TABLE 17: 2021/22 Neighbourhoods – Service Budget & Forecast

	Budget	Forecast Outturn	Variance		Adverse/ Favourable
			(+ Fav / - Adv)		
	£000	£000	£000	%	
Director of Neighbourhoods	-6,412	-6,412	0	0%	
Community Safety and Transport	3,703	3,703	0	0%	
Highways and Infrastructure	5,069	5,952	-883	-17%	Adverse
Leisure, Libraries and Customer Engagement	12,774	12,782	-8	0%	Adverse
Parks and Environment	35,309	34,894	415	1%	Favourable
Directorate Surplus / (Deficit)	50,443	50,919	-476	-1%	Adverse
Support/Admin Building Overhead	3,477	3,477	0	0%	
Total Surplus/ (Deficit)	53,920	54,396	-476	-1%	Adverse

- 3.6.5 **Director of Neighbourhoods:** A balanced position is reported for 2021-22. This area comprises Neighbourhoods management costs, Public Health Recharges and savings associated with the overall Directorate.
- 3.6.6 **Community Safety and Transport:** A balanced position is reported for 2021-22. Government funding is being utilised to fund employees currently working on the COVID-19 response which has resulted in a balanced position. Any increase in demands within Community Patrol and SEND Transport directly relating to COVID-19 are expected to be mitigated through funding secured to meet the projected costs associated with this.
- 3.6.7 **Highways and Infrastructure:** An adverse forecast variance of £0.883m is reported for 2021-22. Charging for car parking has now resumed, however as footfall is expected to be at 75% of the pre-pandemic levels this has adversely impacted income. Some income is available from the sales, fees and charges income loss compensation scheme for Quarter 1. The 2021/22 saving associated with Car Parking will not be fully achieved this year due to delays in implementation. The full year impact of the saving equates to £1.0m and consists of £0.5m relating to standardisation of fees and £0.5m relating to charges at new sites. In August 2021 the Decision Review Committee agreed to implement the savings on new sites and to report back to the Transport, Climate Emergency and Environment Committee with the outcome of the consultation on Traffic Regulation Orders.
- 3.6.8 The standardisation has been implemented from September, however as this has been delayed by five months this results in a forecast pressure of £0.2m. The remaining saving relating to charges at new sites will take longer to implement as it will be necessary to carry out capital works. Therefore, this element of the saving is unlikely to be realised before the end of the year. This will result in an additional forecast pressure of £0.5m. Overall pressures from car parking in 2021/22 equate to £0.7m, although it is expected that the saving will be fully achieved in 2022/23. Mitigations are in place to bring the projected adverse variance to £0.405m and the area will be monitored during the remainder of the year to identify further mitigation.
- 3.6.9 Additional adverse variances relate to Highways Management of £0.052m. This is due to increases in demand for maintenance and remedial work. Improvements have been made against the Quarter 2 forecast of £0.442m by exploring other sources of funding and capitalisation opportunities to mitigate increased costs.
- 3.6.10 The remaining part of the adverse variance is due to under recovery of income within the Design Team which equates to £0.096m as the service is not fully resourced. Income generating opportunities within this area are being explored to mitigate this. Street Lighting is projecting an adverse variance of £0.288m due to an increase in energy bills from October 2021. The Authority has invested in replacement LED lighting and if this had not taken place energy bills would have been 60% higher and the adverse variance would have been £1.08m. Winter gritting is also projecting an adverse variance of £0.225m due to an increase in fuel, salt and inspector's overtime. These adverse variances are mitigated in part by favourable variances within the remainder of Highways and Infrastructure of £0.183m due to the part year impact of service restructures.

- 3.6.11 **Leisure, Libraries and Customer Engagement:** A small adverse variance of £0.008m is reported for 2021/22. This area covers Leisure Centres, Golf Courses, Libraries, One Stop Shops, Museums, Theatre, Catering & Hospitality Services. This includes the income available from the Sales, Fees and Charges income loss compensation scheme. It is currently projected that there will be no adverse variances due to income losses in this area after accounting for compensation from the sales, fees and charges income loss compensation scheme. The compensation figure for this area is expected to be £1.5m.
- 3.6.12 In 2021/22 the focus has been on recovery with the aim of gradually bringing income back to pre-pandemic levels. It has been recognised that recovery will take time and will be largely dependent on national guidance and local COVID-19 conditions as to when restrictions will be lifted. Therefore, a total of £4.078m was temporarily removed from the income targets within this area to enable the service to carry out work to regain customers and explore additional income generation opportunities. This figure was based on information available at the time and assumptions were made as to when footfall would start to increase. However, at the time it was not clear how long restrictions would remain in place and there was uncertainty around the impact this would have on footfall. Income projections have improved since Quarter 2 now that many sites are running at full capacity, and it is expected the temporary income budget reduction and income from the sales, fees and charges income loss compensation scheme will be sufficient to achieve a balanced position.
- 3.6.13 Sports and Recreation is currently predicting a balanced position net of the income loss compensation. This is based on income received in the first 6 months of the year. Assumptions have been made as to how much income can be recovered throughout the year with income levels expected to increase steadily each Quarter. Most services have now fully reopened, although sites did not return to full capacity immediately after government restrictions were lifted. Many customers have sought alternative arrangements during the past 18 months meaning overall demand for the service has reduced. Direct debits have now been reinstated and are currently at 10,000 (typically these would be between 13,000-14,000)..
- 3.6.14 These figures assume that there will be no further restrictions imposed on the service throughout 2021/22. The service is attempting to mitigate the loss by improving income through marketing campaigns, a reduction in expenditure and by exploring further cost efficiencies through the Leisure Review. Sports and Recreation figures will be kept under review in Quarter 4.
- 3.6.15 Floral Pavilion is currently projecting an adverse variance of £0.327m. This is due projected income losses in the first 9 months, which have been partially mitigated through a reduction in payments to Suppliers. This service has returned to business as usual from October following the extension of local conditions. This has severely limited any income generating opportunities in this area in the first half of the year. The figures are based on income gradually recovering in Quarter 4 and assume that the service can operate at full capacity for the remainder of the year. The service is attempting to mitigate these losses through maximising income from the facilities it is currently able to operate. The site is currently being used for committee meetings which impacts normal operations and may compromise income. The catering services located at the Theatre and Sail Loft have been generating sufficient income

to cover their costs since restrictions were lifted, enabling them to operate at full capacity.

- 3.6.16 Small income losses are expected within the Libraries and Museums services. Sixteen of the twenty-four library sites have now reopened and are offering many of their pre-pandemic services. This will help to improve income generation, whilst the losses are expected to be mitigated through savings against supplies and premises costs. Museums are still operating at restricted capacity due to outstanding requirements to install a new ventilation system at the Williamson Art Gallery and Museum. This work will be funded through committed COVID monies and is expected to be completed in Autumn 2022. A restructure has been completed within the Museum service.
- 3.6.17 **Parks & Environment:** A favourable forecast variance of £0.415m is reported for 2021-22. Income streams relating to Garden Waste Subscriptions and Parks Income were impacted by COVID-19 in 2020/21. Garden Waste has not been impacted in 2021/22 as charges for the service have returned to pre pandemic levels. The service has achieved 42,000 subscribers this year which is the largest since the scheme commenced. The direct debit system was implemented in 2020/21 and this has assisted in retaining existing subscribers. Overall Waste and Street Cleansing is predicting a favourable variance of £0.275m. This is due to the waste contract inflation being less than what was anticipated (£0.08m) and due to a reduction in overall expected costs to this service this year, as some costs were covered in the previous financial year (£0.2m).
- 3.6.18 As at Quarter 3 income from Parks is expected to be impacted by COVID-19 which has resulted in an adverse variance of £0.019m. Services relating to pitch hire have resumed, however income in relation to events has been affected which has resulted in a shortfall. This is mitigated in part by income from the sales, fees and charges income loss compensation scheme. However, this depends on there being no further restrictions later in the year. This will be reviewed during the year, and losses will be mitigated through favourable variances and a reduction in expenditure within other areas of Waste and Environment.
- 3.6.19 Regulatory Services is predicting a favourable variance of £0.166m. This is due to employees, as the service has faced challenges in recruiting and retaining staff due to current market demand because of COVID-19. There are plans to address this in the future.

TABLE 18: 2021/22 Neighbourhoods – Subjective Budget & Forecast

	Budget £000	Forecast Outturn £000	Variance		Adverse/ Favourable
			(+ Fav / - Adv) £000	%	
Income	-33,680	-35,017	1,337	-4%	Favourable
Expenditure:					
Employee	32,113	31,345	768	2%	Favourable
Non Pay	52,010	54,591	-2,581	-5%	Adverse
Total Expenditure	84,123	85,936	-1,813	-2%	Adverse
Directorate Surplus / (Deficit)	50,443	50,919	-476	-1%	Adverse
Support/Admin Building Overhead	3,477	3,477	0	0%	
Total Surplus/ (Deficit)	53,920	54,396	-476	-1%	Adverse

Budget Virements

3.6.20 There have been no budget variations requiring committee approval in this Directorate in Quarter 3.

Budget Saving Achievement Progress

3.6.21 Within each Committee's revenue budget there are a number of savings proposals, that were based on either 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.

TABLE 19: 2021/22 Neighbourhoods Directorate – Budget Savings

Saving Title	Agreed Value	Forecast Value	RAG Rating	Comments
LED savings	£0.400m	£0.400m	Green	The 21/22 saving originated from the business case for LED replacement in 2018/19 and was the anticipated achievable saving at the time.
Additional and increased car parking charges	£1.00m	£1.00m	Red (Amber with mitigations)	The options paper to determine how the saving was to be made was presented to June Committee and this was subsequently called in.

				<p>This has resulted in a part year delay, although the saving will be fully achieved in 2022/23. Mitigations have been sought for this year. £0.3m of this saving has been achieved through flat rate fee introduction from September. The remainder will be mitigated as follows:</p> <p>£0.185m income from the Sales, Fees and Charges income loss compensation scheme.</p> <p>£0.110m from footfall being greater than originally anticipated.</p> <p>£0.405m is available due to waste costs being less than anticipated.</p>
Targeted and Discretionary Environmental Enforcement	£0.150m	£0.150m	Amber (Green with mitigations)	<p>This will not be fully achieved in 2021/22 due to delays in commencement. The projected shortfall of £0.075m will be mitigated this year from reserve.</p>
Royden Park Commercial Development	£0.080m	£0.080m	Amber (Green with mitigations)	<p>This will not be fully achieved in 21/22 due to delays in commencement and will be reviewed as part of the Arrowe Park Sports Village. The projected shortfall of £0.080m will be mitigated this year from reserve.</p>
Reduction in grass cutting and maintenance of verges	£0.250m	£0.250m	Green	<p>The options paper to determine how the saving will be made was presented to June Committee, resulting in a part year delay. Any shortfall this year will be mitigated from in year savings resulting from additional EVRs</p>
Amenity space maintenance cessation	£0.100m	£0.100m	Amber (Green with mitigations)	<p>This will be fully achieved in 2022/23 but there is a reported shortfall in</p>

				2021/22 due to some employees leaving the authority after 01/04/21. The shortfall this year will be mitigated through one off in year favourable variances, which have arisen whilst the Parks restructure was implemented.
Review of the Neighbourhood Services Directorate	£0.350m	£0.350m	Green	On target to be achieved
Contract efficiency savings with BIFFA	£0.075m	£0.075m	Green	On target to be achieved
Ongoing Covid-19 temporary Library Closure	£0.100m	£0.100m	Green	On target to be achieved
Ongoing Covid-19 temporary Leisure Centre Closure	£0.100m	£0.100m	Green	On target to be achieved
Temporary closure of Europa Fun pool due to Covid-19 restrictions	£0.250m	£0.250m	Green	On target to be achieved
Review of Museums Service	£0.090m	£0.090m	Green	On target to be achieved
Pause re-opening of Woodchurch Leisure Centre	£0.322m	£0.322m	Green	On target to be achieved
Income from West Kirby catering offer	£0.035m	£0.035m	Green	On target to be achieved
Total	£3.302m	£3.302m		

3.6.22 Most savings are on track to be achieved as at Quarter 3. Car Parking is rated Amber due to delays in implementing the charges. Current projections are based on flat rate charges being implemented from September following the outcome of the Decision Review Committee. Introduction of charges at new sites will be delayed until 2022/23 as it will take time to purchase and install the ticket machines. The shortfall against this saving will be mitigated in 2021/22 through one off favourable variances across Neighbourhoods.

Earmarked Reserves

3.6.23 Earmarked reserves are amounts set aside for a specific purpose or projects.

TABLE 20: 2021/22 Neighbourhoods– Earmarked Reserves

Reserve	Opening Balance £000	Use of Reserve £000	Contribution to Reserve £000	Closing Balance £000
Community Safety Initiatives	-555			-555
Health & Safety Flood Prevention	-455			-455
Parks Tree Maintenance	-374	374		0
Environmental Health	-300			-300
Anti-Social Behaviour	-112	56		-56
Climate Emergency	-100	100		0
Les Mills Classes	-100	10		-90
Litter Enforcement - development of initiatives	-49	49		0
Weed Spraying : Mitigate against additional costs	-41	41		0
Birkenhead Park World Heritage Site Lottery Bid	-40	40		0
Coastal Protection	-35	35		0
Sports Development Reserve	-30			-30
Environmental Health F.S.A. Backlog	-28			-28
Trading Standards	-25			-25
Hilbre Island - Legacy	-21	21		0
Health & Safety Armed Forces Welfare Pathway	-14			-14
BikeSafe	-10			-10
Repairs & Maintenance upgrades on Public Conveniences	-8			-8
LAMPS to Concerto system replacement	-2	2		0
Library Donations	-1			-1
Total	-2,300	728	0	-1,572

3.6.24 At Quarter 3 reserves in Parks and Environment are expected to be fully utilised in 2021/22. This relates to funding for Tree Maintenance works that are projected in addition to the revenue budget available. Reserves are also projected to be utilised in relation to Climate Emergency, Litter Enforcement, Coastal Protection and Birkenhead Park World Heritage Site.

3.7 Regeneration & Place

3.7.1 As at the end of December 2021 (Quarter 3), the forecast year-end position for Regeneration & Place is a favourable variance of £0.051m against a budget of £34.057m

TABLE 21: 2021/22 Regeneration and Place – Service Budget & Forecast

	Budget £000	Forecast Outturn £000	Variance (+ Fav / - Adv)		Adverse/ Favourable
			£000	%	
Regeneration	24,205	24,130	75	1%	Favourable
Housing	6,701	6,643	59	1%	Favourable
Asset Management & Investment	-683	-698	15	-1%	Favourable
Planning	977	1,075	-98	4%	Favourable
Special Projects	108	108	0	0%	
Local Plan	400	400	0	0%	
Directorate Surplus / (Deficit)	31,708	31,658	51	1%	Favourable
Support / Admin Building Overhead	2,349	2,349	0	0%	
Total Surplus / (Deficit)	34,057	34,007	51	1%	Favourable

3.7.2 **Regeneration:** A favourable variance of £0.075m is reported for 2021-22. Whilst the new staffing structure that will help deliver the major regeneration projects is being recruited to, temporary interim staff are helping to ensure grant funding bids are achieved and that projects continue to be delivered, which includes capitalisation of staff against projects they are helping in delivering.

3.7.3 **Housing:** A favourable variance of £0.059m is reported for 2021-22, with staffing costs being able to be offset by specific grant funding which has been made available for a temporary period.

3.7.4 **Asset Management & Investment:** A favourable variance of £0.015m is reported for 2021-22. This position is only possible if the £0.240m saving for the Birkenhead Market can be mitigated through plans to capitalise costs.

3.7.5 **Planning:** An adverse variance of £98k is reported for 2021-22 The Public Inquiry relating to Thornton Manor have impacted on this. Planning fee income forecast for the year will have a £85k adverse variance. Major planning applications have been impacted by the ongoing pandemic and whilst minor/ householder applications have increased significantly this has only partially offset the income due to the low value of each of these planning applications.

3.7.6 **Special Projects:** A break-even position is reported for 2021-22.

3.7.7 **Local Plan:** A break-even position is reported for 2021-22, with the planned utilisation of available reserves of £729k in support of developing the local plan.

TABLE 22: 2021/22 Regeneration and Place – Subjective Budget & Forecast

	Budget	Forecast Outturn	Variance		Adverse/ Favourable
			(+ Fav / - Adv)		
	£000	£000	£000	%	
Income	-18,263	-19,666	1,403	-8%	Favourable
Expenditure:					
Employee	12,890	12,832	58	0%	Favourable
Non Pay	37,081	38,492	-1,411	-4%	Adverse
Total Expenditure	49,971	51,324	-1,353	-3%	Adverse
Directorate Surplus / (Deficit)	31,708	31,658	51	0%	Favourable
Support/Admin Building Overhead	2,349	2,349	0	0%	
Total Surplus/ (Deficit)	34,057	34,007	51	0%	Favourable

Budget Virements

3.7.8 There have been no budget variations requiring committee approval in this Directorate in Quarter 3.

Budget Saving Achievement Progress

3.7.9 Within each Committee's revenue budget there are a number of savings proposals, that were based on either 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.

TABLE 23: 2021/22 Regeneration and Place – Budget Savings

Saving Title	Agreed Value	Forecast Value	RAG Rating	Comments
Culture and Visitor Economy	£0.620m	£0.620m	Amber (Green with Mitigation)	Staff consultations underway, with mitigation measures identified to deliver savings target.
Birkenhead Market Restructure	£0.240m	£0.240m	Amber (Green with Mitigation)	On target to be achieved but not all via a restructure – some will be achieved via capitalising costs.
Community Alarms	£0.200m	£0.200m	Amber (Green with Mitigation)	Savings shortfall will be mitigated across Regeneration & Place via capitalisation of allowable costs.
Pre-application Fee Increase and PPAs	£0.020m	£0.020m	Green	On target to be achieved
Budget Allocation for DDA	£0.200m	£0.200m	Green	On target to be achieved
Sales, Fees and Charges Compensation – Planning	£0.050m	£0.050m	Green	On target to be achieved
Wirral Growth Company Joint Venture income	£1.380m	£1.380m	Amber (Green with mitigation)	Any savings shortfall will be mitigated across Regeneration & Place via capitalisation of allowable costs.
Total	£2.710m	£2.710m		

Earmarked Reserves

3.7.10 Earmarked reserves are amounts set aside for a specific purpose or projects.

TABLE 24: 2021/22 Regeneration and Place – Earmarked Reserves

Reserve	Opening Balance £000	Use of Reserve £000	Contribution to Reserve £000	Closing Balance £000
Selective Licensing	538	0	0	538
Wirral Ways to Work	273			273
Regeneration and Inward Investment	763			763
Urban Development Corporation Bid	220			220
Building Control Fee Earning	354	52		302
HMO Licence Fees	131			131
Major Infrastructure Project Development	183			183
Challenge Fund Properties	22			22
DCLG Empty Shops Grant	41			41
Culture and Visitor Economy	24	24		0
ERDF 4.2 Match Funding	18			18
Discover Wirral Marketing Campaigns	13	13		0
DDA - Disabled Access	83			83
Europa Centre Dilapidations	83			83
A/M GMT – Community Fund CAT	76			76
Licence Survey Work	56			56
Emergency Maintenance and Work in Default	71			71
Asset Consolidation	45			45
Heritage Fund	7			7
Total	3,001	89	0	2,912

3.7.11 The local plan reserve of £0.729m that is being used this financial year is from the Financial Resilience Reserve held within the Resources directorate.

3.7.12 Building Control are utilising £0.052m of their earmarked reserves, mainly to cover new IT equipment, training and administrative support.

3.7.13 The remaining £0.037m use of reserve relates to funding temporary staff to support mobilising the culture and heritage strategy recently approved.

3.8 Resources

3.8.1 As at the end of December 2021 (Quarter 3), the forecast year end position for Resources is a favourable variance of £0.562m against a budget of £35.369m. Revenues & Benefits have received confirmation from the Ministry of Justice (MoJ) that a repayment will be owed to the authority following a review of court fees. The summons income is recovering well and being monitored. Digital & Improvement have successfully worked to reduce their overspend and will continue to do so in the last quarter with a view to improving their position at year end.

TABLE 25: 2021/22 Resources– Service Budget & Forecast

	Budget	Forecast Outturn	Variance		Adverse/ Favourable
			(+ Fav / - Adv)		
	£000	£000	£000	%	
Finance & Investment	23,882	23,851	31	0%	Favourable
HR & OD and Payroll	3,315	3,146	169	5%	Favourable
Digital & Improvement	5,686	6,116	-430	-8%	Adverse
Revenues & Benefits	3,443	2,677	766	22%	Favourable
Audit, Risk & Business Continuity	584	558	26	4%	Favourable
Strategic Change	4,753	4,753	0	0%	
Corporate Pressures	3,680	3,680	0	0%	
Directorate Surplus / (Deficit)	45,343	44,781	562	1%	Favourable
Support / Admin Building Overhead	-9,974	-9,974	0	0%	
Total Surplus / (Deficit)	35,369	34,807	562	2%	Favourable

3.8.2 **Finance & Investment:** A small favourable variance of £0.031m is reported for 2021/22.

3.8.3 **HR & OD:** A favourable forecast variance of £0.169m is reported for 2021/22. The favourable variance for this Area has been driven from a cumulation of minor underspends and under-utilisation of the training budget due to government restrictions during the pandemic.

3.8.4 **Digital & Improvement:** An adverse forecast variance of £0.430m is reported for 2021/22. This is an improved position from Q2 with further staff being capitalised as part of ongoing projects but still some income targets are not being achieved. This is due to a number of contracts with schools which have not been renewed, resulting in a loss of income. Work to turn this around continues, including exploring how the LCR Connect network can be used to provide connectivity into schools. Printing Services continue to lose revenue as the Council moves towards more Digital ways of working. Work will continue throughout Q4 with the aim of further improving the adverse position.

- 3.8.5 **Revenues & Benefits:** A favourable forecast variance of £0.766m is reported for 2021-22. The Ministry of Justice (MoJ) have confirmed that a repayment of Magistrates Court Fees during the periods April 2014 to July 2018 is due to the Authority in a letter from Local Authority Civil Enforcement Forum (LACEF). During a review conducted by the MoJ it was identified that the court fees were inadvertently set above the cost of the service. The income from Court Summons is recovering and is being closely monitored. Service remodelling is resulting in the service holding post vacancies pending restructure which is showing as a favourable variance within Employees. Further COVID funding has been received to enable employees redeployed to other duties to continue.
- 3.8.6 **Audit, Risk and Business Continuity:** A minor favourable forecast variance of £0.026m is reported for 2021/22.
- 3.8.7 **Strategic Change:** A balanced forecast is reported for 2021/22.
- 3.8.8 **Corporate Pressures:** Included within the budget for this year were estimated pressures for potential increased demand within homelessness and social care as a result of Covid-19 activity which will be released as and when pressures arise, or as for the Homelessness pressure has been released to reduce the capitalisation value, agreed at Quarter 2.

TABLE 26: 2021/22 Resources – Subjective Budget & Forecast

	Budget £000	Forecast Outturn £000	Variance (+ Fav / - Adv)		Adverse/ Favourable
			£000	%	
Income	-96,901	-95,770	-1,131	1%	Adverse
Expenditure					
Employee	26,166	24,350	1,816	7%	Favourable
Non Pay	116,078	116,201	-123	0%	Adverse
Total Expenditure	142,244	140,551	1,693	1%	Favourable
Directorate Surplus / (Deficit)	45,343	44,781	562	1%	Favourable
Support / Admin Building Overhead	-9,974	-9,974	0	0%	
Total Surplus / (Deficit)	35,369	34,807	562	2%	Favourable

Budget Virements

3.8.9 There have been no budget variations requiring committee approval in this Directorate in Quarter 3. For information, there has been a £2.214m budget virement from Law & Governance to the Resources Directorate to better align budgets to the Council's operational structure. This is an administrative budget change as part of the preparation for implementation of the ERP solution with no impact on service delivery or policy.

Budget Saving Achievement Progress

3.8.10 Within each Committee's revenue budget there are a number of savings proposals, that were based on either 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.

TABLE 27: 2021/22 Resources – Budget Savings

Saving Title	Agreed Value	Forecast Value	RAG Rating	Comments
Business Change Service Reduction	£0.670m	£0.670m	Green	On target to be achieved
Review of Traded Services	£0.270m	£0.270m	Green	On target to be achieved
Alternative funding for PFI	£0.250m	£0.250m	Green	On target to be achieved. The DFE has agreed to provide funding for the PFI.
Bad debt write-off reduction	£1.000m	£1.000m	Green	On target to be achieved
New staffing structure in IT Services	£0.620m	£0.620m	Amber (Green after mitigations)	The saving will be achieved but not fully by the original means. The Digital Strategy requires posts to be kept in the service for 12 months. The saving will be achieved by charging some staff to the capital programme and other projects.
Business Support Unit Staffing Reduction	£0.240m	£0.240m	Green	The saving will be achieved but not necessarily with a full reduction of staff but with a reduction of posts, some of which are vacant.
Wide Area Network savings	£0.240m	£0.240m	Green	On target to be achieved

Restructure of Revenues & Benefits	£0.150m	£0.150m	Green	Achieved 21/22
Centralised Print Process	£0.160m	£0.073m	Amber	The removal of Multi-Functional Device printers is ongoing in consultation with the services. Delays have ensued due to the changes in process needed to remove the printers. This saving will continue into 22/23.
Workforce remodelling	£0.390m	£0.390m	Green	On target to be achieved
Continuation of agile working	£0.500m	£0.500m	Green	On target to be achieved
Apprenticeships First Strategy	£0.150m	£0.150m	Green	On target to be achieved
One Stop Shop Service Reduction	£0.100m	£0.100m	Green	On target to be achieved
Continue Temporary Building Closures	£0.750m	£0.750m	Green	On target to be achieved
Zero Based Budgeting	£0.170m	£0.170m	Amber (Green after mitigations)	A ZBB exercise has been undertaken for Adult, Care and Health which has not generated any savings in 21/22. The full process of ZBB for all other Directorates will continue throughout 22/23 as part of the service review process.
Contract Management & Commissioning	£0.350m	£0.350m	Green	On target to be achieved
Local Welfare Assistance Temporary Saving	£0.200m	£0.200m	Green	Achieved 21/22
Use of Brexit Reserve	£0.100m	£0.100m	Green	On target to be achieved
Additional Capital Receipts	£0.390m	£0.390m	Green	On target to be achieved
Total	£6.700m	£6.700m		

3.8.11 The majority of the savings within Resources are on target to be met as noted above. The saving for the continued temporary building closures is a reduced saving due to capacity and the requirement for one building to reopen for the Home Education Service.

Earmarked Reserves

3.8.12 Earmarked reserves are amounts set aside for a specific purpose or projects.

TABLE 28: 2021/22 Resources – Earmarked Reserves

Reserve	Opening Balance £000	Use of Reserve £000	Contribution to Reserve £000	Closing Balance £000
Commercial Management	225	-192	0	33
Discretionary Housing Payments	185	0	0	185
HR/OD Talent Management	50	0	0	50
HR Reserve – Schools	41	0	0	41
Transformation Challenge Award	4	0	0	4
Asset Consolidation Staff Relocation Contingency	110	0	0	110
ICT Records Management	288	0	0	288
Business Rates Equalisation Reserve (100%) rates retention pilot)	4,664	0	0	4,664
Enterprise Zone Investment	482	0	0	482
Enterprise Zone Contingency Fund	29	0	0	29
Financial Resilience Reserve	2,599	-2,224	0	375
Financial Instrument Equalisation Reserve	2,126	0	0	2,126
Year 2 of EVR/VS Termination Payments	1,000	-1,000	0	0
Total	11,803	-3,416	0	8,387

3.9 General Fund Balances

- 3.9.1 The purpose of a general fund balance (general reserve) is to minimise the possible financial impacts to the Authority from:
- Emergencies
 - In-year emerging financial issues
 - Reacting to investment opportunities
- 3.9.2 The Finance Procedure Rules set the parameters for the use of general reserves. The in-year use of general reserves requires Council approval and must not be used for any level of recurring spending unless that spending will be included in revenue budgets in the following financial year or a suitable payback period is agreed in advance. In all cases the use of reserves should be approved by the Section 151 Officer.
- 3.9.3 The 2021/22 Budget anticipated that the Council would hold general reserves of £10.68m (3.2% of net revenue budget).
- 3.9.4 Following a review of the risk assessed minimum level requirement, general reserves will remain at £10.68m at 31st March 2022. It is anticipated that the Council will hold general reserves at a minimum between of £10.68m and £17.41m by 2027. This is based on achieving a general fund balance of between 3.2% and 5% of net revenue budget by 2027 and will be completed as part of the financial recovery plan.
- 3.9.5 In 2021, as part of the external audit, the auditors qualified the Value For Money (VFM) opinion due to what is seen as an insufficiency of reserves, and this approach seeks to remedy this.

3.10 Covid Funding

3.10.1 Covid funding received, or expected to be received, as at Quarter 3 of 2021-22 totals £53.482m of which £32.114m is fully passported, £13.759m is partially passported, £5.194m is for use by the Council and £2.415m is for the Sales, Fees & Charges compensation claim.

TABLE 29: 2021/22 Covid Grant Funding Apr 21 to Sep 21

COVID-19 FUNDING – FY21-22 YTD	£
FULLY PASSPORTED FUNDING:	
Restart Grant	14,064,813
Hospitality & Leisure/Additional Restrictions/Trading On Scheme	5,249,373
Additional Restrictions Grant – BEIS *	0
Section 31 Grants - Business Rates Relief	12,800,232
TOTAL FUNDING - FULLY PASSPORTED	32,114,418
PARTIALLY PASSPORTED FUNDING:	
ASC Infection Control Fund	5,414,742
Rapid Testing in Care Homes	1,796,261
Workforce Recruitment & Retention Fund	1,219,000
COVID Local Support Grant	1,440,726
Household Support Fund	3,049,345
Test & Trace Support £500 Payment Scheme	839,104
TOTAL FUNDING - PARTIALLY PASSPORTED	13,759,178
FUNDING FOR COUNCIL USE:	
Re-Opening High Streets Safely Fund/Welcome Back Fund	629,631
Contain Outbreak Management Fund	2,582,258
Local Authority Practical Support for those Self-isolating	603,883
Clinically Extremely Vulnerable (CEV) grant	382,851
Local Elections Funding – May 2021	85,292
New Burdens (LADGF)	416,520
Community Testing – LCR funded	(841,185)
Community Testing – DHSC funded	1,334,540
TOTAL FUNDING - COUNCIL USE	5,193,790
Sales, Fees and Charges Compensation Scheme	2,415,170
TOTAL COVID FUNDING – FY21-22 YTD	53,482,556

**Indicative Additional Restrictions Grant BEIS £1,612,133 removed from Grant Summary due to funding allocated and paid directly from Liverpool City Region CA.*

TABLE 30 2021/22: Covid Grant Funding Changes Q2 to Q3 2021/22

Increase or Decrease in Funding	£
FULLY PASSPORTED FUNDING:	
Additional Restrictions Grant – Trading On Scheme	1,686,688
TOTAL FULLY PASSPORTED FUNDING INCREASE	1,686,688
PARTIALLY PASSPORTED FUNDING:	
COVID Local Support Grant Extended	1,152,581
Household Support Fund	3,049,345
ASC Infection Control Fund	2,851,833
Workforce Recruitment & Retention Fund	1,219,000
Test & Trace Support £500 Payment Scheme	234,716
PARTIALLY PASSPORTED FUNDING INCREASE:	8,507,475
FUNDING FOR COUNCIL USE:	
Re-Opening High Streets Safely Fund/Welcome Back Fund	554,129
Local Authority Practical Support for those Self-isolating	52,198
New Burdens Business Grants	125,720
Community Testing – DHSC funded	406,370
FUNDING FOR COUNCIL USE INCREASE:	1,138,417
TOTAL COVID FUNDING INCREASE SINCE QUARTER 2 2021	11,332,580

3.10.2 Fully Passported Funding - Increase £1.687m**Additional Restrictions Grant – Trading On Scheme: £1.687m**

Additional funding provided by the Liverpool City Region CA to support the Hospitality & Leisure industry within the region due to restrictions.

3.10.3 Partially Passported Funding - Increase £8.507m**Infection Control Fund: £2.852m**

Further allocation provided to continue the ongoing work from the previous rounds of funding.

Workforce Recruitment & Retention Fund: £1.219m

New grant to support the adult social care sector to recruit and retain staff.

Test and Trace £500 Payment Support Scheme: £0.235m

Further allocation provided to continue to support people self-isolating.

COVID Local Support Grant: £1.152m

Further allocation provided for extending the scheme in supporting local individuals and families.

Household Support Fund: £3.049m

New grant following on from the COVID Local Support Grant to support local individuals and families over the winter months.

3.10.4 Funding for Council use – Increase £1.138m

Community Testing – DHSC: £0.406m

Funding for the current financial year is provided directly from the DHSC rather than the LCR in the previous year and is reclaimed based on monthly actuals.

LA Practical Support for those Self-Isolating: £0.052m

Additional funding to LAs to continue to provide practical support for those who are Self-Isolating due to COVID-19.

New Burdens Business Grants: £0.126m

Additional funding to LAs to continue to administer and support COVID-19 business grants.

Re-Opening High Streets Safely Fund/Welcome Back Fund: £0.554m

The combined maximum funding for each grant is £286,292 for RHSSF and £386,291 for WBF and claims are now ongoing as COVID restrictions ease and life slowly returns to the high street sector.

3.11 Exceptional Financial Support (EFS)

- 3.11.1 In March, the Ministry for Housing, Communities and Local Government (MHCLG) (now the Department for Levelling Up, Housing and Communities (DLUHC) made an offer of £10.7m to the Council for exceptional financial support, sometimes called a capitalisation direction or capitalisation directive. This means that MHCLG approved the Council, in principle, to borrow £10.7m of funds to help ensure a balanced budget could be agreed by Full Council on 1 March. Borrowing to fund revenue (day to day) expenditure is not normally allowed under law, but on this occasion, a special case was put to HM Treasury and approved.
- 3.11.2 The Council had not been able to identify sufficient savings to balance the budget, due to additional financial pressures present as a result the outcome of Covid-19. Such pressures include Adults and Children's Social Care increases, SEN transport increases and Homelessness increases. Ordinarily, a Council would use its reserves and balances to help balance its budget in times of crisis and would not have to apply for exceptional financial support, however the Council does not have the level of reserves and balances to be able to do this.
- 3.11.3 The offer of exceptional finance support from MHCLG came with conditions which included an external assurance review that would review the authority's financial position and its ability to meet any or all of the identified budget gap without any additional borrowing. This review has been completed and we are awaiting the report from DLUHC on the outcome.
- 3.11.4 This means that proposals could be recommended as part of the review to be implemented in year. If the Council fails to comply with the recommendations, the exceptional financial support may not be provided and a balanced budget could not be forecast to the end of the year.
- 3.11.5 Included within the budget for this year were estimated pressures for potential increased demand within homelessness and social care as a result of Covid-19 activity. These estimated pressures have now been reassessed to review the appropriateness of the estimation and now provide an opportunity to reduce the requirement to access the full £10.7m of Exceptional Financial Support (EFS).
- 3.11.6 A corporate pressure of £1.000m held for Homelessness was earmarked to reduce the requirement to access EFS at quarter 2, as the service has received almost the equivalent value in grants that were not known about at the time of setting the budget and applying for the EFS.
- 3.11.7 A further £2.000m from the Contain Outbreak Management Fund (COMF) was identified for use as since the budget was set and the EFS was applied for, significant additional funding has been received for COMF. This funding is eligible to be used to offset Covid pressures that were originally contributing to the position that required a request for EFS. These covid pressures included a grants programme for social sector venues enabling them to safely remobilise, resources to support strategic recovery and additional staffing required to support the Covid response.
- 3.11.8 The favourable variance of £1.345m forecast within this Quarter 3 report will also be required to be used to offset the need to access EFS.

3.11.9 Using these monies will reduce the Council's requirement to access Exceptional Financial Support by £4.345m, from £10.700m down to £6.355m.

3.11.10 When the budget was set the value of these pressures could only be estimated as the longer-term impact of Covid-19 could not be known. It was expected at this time, that the value of these pressures would inevitably change as the year progressed and more accurate data became available. This will continue to be monitored during the year and reported to the Committee on a quarterly basis.

3.12 Medium Term Financial Plan

A Medium-Term Financial Plan outlining forecast savings and pressures up to 2025/26 was presented to Committee in June 2021. This is currently being reviewed and updated and will be included within the budget report to the committee in February.

4.0 FINANCIAL IMPLICATIONS

4.1 This is the Quarter 3 budget monitoring report that provides information on the forecast outturn for the Council for 2021/22. 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 2021/22 is dependent on a static financial position. This is an impossible scenario 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 is in place. 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 offset 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 of a maximum of £10.7m exceptional financial support provided by MHCLG. This offer was conditional and is described in paragraph 3.11.1. 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 One of the recommendations of the External Assurance Review was to appoint an independent assurance panel as an advisory body with the necessary expertise to provide external scrutiny and support to the Council and assurance to DLUHC that progress is being made in achieving the required improvements. With support from the Local Government Association, the Council has now established this Panel which met for the first time in January and will continue to meet on a regular basis to ensure that the Council responds positively to the recommendations and achieves the required outcomes.
- 7.7 Whilst balancing this year and future year budgets requires some difficult decisions to be made, it provides an opportunity to stabilise and re-balance the Council's

finances. This will enable the Council to be in a position to better afford to invest in modernising and improving its service offer for the future.

- 7.8 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.

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 2021/22 budget monitoring process and the 2022/23 budget setting process.
- 8.2 Since the budget was agreed at Full Council on 1 March, 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 At this time, there are no additional environmental and climate 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 environment and climate implications associated with these that will be addressed within the relevant business cases presented to the Committee.

11.0 COMMUNITY WEALTH IMPLICATIONS

11.1 This report has no direct community wealth implications however the budget proposals under consideration should take 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**

REPORT AUTHOR: **Shaer Halewood**
(Shaer Halewood, Director of Resources (S151 Officer))
telephone: Tel: 0151 691 8688
email: shaerhalewood@wirral.gov.uk

APPENDICES

BACKGROUND PAPERS

MHCLG Exceptional Financial Support Offer Letter

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Policy and Resources Committee	17 March 2021
Full Council	1 March 2021
Policy and Resources Committee	9 June 2021

This page is intentionally left blank



POLICY AND RESOURCES COMMITTEE

Tuesday, 15 February 2022

REPORT TITLE:	CAPITAL MONITORING QUARTER 3 2021/22
REPORT OF:	DIRECTOR OF RESOURCES (S151 OFFICER)

REPORT SUMMARY

This report provides an update on the progress of the Capital Programme 2021/22 at the end of December 2021. It recommends that Committee agree the revised 2021/22 Capital Programme of £71.9 million which takes account of re-profiling, virements, additional funding requirements and grant variations identified since the Capital Programme was formally agreed on 1st March 2021.

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

RECOMMENDATION/S

The Policy and Resources Committee is requested to recommend to Council:

- 1 the approval of the revised Capital Programme of £71.9 million for 2021/22, including the addition of the new grant funding referred to in section 3.4 in this report.
- 2 the approval of additional funding for the schemes referred to in section 3.5 in this report.
- 3 the approval of the virements referred to in Appendix 3 in this report.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 Regular monitoring and reporting of the Capital Programme enables decisions to be taken faster, which may produce revenue benefits and will improve financial control in Wirral Council.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 Other reporting frequencies could be considered, but quarterly reporting is a standard practice.

3.0 BACKGROUND INFORMATION

3.1 Capital Programme 2021/22 Position by Directorate

Table 1: Wirral Council 2021/22 Full Year Capital Budget and Forecast Position

Programme	Forecast	Forecast	Variance £m	Variance %
	Q2 £m	Q3 £m		
Adult Care & Health	3.494	1.085	-2.409	-69%
Children, Families & Education	5.705	5.965	0.260	5%
Corporate Schemes	12.071	9.126	-2.945	-24%
Neighbourhoods	23.710	19.685	-4.025	-17%
Regeneration & Place	30.243	33.590	3.347	11%
Resources	2.353	2.473	0.120	5%
Total	77.576	71.924	-5.652	-7%

NB: items of significant scheme variation from Quarter 1 are included below.

Capital Programme 2021/22 Position by Committee

Table 2: Wirral Council 2021/22 Full Year Capital Budget and Forecast Position

Programme	Forecast	Forecast	Variance £m	Variance %
	Q2 £m	Q3 £m		
Adult Social Care & Health	3.494	1.085	-2.409	-69%
Children, Young People & Education	5.735	5.995	0.260	5%
Economy, Regeneration & Development	17.519	23.718	6.199	35%
Environment, Climate Emergency & Transport	24.295	19.744	-4.551	-19%
Housing	6.926	7.669	0.743	11%
Policy & Resources	15.982	12.160	-3.822	-24%
Tourism, Communities, Culture & Leisure	3.625	1.553	-2.072	-57%
Total	77.576	71.924	-5.652	-7%

- 3.1.1 Table 1 provides an update on the 2021/22 Capital Programme. A number of variations have arisen since the re-profiled programme was agreed at the end of September 2021. These include the re-profiling of expenditure into and out of the 2021/22 financial year, inclusion of additional grant funded schemes, variations to spend forecasts and the inclusion of potential new capital schemes that are seeking funding via this report. Further detail is provided below.
- 3.1.2 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.
- 3.1.3 As a result of the review carried out within Quarter 3, the following schemes in the 2021/22 programme had their funding allocations reduced:
- Telecare & Telehealth Ecosystem – Originally to be funded by Council borrowing, this scheme is now to be financed via an allocation of the Better Care Fund to Adult Care and Health. A reduction of £3.075 million.
 - MHCLG Capitalisation Directive – Central Government had allowed a maximum value of £10.68 million of expenditure to be capitalised through this mechanism. The revised forecast is for this capitalisation to be significantly less. A reduction of £4.325 million.
 - Community Bank – This scheme has now been removed from the programme. A reduction of £0.185 million in 2021/22, with the total reduction of £5.000 million over this and future financial years.
 - HR e-Recruitment Solution – This scheme has now been removed from the programme. A reduction of £0.021 million.
- 3.1.4 The programme review also resulted in the reprofiling of budget into future years of £68.078 million from the originally approved budget in March 2021. During Quarter 3, £8.796 million was reprofiled. It is anticipated that further reductions and/or deferrals of budget will be made as the review continues. Such deferrals will reduce the borrowing costs incurred during 2021/22 and also delays the resultant Minimum Revenue Provision (MRP) charges into future years.
- 3.1.5 Appendix 1 of this report categorises the movement in the forecast programme.

3.2 Scheme Updates

- 3.2.1 Schemes are subject to an ongoing review to ensure that a deliverable programme is in place, that they are compatible with the Wirral Plan 2021/2026 priorities and to try and identify any savings. Current progress on the more significant schemes is provided in the following sections.

3.2.2 Adult Social Care & Health

- **Extra Care Housing** - Poppyfields is an extra care development in Saughall Massie which opened in July 2021. It contains 78 self-contained 1 and 2 bedroom apartments to rent to people aged 55 and over. The Housing 21 Upton scheme is not expected to begin on site until planning permission is granted. This is now not expected to commence until 2022/23 therefore the budget has been reprofiled accordingly.
- **Telecare & Telehealth Ecosystem** – The scheme is progressing with over £0.415 million of costs being financed by the NHS that would have previously been incurred by the Council. The scheme was originally to be funded via council borrowing however recent discussions within the Authority have concluded that the scheme can now instead be funded by the Disabled Facilities Grant. This has led to the removal of over £3 million of previously anticipated borrowing from the capital programme. Further scheme cost reduction is expected as negotiations with suppliers result in better value purchasing, along with continued investment from NHS.

3.2.3 Children, Families & Education

- **School Condition Allocation (SCA)** –Funding to support condition works, including:
 - £1.055 million worth of Roofing works are scheduled for this year for a number of school sites.
 - £0.350 million of works on school sites including boiler installation, sites include Mount Primary, St George's, Bidston Village C of E Juniors, Heswall Primary, St Bridget's Primary.
 - A significant contribution towards a proposed total cost of £1.600 million is to be allocated from this funding towards the redevelopment of Riverside Primary School (Phase 1).
 - Regarding fire alarm enhancement, schemes totalling £0.200 million have been identified.
 - £5.020 million of reprofiling has been applied due to factors including the availability of contractors and problems with the building supply chain. Associated school capital projects have therefore been on hold/subject to delay, with budget deferred into 2022/23. Scheme costs may increase as a consequence of supply chain issues and budgets will be monitored and aligned accordingly.
- **Transforming Care - Therapeutic Short Breaks**– This scheme involves the purchase of property. A suitable property has been identified and an offer has been made, which was accepted in November 2021. The purchase is still progressing; however, it is not certain that the purchase will be completed by 31 March 2022. Awaiting external valuation and survey.
- **Special Educational Needs and Disabilities** – The investment in the provision of places for pupils. The need for additional classroom requirements by Foxfield are currently being assessed as pupil numbers

increase. The grant awarded to fund this scheme has now been reprofiled into 2022/23 for delivery.

3.2.4 Neighbourhoods

- **Street Lighting Column (Replacement or Upgrade)** - A contract was awarded to SSE Contracting Ltd in September 2019 for a two-year fixed term, to include approximately 28,000 lantern replacements and approximately 6,000 column replacements. Further funding of £1.5 million was built into the Capital programme in Quarter 1 to complete the scheme. The scheme is estimated to be 90% complete, with works now in the final stage of the LED programme.
- **Highway Maintenance** – The ‘Hot Road Asphalt’ (HRA), Key Route Network (KRN) and Surface Dressing elements of this scheme have now been completed. The Micro-asphalting schemes are to be finished imminently, with this budget being forecast to be fully utilised within 2021/22.
- **Combined Authority Transport Plan (CATP)** – This grant has been used historically to support the delivery of small-scale works in local areas' transport plans and capital maintenance on the local highway network. Staff relocation has impacted the scheme and consequently caused delay in delivery. Funding has been reprofiled into next financial year to continue with the project.
- **West Kirby Flood Alleviation** – this scheme looks to bring together public realm improvements with flood risk improvements that will not only enhance the environment of South Parade but also reduce flood risk to 70 properties. Following Planning Committee in November 2021 numerous costs are forecast to be incurred within the final quarter of the year, with £1.800 million budget remaining allocated for 2021/22. The conditions set by Natural England only allow for the majority of the construction works to take place between April and October to minimise noise and disturbance within the Dee Estuary, hence the profiling of budget in 2022/23.
- **New Ferry Rangers Community Clubhouse** – the project is due to go out to tender in January 2022. It's estimated the contract will be awarded at the end of March with works to start in April 2022. An initial tender exercise was unsuccessful due to unforeseen high returns as a result of price increases in materials and labour. Increased Capital was secured to ensure sufficient contingency is available hence the delay in commencement.

3.2.5 Regeneration & Place

- **Aids, Adaptations and Disabled Facility Grants** – spend is influenced by several factors including referrals received and the extent/value of the adaptations required, with over £7 million forecast for 2021/22. An allocation of the Disabled Facility Grant has been set aside to fund the ‘Telecare/Telehealth’ scheme within Adult Care and Health, replacing the need for the Authority to fund the project via borrowing.

- **Housing Infrastructure Fund Marginal Viability (Northbank)** - Delivery of these works, which are being undertaken by Peel Land and Property, will enable the delivery of 1106 residential units at Wirral Waters including the Urban Splash/Peel development, the Belong Care Village, and the Wirral Waters One (Legacy) project. Work has progressed to remediate, service and provide infrastructure on the land at Northbank. The works are well advanced and scheduled to be complete this financial year.
- **Future High Streets (Birkenhead)** – Grant of £12.000 million received in advance from the Department for Levelling Up, Housing and Communities (DLUHC) in 20/21 as part of the Birkenhead Future High Street programme. Funds were paid as a grant and in advance of signing a grant funding agreement. Currently negotiating a project adjustment and revised spend profile with Government.
- **Birkenhead Regeneration Delivery Fund** - Funding allocated to enable the delivery of the 'Brownfield First' development strategy in support of The Local Plan. Further work is underway to allocate the total budget against individual projects, this work will be completed for an update to be included in the Quarter 4 Report.
- **Wirral Waters Investment Fund (WWIF)**– Current approvals for WWIF grant total £5.850m
 - Marine, Energy & Automotive (MEA) Park Phase 2 - £1.5 million – awaiting updated programme but construction should commence this financial year. (£0.750 million in for 21/22)
 - Egerton Village – £1.750 million – due to start on site this financial year (£0.9 million for 21/22)
 - Green and Civilised Streets - £0.400 million –infrastructure works to Tower Rd. The main contract is now complete with some additional works estimated to be completed in January 2022, subject to material availability.
- **Maritime Knowledge Hub**- A new scheme added into the programme in Quarter 1. The budget for the scheme is £23.0 million. This is funded via £2.2m from the Wirral Waters Investment Fund, £8.85m Liverpool City Region Combined Authority's 'Strategic Investment Fund' (Awaiting formal award in Quarter 3 2021/22) and £11.95m from the Council. £1.7m is forecast for potential spend in Quarter 4 of this financial year. subject to grant approval and Peel meeting certain scheme conditions regarding levels of pre-lets. The remaining budget will be split 50:50 over 2022/23 and 2023/24 to cover the build costs.

3.2.6 Resources

- **Enterprise Resource Planning (ERP)** – The Discovery and Design phase is now complete. The project is currently in the Delivery phase. Overall, the project remains on track for the system to go live from 1 Apr 2022. Budget has been profiled into 2022/23 to cover 'Smartbusiness' costs and contingency. A capital bid to enable Phase 2 of the implementation will be submitted as part of the 2022/23 Capital Programme report.

- **Customer Experience Improvements Project** - The 'Customer Access Solution' (CAS) is a project to replace the council's end of life CRM system with a modern customer engagement platform that will modernise service delivery and improve the customer experience. The project is currently in the delivery phase and rated 'green' for budget, schedule and risk. The next tranche of services to be delivered are waste related processes such as Graffiti, Fly tipping etc with these commencing in November 2021. Overall, the project remains on track for June 2022.

3.3 Reprofiting of expenditure

- 3.3.1 Since the approval of the revised Capital Programme as at Quarter 2, a number of schemes have had reprofiled budget into 2022/23 from 2021/22.
- 3.3.2 Regular meetings are held with officers who are responsible for capital projects contained within the programme. During these meetings assessments are made regarding the deliverability of the schemes and their budgetary requirement for the year. These assessments are reflected in the forecast outturn provided through the quarterly update reports to members. Should it be assessed that a scheme will continue into the next financial year, or beyond, budget is reprofiled as deemed appropriate at that time.
- 3.3.3 A review of the Capital Programme is ongoing to identify which schemes can either be delayed, deferred or even withdrawn to reduce the ongoing financial commitments that result from the programme. The progress of this review will be relayed to the Investment & Change Board as part of their monthly Capital review.
- 3.3.4 Those schemes that have encountered significant delays as a result of operational reasons are included with the items of significant variations, summarised in Appendix 2 of this report. A review of the profiling of expenditure within the Capital Programme is continuing and is likely to lead to a further reduction in anticipated spend for the year.
- 3.3.5 All the Leisure Centre related capital projects, have been reprofiled into the financial year 2022/23, pending approval of the Sport and Physical Activity Strategy and associated Action Plans.

3.4 Grant Funded Schemes

- 3.4.1 Since the original 2021/26 Capital programme was approved in March 2021, the Authority has been successful in its application for grant funding to either enable the following schemes to take place or be continued. There is no request for new Council funding to be considered as part of these schemes. In the event of any notable grant awards being achieved in the future, the relevant schemes will be introduced into the capital programme via the regular monitoring reports.
- 3.4.2 **West Kirby Flood Alleviation - £3.835 million**
An additional £3.300 million of grant funding has been secured from the Departments for Environment, Food & Rural Affairs (DEFRA) towards the increased costs associated with this scheme. A further £0.535 million has also been granted

from the Environment Agency. There will be further budget virements processed in 2022/23, which coupled with these additional grants, will mean the total funding for this scheme will be approximately £9.7 million.

3.4.3 Birkenhead Regeneration Framework - £0.058 million

Allocated to Wirral Council by 'One Public Estate', who are working with more than 300 councils on projects transforming local communities and public services across the country. Funding has been allocated to support the delivery of the 'Brownfield First' development strategy in support of The Local Plan.

3.4.4 Town Centre Scheme – Liscard - £0.010 million – ‘top-up’

Issued to the Council by the Liverpool City Region Combined Authority to fund an increased scope of works in the existing capital scheme.

3.4.5 Active Travel Tranche 1 - £0.015 million

The grant funding from Government supports local transport authorities with producing cycling and walking facilities within the Liverpool City Region.

3.5 Recommendations to Full Council: Approval for Funding

3.5.1 Strategic Acquisition Fund (£5.396m)

An application for a 'top up' to the existing Strategic Acquisition Fund (SAF). Delivery of Birkenhead's 9 neighbourhoods means that during the next 12 months, the Council will need to be responsive to any opportunities for acquiring land/properties in areas which could support the delivery of the regeneration objectives. The SAF will enable the Council to react quickly to opportunities which will likely have limited timeframes.

There is an investment case to support acquisitions at current market values, to enable the Council to capture values before they increase because of the increased public sector investment.

Applications will be made to the Combined Authority, with two already in progress i.e., National Grid and Northern Trust acquisitions. The SAF will only be utilised where an application is unsuccessful, or to co-fund if a Council contribution is required. Due to the timescales in securing council borrowing the funds need to be in place in advance.

3.5.2 Capitalisation of Regeneration Salaries (£3.200m over two years)

This capitalisation of staff costs involves critical work to support the delivery of the Regeneration Programme, which includes £108m of secured capital funding that requires a staff structure to ensure that the capital funding is spent as detailed in the Grant Offer letters.

There is the likelihood that further external capital funding will be secured which will require resource and capacity to deliver. Capitalisation of salaries will be undertaken where is allowable under the conditions of the funding received or within the capital regulations

3.5.3 Replacement of IT Service Management System (£0.392m over two years)

The Council's IT Service Management system, called VQSM, was released in 2003 and is an outdated IT Service Management system which does not support the use of the ITIL framework, nor does it support modern agile ways of working. VQSM also runs on Windows 2008 Server which is no longer in support with Microsoft and presents a Cyber Security risk to the Council. This system needs replacing.

The Capital funding will be for the implementation costs and 2 years of licensing as the Council's IT Service Management processes are transformed. The license costs from year 2 will be paid for from revenue freed up through resource vacancies.

3.5.4 Upgrade of WiFi Network (£0.202m over two years)

Wirral Councils existing Wi-Fi network is approaching end of life and requires expenditure to maintain the current service. Rather than spend capital funding replacing a like for like service the proposal is to use funding to build a new Wi-Fi network that is reliable, consistent, flexible, user friendly and can work as part of the wider council network infrastructure. The new network will have the capability for enhanced public offering to support digital inclusion.

3.5.5 Defibrillators (£0.067m) – From existing scheme

To increase the number of Community Public Access Defibrillators (CPADs) units across the Borough from 53 to 98; through a two-phased approach:

The procurement and installation of 31 CPAD units. These will be installed in high footfall locations across our Parks and Leisure service areas.

Changing 14 Automated External Defibrillators (AED) to CPADs – These AED will be relocated from buildings and externally sited to make them Community Public Access Defibrillators.

This approval seeks the re-purposing of previously approved funding from the Health & Safety – Condition Surveys scheme, rather than a new funding request

3.5.6 New Brighton Masterplan for Marine Promenade (£0.065m) – From existing scheme

New Brighton forms part of a wider transformational regeneration programme along the 'Left Bank' of the River Mersey stretching to Bromborough, with a particular focus on the creation of a sustainable, waterfront urban garden community in Birkenhead, underpinned by the Birkenhead 2040 Framework and Local Plan. The Council's Draft Local Plan identifies New Brighton as a priority area for regeneration in recognition of its potential as a high quality mixed-use visitor destination and sustainable community.

In order for BDP to progress with developing the options for public consultation, further work is required to assess the viability and feasibility of key opportunity sites.

This approval seeks the re-purposing of previously approved funding from the

Birkenhead Delivery Fund, rather than a new funding request.

3.6 Capitalisation Directive

The Council applied to Central Government for a capitalisation directive known also as 'Exceptional Financial Support.' This would allow the Council to charge to capital additional COVID-19 related costs. Under normal accounting convention such costs would be a revenue item, but the exceptional COVID-19 circumstances have required us to seek capitalisation.

On 30 June 2021, The Policy and Resources Committee resolved that £6.53m of such Exceptional Financial Support be capitalised in relation to the 2020/21 financial outturn. The Department have indicated that they are content to offer a capitalisation direction up to a maximum value of £10.68m for 2021/22, subject to conditions and an external assurance review, the outcome of which is still awaited.

The maximum value of £10.68 million will be included within the programme for 2021/22. Latest forecasts indicate that the amount to be utilised may be £4.325 million lower than this allowable amount and the programme has been updated to reflect this.

3.7 Virements

Appendix 3 of this report lists the budget virements that have been proposed where schemes have been identified as not requiring the full budget allocation as originally expected. It is proposed that this resource be reallocated to schemes that require additional resource to fully complete the works.

3.8 Capital Funding Requirements

Table 3: Financing the Capital Programme 2021/22

Source of Financing	Programme 30 Sep 2021 £m	Programme 31 Dec 2021 £m	Variance £m
Borrowing	45.725	39.699	-6.026
Grants/Contributions	31.086	30.101	-0.985
Capital Receipts	0.744	2.124	1.380
Revenue/Reserves	0.021	0.000	-0.021
Total	77.576	71.924	-5.652

- 3.8.1 Any re-profiling that reduces borrowing will produce one-off revenue savings. A permanent saving only occurs if schemes cease, otherwise the full budget will be required in 2022/23 when the re-profiled expenditure is incurred.

Revised PWLB Guidance

- 3.8.2 A number of restrictions remain in place upon Local Authorities in regard to applying to the Public Works Loan Board (PWLB) for new loan agreements. These would

prevent or limit access to PWLB borrowing in any year where the council seeks to use capital expenditure for any scheme with a primarily yield/return objective. The Council's current capital programme does not contain schemes that are primarily focussed on a commercial return. This revised guidance does not impact any of this Authority's current schemes.

3.8.3 HM Treasury published further guidance on PWLB borrowing in August 2021 providing additional detail and clarifications predominantly around the definition of an 'investment asset primarily for yield'. The principal aspects of the new guidance are:

- Capital expenditure incurred or committed to before 26th November 2020 is allowable even for an 'investment asset primarily for yield'.
- Capital plans should be submitted by local authorities via an online Government return. These open for the new financial year on 1st March and remain open all year. Returns must be updated if there is a change of more than 10%.
- An asset held primarily to generate yield that serves no direct policy purpose should not be categorised as service delivery.
- Further detail on how local authorities purchasing investment assets primarily for yield can access the PWLB for the purposes of refinancing existing loans or externalising internal borrowing.
- Additional detail on the sanctions which can be imposed for inappropriate use of the PWLB loan. These can include a request to cancel projects, restrictions to accessing the PLWB and requests for information on further plans.

3.8.4 The aim of these clarifications is to prescribe a proportionate and equitable way of preventing local authorities from using PWLB loans to buy commercial assets primarily for yield, without impeding their ability to pursue service delivery, housing, and regeneration under the prudential regime as they currently do.

Capital Receipts

3.8.5 In accordance with the original Capital Receipts flexibilities introduced by the Government capital receipts generated between 1 April 2016 and 31 March 2022 can be used to support expenditure that is 'Transformational' in nature. In a press release published on 10th February 2021, the MHCLG announced that there is to be a 3-year extension period to this flexibility from 2022/23 onwards. Revised guidance will be issued in the near future regarding these flexibilities and conditions attached to the type of expenditure deemed appropriate.

3.8.6 Within the Capital Programme for 2021/22 there is now an increased scope to use up to £2.124 million of capital receipts to fund expenditure that meets the conditions of the flexible receipts allowance. The revised scope is a result of updated forecasts regarding the level of receipts expected within year. The costs are being managed through revenue monitoring as this is more appropriate for operational reasons but will be reported as capital at year end.

3.8.7 An amount of £2.93 million has been added to the Capital Programme for 2022/23 as an estimate of receipts that will be utilised under the Capital Receipts flexibility. This aligns to the assumptions regarding the Revenue budget for 2022/23.

3.8.8 Application of receipts to fund such expenditure is predicated on the realisation of the receipts within this financial year. If the anticipated receipts do not come to fruition, this will cause a subsequent pressure in the revenue budget as the costs will need to remain within the revenue budget for funding, rather than via capital receipts.

4.0 FINANCIAL IMPLICATIONS

4.1 This is the Quarter 3 budget monitoring report, to the end of December 2021 that provides information on the forecast outturn and progress against the capital programme. The Council has systems for reporting and forecasting budgets in place and alongside formal Quarterly reporting to Committee. The financial position is regularly reviewed at each Directorate Management Team and corporately at the Investment & Change Board (ICB).

4.2 The Capital Programme is funded via a number of sources including Council borrowing, capital receipts, grants and revenue contributions. Where the Authority finances capital expenditure by borrowing, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP). If the capital programme is delivered as forecast in this report, the Authority will consequently increase its capital debt by £39.7 million (the level of borrowing required to finance the capital schemes covered by this report). This debt is repaid via charges to the revenue budget over the lives of the assets created or enhanced. The revenue impact of the additional £39.7 million of borrowing required to fund all forecast works in 2021/22 is as follows:

Table 4: MRP Charges to Revenue Relating to 2021/22 Debt Funded Capital

	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
Additional revenue cost	1.331	1.352	1.374	1.396

Note – MRP repayments from revenue only start the year after the capital expenditure has taken place i.e., for spend incurred in 2021/22, the first MRP repayments will be charged in the 2022/23 revenue accounts.

4.3 It is estimated that these costs will peak in 2028/29 at £1.464 million reflecting the fact that the principal repayment associated with debt (the Minimum Revenue Provision) increases over the expected life of the asset funded from borrowing. Any reprofiling or ‘slippage’ of debt funded capital spend will delay the associated MRP being charged to the revenue budget.

4.4 Included within the figures in Table 4 is the impact of the proposed new bids detailed in 3.5. The following table isolates the revenue impact of the additional borrowing required to fund all new bids in this report:

Table 5: Additional MRP costs to fund new bids

	2022/23	2023/24	2024/25	2025/26
	£m	£m	£m	£m
Additional revenue cost	0.080	0.168	0.171	0.174

It is estimated that the associated MRP charge will peak in 2071/72 at £0.266 million.

5.0 LEGAL IMPLICATIONS

- 5.1 The Council must set the budget (of which the Capital Programme is part of) 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 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.
- 5.3 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.
- 5.4 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.
- 5.5 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.
- 5.6 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.
- 5.7 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 Committees when considering particular decisions.

5.8 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.

5.9 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 There are no staffing, IT or asset implications arising directly from this report.

7.0 RELEVANT RISKS

7.1 The possibility of failure to deliver the Capital Programme will be mitigated by the monthly review by a senior group of officers, charged with improving performance. The Capital & Assets Group has been disbanded; however, the Investment & Change Board receive a monthly report on the Capital programme and associated issues for review.

7.2 The possible failure to deliver the Revenue Budget is being mitigated by:

- (i) Senior Leadership / Directorate Teams regularly reviewing the financial position.
- (ii) Availability of General Fund Balances.
- (iii) Where possible, reprofiling of 2021/22 projected Capital expenditure

7.3 In terms of individual scheme specific risks, these are identified as part of the original business case application and any potential risks to deliverability should be flagged as part of the ongoing scheme review process.

7.4 A risk register for Capital activity is currently under development with Internal Audit & Risk with the aim of a draft being available in Quarter 4 of 2021/22.

8.0 ENGAGEMENT/CONSULTATION

8.1 This is an in-year report. Consultation takes place as part of considering the capital programme and over the planning and implementation of the specific schemes within the Programme.

9.0 EQUALITY IMPLICATIONS

9.1 There are no equality implications directly from this report.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

10.1 Capital bids are welcomed that support the Council's Climate Emergency Plan that was compiled following the declaration of a Climate Emergency by the Council in

May 2019. Within the existing capital programme there are projects that positively contribute to environmental issues. The environmental and climate implications, both positive and negative, are reported for each scheme separately to the relevant policy an service committee

11.0 COMMUNITY WEALTH IMPLICATIONS

- 11.1 The Community Wealth Building Strategy is a key part of how the Authority will tackle economic, social and health inequalities across the borough and make a major contribution to improving the economic, social and health outcomes on the Wirral. Schemes contained within the Capital programme include several regeneration projects that look to improve the economic outlook for the borough, including job creation, training facilities and enhanced transport links. The Community Wealth Building implications are reported for each scheme separately to the relevant policy and service committee
- 11.2 The programme also includes projects that focus on environmental initiatives such as energy efficient buildings, sustainable and green travel infrastructure, energy efficient street lighting, urban tree planting etc.

REPORT AUTHOR: Gary Mitchell
Senior Finance Business Partner
 telephone: (0151) 666 3418
 email: garymitchell@wirral.gov.uk

APPENDICES

- Appendix 1 Movement Between Q2 Forecast and Q3 Forecast Position
- Appendix 2 Summary of Significant Programme Variations in Quarter 3
- Appendix 3 Proposed Virements
- Appendix 4 Revised Capital Programme 2021/22

BACKGROUND PAPERS

Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the UK 2020/21.
 Local Government Act 2003 and subsequent amendments.
 Local Government (Capital Finance and Accounting) Regulations 2008.
 Accounts and Audit (England) Regulations 2015.

SUBJECT HISTORY

Council Meeting	Date
Budget Council – 2021/26 Capital Programme	1st March 2021
Budget Council - 2021/22 Capital Financing Strategy	1st March 2021
P&R Committee - 2020/21 Capital Outturn Report	30th June 2021
P&R Committee – 2021/22 Capital Monitoring Q1	1st September 2021
P&R Committee – 2021/22 Capital Monitoring Q2	10th November 2021

Appendix 1

Movement Between Q2 Forecast and Q3 Forecast Position

Programme	Forecast Q2 £m	Additional Grant £m	Funding Adjustments £m	New Bids £m	Scheme Reduction £m	Reprofiling to Future Yrs £m	Forecast Q3 £m
Adult Care & Health	3.494	-	-0.743	-	-3.075	1.409	1.085
Children, Families & Education	5.705	-	-	-	-	0.260	5.965
Corporate Schemes	12.071	-	0.055	-	-3.000	-	9.126
Neighbourhoods	24.580	3.835	-0.192	0.067	-	-8.605	19.685
Regeneration & Place	29.373	0.083	0.803	5.376	-0.185	-1.860	33.590
Resources	2.353	-	-	0.141	-0.021	-	2.473
Total	77.576	3.918	-0.077	5.584	-6.281	-8.796	71.924

Appendix 2

Summary of Significant Programme Variations in Quarter 3

Area	Scheme	Forecast		Variance	Comment
		Forecast Q2 £m	Q3 £m	from Q2 £m	
Adult Care and Health	Extra Care Housing	2.874	0.374	-2.500	The Housing 21 Upton scheme is not expected to begin on site until planning permission is granted when £2.764m will be paid. This is now forecast to take place in 22/23 therefore the budget has been reprofiled.
	Basic Needs	0.600	0.900	0.300	Budget originally reprofiled into 22/23 has been brought back into the current year to finance higher than originally forecast activity within 21/22.
	High Needs Provision Capital	0.500	0.927	0.427	Investment plan to provide 137 high needs places in special schools. Works scheduled include those at Pensby Park Resource Centre to provide 66 SEN places and the Home Education Service relocation. A further 71 places are to be delivered across other sites. Budget reprofiled to account for this.
Children, Families & Education	Special Educational Needs and Disabilities	0.500	0.000	-0.500	Total £829K grant has now been re-profiled into 2022/23 to deliver additional classroom provision at Foxfield School. This requirement is currently being assessed but works are not anticipated to start until 22/23, therefore budget is reprofiled.

Area	Scheme	Forecast	Forecast	Variance	Comment
		Q2 £m	Q3 £m	from Q2 £m	
Corporate Schemes	MHCLG Capitalisation Directive	10.680	6.355	-4.325	Forecasts at Q3 indicate that the capitalisation directive requirement are to reduce.
	Bridges excluding Dock Bridge	0.000	0.608	0.608	Lingham lane bridge will not now go ahead due to high cost to repair, budget will be utilised for other schemes.Q3 reprofiling of £143K as 5% contribution to Network Rail bridge strengthening works are now due in 22-23.
Neighbourhoods	Bridges-Lingham Lane Bridge	0.350	0.000	-0.350	Budget merged into 'Bridges excluding Dock Bridge'
	Bridges-Network rail	0.401	0.000	-0.401	Budget merged into 'Bridges excluding Dock Bridge'
	Moreton Sandbrook Drainage	0.440	0.025	-0.415	£415K to be reprofiled into 22/23 as planning permission will not be agreed within this financial year.
	Northbank West Cycle Scheme	0.000	0.266	0.266	Scheme completed on site with the exception of snagging. £266k of budget reallocated to this scheme from 'Sustainable Transport Enhancement Package' per agreement from the funding organisation, Merseytravel.
	Sustainable Transport Enhancement Package	0.625	0.359	-0.266	See Comment above.
	Future Golf - Project 1.1	0.460	0.120	-0.340	There has been a delay in the tender process, therefore budget has been reprofiled into 22/23.

Area	Scheme	Forecast Q2 £m	Forecast Q3 £m	Variance from Q2 £m	Comment
Neighbourhoods	New Ferry Rangers Community Clubhouse	1.052	0.010	-1.042	Scheme due to go out to tender in January 2022, estimated to award contract end of March with start in April. An initial tender exercise was unsuccessful due to unforeseen high returns as a result of price increases in materials and labour. Increased Capital was secured recently to ensure sufficient contingency is available hence the delay.
	Parks Machinery	0.552	0.000	-0.552	Remaining budget reprofiled into 22/23. Grass cutting arrangements have changed with impacts upon the machinery which is ordered. Review of machinery requirements ongoing.
	Parks Vehicles	0.250	0.000	-0.250	As above, budget reprofiled into 22/23 as vehicle requirements are aligned with modified working practices.
	Play Area Improvements	0.467	0.234	-0.233	Procurement changes have lead to ordering delays. Budget reprofiled into 22/23.
Regeneration & Place	Energy Efficient Buildings	0.450	0.000	-0.450	Scheme of works TBC after asset consolidation and staff relocation(ACSR) conclusion and service reviews. Budget reprofiled accordingly.
	Health & Safety - Condition Surveys	1.000	0.200	-0.800	Scheme of works TBC after asset consolidation and staff relocation(ACSR) conclusion and service reviews. Budget reprofiled accordingly.

Area	Scheme	Forecast Q2 £m	Forecast Q3 £m	Variance from Q2 £m	Comment
Regeneration & Place	Moreton Youth Club & Library	0.500	0.020	-0.480	Work to begin on site 22-23, only fees estimated in 21-22, £480K budget reprofiled into 22-23. Awaiting public consultation to confirm planning application progress, due early Spring.
	Aids, Adaptations and Disabled Facility Grants	6.386	7.252	0.866	Amount of grant funding available increased due to revised lower costs associated with the 'Telecare/Telehealth' project. Any grant unspent this financial year will be rolled over to the next financial year.
	Home Improvements	0.250	0.000	-0.250	This scheme is now fully funded from the Disabled Facility Grants funding, as per scheme above.
	Active Travel Tranche 2	0.681	0.181	-0.500	The scheme is in delivery - some reprofiling into 22/23 required due to delays in materials being able to be secured and objections received during consultation.
	Connecting Wirral Waters: Detailed Design	0.610	0.060	-0.550	Tender now awarded to secure consultant support for detailed design of mass transit scheme. Budget reprofiled accordingly.
	New Ferry Regeneration Strategic Acquisitions	0.280	1.180	0.900	A £900k budget virement is sought from the 'Strategic Acquisition Fund' to allow further investment in this scheme.
	Strategic Acquisition Fund	1.070	4.781	3.711	As above, £900k virement to 'New Ferry Acquisitions'. This variance also includes the funding associated with the new bid, which is summarised in 3.5 of this report.

Appendix 3

Proposed Virements

Directorate	Scheme	Proposed Virement £'m	Proposed Reallocation	Reason
Neighbourhoods	Monks Ferry Slipway	0.040	Coronation Park Sustainable Drainage	Coronation Park scheme received £180k grant from the Environment Agency. The cost of this scheme may exceed this grant amount therefore it is proposed to reallocate the residual budget from Monks Ferry Slipway (scheme completed).
Regeneration & Place	Health & Safety - Condition Surveys	0.750	Woodchurch Sports Pavillion	Temporary virement approved via Officer Decision Notice to secure external grant funding towards the project.
Regeneration & Place	Strategic Acquisition Fund	0.900	New Ferry Strategic Acquisitions Fund	As part of the regeneration of New Ferry, further funds are required to purchase potential additional sites.

Appendix 4

Revised Capital Programme at Quarter 3 2021/22

Scheme	2021/22			2022/23	2023/24	2024/25
	Q2 Forecast £000	Q3 Forecast £000	Variance £000	Budget £000	Budget £000	Budget £000
Adult Care and Health						
Better Care Fund (Disabled Facilities Grant)	0	0	0	433	0	0
Citizen and Provider Portal/Integrated I.T.	112	112	0	0	0	0
Extra Care Housing	2,874	374	-2,500	4,967	0	0
Liquidlogic - Early Intervention & Prevention	125	125	0	125	0	0
Telecare & Telehealth Ecosystem	383	474	91	1,500	1,120	0
Total Adult Care and Health	3,494	1,085	-2,409	7,025	1,120	0
Children, Families & Education						
Basic Needs	600	900	300	388	0	0
Children's System Development	423	423	0	403	0	0
School Condition Allocation (SCA)	2,564	2,564	0	7,520	2,500	2,500
Family support	0	0	0	157	0	0
Healthy Pupils Capital Fund	18	18	0	0	0	0
High Needs Provision Capital	500	927	427	120	0	0
PFI	0	33	33	52	0	0
School remodelling and additional classrooms (School Place Planning)	500	500	0	437	0	0
Special Educational Needs and Disabilities	500	0	-500	829	0	0
Transforming Care - Therapeutic Short Breaks	600	600	0	266	0	0
Total Children, Families & Education	5,705	5,965	260	10,172	2,500	2,500

Scheme	2021/22			2022/23	2023/24	2024/25
	Q2 Forecast £000	Q3 Forecast £000	Variance £000	Budget £000	Budget £000	Budget £000
Corporate Schemes						
Capitalisation of Salaries	647	647	0	0	0	0
MHCLG Capitalisation Directive	10,680	6,355	-4,325	0	0	0
Transformational Capitalisation	744	2,124	1,380	2,930	0	0
Total Corporate Schemes	12,071	9,126	-2,945	2,930	0	0
Neighbourhoods						
Aids to Navigation	40	40	0	0	0	0
Allotment Sites Expansion	127	127	0	0	0	0
Arrowe Park Sports Village Redevelopment Feasibility Study	25	25	0	0	0	0
Beach Cleaning - Replacement of equipment	122	28	-94	94	0	0
Birkenhead Park World Heritage Project Team	85	0	-85	85	0	0
Bridges excluding Dock Bridge	0	608	608	143	0	0
Bridges-Lingham Lane Bridge	350	0	-350	0	0	0
Bridges-Network rail	401	0	-401	0	0	0
Catering Provision, West Kirby Sailing Centre-Leisure 21-22	95	95	0	0	0	0
Cemetery Extension & Improvements (Frankby)	171	71	-100	100	0	0
Coastal Defence - Meols Feasibility Study	100	30	-70	70	0	0
Combined Authority Transport Plan (CATP)	1,659	1,659	0	1,000	0	0
Coronation Park Sustainable Drainage	182	32	-150	190	0	0
Defibrillators	0	67	67	0	0	0
Dock Bridges replacement	517	317	-200	200	0	0
Fitness Equipment	0	0	0	4	0	0
Food Waste	0	0	0	0	3,200	0

Scheme	2021/22			2022/23	2023/24	2024/25
	Q2 Forecast £000	Q3 Forecast £000	Variance £000	Budget £000	Budget £000	Budget £000
Neighbourhoods (Continued)						
Future Golf - Project 1.1	460	120	-340	340	0	0
Highway Maintenance	4,313	4,313	0	0	0	0
Highways Asset Management System	133	77	-56	56	0	0
Key Route Network	88	88	0	0	0	0
Key Route Network (LGF3) - Operate Key Roads / Routes Efficiently	361	361	0	0	0	0
Key Route Network 21/22	537	537	0	0	0	0
Lyndale Ave Parking & Safety Measures	150	150	0	0	0	0
Mersey PK & Ilchester Parks improvements	4	4	0	0	0	0
Modernisation of CCTV System	170	170	0	0	0	0
Monks Ferry Slipway	40	0	-40	0	0	0
Moreton Sandbrook Drainage	440	25	-415	415	0	0
New Brighton Gym Equipment	162	162	0	0	0	0
New Ferry Rangers Community Clubhouse	1,052	10	-1,042	1,042	0	0
Northbank West Cycle Scheme	0	266	266	0	0	0
Parks Machinery	552	0	-552	2,635	0	0
Parks Vehicles	250	0	-250	1,071	0	0
Play Area Improvements	467	234	-233	233	0	0
Plymyard Playing Field	0	0	0	147	0	0
Quick Win Levy	45	45	0	0	0	0

Scheme	2021/22			2022/23	2023/24	2024/25
	Q2	Q3	Variance	Budget	Budget	Budget
	Forecast	Forecast				
	£000	£000	£000	£000	£000	£000
Neighbourhoods (Continued)						
Removal of remaining analogue CCTV circuits-21-22	233	233	0	0	0	0
Solar Campus 3G	375	375	0	0	0	0
Sustainable Transport Enhancement Package	625	359	-266	0	0	0
Street Lighting Column - Replacement or Upgrade	5,203	5,203	0	0	0	0
Street Lighting -Illuminated Lighting and Signage	182	182	0	182	0	0
Studio refurbishment Les Mills classes	138	138	0	0	0	0
Studio refurbishment Les Mills classes new bid	88	88	0	0	0	0
Surface Water Management Scheme	90	90	0	0	0	0
Thermal mapping	10	10	0	0	0	0
Tower Road National Productivity Investment Fund (NPIF)	534	534	0	0	0	0
Town Link Viaduct	332	332	0	0	0	0
Tree Strategy	115	115	0	57	34	0
Urban Tree Challenge Fund	318	226	-92	299	0	0
West Kirby Flood alleviation	1,800	1,800	0	7,174	0	0
Williamson Art Gallery Catalogue	73	35	-38	38	0	0
Wirral Country Park Car Park Surfacing	210	170	-40	40	0	0
Wirral Way Widening	134	134	0	0	0	0
Woodchurch Rd Drainage	80	0	-80	80	0	0
Woodchurch Sports Pavillion	0	0	0	750		
Total Neighbourhoods	24,580	19,685	-4,895	16,512	3,234	0

Scheme	2021/22			2022/23	2023/24	2024/25
	Q2	Q3	Variance	Budget	Budget	Budget
	Forecast	Forecast				
Regeneration & Place						
65 The Village	164	164	0	0	0	0
Active Travel Tranche 1	188	113	-75	90	0	0
Active Travel Tranche 2	681	181	-500	1,500	0	0
Aids, Adaptations and Disabled Facility Grants	6,386	7,252	866	1,600	0	0
Arrowe Country Park - New Machine Shed & Wash Bay	186	0	-186	186	0	0
Arrowe Country Park Depot: Re-Surfacing, Material Bays & Electronic Er	40	0	-40	40	0	0
Bebington Oval Facility Upgrade	0	0	0	701	0	0
Birkenhead Park Depot Resurfacing	30	30	0	0	0	0
Birkenhead Park Event Infrastructure	0	0	0	164	0	0
Birkenhead Regeneration Delivery Fund	2,599	2,512	-87	1,350	0	0
Birkenhead Regeneration Framework	667	667	0	85	0	0
Business Investment Fund	955	955	0	0	0	0
Capitalisation of Regen Salaries	0	1,600	1,600	1,600	0	0
Castleway & Leasowe Early Years	30	30	0	1,170	0	0
Clearance of Land Schemes	10	10	0	380	0	0
Community Bank	185	0	-185	0	0	0
Concerto Asset Management System	38	38	0	0	0	0
Connecting Wirral Waters: Detailed Design	610	60	-550	550	0	0
Consolidated Library Works Fund	100	0	-100	290	0	0
Depot Welfare Improvements	200	50	-150	230	0	0

Scheme	2021/22			2022/23	2023/24	2024/25
	Q2	Q3	Variance	Budget	Budget	Budget
	Forecast	Forecast				
Regeneration & Place (Continued)						
Empty Property Grant Scheme	210	337	127	310	310	310
Energy efficient buildings	450	0	-450	900	0	0
Eureka	100	100	0	0	0	0
Floral Pavilion	0	0	0	175	0	0
Future High Streets - Birkenhead	3,318	3,318	0	7,133	14,130	0
Future High Streets - New Ferry	529	529	0	2,685	0	0
Health & Safety - Condition Surveys	1,000	133	-867	2,856	2,500	2,500
Heswall Day Centre	127	0	-127	127	0	0
Hind Street Movement Strategy Project 21-22	123	123	0	0	0	0
Home Improvements	250	0	-250	0	0	0
Housing Infrastructure Fund (Enabling Infrastructure)	21	21	0	0	0	0
Housing Infrastructure Fund Marginal Viability (Northbank)	3,748	3,748	0	40	0	0
Hoylake Golf works depot demolish and replace	50	50	0	54	0	0
Landican Chapels	119	119	0	0	0	0
Leasowe Leisure Centre/Evolutions	0	0	0	1,720	0	0
Legislative Compliance	44	44	0	0	0	0
Leisure Capital Improvement Programme	0	182	182	660	0	0
Lever Sports Pavilion	0	0	0	80	0	0
Major Infrastructure Development & Strategic Transport Forward Plannir	200	200	0	262	0	0
Maritime Knowledge hub	1,700	1,700	0	10,650	10,650	0
Moreton Youth Club & Library	500	20	-480	980	0	0
New Brighton Masterplan for Marine Promenade	0	65	65	0	0	0

Scheme	2021/22			2022/23	2023/24	2024/25
	Q2 Forecast £000	Q3 Forecast £000	Variance £000	Budget £000	Budget £000	Budget £000
Regeneration & Place (Continued)						
New Ferry Regeneration Strategic Acquisitions	280	1,180	900	320	118	0
Office Quarter Building Fit-Out	196	196	0	660	4,613	0
Onstreet Residential Chargepoint Scheme	102	102	0	0	0	0
Parks and Countryside (Equalities Act)	25	25	0	430	0	0
People's Pool Feasibility Study	72	5	-67	67	0	0
Pool Covers	72	0	-72	72	0	0
Property Pooled Plus I.T System	70	70	0	0	0	0
Soft Play Areas Leisure Centres	0	0	0	410	0	0
Strategic Acquisition Fund	1,070	4,781	3,711	2,619	1,800	0
Sustainable Urban Development - Leasowe to Seacombe Corridor	150	150	0	991	0	0
Transport Advisory Group Business Case-A41 Corridor North	50	50	0	215	0	0
Transport Advisory Group Business Case-Wirral Waters outline	131	131	0	0	0	0
Town Centre scheme - Liscard	316	326	10	0	0	0
Town Centre scheme - New Ferry	177	177	0	0	0	0
Town Fund Birkehead	115	115	0	0	0	0
Washdown Facilities	97	97	0	0	0	0
West Kirby Concourse/Guinea Gap Reception upgrade / improve	0	0	0	351	0	0
West Kirby Marine Lake/Sailing Centre – accommodation	229	229	0	0	0	0
West Kirby Masterplan	0	0	0	70	10	0
Wirral Tennis Centre - Facility Upgrade	0	0	0	766	0	0
Wirral Waters Investment Fund	1,605	1,605	0	1,645	5,205	4,500
Total Regeneration & Place	29,373	33,590	4,217	47,117	39,336	7,310

Scheme	2021/22			2022/23	2023/24	2024/25
	Q2 Forecast £000	Q3 Forecast £000	Variance £000	Budget £000	Budget £000	Budget £000
Resources						
Access Wirral	51	0	-51	0	0	0
Creative & Digital Team - specialist software and hardware	0	0	0	15	0	0
Customer Experience Improvements Project	561	612	51	856	0	0
Digital Corporate Storage - upgrade & refresh technologies	66	66	0	0	0	0
Enterprise Resource Planning	1,418	1,418	0	3,235	0	0
HR e-Recruitment Solution	21	0	-21	0	0	0
Legal Case Management System	60	60	0	0	0	0
Replacement of ITSM	0	61	61	331	0	0
Upgrade of WIFI Network	0	80	80	122	0	0
Worksmart I.T.	176	176	0	0	0	0
Total Resources	2,353	2,473	120	4,559	0	0
Total Capital Budget	77,576	71,924	-5,652	88,315	46,190	9,810



POLICY AND RESOURCES COMMITTEE

Tuesday, 15 February 2022

REPORT TITLE:	2022/23 BUDGET AND MEDIUM-TERM FINANCIAL PLAN
REPORT OF:	DIRECTOR OF RESOURCES (S151 OFFICER)

REPORT SUMMARY

This report is part of the Council's formal budget process, as set out in the constitution and in accordance with the legal requirements to set a balanced and sustainable budget for 2022/23.

This report presents the following financial aspects:

- details of the annual budget for 2022/23
- the key elements contributing towards the preparation of the budget
- recommendations on the budget and council tax
- an update on the Medium-Term Financial Plan (MTFP) covering the period from 2022/23 to 2026/27, previously reported to the Committee on 1 December 2021 as a component of the Medium-Term Financial Strategy (MTFS).

The report contains several appendices, some that are required to be published as part of the statutory annual budget process and others that provide the Committee with relevant information relating to short and medium-term budget planning, inclusive of consultation aspects and financial assumptions. These assumptions will change, and changes will be reported through the governance process for budget monitoring within the Committee system.

The 2022/23 budget has been compiled using the figures in the provisional Local Government Finance Settlement for 2022/23 as the final settlement is expected to be published 9 February 2022. Any changes to the final settlement that impact on the assumptions included within the 2022/23 budget report will be noted verbally to the Committee at the meeting.

The 2022/23 budget has been developed with consideration of the recommendations made in the Department for Levelling Up, Housing and Communities (DLUHC) external assurance reports and in consultation with the Independent Panel convened to advise on the Council's financial recovery plan.

The budget proposals, which have been produced with the engagement of Policy & Resources Committee and other Service Committees, and the associated

recommendations laid out in this report are a key step in achieving the Council's commitment to produce a stable, prudent and sustainable financial basis to operate from, recognising the finite resources available and prioritising them for the best outcomes for Wirral, with the ongoing aim of delivering better services.

The report is extensive, covering complex information on a number of areas including:

- The national context and local government funding
- Government engagement, DLUHC and Exceptional Financial Support (EFS)
- Organisational change
- The approach to formulating the budget, inclusive of Directorate budget envelopes
- The budget proposals
- The MTFS and future year assumptions
- Council Tax
- Business Rates
- Schools' budgets
- Levies
- The General Fund and earmarked reserves
- Flexible Use of Capital Receipts (FUCR)
- The Section 151 officer's report on the robustness of estimates for budget calculations

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

RECOMMENDATIONS

It is recommended that the Committee:

- 1) Note and consider the response to the financial proposals forming a draft budget for the purposes of consultation under section 65 of the Local Government Finance Act, set out as:

Appendix 1	Report of the Section 151 officer as to the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves
Appendix 2	Savings, income and efficiencies proposals
Appendix 3	Five year Medium-Term Financial Plan
Appendix 4	Budget consultation
Appendix 5	Policy & Service Committee budget proposals feedback
Appendix 6	Pressures/Investments
Appendix 7	The position for the Dedicated Schools Grant
Appendix 11	Medium-Term Financial Strategy

- 2) Note the role of the Change Programme and the approach to currently active Service Reviews in delivering budget proposals

- 3) Recommend to Council a Revenue Budget, subject to the Local Government Finance Settlement to be issued by The Department for Levelling Up, Housing and Communities (DLUHC) of £330.13m
- 4) Approve the surplus funding available from a budget proposal of £330.13m to be transferred to the General Fund (£0.44m)
- 5) Accordingly recommend that Council:
 - a) Agree the summary Medium-Term Financial Plan (MTFP) set out as Appendix 3 and adopt the Medium-Term Financial Strategy (MTFS) set out as Appendix 11
 - b) Adopt the fees and charges set out as Appendix 9, with delegated authority being granted:
 - (i) to the Section 151 Officer to update the Council's Fees and Charges Directory prior to publication before 1 April 2022
 - (ii) to the relevant Director with portfolio, in consultation with the relevant Committee's Chair and Group Spokespersons, to vary existing fees and charges
 - c) Approve the Discretionary Rate Relief Policy for Business Rates for 2022/23 set out as Appendix 10
 - d) Set and maintain the level of General Fund Balances at the higher of
 - (i) £13.6m, inclusive of £0.44m surplus evident after other budget proposals (as per recommendation 4)
 - (ii) 4% of the Council's net revenue budget, based on a locally determined assessment of the financial risks that the Council may face in the future in accordance with the report of the Section 151 Officer (Appendix 1)
 - e) Authorise, in respect of the Budget Proposals, that the Director with portfolio undertake such actions as they consider necessary to implement the agreed Budget and deliver the savings, income and efficiency proposals developed as part of the formulation process and update Committees accordingly
 - f) Approve the 2022/23 Schools Budget of £316.2m
- 6) Delegate authority to the Section 151 Officer, following consultation with the Chair and Group Spokespersons of the Policy & Resources Committee, to do anything necessary to give effect to the proposals contained in this report and address any funding changes, if any, arising from the final Local Government Finance Settlement once agreed by Parliament.

7) Recommend (subject to a separate vote at Council) that Council:

- a. Sets the Band D Council Tax at £1,713.00 for the Wirral Borough Council element of the Council Tax, representing a general increase of 1.99% and 1.00% ringfenced increase to Adult Social Care, and the Council Tax requirement for the Council's own purposes for 2022/23 of £163m as detailed in Appendix 8
- b. Notes that the additional precepts from the Police & Crime Commissioner for Merseyside, the Merseyside Fire & Rescue Authority and the Liverpool City Region Combined Authority remain in estimated form and delegates authority to the Section 151 Officer to implement any variation to the overall council tax arising from the final notification of the precepts.

SUPPORTING INFORMATION

1.0 REASONS FOR RECOMMENDATIONS

- 1.1 The scale of the financial challenge that the Council faces cannot be overstated. The Council has a structural deficit and this has been recognised in a request to DLUHC for the application of a capitalisation directive. The short-term support afforded by government in the form of a capitalisation directive does not extend beyond 2021/22, emphasising the need for focus and agility in balancing the Council's financial position.
- 1.2 The Committee is aware that DLUHC have provided a conditional offer of Exceptional Financial Support (capitalisation directive) for 2021/22 of up to £10.7m. The most recent financial forecast suggests that £6.355m of this £10.7m potential facility will be required for 2021/22 and work continues to further reduce the value of the exceptional financial support required.
- 1.3 The offer for capitalisation for the current financial year was subject to an external assurance review. The review focussed on the Council's financial position and on its ability, including the strength of its governance arrangements, to deliver its plans for medium-term sustainability. This process reinforces the requirement for an in-depth review of functions to enable considered and robust proposals to be made to Council in February 2022 for the 2022/23 budget.
- 1.4 One component of the external assurance review recommendations set out the need to develop a financial recovery plan. Policy & Resources Committee approved the Council's MTFs at its meeting of 1 December 2021, which confirmed key principles the Council would follow in respect of its financial planning. The MTFs provides a robust, consistent, and sustainable approach to establishing and maintaining a stable and prudent financial basis on which the Council's services are to be delivered.
- 1.5 Policy and Resources Committee is required to recommend a Budget to the Council for its meeting on 28 February 2022. The Council has to set a budget for 2022/23 by 11 March by law. The issues detailed in this report support the recommendations to be in a position to recommend a Budget proposal.
- 1.6 Section 25 of the Local Government Act 2003 requires the Chief Financial Officer to report on the robustness of the estimates made for the purposes of the Council's Budget calculations and the adequacy of the General Fund Balances and Reserves (Appendix 1).
- 1.7 The MTFP supports the delivery of the Wirral Plan and is key to ensuring the Council is financially stable. Progress against budget is monitored by the relevant Committees and reported to Policy & Resources Committee throughout the year, as

part of routine financial management, to ensure that plans are on track and any necessary corrective action is taken at the earliest opportunity.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 The Council has a legal obligation to set a balanced budget by 11 March for the following financial year and this report sets out proposals and initiatives that increase income or reduce expenditure to assist in decisions regarding budget setting. The Policy & Resources Committee is responsible for co-ordinating processes for the development of the Budget and Policy Framework. The budget proposals for 2022/23 have been formulated via a rigorous review process and the Finance Sub-Committee members have met on a weekly basis, as a workshop, during recent months to review proposals and assumptions, as such the proposals presented are considered to provide a robust, consistent, and sustainable approach to establishing and maintaining a stable and prudent financial basis on which the Council's services are to be delivered.
- 2.2 The budget proposals in this report stem from those presented to Policy & Resources Committee on 17 January 2022, however some of those items have been amended or removed following consultation and Finance Sub-Committee workshop review. Details are provided as Appendix 12.

3.0 BACKGROUND INFORMATION

Impact of the National Context

- 3.1 In October 2021, the Chancellor of the Exchequer announced information regarding the Spending Review in his Autumn Statement. The details of this have been provided in the Local Government Funding Settlement, received on 16 December 2021, in the form a one-year settlement for 2022/23.
- 3.2 The impact of the assumptions in the provisional settlement was reported to the Policy and Resources Committee on 17 January 2022. Consultation took place on the provisional settlement and closed on 13 January 2021. The final 2022/23 settlement is expected to be laid before the House of Commons for its approval 9 February 2022.

Response to Ministerial External Assurance Review

- 3.3 Wirral Council, along with a number of other local authorities, requested exceptional financial support from the government due to significant budget pressures that had arisen during the COVID-19 pandemic. DLUHC granted a capitalisation directive in 2020/21 to assist the Council in balancing its budget. DLUHC also committed to supporting the Council in the same way in 2021/22, subject to the outcome of an external assurance review into the Council's governance arrangements and finances.
- 3.4 The two reports from the external assurance review were published on 2 November 2021 and highlighted a number of areas for improvement in governance and financial management. There was specific focus on the Council's track record of avoiding difficult decisions to better align service planning with budget constraints and the use of one-off funding or reserves to bridge the budget gap, which is clearly unsustainable.

A series of recommendations from the reports provides a clear way forward for the Council to make the necessary improvements and take the required decisions to get the Council's finances back to a more stable position.

- 3.5 A report was presented to Policy & Resources Committee on 30 November 2021, which outlined the two independent reports that made up the External Assurance Review commissioned by DLUHC, along with the proposed response to the recommendations made in the reports.
- 3.6 One of the recommendations was to appoint an independent assurance panel as an advisory body with the necessary expertise to provide external scrutiny and support to the Council and assurance to DLUHC that progress is being made in achieving the required improvements. With support from the Local Government Association, the Council has now established this Panel which met for the first time in January and will continue to meet on a regular basis to ensure that the Council responds positively to the recommendations and achieves the required outcomes.
- 3.7 The delivery of the 2022/23 budget is fundamental to the Council's financial recovery planning. The budget proposals within this report have been developed through extensive engagement with Policy and Service committees, weekly workshop meetings of Finance Sub-Committee and a significant number of workshops with Members of Policy & Resources committee. Whilst this is a challenging budget requiring some difficult decisions to be made, it provides an opportunity to stabilise and re-balance the Council's finances. This will enable the Council to be in a position to better afford to invest in modernising and improving its service offer for the future.

Change Programme and Service Reviews

- 3.8 At Policy & Resources Committee 1 December 2021, it was approved that the Chief Executive progress and implement the Change Programme and required service reviews to deliver a new Council operating model.
- 3.9 The programme of activity takes account of the DLUHC external assurance review recommendations and has been positioned as part of the Council's evidence that it has the capability to implement a programme of change to deliver the required savings to achieve financial sustainability. The outcome of which will enable the Council to present a balanced five-year MTFP.
- 3.10 The service review framework provides a consistent tool for the application of operating model principles enabling services to re-imagine how best to configure their service offer, in order to maximise desired outcomes. The framework will also apply zero based budgeting principles within the service reviews to ensure resources are aligned to required activity.
- 3.11 Financial goals for service reviews will be formed during an assessment stage using benchmarking and other relevant information. Local context and previous decisions will also be considered. All service reviews will present opportunities and recommendations through costed business cases and will embed operating model design principles. Service reviews will be business-led and carried out in line with the MTFP, DLUHC recommendations, operating model design principles and key strategies.

3.12 Service reviews are currently mobilised to support high value budget saving proposals in Revenues and Benefits, Leisure Services and Library Services. Further information will be provided to the Finance sub-Committee in respect of further prioritisation and service recommendations. The outcome of the service reviews will be reported to, and recommendations approved by, where relevant, the Policy and Services Committees in forming the financial recovery plan and 2023/24 budget and may be implemented in advance of the 2023/24 budget being set.

2022/23 Budget

3.13 A balanced budget for 2021/22 was approved on 1 March 2021, and incorporated an assumption for access to short-term support in the form of a capitalisation directive of £10.7m. The extent of the Council's financial challenges is well documented and recognised most recently at the Policy & Resources Committee meeting of 17 January 2022 when it was noted that the Council's structural deficit needs to be eliminated as part of the defined budget setting process.

3.14 On 17 January 2022, a range of proposals contributing to the 2022/23 draft Budget were published as part of the budget consultation process. The draft budget at that time presented the potential for a balanced position for 2022/23 based on several assumptions.

3.15 As the final local government finance settlement is yet to be published, this report contains the assumptions made following the provisional settlement. Once published, where the final settlement impacts on the assumptions laid out in the report, there will be a verbal update provided to the Committee at the meeting.

3.16 Delivering a balanced position for 2022/23 remains dependent on the financial position of the Council remaining stable throughout the year. Factors such as changes to demand for services, the as yet unknown longer-term impact of Covid-19 and the economic outlook present risks to this position of stability.

3.17 Following the approval of the 2022/23 budget, monitoring of financial activity will take place via the relevant committees throughout the year, to ensure that agreed savings proposals are delivered upon and a balanced budget position can be reported at the end of 2022/23. Where budgets are at risk of reporting an adverse position, Committees will be required to take remedial action to ensure they can be brought back in line.

3.18 The budget proposals for 2022/23 have been formulated via a rigorous review process that has involved:

- Directorate Management Teams (DMT)
- Senior Leadership Team (SLT)
- internal finance assurance review
- external review via the engagement of the Chartered Institute of Public Finance and Accountancy (CIPFA)
- Council Committees and
- Finance Sub-committee workshops

- 3.19 This process of review and challenge has been delivered to ensure that the budget proposals included in this report have been fully scrutinised and are fit and proper in terms of readiness for decision-making.
- 3.20 In the Governance Report commissioned by DLUHC, it was noted that the Council's financial position "has its underlying causes in the failure to ensure a sustainable financial model for the Council, the reliance upon balances and the failure to deliver on past savings plans". The process undertaken for 2022/23, the MTFs and the subsequent budget proposals address this.
- 3.21 The delivery of budget proposals will be a top priority for the Council during 2022/23. As a prudent measure, in recognition of future unknowns, including the outcome of consultation, a contingency reserve of £3m has been built into budget plans in order to address any potential delays to delivering savings from 1st April 2022.
- 3.22 In addition to the standard budget monitoring process currently undertaken, which reviews progress made on savings delivery, in 2022/23 additional scrutiny will be provided via the Finance Sub-Committee, the Independent Panel and a Chief Executive led savings delivery board.
- 3.23 The proposed budget for 2022/23 is summarised as follows:

	22-23 (£m)	22-23 (£m)
FUNDING		
Council Tax	-163.03	
Business Rates	-139.41	
Other	-28.13	
TOTAL FUNDING		-330.57
BUDGET REQUIREMENT		
Baseline	329.40	
Removal of one-off items from 21/22:	-6.55	
Baseline Restated		322.85
Total Pressure/ Investments		25.56
Savings Income and efficiencies:		
Service redesign	-5.01	
Income from growth	-0.96	
Developing new income channels	-1.95	
Reduction in service provision	-1.41	
Departmental staff remodelling	-2.94	
Demand change/management	-6.02	
Total Savings Income and efficiencies:		-18.29
TOTAL BUDGET REQUIREMENT		330.13
BUDGET SURPLUS		-0.44

- 3.24 The budget surplus of £0.44m that is presented is proposed for transfer to the General Fund to support the endeavour to enhance the Council's financial resilience.
- 3.25 A number of the budget proposals have staffing implications. It is estimated that the overall number of posts to be reduced is approximately 136 full time equivalent. This is an indicative figure at this stage. It is planned to achieve this reduction through the deletion of vacancies and releasing staff under the terms of the voluntary severance/early voluntary retirement (VS/EVR) scheme as far as possible. Expressions of interest have been invited from staff in respect of VS/EVR and applications are being assessed against the budget options. Where possible and appropriate, staff will be redeployed into other roles before considering any compulsory redundancies.

Funding

- 3.26 The Council's main source of funding is made up of Income from Council Tax and Business Rates. The provisional statutory calculation for Council Tax for 2022/23 is included within Appendix 8. The Business Rates calculations include business rate relief as set out in the Discretionary Rate Relief Policy included within Appendix 10. The total business rate funding is made up of:
- Business rate income and Section 31 grants of £85.12m
 - Government top-up grant of £54.29m, which includes the equivalent of £19.24m Better Care Fund (Better Care Fund grant is forgone because of the Council's involvement in the Business Rates Retention Scheme pilot)
- 3.27 Other sources of funding include the Social Care grant of £19.77m, which includes an increase of £5.13m from the previous year. The grant is provided to upper tier authorities for social care expenditure, on both Adult and Children's Social Care and is used to address care needs that are a result of age, illness, disability or any significant change in life in addition to specific care needs of children, young people and their families. Discretion is available for local authorities to determine how much of it should be spent on adult social care and how much should be spent on children's social care. The Council also has the discretion to apply an Adult Social Care precept of 1% on Council Tax bills to support the budgetary pressures of £7.6m; approximately £1.6m could be generated through the application of the precept, which has been factored into the budget assumptions.
- 3.28 Included within the other sources of funding is:
- New Homes Bonus of £0.44m
 - Lower Tier Services Grant of £0.51m
 - One-off Services Grant of £5.62m, which has been provided in recognition of the vital services, including social care, delivered at every level of local government and includes funding for the increase in employer National Insurance Contributions
 - Health and Social Care Market Sustainability and Fair Cost of Care funding to support Local Authorities prepare their markets for reform and move towards paying providers a fair cost of care - £1.22m

Details of this funding was provided in Appendix 2 of the report to this committee of 17 January 2022

Baseline Budget Requirement And Approach To Budget Setting

- 3.29 At its Budget Council on 1 March 2021, the budget for 2021/22 of £329.4m was approved. No permanent changes have been made to this position in year and therefore this presents the starting position for the 2022/23 budget.
- 3.30 The budget setting approach agreed by this Committee on 9 June 2021 did not bridge the budget gap that had been presented for 2022/23. There was an absence of significant service change from the initial proposals, which was the catalyst for a more radical approach in the form of setting budget envelopes (which has some similarities with cash limit budgeting) for Directorates to work to.
- 3.31 The Budget gap after pressures and removal of 'one off's' was approximately £27.6m or 8.3% of net budget. Following agreement of 'Tranche 1' savings of £11.3m and in recognition of the residual shortfall in savings following the initial approach to budget setting, it was agreed that a more radical approach was required in the setting of budget envelopes to deliver the remaining £16.3m.
- 3.32 The revised target, underpinned through the allocation of budget envelopes was designed to remove the embedded structural deficit, facilitating a reset of the 2022/2023 base position that allows a balanced budget to be set.
- 3.33 Budget Envelopes were adopted by Policy and Resources Committee 1 December 2021, with the requirement that Policy and Service Committees be tasked to deliver their services within their respective Budget Envelopes. Notwithstanding the budget limit approach for each Directorate, the Budget Envelope approach was designed to further enhance Policy and Service Committee accountability for the optimal allocation of resources across their services in scope. Performance on delivering net savings proposals will be aligned to actual in-year financial performance to track and drive implementation.
- 3.34 Initial Tranche 2 targets were set using the Council's approved MTFs principles, producing stretch target savings that would address the residual £16.3m balance on the overall £27.6m budget gap.
- 3.35 In meeting Budget Envelope targets, Directorates submitted 79 savings proposals totalling approximately £26m - just short of the target of £27.6m. Due to a higher than anticipated provisional Government Grant settlement, of approximately £12.6m, the Council's overall funding position moved up to £330.6m and this meant that the savings proposals were able to be scaled back to £20.3m from £25.97m due to the application of additional social care grant. This revised £20.3m target was further eased back to £18.6m due to reduced cost pressures. In essence, the revised Budget Envelopes for each of the services incorporate the accepted savings proposal and associated net cost reduction.

Budget Build at Directorate Level

Directorate	21/22 Base Budget	Removal of 21/22 one-off	Press- ures	Savings	22/23 Sub Total	Allocat'n of Corp./ cross cutting Items	22/23 Revised Budget Envelope
	£m	£m	£m	£m	£m	£m	£m
Adult Care & Health	113.60	0.00	7.60	-3.89	117.31	1.43	118.74
Chief Executive Office	1.80	0.00	0.00	-0.11	1.69	0.11	1.80
Children, Families & Education	86.60	-0.50	2.05	-3.15	85.00	2.06	87.06
Law & Governance	6.00	0.05	0.05	-0.66	5.44	0.28	5.72
Neighbourhood Services	54.00	-3.94	0.16	-5.41	44.81	5.07	49.88
Regeneration & Place	33.90	1.25	0.39	-1.84	33.71	1.22	34.92
Resources	33.50	0.14	2.73	-3.23	33.15	-1.14	32.00
Corporate/ cross cutting	0	-3.55	12.58	0.00	9.03	-9.03	0.00
TOTAL	329.40	-6.55	25.56	-18.29	330.13	0.00	330.13

Pressures/Investments

3.36 A full list of the pressures by Directorate for 2022/23 is included within Appendix 6.

Savings, income and efficiencies

3.37 A full list of the savings and income by Directorate for 2022/23 is included within Appendix 2.

Medium-Term Financial Strategy

3.38 The MTFS is a key document in ensuring the Council can achieve the outcomes of the Wirral Plan. It covers a 5-year timeframe and sets out the Council's strategic direction with regards to its financial ambition to ensure that all financial resources are aligned to its priorities.

- 3.39 The MTFS, as recommended in the Financial Management Code, enables those charged with governance and decision making to have confidence in the Council's financial strategy and importantly to assist in making decisions to ensure financial sustainability is delivered. The MTFS shows that financial and operational plans are aligned at all levels. Without this alignment it is impossible to place reliance on future forecasts within the context of agreed policies and their future implications on demand, resources and deliverability.
- 3.40 At Policy and Resources Committee 25 October 2021 the MTFS guiding principles were agreed, to inform the budget setting process, in that the Council will:
- a) Set fees and charges commensurate with a going market rate for the services we provide and make concessions available for vulnerable groups.
 - b) Set spending levels for services not higher than the Metropolitan average to ensure we can demonstrate value for money for resident funding, unless there are exceptional circumstances.
 - c) Ensure a digital first approach and review all services to ensure we are making full and immediate use of digital capacity and automation.
 - d) Ensure that our non-statutory services are not subsidised at the detriment of statutory services, unless an evidenced return on investment is demonstrated.
 - e) Ensure our establishment is at the required level for the services we need to provide and where it needs to be reduced, we will attempt to redeploy staff or provide opportunities for staff to exit the organisation voluntarily before making any compulsory redundancies.
 - f) Only allocate resources to the themes in the Wirral Plan and where beneficial outcomes can be evidenced.
 - g) Provide opportunities for communities to engage in where we allocate our resources whilst being clear and realistic about affordability.
 - h) Consider a range of delivery mechanisms for providing services appropriate to the most beneficial outcomes for communities.
 - i) Aim to promote and stimulate strong and sustainable growth to generate future income flows.
 - j) Support trusted partners by leveraging external funding and, within risk-based controls, use the Council's covenant strength to enable regeneration.
 - k) Within 2 years build up and maintain its general fund balances at 5% of its net revenue budget and will maintain a suite of earmarked reserves that will be used for specific projects to support the key priorities and safeguard against financial risk.
 - l) Not use any one-off Council funding to underpin the revenue budget.
 - m) Recognise the impact of council tax increases on the public and consider this alongside the annual budget setting process.
 - n) Ensure that expenditure is contained within the budget envelope and where unforeseen circumstances result in a risk that expenditure will exceed the budget envelope, produce immediate plans to bring it back in line.

- 3.41 At its meeting of 1 December 2021, Policy & Resources Committee approved the MTFs for 2022/23 – 2026/27, which contained indicative figures for each of those financial years. The changes to those figures, as outlined in this report via a revised MTFP (appendix 3) have been updated in the MTFs. The revised document is provided at Appendix 11.

Future Year Assumptions

- 3.42 The expected Government Fair Funding Review was originally delayed to 2021 as a result of the Covid-19 crisis; this has been delayed further because of the ongoing nature of the pandemic. The Business Rates Retention Scheme, for which Wirral is currently participating in a pilot scheme which allows 100% business rates retention, was expected to be reviewed in 2021/22, however it has been confirmed that the current arrangement will remain in place for 2022/23; future years application remains uncertain.
- 3.43 Wirral Council's involvement in the Business Rates Retention Scheme pilot commenced in 2017/18, along with our Liverpool City Region (LCR) counterparts. The scheme requires local authorities to forgo the Revenue Support Grant (RSG) as well as other funding streams, such as the Better Care Fund (BCF) in the LCR, whilst each authority keeps 99% of the Business Rates it collects in comparison to the 49% it would otherwise retain (the remaining 1% in each case goes to Merseyside Fire and Rescue as a precepting authority).
- 3.44 There is a risk that the conclusion of the Business Rates Retention Scheme pilot could have a negative impact on the Council's funding position as Wirral benefits by approximately £7m per year as a result of participating in the pilot.
- 3.45 In September 2021, the Government announced plans for health and social care funding through a new tax, the Health and Social Care Levy. The levy will be used to support adult social care reform in England over the next three years (2022 to 2025). The impact of this on Council finances beyond 2022/23 is yet to be made clear.
- 3.46 The Provisional local government finance settlement for 2022/23 notes the proposal to introduce a one-off Services Grant, which includes funding for local government costs for the increase in employer National Insurance Contributions. Whilst the grant is noted as one-off, the increased national insurance costs will be ongoing and presents a financial pressure in future years in the absence of a defined funding mechanism.
- 3.47 In 2023/24, the MTFP (Appendix 11) presents a deficit of £8.2m. The Council is assumed to see a rise in costs (£17.75m) during that year, however the Change Programme, Service Reviews and budget envelope approach to targeting where savings should be delivered from with the organisation will facilitate a balanced position being delivered in future year budget rounds.
- 3.48 For 2024/25, the MTFP (Appendix 11) currently presents a cumulative deficit of £17.09m due to pressures that have been incorporated into plans at present. The MTFP will be regularly updated and reported to the Policy and Resources Committee who will take a view and action as necessary to ensure a balanced budget can be presented each year.

- 3.49 The estimates for 2025/26 and 2026/27 should be considered prudently, as the longer the period of time, the greater uncertainty there is in estimating demand, funding and budget requirements.
- 3.50 The Capital Programme can act as a catalyst to accelerate the pace and scale of regeneration and growth in the borough across the medium and long term. This encourages market confidence, demand and growth from developers, inward investors and local businesses that will boost the revenue potential through direct income and/or future increased business rate receipts. Recent spending review announcements have identified opportunities to either fund these programmes at a lower cost, or fund new programmes, which may not have been manageable within the current Capital Programme.
- 3.51 The Regeneration and Place Directorate has developed a comprehensive regeneration programme which enables creation of a resilient and inclusive economy across Wirral, as well as a number of place-based regeneration programmes. The latter is focused on the east of the Borough along the Left Bank of the River Mersey, stretching from New Brighton to Bromborough. The Left Bank programme has at its heart an ambitious programme for Birkenhead to create a sustainable, waterfront community, articulated in the Birkenhead 2040 Framework.
- 3.52 The regeneration programme is supported by the emerging Local Plan through its focus on maximising the use of brownfield sites to meet Wirral's housing and commercial development needs. In addition, the Local Plan will ensure that physical and community infrastructure is included as an integral part of regeneration.
- 3.53 Wirral has been successful in securing over £100m of external regeneration funding to be spent over the next four to five years and will continue to secure further funds over the coming year. The programmes secured include two Future High Streets Programmes, Towns Fund and Levelling Up Fund, as well as transport and infrastructure investment from Liverpool City Region Combined Authority. In addition, the regeneration programme will leverage over a billion pounds in private sector investment.
- 3.54 The new development arising from the regeneration programme will generate significant Business Rates and additional council tax which will contribute to Council funding in support of addressing the financial challenges being faced. This includes Business Rates generated by 2025 through the new Commercial Business District in Birkenhead, developed through the Wirral Growth Company.
- 3.55 It is noted that in the absence of mitigations, there may be significant risks in developing the regeneration programme. However, the Council has robust mitigations in place, takes specific external advice and carries out required due diligence to offset this risk

Council Tax

- 3.56 Policy and Resources Committee agreed the Council Tax Base for use in 2022/23 on 17 January 2022.
- 3.57 The Tax Base calculation process is as follows:

- Calculate the number of properties on 30 November 2021 and adjust for changes due to demolitions and new builds up to 31 March 2023 which are then converted to a full year Band D equivalent. Adjustments are made for discounts, exemptions and disabled relief and any changes expected over the year reflecting the Local Council Tax Reduction Scheme and changes to empty property discounts and premiums.
- Convert the number of “discounted” dwellings in each Council Tax Band to Band D equivalent.
- Adjust the total number of Band D equivalents by the estimated Council Tax collection rate for the year. The amended calculation is as below and is utilised in calculating the Council Tax charge for 2022/23.

Wirral Council Tax Band D calculation 2022/23

Band	Properties 2022	Changes due to LCTRS discounts, exemptions	Revised property equivalent	Ratio to Band D	Net Band D equivalent
A	60,867	(24,803.30)	36,063.70	6/9	24,042.47
B	32,880	(7,348.68)	25,531.32	7/9	19,857.69
C	27,760	(3,944.70)	23,815.30	8/9	21,169.16
D	13,528	(1455.61)	12,072.39	9/9	12,072.39
E	8,399	(755.07)	7,643.93	11/9	9,342.58
F	4,362	(288.33)	4073.67	13/9	5,884.19
G	3,174	(220.91)	2,953.09	15/9	4,921.82
H	278	(34.39)	243.61	18/9	487.22
Band A Disabled		(4.3)	64.5	5/9	35.83
Total	151,248	(38,855.29)	112,461.51		97,813.35
Assumed Collection Rate					x 97.30%
Adjusted Council Tax Base					95,172.39

- 3.58 The increase in the Council Tax-Base, coupled with general inflationary increases and allowances for the Adult Social Care precept, is expected to result in increased Council Tax income of approximately £6.35m in 2022/23. Wirral’s share of Council Tax after the non-collection allowance is applied is expected to be £163m. This amount has been reflected in the 2022/23 Budget.
- 3.59 In terms of inflationary increases, the Government announced in the provisional Local Government Finance Settlement that General Council Tax can increase by 1.99%. The Referendum threshold for general Council Tax increases is set at 2% for 2022/23, this means that local authorities will be able to increase their relevant basic amount of council tax (essentially their average Band D council tax including special expenses and levies but excluding local precepts) by up to 2% without having to hold a referendum. The calculation of the Referendum ‘trigger’ amount is a comparison between overall Band D levels for 2021/22 and 2022/23.

- 3.60 The recent provisional Local Government Finance Settlement included permission to include a 1% Adult Social Care Precept in 2022/23, over and above the inflationary increase of up to 1.99%. If agreed, this generates an additional £1.58m funding for the Council in 2022/23.
- 3.61 The decision on the level of Council Tax is scheduled to be made by Council 28 February 2022. The current budget proposal for 2022/23 assumes that general Council Tax will increase by 2.99%, representing the inflationary increase of 1.99% plus the Adult Social Care Precept of 1%.
- 3.62 The Local Council Tax Support grant of £3.9m received in 2021/22 has been held in reserve and drawn down, along with the residual Hardship Fund, in 2022/23 and 2023/24 to offset the Collection Fund deficit, which resulted from the Covid-19 pandemic and is being recovered over a 3 year period to 2023/24 in line with the Local Authorities (Collection Fund: Surplus and Deficit) (Coronavirus) (England) Regulations 2020 which came into force on 1 December 2020.
- 3.63 On 3 February 2022, the Chancellor of the Exchequer announced funding in recognition that many households will need support to deal with rising energy costs, which are being affected by global factors.
- 3.64 A component of the funding relates to what has been termed a “Council Tax Rebate”, with the details of how this will work initially laid out as follows (subject to further guidance):
- Households in England in Council Tax Bands A-D will be eligible for a £150 rebate.
 - Local authorities will make payments direct. This won’t have to be repaid.
 - The rebate will not be paid for second homes or empty properties.
 - Payments will be made direct to Council Tax payers (rather than a credit being applied to bills), with Local Authorities using bank account details held to credit their account with a one-off payment of £150. Other arrangements will need to be made where bank account details are not held.
 - For those with council tax bills lower than £150 that month, it will take a bit longer to receive the benefit in full. Almost all households should see the full benefit by May.
 - The government is providing new funding to local authorities for these rebates, as well as extra funding to help with increased administrative costs.
 - For those who need help with their energy bills but are not eligible – such as households on income support in higher bands (E-H) or with properties in bands A-D that are exempt from council tax – local authorities will receive a share of a £144 million discretionary fund.
 - Further details will be set out by the Department for Levelling Up, Housing and Communities and local authorities.
- 3.65 In the absence of guidance from HM Treasury, it has been assumed that the Council will operate as the government’s agent in the administering of these schemes and there are therefore no revenue budget implications. When government guidance has

been made available, the proposals will be implemented accordingly, and if the assumption adopted needs to be addressed further details will be provided.

Setting the council tax levels

- 3.66 In setting the Council Tax, the Council is required to have regard to the various determinations set out in the Local Government Finance Act 1992 as amended by the Localism Act 2011. The Council must calculate a Council Tax requirement, set out the total amount of Council Tax for the different categories of dwellings and determine that the Council Tax for 2022/23 is not excessive and that a Referendum is not necessary.
- 3.67 The Statutory Calculations form part of the Policy & Resource Committee recommendation to Council in respect of the Council element of the Council Tax bill. Any agreed increase will be considered against the principles determined by the Secretary of State under the Act (as amended) in determining whether a Referendum is required. This compares the Band D Council Tax for 2022/23 with that for 2021/22 for the Council's basic amount of Council Tax and the Adult Social Care Precept. The provisional statutory calculations are contained in Appendix 8.
- 3.68 The precepts to the Council, issued by the Police & Crime Commissioner for Merseyside and by the Merseyside Fire & Rescue Service, in accordance with Section 40 of the Local Government Finance Act 1992 will be added to the Council element to set the Council Tax for Wirral for 2022/23 once known. If this information is available before the publishing date for Budget Council, this will be included as a separate report within the Council papers agenda. In 2022/23 the Liverpool City Region Combined Authority (LCR CA) will continue to levy a precept for the LCR CA Mayoral precept.

Business rates

- 3.69 National Non-Domestic Rates (NNDR), or Business Rates are payable by businesses based on the rateable value of the premises they occupy, which is calculated according to how much rent the premises would achieve if rented out. Valuations are carried out by the Valuation Office Agency on a five-year cycle and the latest valuation list applies from 2017. The Council is responsible for calculating actual rates bills and for collecting rates and use the rateable value in working out how much a business will have to pay. The actual rates bill is calculated by applying the rate multiplier (a rate in the pound) to the rateable value (as assessed by the Valuation Office Agency (VOA), which is an agency of HM Revenue and Customs) and then deducting any reliefs that are applicable.
- 3.70 Whilst presenting opportunities, the localisation of Business Rates brings additional risks to the Council's financial position because of its complexity and volatility. The forecast income to the Council has to be reflected in the Council Budget. The amount received may fluctuate due to a number of reasons including:
- Appeals against rating decisions, dealt with by the Valuation Office Agency and can be large and backdated a number of years;
 - Changes in liability relating to changes in occupancy;
 - Changes in building use;

- Alterations to buildings size and layout;
- Demolitions and new builds;
- Actions to avoid full liability including empty property/charitable reliefs;
- Assessment of bad and doubtful debts.

3.71 Policy and Resources Committee are asked to approve the Discretionary Rate Relief Policy for Business Rates for 2022/23 which remains unchanged from 2021/22. A copy of the updated Discretionary Rate Relief Policy is included at Appendix 10.

3.72 The deficit in 2022/23 being allocated to Wirral Council is 99% and to Merseyside Fire and Rescue Service is 1%. This reflects the operation of the LCR Business Rate Pilot Scheme. A declaration of an estimated surplus or deficit for the 2021/22 financial year together with a forecast for 2022/23 had to be submitted to the Government by 31 January 2021. The forecast Business Rates income for 2022/23 shows that the receipts to the Council, including Section 31 grants to compensate for mandatory reliefs, will increase by £0.94m from the 2021/22 levels.

3.73 Since April 2013 the Government has implemented changes to reliefs and also capped the Rates increase at below the inflation rate. To compensate local authorities for these decisions the Government has allocated Councils a series of Section 31 Grants. These are calculated as part of the National Non-Domestic Rates 1 return which is submitted to government by 31st January each year plus any supplementary grants awarded in year should government introduce new rating policy changes.

Schools Budgets

3.74 The Schools Funding Allocations were issued by the Department for Education on 16th December 2021. The format of the Dedicated Schools Grant (DSG) is unchanged with Local Authority allocations determined by the National Funding Formula (NFF) for Schools, High Needs and Early Years. The main features include:

- school funding increased by 3.2% overall with every secondary school allocated at least £5,525 per pupil and every primary school allocated at least £4,265 per pupil
- local authorities will continue to set a Minimum Funding Guarantee in their local formulae, which for 2022-23 is between +0.5% and +2.00%.
- the Schools Block continues to be ring-fenced with limited flexibility to transfer up to 0.5% of the schools' block to High Needs with Schools Forum approval
- High Needs funding increased by £780m, or 9.6%, in 2022-23 – following the over £1.5 billion increase over the last two years.
- Early Years hourly rates paid to local authorities will increase by £0.21 for 2-year old's and £0.17 for 3&4-year old's
- central schools services funding increased by 4% for the ongoing responsibilities that local authorities continue to have for all schools, while funding for historic commitments within this block will decrease by a further 20% for those local authorities in receipt of this funding.

3.75 The proposed allocation of the DSG was presented to and considered by School's Forum on 18 January 2022. The detailed budget proposal is in Appendix 7 and a summary is as follows:

	2022-23 Budget £
Schools Block	237,825,032
Central School Services Block	3,579,849
High Needs Block	54,278,706
Early Years Block	20,183,630
Total before contribution from DSG reserve	315,867,217
Contribution from DSG reserve	289,889
Total after contribution from DSG reserve	316,157,106
Funded by:	
DSG	314,697,606
Council (PFI Affordability Gap)	1,459,500
Total funding	316,157,106

3.76 Schools Forum agreed to contribute £630,450 to Combined Budgets from the Central Schools Services Block.

3.77 The ringfenced DSG reserve is expected to end 2021/22 with a cumulative deficit of £1.998m as detailed in the Schools Budget Report 2022/23 at appendix 7. The impact on the DSG reserve of the budget setting process reflects a worsening position for 2022-23 and 2023-24 but then improving from 2024-25 onwards, as summarised in the table below.

	2022-23 Budget £m	2023-24 Forecast £m	2024-25 Forecast £m	2025-26 Forecast £m
Surplus / (deficit) brought forward.	(1.998)	(2.288)	(2.487)	(1.948)
Contribution to / (from) reserves	(0.290)	(0.199)	0.539	1.202
Surplus / (deficit) carried forward.	(2.288)	(2.487)	(1.948)	(0.746)

3.78 Following an amendment to the Local Authorities (Capital Finance and Accounting) Regulations (the 2003 Regulations) the Council must record any such deficit in a separate account established solely for the purpose of recording deficits relating to its school's budget, in effect separating it from the General Fund for a period of three financial years. This is to provide time for Government and the Council to look at budgetary and financial management strategies to reduce the deficit. During this period the Council is unable to contribute financially to the schools' budget without permission from the Secretary of State for Education.

3.79 The reserve balance across the 2022-23 budget year and 3-year forecast period reflects the impact of increasing demand and the changes that are planned to meet

demand whilst minimising the impact on expenditure. It is expected that the strategies that are to be adopted will deliver a surplus reserve balance by the end of 2026-27.

Levies and Liverpool City Region Combined Authority

- 3.80 There is a statutory requirement to agree the levies for 2022/23 before 14 February 2022 in respect of transport and waste. The allocation mechanism for both bodies means that there will be variations for individual authorities as the Waste Levy reflects relative tonnages and the Transport Levy reflects relative populations.
- 3.81 The Liverpool City Region Combined Authority considered the recommendations from the Merseytravel Committee on 21 January 2022. The Transport Levy has increased by 2% for 2022/23, reflecting higher inflation and demographic pressures in comparison to the previous year. Wirral's share of the costs increased by £0.4m to £22.5m.
- 3.82 The Merseyside Recycling & Waste Authority were scheduled to meet 11 February 2022 to agree the final Levy for 2022/23. The Levy set out for the Council is £17.665m, representing no change from 2021/22.

Level of General Fund Balances

- 3.83 The level of General Fund Balances and reserves are key components of the Council's financial management and sustainability. Both need to be maintained at sufficient levels to ensure that unforeseen financial pressures can be met without jeopardising the viability of the Council.
- 3.84 The Covid-19 pandemic has highlighted the importance of General Fund balances, Local Authorities with strong General Reserves have seen greater financial sustainability.
- 3.85 Grant Thornton, the external auditors, have recommended that Wirral Council look to build on General Fund balances to improve the Council's financial resilience.
- 3.86 The MTFs incorporates the requirement of increasing general fund balances, which is considered a key aspect of delivering financial sustainability in a manner that is commensurate with the Council's aims of protecting the residents of the borough through their ability to access valuable services. To facilitate this requires that limited financial resources are targeted effectively to provide the most beneficial outcomes and similarly ceasing and/or reducing services that do not best serve the local population.
- 3.87 The Council has a statutory duty to determine the level of General Fund Balances and Reserves it maintains before it decides on the level of Council Tax. The level of balances should be based on the Council's own specific circumstances. The financial future for the Council continues to be challenging and a number of major uncertainties remain. In determining the appropriate level of reserves, the Section 151 Officer has assessed a number of factors. This takes account of the strategic, operational and financial risk factors facing the Council. This approach is supported by Grant Thornton (the Council's external Auditors) and by Chartered Institute of Public Finance and Accountancy (CIPFA), the professional body which issues the guidance in this area.

Summary of the Assessed Level of General Fund Balances

	2021/22	2022/23
	£m	£m
General Fund Balance considered appropriate	10.7	13.6

- 3.88 £13.6m of general fund balances represents around 4% of the Council's net revenue budget. A level which it is considered to facilitate medium term financial resilience would be at 5% or £16.5m – one of the agreed principles of the MTFs is that within 2 years general fund balances will be increased and maintained at 5% of net revenue budget along with the maintenance of a suite of earmarked reserves that will be used for specific projects to support the key priorities and safeguard against financial risk. A repurposing, as a result of changes to pressures, of earmarked reserves facilitates the 2022/23 increase in the general fund balance.

Review of Earmarked Reserves

- 3.89 Resources set aside for specific purposes as Earmarked Reserves should be established and used in accordance with the purposes intended. The levels of Earmarked Reserves have been reviewed and the anticipated level of Earmarked reserves at the end of 2022/23 is expected to be around £59m. The significant reserves that make up this amount are:

School Balances	£13.5m
NNDR Section 31 Grants	£11.7m
Business Rates Equalisation Reserve	£7.0m
Insurance Fund	£6.9m
Public Health Outcomes	£6.3m
CHAMPS Innovation fund	£3.2m
Financial Instrument Equalisation	£2.1m

Flexible Use Of Capital Receipts

- 3.90 In recent years, Wirral Council has used the temporary government initiative, called Flexible Use of Capital Receipts (FUCR) to fund transformational revenue change in Wirral Council. Budget assumptions for 2022/23 include the utilisation of £3.58m of FUCR (with a component of this relating to a savings proposal of £0.65m in respect of the Strategic Change revenue budget). The FUCR facility will be utilised in-year, as per the available guidance, to support transformation activity. From 2023/24 business planning will facilitate transformational costs to be offset by the benefits delivered by the related activities and programmes of work.
- 3.91 Reducing reliance on one-off funding for revenue expenditure is a key principle of Financial Resilience. Using one-off funds only presents a pressure in the following year as one-off funds are temporary and permanent alternatives will be required to ensure the Council can remain financially sustainable. Member training on Financial Management and Local Government Finance has been delivered recently as part of a wider organisational development plan to support the implementation of the

financial recovery plan; a key component of the Member training was the importance of setting a sustainable financial model in recognition of the need to reduce the reliance on 'one-offs'.

- 3.92 One-off funds should only be used to support one-off temporary expenditure or where there is a robust plan for their replacement to a permanent solution in the following year. As a result, no reserves have been used to balance the budget position.

Robustness of the Estimates

- 3.93 Under Section 25 of the Local Government Act 2003, the Authority's Chief Financial Officer (the Section 151 Officer) is required to report on the robustness of the estimates made for the purposes of the Council's Budget calculations and the adequacy of the General Fund Balances and Reserves.
- 3.94 Appendix 1 sets out the requirements and the actions taken by the Council in relation to the Robustness of both the Revenue Estimates and the Capital Programme. It contains an assessment of the key issues in relation to demonstrating how the legal requirements have been met.

4.0 FINANCIAL IMPLICATIONS

- 4.1 This report is part of a programme of activity to ensure that a fully balanced, legal budget can be recommended by the Policy and Resources Committee to Full Council at its meeting of 28 February 2022.
- 4.2 The programme to develop a robust budget position, which this paper forms part of, will support the Council in ensuring that CIPFA's Financial Management Code (FM Code) is complied with, in particular in relation to Section 4 of the FM Code – The Annual Budget.
- 4.3 The FM Code requires the Council to demonstrate that the processes they have in place satisfy the principles of good financial management, based on the following six principles:
- Organisational Leadership – demonstrating a clear strategic direction based on a vision in which financial management is embedded into organisation culture.
 - Accountability – based on Medium-Term Financial Planning, that derives the annual budget process supported by effective risk management, quality supporting data and whole life costs.
 - Financial management - undertaken with transparency at its core using consistent, meaningful and understandable data, reported frequently with evidence of periodic officer actions and elected member decision making.
 - Professional standards - Adherence to professional standards is promoted by the leadership team and is evidenced.
 - Assurance - sources of assurance are recognised as an effective tool mainstreamed into financial management, including political scrutiny and the results of external audit, internal audit and inspection.

- Sustainability - The long-term sustainability of local services is at the heart of all financial management processes and is evidenced by prudent use of public resources.

- 4.4 Delivering financial sustainability is vitally important for the Council. The capitalisation directive requirements reinforce the need to develop a revised approach to sustainable service delivery resource planning. This is reflective of comments made by Grant Thornton, the Council's external auditor, who noted as part of their value for money review during the audit of the 2019/20 accounts, "We note that the capitalisation directive will only provide support to the Council for 2020/21 and 2021/22. As such, the Council needs to ensure that it delivers against its revised MTFS. It will need to put in place clear plans to reduce its future recurring service expenditure and move to a balanced revenue position that does not rely on reserves".
- 4.5 Financial implications of the 2022/23 budget are included within the main body of the report and associated recommendations.

5.0 LEGAL IMPLICATIONS

- 5.1 Failure to agree a legally balanced budget by Full Council on 28 February 2022 may have significant financial, administrative and legal implications and result in Government intervention.
- 5.2 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.
- 5.3 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.
- 5.4 Section 30 (6) and section 31A(11) of the Local Government Finance Act 1992 provides that the Council has to set its budget and Council Tax amount before 11th March in the financial year preceding the one in respect of which the budget is set.
- 5.5 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 (Section 151) officer as to the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves.
- 5.6 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. This is because the budget is a sufficiently high-level estimate or cap and, in relation to much of the estimated income and expenditure in exercise of the budget, not set in relation to the distinct decisions that will make up that expenditure throughout the year. As such, when setting and formulating the budget it would be difficult to compile a sufficiently detailed consultation document or undertake a focussed impact assessment.

- 5.7 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):
- Consultation must be at a time when proposals are at a formative stage.
 - The proposer must give sufficient reasons for its proposals to allow consultees to understand them and respond to them properly.
 - Consulters must give sufficient time for responses to be made and considered.
 - Responses must be conscientiously taken into account in finalising the decision.
- 5.8 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.
- 5.9 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.
- 5.10 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.
- 5.11 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.
- 5.12 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.
- 5.13 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.

- 5.14 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.
- 5.15 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.
- 5.16 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.
- 5.17 Members are also individually reminded that Section 106 of the Local Government Finance Act 1992 applies to the Council meeting on the budget and therefore arguably to the formulation of the Budget. 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 additional resource requirements directly from this report, however the implications for the proposals included within the 2022/23 budget and MTFP will be assessed at the time of implementation. For budget proposals that may result in reductions to the workforce, the Council have consulted with trade unions and relevant staff groups as required and in accordance with section 188(1A) of the Trade Union and Labour Relations Act (TULRCA) 1992).

7.0 RELEVANT RISKS

- 7.1 The Council's ability to close the funding gap is highly dependent on the accuracy of assumptions used for Government funding and levies from other bodies, as well as demand estimates for Council services. As the Local Government Finance Settlement only covers one year, the uncertainty around future funding over the MTFP period remains high.
- 7.2 The Council's ability to maintain a balanced budget is dependent on a proactive approach due to estimated figures being provided in the calculation for the budget, albeit the best estimates 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.
- 7.3 A robust monitoring and management process for the budget is in place. 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.

- 7.4 Failure to achieve a balanced budget would lead to the Section 151 Officer issuing a Section 114 notice and potential ministerial intervention under Section 15 of the Local Government Act 1999.
- 7.5 Funding and demand assumptions in particular can change as more information becomes available and pressures could increase from inflationary impacts and as a result of changes in interest rates. As such, the Medium-Term Finance Plan (MTFP) is regularly reviewed and updated as part of routine financial management.
- 7.6 The budget for 2022/23 is reliant on the generation of future capital receipts, which is sensitive to the fluctuations in the property market and changes in land values. If planned disposals do not take place or can only be achieved at reduced prices, this will create a funding pressure for which further mitigation would need to be sought.
- 7.7 There is also a risk that agreed savings will not be delivered or will be delayed. Progress on delivery of agreed savings will be monitored using Budget Monitoring reports presented to Policy and Service Committees.
- 7.8 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.
- 7.9 A balanced budget is fundamental in demonstrating robust and secure financial management. Delivering a balanced position requires continual review and revision of plans to allow alternative financial proposals to be developed and embedded in plans as situations change. A delay in agreeing these may put the timetable for setting the 2022/23 budget at risk and may result in a balanced budget not being identified in time for the deadline of 11 March 2022.
- 7.10 Assumptions have been made in the current budget outlook 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 final funding settlement, additional savings proposals or reduced expenditure would need to be identified as soon as possible to ensure a balanced position is presented.
- 7.11 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.

8.0 ENGAGEMENT/CONSULTATION

- 8.1 Initial consultation, to ask for the views of residents, businesses, and all those with a stake in the future of Wirral, about what council services and priorities matter to them most to help develop the 2022-23 budget took place in 2021. This process ran from 2 to 28 November 2021. The full report of the outcome to the consultation was provided to Policy & Resources Committee 17 January 2022.

- 8.2 Statutory budget consultation took place in January 2022 and details are provided in Appendix 4.
- 8.3 Policy and Services Committees reviewed and debated the draft 2022/23 budget publicly during January 2022. The feedback from the Committees is provided in Appendix 5 for the consideration of the Policy and Resources Committee in respect of the recommendations set out in this report.
- 8.4 The third round of consultations are specific to budget proposals where there is a legal duty to consult – and are focussed on how the budget proposals would be implemented. These consultations are currently live or scheduled. Initial findings will be taken to service committees in June.
- 8.5 The Council has engaged regularly with trade unions about the Council’s financial position and response to the external assurance reports. This will continue throughout the budget setting and implementation process.
- 8.6 For budget proposals that may result in reductions to the workforce, the Council have consulted with trade unions and relevant staff groups as required and in accordance with section 188(1A) of the Trade Union and Labour Relations Act (TULRCA) 1992).
- 8.7 The Council is committed to mitigating the impact on staff as far as possible and will take all steps possible to avoid any compulsory redundancies in accordance with policies and procedures.

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 The equality implications have been considered within the individual savings proposals via the completion of equality impact assessments.
- 9.3 It is recognised that some of the budget proposals could have equality implications. Any implications will be considered and any negative impacts will be mitigated where possible.
- 9.4 Equality implications will be assessed during planning, decision and implementation stages and will be recognised as an ongoing responsibility. Equality issues will be a conscious consideration and an integral part of the process.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

- 10.1 The environment and climate implications have been considered within the individual savings proposals.

11.0 COMMUNITY WEALTH IMPLICATIONS

11.1 The community wealth implications have been considered within the individual budget proposals taking account of 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

REPORT AUTHOR: Daniel Kirwan
(Assistant Director of Finance)
telephone: Tel: 0151 691 8026
email: danielkirwan@wirral.gov.uk

APPENDICES

Appendix 1	Report of the Section 151 officer as to the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves
Appendix 2	Savings, income and efficiencies proposals
Appendix 3	Five year Medium-Term Financial Plan
Appendix 4	Budget consultation
Appendix 5	Policy & Service Committee budget proposals feedback
Appendix 6	Pressures/Investments
Appendix 7	The Dedicated Schools Grant Schools Budget
Appendix 8	Provisional Council Tax Statutory Calculations
Appendix 9	Sales, Fees and Charges
Appendix 10	Discretionary Rate Relief Policy
Appendix 11	Medium-Term Financial Strategy
Appendix 12	Budget proposal changes since January 2022

BACKGROUND PAPERS

Pressure and Growth Proposals
Savings and Income Proposals
DLUHC External Assurance Reports
CIPFA's Financial Management Code
Guidance on flexible use of capital receipts
Energy Bills Rebate factsheet

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Policy and Resources Committee	01 March 2021
Policy and Resources Committee	17 March 2021
Policy and Resources Committee	09 June 2021
Policy and Resources Committee	25 October 2021
Policy and Resources Committee	30 November 2021
Policy and Resources Committee	01 December 2021
Policy and Resources Committee	17 January 2022
Tourism, Communities, Culture & Leisure Committee	18 January 2022
Environment, Climate Emergency and Transport Committee	20 January 2022
Adult Social Care and Public Health Committee	25 January 2022
Economy Regeneration & Development Committee	26 January 2022
Housing Committee	27 January 2022
Children, Young People & Education Committee	31 January 2022

Appendix 1 – Report of the 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

1. Summary

Under Section 25 of the Local Government Act 2003, the Authority's Chief Financial Officer (presently the Director of Resources as the Section 151 Officer) is required to report on the robustness of the estimates made for the purposes of the Council's Budget calculations and the adequacy of the General Fund balances and reserves. The Council must have regard to this report when making decisions in respect to the budget. It is also good practice for the Authority to have a policy on the level of its general reserve and to ensure that it is monitored and maintained.

The council has a very difficult budget position for 2022/23 with a significant initial budget gap. Compounded by a capitalisation directive for 2020/21 and 2021/22, continuing demand and future uncertainty, the Council reported a structural deficit in 2021/22 that had to be addressed with the 2022/23 budget.

This has been achieved through significant reductions in non-statutory services including reducing and stopping some services, the generation of new income, cost reduction through efficiencies and the management of demand.

In addition, to mitigate over exposure to risk, new reserves have been established to support any in-year changes or pressures that will enable time to develop additional or alternative proposals to ensure the budget can remain sustainable.

Without future funding certainty, planning is difficult and as a result scenario planning has been undertaken to assess the impact of differing outcomes. During 2022/23 a series of service reviews will commence as part of a whole scale change programme which will ensure all council services delivered provide beneficial outcomes and value for money. Where these principles do not apply, the services will cease. This is the only way to ensure the Council can remain financially sustainable in the long-term.

2. Background

Local Authorities decide every year how much they are going to raise from Council Tax. Decisions are based on a budget that sets out estimates of what the Council plans to spend on each of its services in the forthcoming year. The decision on the level of the Council Tax is taken before the financial year begins and it cannot be changed during the year, so allowance for risks and uncertainties that might increase service expenditure above that planned, must be made by:

- a) Making prudent allowance in the estimates for each of the services
- b) Ensuring that there are adequate reserves to draw on if the service estimates turn out to be insufficient.

This Statement is intended to give Members assurance that the Budget has been based on the best available information and reasonable assumptions. In order to meet the robustness requirement a number of key processes have been in place, including:

- Existing and future expenditure pressures are identified by reference to financial monitoring reports for the current year
- The Section 151 Officer provided advice throughout the process, and as added support and assurance for this year, additional Interim Director of Finance capacity was brought in and CIPFA were commissioned to support the assessment and validation process.
- Ownership by the relevant Policy and Services Committee's of proposed savings and their achievability
- Policy and Resources (P&R) Committee and the P&R Finance Sub-Committee providing governance and leadership for the process
- Support from the Independent Panel in critiquing the process and associated reports
- Full engagement of the Senior Leadership Team and ownership of proposals to ensure a balanced budget position
- Identification, management and monitoring of financial risks
- Revenue and capital expenditure is differentiated along with appropriate sources of funding, including revenue implications of capital expenditure
- Consultation with the Members, public and groups as required
- Accountable Service Managers identifying issues, projecting demand and considering value for money and efficiency
- Ongoing development, and refinement, of data and information to monitor service volume and unit costs and track changes in both.

3. Considerations and Priorities

3.1 Estimates and uncertainties

Reliance on funding estimates and future economic growth of the Borough
The financial settlement has provided information on funding levels for 2022/23. Some of the 2022/23 grant allocations are based on the best available information to date.

2022/23 is a one-year financial settlement, which brings with it a continuing considerably increased level of uncertainty and makes the budget planning process much more difficult.

The funding estimates in the budget are based on the best available information and are considered prudent but will be kept under review. There are significant changes proposed to local government funding in future years, and uncertainty about how the Business Rates Retention will work. The Department of Levelling Up and Housing and Communities (DLUHC) still has the Business Rates Retention under review along with the Fair Funding Review which will see an overhaul of the funding formula

that has determined local government funding allocations for over a decade. These estimates will be kept under review and refined accordingly as further details become available.

The Council's future tax base funding is now more closely aligned to the success and performance of the Council's regeneration programme than would have historically been the case and is modelled over a 15 year period to reflect the long-term ambition of the regeneration programme.

While the budget proposed contains allocations to support the Council's strategy to drive growth and support the local economy; and still taking decisions to reduce non-statutory spend, with the exception of predicted increased revenue through business rates and council tax, no other future inflows associated with regeneration are anticipated, though this will increasingly become a factor in future years.

It will take some time for the full economic benefit of some of the regeneration initiatives to be realised and they will only be reflected in budget estimates once these ongoing benefits are known. The Covid-19 pandemic has increased uncertainty around the wider economy which may impact on some of these initiatives.

3.2 Statutory service delivery

Throughout the budget preparation process there has been a sustained focus on ensuring that any impacts on statutory services are minimised and the quality of those services to residents is sustained. The scale of cost reduction required means the Council has had to challenge all aspects of its service delivery and to seek out alternative more cost effective ways of meeting demand within the funding available. All changes are subject to careful consideration, impact assessment and wider consultation before they are implemented.

3.3 Demand pressures

The budget setting process has specifically taken into account the impact of changes in the demand for Council services due to factors including, Covid, increased cost of energy, demographic growth and the rising costs of service provision. These pressures have been subject to robust assessment and valuation to ensure they are evidence based and are as accurate as they can be at this time.

3.4 Impact of Covid-19

The impact of the Covid-19 on the Council, in terms of both its day-to-day operations and the coordination of the response, has been significant throughout the pandemic.

Central Government has, over the past two years, provided the Council with funding to address the pressures faced on both expenditure and income. Some of this funding continues into 2022/23 to recognise the ongoing impact of the Covid-19, specifically on health and social care and local business. The Council requested external financial support (capitalisation directive) which was approved for 2020/21 and has been offered in principle for 2021/22 and does not continue into 2022/23. Following the external reviews commissioned by DLUHC much work has been undertaken in ensuring a balanced budget can be agreed that will see recurrent

reductions in the areas recommended by DLUHC. The costs and pressures in respect of Covid-19 are monitored closely and reported to DLUHC on a monthly basis.

3.5 Financial Management

The Council is continuing to embed a culture of strong financial management and its reporting strategy incorporates regular robust monitoring across all levels.

Operational managers, strategic management and Committees all receive reports on a regular basis.

These cover not only financial budget management but also the wider issues such as the impact on service outcomes and performance measures. This ensures that key elements of the budget are reviewed on a regular basis and issues are reported as soon as they emerge so they can be remedied as early as possible.

The deliverability of the budget is dependent on the achievement of all the proposals agreed within the budget. Once agreed, the savings will be monitored rigorously to ensure they are on track, and where there is a risk of partial non-achievement, remedial action will be presented and implemented as soon as possible. Savings will be monitored via the Policy and Resources Finance Sub-Group during the year. In recognition that some of the proposals are subject to specific consultation, are estimates and that things could change in year that may have an impact on their deliverability, a specific reserve, at around 15% of the agreed savings, has been established to offset any in-year under-achievement.

The Council manages risk on an ongoing basis at all levels of the organisation. Directorate risks are reported to each service committee and the Corporate Risk Register presented to the Audit and Risk Management Committee quarterly. This enables the Council to anticipate risks as they emerge. Clearly the Council faces a significant financial challenge over the coming year and all expenditure plans will be continually reviewed and monitored in this context. Given greater controls are in place the likelihood of significant unanticipated budget issues is reduced but should any emerge, that cannot be managed within existing budgets, contingency balances may need to be drawn on provide short term funding until a longer term resolution can be implemented.

4. Capital Strategy

As part of the preparation of the capital programme, specific consideration is given to the level of borrowing required to support capital aspirations. This determines the most appropriate means of borrowing along with the impact on the debt profile of the Council.

The Council uses a range of prudential indicators to manage and control the impact of capital investment decisions. This ensures that repayment of debt is affordable within the available funding and is particularly relevant during times of reducing funding. This is carefully monitored by the S151 Officer and the Policy and Resources Committee.

5. Reserves Strategy

The Council holds a range of reserves that it uses and holds for different purposes. This report considers each in turn.

5.1 General Fund

The General Fund is the Council's primary reserve. It exists to provide the Council with a contingency against unexpected events which could otherwise undermine the Council's sound financial standing. The fund is only to be utilised to address short term issues and is not to be relied upon to finance ongoing budget deficits. Where it is used in the short term, an immediate plan will be implemented to return it to a long-term equilibrium position in the medium term.

Determining the level of General Fund

This forms a key part of the Council's medium term financial strategy and will be informed by an assessment of the risks presented by:

- State of the economy (and its impact on Council costs/funding)
- Knowledge of future changes to the Council's responsibilities
- Specific risks relating to the changes in Council services

The aim is to maintain the General Fund between 3-5% of the Council's net budget. This can be considered to be a minimum level of reserves. For 2022/23 the Council General Fund balances are set at 4.13% of the net revenue budget. Within the MTFs there is a recommendation to increase this in 2023/24.

However, this rate will not take account of variable factors such as the economic climate, government policy and local factors. Therefore, alongside the normal risk the Council also needs to make an assessment of abnormal risks it may need to fund.

5.2 Earmarked Reserves

Earmarked reserves are established for one-off events or areas of expenditure that will occur with some certainty but do not require recurrent budget funding. The level of the reserve is set commensurate with the level of expenditure expected and under principles of best practice and prudence, should be established as soon as it is known that the expenditure will occur. This may mean that the reserve is held but not spent for some time.

Earmarked reserves are reviewed on a six monthly basis as to whether they are still required and at the original value expected. Where the reserve is no longer required it can be released or added to other reserves. Earmarked reserves are not used to balance the Council's budgets. Further information on earmarked reserves can be found in section 8.

6. Considerations

6.1 Impact of Covid-19

The impact of the COVID-19 pandemic has had a significant impact upon the Council's financial position, since March 2020. Whilst the impact of the pandemic could not have been foreseen the Council's Policy and Resources Committee have received a series of reports in 2021-22 detailing the financial impact of COVID-19 and the actions being taken to achieve a balanced budget position. Grant Thornton, the Council's external auditors, were also kept up to date as to the actions being taken by the Council and the measures the Council are taking to help bring the Council's finances back into balance and comply with statutory duties.

The Covid-19 pandemic and associated response and recovery are significant and the financial implications for the Council are uncertain. There are likely to still be budget pressures on both expenditure and income into 2022-23 and potentially beyond but it is difficult to quantify these with any certainty. Some funding is available throughout 2022/23 to support the continuing impact of Covid-19, and the recurrent changes to the way the council operates as a result of doing things differently, will be picked up as part of the service reviews and embedded as business as usual.

6.2 Anticipated reductions in funding

The level of government funding that the Council receives is expected to change over the next five years but by exactly how is uncertain.

Funding is increasing by £1.2m in 2022-23 but this is a temporary increase and until Central Government can provide a multi-year settlement as part of the Comprehensive Spending Review, this will always be a risk factor when estimating our funding for future years.

There is still considerable uncertainty about future funding including the longer term funding for Adult Social Care and Health following the new legislation around the fair cost of care. The Business Rate Retention Scheme, of which Wirral is in a 100% retention pilot scheme within the Liverpool City Region and The Fair Funding Review remain under review and the timescales for implementation of either are still uncertain but could be expected from 2023/24.

6.3 Inflation

The Council has built specific allocations into the budget to provide funds for contractual and other inflationary pressures. The scale of the increase in energy costs has been a significant factor in the budget and this is based on information from the Council energy broker. The Council estimates on wider budget areas which may experience inflationary pressures in future years and their likelihood; as well as consideration of prevailing national inflation rates and pay bargaining agreements have been built into the budget over the next five years. Government funding from the one-off Services Grant was provided to meet the costs of the employers National Insurance rate increase; as this additional expenditure is permanent, the increase has been included in the baseline budget and therefore has been forecast for future years.

6.4 Changes in service delivery models

The Council continues to review the way in which it delivers services in order to ensure best practice and best value for money for its residents. This has resulted in significant changes to working practices, commissioning relationships and governance arrangements.

As these become embedded within the organisation this should reduce the risk to the organisation however there is still a degree of risk that needs to be allowed for.

From 22/23 as part of the Change Programme, a series of organisational service reviews will be undertaken. This will result in a full review of each service based on what the outcomes are for the service, what resource is required to meet the outcomes via a Zero Based Budgeting review and how the service compares in benchmarking terms; an establishment review to determine the required staffing to meet the outcomes and how the service can be as efficient as it can be in order to provide value for money.

6.5 Rising Demand for Services

The Council continues to face increasing demand for its services due to demographic growth pressures particularly in Adult Social Care. The Council is aware of and attempts to review and manage the potential risk of provider failure within the adult social care market. The failure of any provider may potentially result in the Council incurring additional costs under its Care Act duty to respond to provider failure. New innovations such as digital equipment and smart homes to enable residents to become and retain independence helps mitigate this demand and this is managed with continuous integrated and partnership with working with our care providers

As behaviours and culture changes within society, the Council needs to be aligned to this in terms of future demand pressures. One example as a result of Covid-19 and people working from home, is an increase in on-line shopping and packaging from home deliveries. This has an impact on the recycling and waste disposal rates for the Council and can impact on the cost of refuse collection and disposal.

Rising demand is kept under constant review with initiatives and programmes brought through the Policy and Services Committees for approval to keep it to a manageable level.

6.6 Legal Challenges

The Council regularly has to make strategic or policy decisions that could be subject to challenge or appeal from the affected bodies. Any such decisions or changes that impact on operational services may be subject to legal challenge. Whilst it is considered that the risk is low, it is prudent for the Council to have some capacity to safeguard against challenges. Any financial implications arising from legal challenges are funded from the General Fund balance, in the absence of any other reserves established for known challenges.

6.7 Regeneration Projects

As part of its regeneration agenda the Council undertakes a number of projects which require some initial short term investment to progress the schemes to a point where they either become income generating or cost saving.

While these schemes are in development and through their early years of operation, they represent a higher risk to the Council as they are typically complex and are expected to be wholly or partially funded from the income they generate. Such developments include the regeneration Wirral Waters and Birkenhead Commercial District.

The Council monitors these risks closely, and carries out extensive due diligence in advance of entering into such schemes, to ensure risk can be mitigated as much as possible to avoid future exposure to financial pressures. No specific income from regeneration projects is include within the MTFS, with the exception of additional council tax and business rates. Any additional income arising from regeneration projects will be reinvested into regeneration to ensure future resource is available and to rebuild the councils reserves and balances.

7. Robustness of the Budgets

7.1 Approach

During 2021 Policy and Service committees were tasked with considering, with a view to agreeing proposals put forward by Officers that would contribute to the 22/23 Budget. In addition, Committees were required to identify areas for further proposals and to provide a steer to Officers in reviewing areas that could be put forward.

During the Autumn it was apparent that this approach was not wholly successful as a budget gap remained. Officers were provided with budget envelopes in which to identify a further value of proposals in order to meet the gap and remain within their budget envelope for 2022/23.

The Policy and Resources Finance-Sub Committee, met weekly to consider the proposals to meet the Budget envelopes and two workshops were help with the full Policy and Resources Committee.

The approach undertaken to set the 22/23 budget is set out below:

- Detailed estimates were prepared by Directorates in accordance with principles laid down by the Director of Resources (S151 Officer)
- The estimate submission has been subject to rigorous review throughout the budget process both in terms of reasonableness and adequacy. This process takes account of previous and current spending patterns in terms of base spending plans and the reasonableness and achievability of additional spending to meet increasing or new service pressures. This is a thorough process involving both financial and non-financial senior managers throughout the Council.

- Financial pressures experienced in the previous financial year are recognised in the following year's budget.
- As part of the budget process, directorates undertook a risk assessment of their key budgets, and provided a summary of major risks within the directorate budget documents.
- All directorate budgets contain efficiencies, income generation and service reviews which will require actions to deliver and any delay in taking decisions may have significant financial implications.
- Whilst the level of risk within the budget was considered manageable on the understanding that key decisions are taken and that where identified savings are not delivered alternative savings options will be needed.
- In order to address the estimated budget gaps identified in the Medium Term Financial Strategy the Council has established cross Council group approach provides a high support, co-ordinated and consistent approach to the identification of robust, realistic and deliverable budget savings proposals.
- The same group has oversight over the budget savings programme. Through this robust and accountable approach any variations to budgeted assumptions can be readily identified and addressed. Where appropriate, and in accordance with the Council's adopted budget principles, alternative proposals will be identified to ensure that a balanced budget position can be delivered over the period covered by this Medium-Term Financial Strategy. Progress against the delivery of these targeted savings will be included in the monthly Policy and Resource Sub Committee Reports.
- In recognition of the financial challenge the Council faced in 2021/22 from an unprecedented event the Council is establishing a number of new reserves to fund future unforeseen budget pressures and to ensure the Council becoming more financially resilient.
- Where the budget assumes the generation of additional capital receipts from property and land sales which are utilised to offset transformation activity.

In assessing the robustness of the Revenue Budgets the key risks are:

- Reasonableness for the provision of inflationary pressures;
- The delivery of the known savings and efficiencies;
- Deliverability of budget changes;
- The impact of increasing demand for services, particularly care services;
- Deliverability of income targets;
- The impact of Covid-19 on the longer term which as yet is unknown;
- Changes to the Capital Programme and associated revenue costs;
- The generation of capital receipts from the sale of land and buildings;
- The ability to increase the General Fund and Earmarked reserves to meet unforeseen costs; and
- On-going review of the risks relating to Council Tax and Business Rates collection levels and appeals.

These assumptions and changing circumstances require forecasts to be regularly reviewed and monitored. This monitoring will take place through the Policy and Resources and Policy and Service Committees during 2022/23.

7.2 Chief Officer and Member Engagement

The Council and its senior management have very clear expectations regarding the delivery of a 'balanced budget' and have instigated appropriate monitoring and reporting processes to ensure any emerging pressures are promptly addressed.

The significant work that has taken place via the Committee Budget Workshops and subsequent Committee meetings have ensured that the Council's priorities are embedded throughout the organisation.

The creation of a Policy and Resource Finance Sub-Group made up of cross-party members provides support, co-ordinated and consistent approach and decisions to ensure realistic and achievable budget saving proposals are approved in line with the recommendations from the DLUHC reports. The Leader of the Council and Leader of the Conservatives also sit on the Independent Panel.

The same group has oversight over the budget savings programme. Through this robust and accountable approach any variations to budgeted assumptions can be readily identified and addressed.

7.3 Five-year plan

The Council has a five-year rolling Medium Term Financial Strategy and Plan. The plan for 2023-27 allows more certainty for forward planning and early implementation of future years savings proposals or mitigation of pressures. Given the uncertainty regarding funding in future years, the plan is closely monitored on a regular basis to ensure the most up to date position can be reported at any time.

7.4 Robustness of the Capital Programme

In assessing the robustness of the Capital Programme and following the recommendations from DLUHC a review of the programme has been undertaken to assess the deliverability of the projects and their value of money. Where necessary, the Council can choose to stop or freeze parts of the Programme throughout the year to ensure spend is kept within the agreed budget and to ensure that the programme only supports key priorities. The capital programme facilitates the implementation of programmes and initiatives that support the council's future financial sustainability through generation of new income and cost avoidance. A clear example of this is technology for independence and smart homes which enable residents to remain in their homes for longer this avoiding future costs of social care.

The main risks of the Capital Programme are:

- The ability to deliver the Programme within the agreed timescales. The re-profiling and slippage from previous years is fully funded but increases the pressure to deliver the anticipated 2022/23 Programme.
- The future Programme includes new starts based on the availability of resources. The programme includes asset disposal and in current economic the capital receipts may be higher or lower than expected.

- Market and economic factors that may increase the cost of materials associated with projects that had not been factored in and may increase borrowing costs
- Deliverability of projects within current capacity
- Over exposure to borrowing

8. Adequacy of the Level of Reserves and Balances

Reserves and balances are sums set aside to meet possible future costs where there is no certainty about whether or not the costs will actually be incurred, the date of when the cost will be incurred or where the funding is on-off and not required on a recurrent basis.

The purposes of the general reserve policy are to help longer-term financial stability and mitigate the potential impact of future events or developments which may cause financial difficulty. General and useable reserves are a key measure of the financial resilience of the Council, allowing the Authority to address unexpected and unplanned pressures.

When reviewing the Medium Term Financial Plan and preparing the Annual Budget, local authorities should consider the establishment and maintenance of balances and reserves. These can be held for three main purposes:

- A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this forms part of the general fund reserve.
- A contingency to cushion the impact of unexpected events or emergencies – this forms part of the general fund reserve.
- A means of building up funds, referred to as earmarked reserves to meet known or predicted requirements. Earmarked reserves are accounted for separately but remain legally part of the general fund.

Reserves are not to be used to avoid decisions being taken to recommend a balanced budget to Full Council but can be used as a smoothing mechanism where robust plans can be evidenced that arrangements are in place to deliver proposals as a part year effect in-year and for as a full year effect in the following year.

The general fund balance for 2022/23 is forecast to be circa 4.13% of the 2022/23 net revenue budget. It is planned to increase this to 4.5% in 2023/24 and continue increasing to a sustainable level by 2026/27.

The use of reserves and balances to support the Councils budget setting process is not used, as agreed by the Policy and Resources Committee on 1 December 2021. This is clearly not sustainable and undermines robust financial management.

In their letter to the Chief Executive in 2020, Grant Thornton stated that 'In my view, it is not prudent for Council's to use non-recurrent money to fund recurrent expenditure' and that 'I do not consider that reducing the general fund reserve would be appropriate and this would leave the Council exposed should a financial crisis

occur. In accordance with this recommendation this Medium-Term Financial Strategy assumes that reserves will be at circa £64m in 2022/23 and will rise to circa £69m by 2026/27. The indicative general reserve levels from 2021/22 to 2026/27 are set out in Table 8.1 below. This position assumes that a balanced budget position is delivered in 2021/22.

Table 8.1

	Forecast closing 2022/23 £m	Forecast closing 2023/24 £m	Forecast closing 2024/25 £m	Forecast closing 2025/26 £m	Forecast closing 2026/27 £m
General Reserves	13.62	14.86	16.22	17.54	17.82
Earmarked Reserves	51.17	51.17	51.17	51.17	51.17
Total Reserves	64.78	66.02	67.39	68.71	68.99

In the External Assurance Report, commissioned by DLUHC on Leadership and Governance, Ada Burns presented her findings and recommendations in November 2021 to the Council. In the report it was recommended that the Council “Prioritise income from growth to support the re-building of reserves”. In External Assurance Report on financial sustainability, CIPFA noted the concerns that reserves have been reducing and are lower than similar Councils and the risks associated with this if saving fail to be delivered.

Both of these reports support the findings set out by Grant Thornton as part of their external audit for 2019/20 where they gave an adverse conclusion for securing efficiency, economy and effectiveness in its use of resources and recommended we build our reserves to a satisfactory level.

The MTFs has set out as outlined above a forecast for growth in the General Fund and where possible additional reserves will be created but not at the detriment of statutory services.

9. Overall Conclusion

The level of future financial risk is significant, particularly with regard to the achievability of programmed savings, significant uncertainty regarding local government funding changes beyond 2022/23, and the significant funding gap forecast over future years.

The 2022/23 budget is considered robust. Although there are significant savings that need to be delivered in 2022/23 they have been challenged in terms of deliverability and phasing and assurances have been obtained from Directors that these are achievable. Estimates within the budget are based on professional advice and there are considered to be sufficient contingencies within the budget to deal with unforeseen or uncertain items.

Budget review sessions will act as a strong control loop in meeting the budgetary plans to ensure that the Council's financial position is protected. It will be necessary to keep a very tight control of progress towards envisaged savings targets and of spending decisions. This will be closely monitored and action will be taken promptly to address any concerns that may emerge.

The level of both general and earmarked reserves are planned to mature to an appropriate level. The earmarked reserves have been set aside for specific purposes and have been rigorously reviewed. The general reserves level has been risk assessed and although low the MTFs has set growth in its plans to support future unknown costs.

Given the funding uncertainty over the next five-year financial planning period this level of reserves is necessary to smooth the impact of any significant funding reductions. The Covid-19 pandemic has been a recent example of why the Council needs to grow its reserves.

The Council will continue to closely monitor and engage in the consultations in relation to the local government funding changes which will have a significant impact on how the Council is funded in the future and the financial scenario will be updated as further information emerges.

The Council will need to carefully consider its response to the financial gap and unprecedented financial uncertainty facing the Council for 2023-24 onwards. This will be a priority area for the finance function, senior leadership team and Committee members over the coming months.

I have considered a wide range of factors having regard for short term considerations and in the context of the Council's Medium Term Financial Strategy I declare that the level of reserves need to grow in the forthcoming year and for the financial planning period provided, that the estimates the budget is based upon are realistic and robust and there is ongoing commitment by Members and Directors to control spending within approved budgets.

In overall view is that the 2022/23 budget is sound response to continuing challenging financial circumstances, which maintains services as far as possible, maximises efficiencies and responds to future financial challenges.

My advice to Members is to take steps to increase the General Fund Balance to 4.5% of the net Revenue Budget in 2023/24 to ensure a reduced risk to the Council's future financial sustainability.

This page is intentionally left blank

2022/2023 BUDGET SETTING

CHILDREN'S SERVICES

Wirral's Children's Services are focused on breaking the cycle of poor outcomes and encouraging and enabling families to bring up children in safe, happy, and secure environments. Its functions include:

- Assessment and Intervention
- Children's Business Support
- Early Childhood Services
- Education and Lifelong Learning
- Fostering, Adoption and Placement Commissioning
- Integrated Front Door
- Modernisation
- Multi Agency Safeguarding Hub
- Performance Improvement
- Permanence
- Safeguarding QA and Practice Improvement
- SEND and Inclusion
- Schools Improvement
- Youth Service

PROPOSAL: Reduction of Historic Teachers Pensions Costs

More about this option: The council is responsible for the costs of additional benefits awarded to teachers upon early retirement outside of the terms of the Teachers' Pension Scheme. This is a legacy financial commitment where the cost is reducing over time and can be achieved through a simple budget reduction.

Saving: £0.2m

PROPOSAL: Alternative Accommodation Provision for Children Looked After

More about this option: In order to reduce costs associated with external accommodation providers, the council will partner with a Community Interest Company to open four children's homes for up to 16 young people over the next 2 years.

This will include short-break therapeutic provision for children and young people with learning disabilities, autism, and mental health difficulties, as well as expanding in-house provision at Willowtree for young people with disabilities. A registered housing provider will also be commissioned to offer care leaver accommodation.

Saving: £1m

PROPOSAL: Utilisation of Demand Reserve

More about this option: This proposal is focused on service demand. The long-term saving will involve an alternative delivery model based on the Department for Education's Family Safeguarding model. In the meantime, COVID funding will deliver the savings until the permanent model is in place.

Saving: £0.467m

PROPOSAL: Children's Services redesign and posts deletion/closure

More about this option: This proposal will look to achieve efficiencies within the Directorate through removal of vacant posts, redeployment, and service realignment.

Saving: £0.294m

PROPOSAL: Reduction in Adoption Orders.

More about this option: Wirral had a disproportionately high number of adoption orders in 2017/18 and 2018/19. This has impacted on the budget which funds the service via the Regional Adoption Agency. The funding formula for the regional adoption agency is currently based on the average number of adoption orders for the previous four years.

As these adoption order numbers pass out of the formula calculation over the next two years, Wirral's contribution to the regional adoption agency will reduce.

Saving: £0.05m

PROPOSAL: Reduction in the Number of Looked After Children

More about this option: In recent years, the overall children looked after (CLA) numbers in Wirral were higher than statistical neighbours. The numbers coming into care presently are more in line with neighbours. The cohort of children who joined during the earlier period are likely to remain in care until age 18, but as these pre-2019 children reach 18 we anticipate our CLA spending will reduce annually.

Saving: £0.564m

PROPOSAL: Review of Youth Offending Service

More about this option: This proposal includes the removal of a post from the Youth Offending Service structure which is no longer required.

Wirral's Youth Justice Service produces an Annual Strategic Plan which is approved by the Youth Justice Management Board and Council. The plan sets out the priorities and action for future delivery. It is anticipated that the service can continue to meet its statutory responsibilities and prevention approach without the additional post.

Saving: £0.025m

PROPOSAL: Special Educational Needs (SEND) Transport Review

More about this option: This option will include a service redesign which will look to reduce costs in home to school transport for children with SEND. The review will include changes to timings and routes, multiple drop offs, vehicle sharing and eligibility post 16.

Saving: £0.15m

PROPOSAL: Increase Funding for Placements from Health Clinical Commissioning Group and SEND

More about this option: Social Care currently contributes the majority of funding (90%) towards residential placements whilst education contribute 4.45% and health 5.27% (as of April 2021). This proposal is seeking a more equal distribution of funding which will help secure this saving.

Saving: £0.2m

PROPOSAL: Redesign of Youth Offer

More about this option: This proposal will seek to achieve savings through a review of current budgets and resource. It will include withdrawal of £100k from the Hive (in addition to the £200k withdrawn last year 2020/21), the removal of £100k from the Youth Service budget and deletion of one post from the Youth Service. In 22/23 the Hive will continue to receive a £100k contribution from local developers.

Saving: £0.2m

REGENERATION

This Directorate is leading Wirral Council on its hugely ambitious regeneration of the borough, and plays a significant role in promoting housing supply, providing wider place-based regeneration and local growth, and supporting cohesive communities.

Its functions include:

- Assets and Facilities Management
- Culture strategy and Visitor Economy
- Development Management and Building Control
- Housing, Supported housing and homelessness services
- Major Planning and projects including Wirral Growth Company
- Inward investment
- Regeneration
- Strategic Transport

PROPOSAL: Capitalisation of Regeneration Staff Salaries

More about this option: Capitalisation of salaries associated with capital programme activity will ensure the delivery of the council's regeneration and economic growth programme, which is recognised as a once in a generation opportunity to address decline in Birkenhead and other areas across Wirral.

Saving: £1.42m

PROPOSAL: Cease Financial Contributions for the Provision of Community Alarms and Response Calls

More about this option: It is proposed the council will cease the grant funding contribution to current eligible customers for the community alarm/response services charges. Notice will be given to the providers of this funding being withdrawn in line with current funding regime and agreement notice period. Registered providers will then each undertake their own review of the service provided to see how this would be managed with their residents.

Saving: £0.2m (22/23) £0.1m (23/24)

PROPOSAL: Reconfiguration of Commissioned Homeless Accommodation

More about this option: The homeless accommodation scheme in its current configuration is not fully meeting the demands being seen coming through the council's housing options system. In partnership with service providers, we will look to reconfigure the service, adjusting parameters, including age restrictions, in order to meet demand and cater for wider client groups. Changes would result in the service having the ability to apply for intensive housing management eligible costs, thereby releasing the expenditure the council currently provides as part of a commissioned service.

Saving: £0.115m (22/23) £0.037m (23/24)

PROPOSAL: The Closure of Public Conveniences

More about this option: Due to increasing maintenance costs, this proposal will see the closure of public conveniences, with sites including Moreton Cross, West Kirby Concourse (external), Meols Parade (Bennetts Lane), New Ferry and Thornton Hough. Retained sites will include include: West Kirby Marine Lake, Parade Gardens Hoylake, Harrison Drive (Kings Parade) New Brighton and Moreton Common, located generally in coastal areas.

Saving: £0.05m

PROPOSAL: Corporate Buildings – Holding Costs

More about this option: Following changes in working arrangements due to the Covid pandemic, a number of Council owned buildings are currently not in use, and it is proposed that a further review of them is undertaken, with savings anticipated from reduced utility costs, cleaning, materials, etc.

Saving: £0.05m

LAW AND GOVERNANCE

The core business of this department is to provide corporate and operational legal advice, assistance and support to the authority and its members, as well as responsibility for the co-ordination and efficient management of the decision-making processes of the Council. Its functions include:

- Civic Services
- Committee Services
- Coroners
- Electoral
- Legal Services
- Licensing
- Registrars
- Scrutiny

PROPOSAL: Removal of Individual Member Budgets

More about this option: In order to set a balanced budget for the 2021/22 budget year, the council had agreed to limit the budget to £1,000 per member with a view to the budget being reintroduced for 2022/23. However, given the current budget savings requirement that the council must meet to set a balanced budget, it is proposed that this budget now be removed on an ongoing basis, which continues to allow for the £1,000 per member allocation to remain.

Saving: £0.184m

PROPOSAL: Reduction in the Number of Committees

More about this option: The current re-design of the council's committee structure will be accompanied by a re-design of the staffing requirement to support the number of meetings, members, and officers in the decision-making process.

Saving: £0.15m

PROPOSAL: Capitalise Salaries

More about this option: This proposal will include a change to re-direct qualifying legal services salaries away from the council's central budget to specific capital projects, which will enable a saving on net revenue costs. This type of expenditure is not considered to be a council overhead but a direct cost necessary to achieve a project or programme of projects.

Saving: £0.2m

ROPOSAL: Whole Council Elections

More about this option: The Council is currently undertaking a statutory consultation on changing the electoral cycle to whole council elections as of 2023. Over a 4-year period, the cost of running Local Authority elections is £1,024,200. The costs of running whole council elections, with the provision of funding for the event of by-elections, would be £520,000 over the same 4-year period

Saving: £0.125m

CORPORATE OFFICE

The role of the Corporate Office is to ensure that Wirral Council is a high-performing, well-managed, strategic organisation. The office stands as a key interface between the Chief executive, Senior Leadership Team, Leader of the Council, Members and Key Stakeholders. Its functions include:

- Business Support
- Communications
- Customer Feedback and Members Enquires
- Quality and Organisational Effectiveness
- Strategy, Policy and Partnerships

PROPOSAL: Service Re-design

More about this option: The Corporate Office will be redesigned to include the centralisation of corporate resources and more integrated and flexible teams. This work will be delivered over 18 months. The first phase of this will be achieved through the deletion of two vacancies across the Policy and Communications Teams and a reduction in the marketing budget. Phase two will be developed during 2022/23 and will align with the Change Programme service re-design schedule to explore opportunities for centralised corporate services.

Saving: £0.11m

ADULT CARE AND HEALTH

The Department provides or secures the majority of care and support services through adult social care, which is part of the wider health and social care system. Its functions include:

- Care standards
- Commissioning Older People and Mental Health and Disability Services
- Public Health
- Strategic Commissioning
- Wirral Intelligence Service

PROPOSAL: Technology and Care Package Review

More about this option: Social Care savings relate to supporting people to maintain their independence, to provide new ways of supporting people to get back on their feet after a period of illness, and to keep them supported in their own homes wherever possible.

New initiatives include the development of Extra Care Housing schemes across the Borough providing homes with built in support as part of the package at a cost much lower than residential care. We have invested significantly in assisted technology to help people remain safe in their homes. Our community equipment services now provide 24 hour delivery services to reduce falls and help people manage at home. Our social work teams are working with people and their families to ensure that the latest models of care are considered every time a person needs help.

The savings will therefore come from review of care packages ensuring that the way people are cared for continues to support them to live independently. There will be no direct cuts, however we do expect people to be supported in the most effective way and for resources to be used to maximise people's independence.

Saving: £3.89m

RESOURCES

The Resources department includes all the professional services needed for the efficient running and sound financial management of Wirral Council. Its functions include:

- Debt recovery and income
- Finance and Investment
- Health and Safety
- Human Resources
- ICT Strategy and Delivery
- Merseyside Pension Fund
- Organisational change
- Organisational Development and Design
- Procurement and Commercial Management
- Programme Office
- Revenues and Benefits and Council Tax

PROPOSAL: One Stop Shop Review

More about this option: The One Stop Shop (OSS) Network has reduced in line with a reduction in visitors to OSS outlets and a move to new access channels including appointments. Savings are achieved by the removal of vacant posts which are no longer required linked to this change.

Saving: £0.099m

PROPOSAL: Review of Treasury Activity

More about this option: Debt management and investment opportunities cover a wide range of activities undertaken within Treasury Activity.

This proposal will look at investment opportunities, including social and green investment aims. Additionally, there is also potential for new revenue streams from alternative investments. Both will be balanced against risk and current income targets.

Saving: £0.5m

PROPOSAL: Revenues & Benefits Review and Restructure

More about this option: This proposal includes a full review to examine every aspect of the service and its processes, looking to streamline as much as possible and removing wasteful/bureaucratic tasks from the service. This process includes the expansion and introduction of new automated processes.

The savings will be realised by a mixture of removing vacant posts from the existing structure which can be released from the review, together with streamlining management structures and a limited offer of early voluntary retirement.

Saving: £0.75m

PROPOSAL: Reduction of Strategic Change Revenue Budget

More about this option: Partial funding of business change can be supported through flexible use of capital receipts for transformation, and this can therefore release revenue budget whilst enabling the service to deliver major business change to the council for 1 year only.

Saving: £0.65m

PROPOSAL: Restructure of Procurement and Commercial Teams

More about this option: Following an in-year staffing restructure that saw a central team of commercial officers restructured, this proposal seeks to remove the remaining budget for the team. Additional roles supporting income generation are in place within the relevant Directorates.

Saving: £0.23m

PROPOSAL: Review of Finance Team Structure

More about this option: This saving proposal, of reducing resources within the Finance function, is presented in recognition of the changes being put forward elsewhere in the council that will impact on the support services required.

Saving: £0.05m

PROPOSAL: Cease Business Rates Contribution

More about this option: It is proposed that the annual contribution to reserves to guard against successful appeals of business rates is halted.

Saving: £0.696m

PROPOSAL: Modernisation of Information and Communications Technology (ICT) Service

More about this option: In order to improve the councils digital offer, Microsoft are being engaged to support a Digital Transformation programme. As part of this programme the ICT services will be modernised which will see processes digitalised and automated. This will enable savings to be made across ICT.

Saving: £0.05m

PROPOSAL: Review of Business Support Unit

More about this option: With the move to working from home, less stationery is being purchased and there is less of a requirement to provide courier services. Savings will therefore be made within the Business Support Unit in lines with these changes in working patterns.

Saving: £0.02m

PROPOSAL: Review of Internal Audit – Income and Efficiencies

More about this option: In addition to staff efficiencies the department will increase the selling of services to third parties, which will include new customers that have already been secured.

Saving: £0.08m

PROPOSAL: Reduction of Learning & Development Budget

More about this option: This one-year temporary saving can be made as a result of the introduction of a new Learning Experience Platform, reduction in face-to-face delivery and optimising the apprenticeship levy. In addition to this the council have increased income which will be paid in 2022/23 tax year from the government apprenticeship start incentive payments which can be utilised to support learning and development.

Saving: £0.1m

NEIGHBOURHOODS

The Neighbourhood's department is made up of the everyday functions that are key to the wellbeing of local areas and local people. The department includes a wide and varied range of universal, front-line services, such as:

- Assisted Travel
- Climate change
- Community Safety
- Customer Services
- Emergency Planning
- Environmental Health
- Highways Design and Maintenance
- Highways, Traffic and Road Safety
- Leisure
- Libraries
- Street Scene
- Major events
- Network Management
- One stop shops
- Parks and Countryside
- Road Safety
- Trading Standards
- Traffic Management
- Waste and Environment

PROPOSAL: Review of Leisure Service

More about this option: This proposal includes a full-service review of the council's Leisure Services Division to consider all elements delivered and focus on removal of unnecessary cost and duplication, improved commissioning, and a lean target operating model.

It is likely that there will be staffing implications as a consequence of the review, the totality of which cannot be identified at the present time. Any reduction in staffing numbers would be attempted to be achieved through EVR/VS, redeployment and/or retraining.

Saving: £0.178m

PROPOSAL: Highways Operational Services - Income exploration

More about this option: This proposal will explore the commercial opportunities and internal promotion of the various services available through Highway Operational Services in order to create additional income generation. It will also seek to further expand other departmental work requests within the council from Assets, Education, Parks & Countryside, and third party works currently undertaken for service partners such as NHS and Wirral Older People's Parliament.

Income: £0.03m

PROPOSAL: Closure of Europa Fun/Leisure Pool & Enhanced Gym Offer

More about this option: This proposal includes the closure of the Leisure Pool ('Fun' Pool) at Europa Pools (wave machine, swimming pool features, flumes, etc). The option does not include the closure of the centre nor competition swimming pool which would continue to remain open. The service would also seek to repurpose the Leisure Pool, using the space to create a larger indoor gym offer and therefore increased income.

The costs to operate the fun pool at Europa are disproportionately high in every respect. The requirement for additional staffing, coupled with the 24/7 need to heat, chemically treat and manage the pool environment all mean that financially the operation is not sustainable. The pool is predominantly only occupied during school holidays and for some periods at weekends meaning that for 39 weeks of the year there is significant underutilisation. Staffing, energy and utilities costs generally are also expected to increase substantially in forthcoming years and this will only add to the financial subsidy

The service has been able to utilise the space to create an enhanced fitness facility and will be introducing a range of affordable junior sessions (particularly during school holiday periods) both in the fitness facility and additional first floor space. The service will also explore delivery of fun sessions within the competition pool, both at Europa, the Guinea Gap Leisure Pool and other sites. Whilst this will not replicate the fun pool, the aim is to make the facility as user-friendly and accessible to all users across the Borough.

Saving: £0.246m Plus £0.02m increased income from Gym offer

PROPOSAL: Increased Catering Across all Leisure Sites

More about this option: This saving proposal would see an increase in income generation at the Sail Loft site through maximisation of customer numbers and sales. Further income could be generated through expansion of the service at different sites across the borough.

Income: £0.06m

PROPOSAL: Outdoor Water Sports Offer at West Kirby Marine Lake

More about this option: This budget option is an income generation scheme that would utilise the Marine Lake for new outdoor activities. These activities have become popular during the pandemic as people have sought alternatives to indoor activities whilst restrictions were in place.

Additionally, there will be more opportunities for residents to become involved in new sports activities, as well as having the potential to attract additional customers at the Sail Loft site

Income: £0.015m

PROPOSAL: Catering Pod at Leasowe Leisure Centre for Football Traffic

More about this option: This proposal will look to establish an outdoor catering offer (catering pod) at Leasowe Leisure Centre. An extension of the council's expanded in-house catering offer, the unit will primarily serve the high footfall football league traffic during the months of September – May. There is also scope to expand operation by re-locating the unit during the remaining months of the year.

Income: £0.021m

PROPOSAL: Permanent Closure and Demolition of Woodchurch Leisure Centre

More about this option: This option is for the closure of Woodchurch Leisure Centre. Due to the condition of the site, its low usage levels comparable with other sites, the required level of investment and the subsidy it carries, is proposed that the centre is then demolished to make way for a growth in outdoor leisure provision.

The site adjacent to the Leisure Centre will see considerable development, including the construction of a new 3G, supersize Artificial Grass playing pitch - one of only a few in the country, and a multi functional pavilion.

The schools that made use of Woodchurch, pre-covid, for swimming lessons have now been relocated.

Saving: £0.402m

PROPOSAL: Temporary Closure and Remodelling of Bidston Tennis Centre

More about this option: The option would see the temporary closure of the Tennis Centre (indoors) in Bidston for a 12-month period whilst a facility upgrade takes place at the site within the core of the building. It has been identified by an independent leisure consultant that the facility mix within the building does not complement local need or local demographic. Consequently, a redesigned centre will meet the needs of the local population and provide additional income. The new development would take out 3 indoor tennis courts and replace with extensive soft play and gymnastics offer. A second new 3G Astro turf pitch would also be built within the outside grounds of the site in a funding partnership between the Football Foundation and the Council with further income potential.

Saving: £0.114m

PROPOSAL: Review of Golf Offer

More about this option: This proposal will seek to generate savings through the closure of the two lowest performing generating 18-hole golf courses, two leisure based recreational New Brighton sites and introduction of a new pricing/membership model for municipal golf.

Brackenwood and Hoylake golf courses will close, along with Wallasey Beach and Kings Parade leisure sites.

The current average capacity usage across all sites is approximately 19%, with some sites as low as 12%.

Closing these sites will negate major capital costs in terms of drainage requirements and the replacement of golf machinery. Around £2.85M has been highlighted for Brackenwood/Hoylake alone.

The two remaining golf courses will still provide a sufficient 'golf offer' to the residents of Wirral whilst substantially reducing the financial subsidy to the authority.

Saving: £0.328m

PROPOSAL: Exercise on Referral Programme

More about this option: Wirral's Leisure Services Team has a pool of qualified professionals who will be commissioned by health partners to provide patients with an opportunity to engage in a structured programme of physical activity or exercise by working with a qualified exercise professional to provide a positive introduction to being active.

Income: £0.1m

PROPOSAL: Floral Pavilion – New Operating Model

More about this option: This option would reduce the operational budget for the Floral Pavilion Theatre and Conference Centre, whilst increasing the amount of income generated by the venue. The venue does attract a subsidy however this has diminished in recent years due to improved management and this trend of working towards a leaner operating model with greater income potential is expected to continue.

Saving: £0.35m

PROPOSAL: Re-provision of the Library Service

More about this option: This saving is associated with the development of a new operating model in libraries which will consolidate and realign the current libraries estate and resources to provide a comprehensive and efficient service for all who wish to use it.

The total footfall in Wirral's libraries has decreased by 376,557 in the last five years representing a 28.7% drop almost 50% decline in active borrowers and a 57% decrease in book loans over the last decade (since 2012 and excluding COVID-19 impact)

The new operating model will retain four central libraries - Birkenhead Central, West Kirby, Wallasey Central, and Bebington Central, and four community libraries – Eastham, Moreton, Upton, and Heswall.

Five additional sites would be established as unstaffed RFID sites giving residents a self-serviced library offer in a co-located venue. These are:

- Leasowe – Millennium Centre
- Beechwood – Co-located in community asset
- Ridgeway – In school area identified
- St James – St James Centre
- Seacombe – Seacombe Children's Centre

The home reader service will remain for residents who cannot access a traditional library, as will the council's digital library and online offer.

In addition, the service will invest in a Mobile Library with a 3000-book capacity to ensure a greater level of coverage across communities meaning more people having access to a library service.

For all the remaining libraries that have not been retained, further engagement with communities will be undertaken as part of the proposed consultation to explore interest in community owned/managed libraries. The above will be considered on a case by case basis.

Saving: £0.814m

PROPOSAL: Fleet Efficiencies in Transport - Going Green

More about this option: This budget saving option is to appoint an independent expert to undertake a no-cost 'Green Fleet Review'. This review will examine the existing fleet in terms of vehicle choice, fuel economy and recommend mileage reduction strategies.

Saving: £0.02m

PROPOSAL: Capitalisation of Highways Salaries

More about this option: All highways and transport approved schemes for 2021/22 are funded from the Combined Authority allocation for Integrated Transport Block (ITB), which is £1.15m. It is anticipated that the new City Region Sustainable Transport Settlement allocation for Wirral over 5 years from 2022 will be between £5m and £11m.

Revenue savings can be achieved by increasing capital recharges – that is staff time spent on individual schemes.

Saving: £0.015m

PROPOSAL: Highway's Maintenance Contracts

More about this option: This proposal will see a reduction in the highway lining and the street furniture budgets. This will include seating, guard rails, signs, and bollards.

Saving: £0.025m

PROPOSAL: Streetlighting Service Savings

More about this option: Due to the introduction of the new LED lanterns programme savings can be made through ceasing night-time lighting inspections. In addition, the capital investment for illuminated signage has enabled us to replace all the illuminated bollards with reflective surfaces, therefore savings can also be made within the illuminated signage budget.

Saving: £0.05m

PROPOSAL: Car Park Maintenance - 1 Year Budget Reduction

More about this option: This proposal will see a revenue saving from the car parks maintenance budget for 1 year only. A budget will remain for essential safety repairs to potholes etc.

Saving: £0.05m

PROPOSAL: Transport Efficiencies

More about this option: This proposal will include a review of the in-house fleet, such as the outsourcing of the tyre fitting supply, repair, and fitting service. A management restructure is also planned in order to realign the service and create workforce efficiencies.

Saving: £0.07m

PROPOSAL: Eco and Forest School Income

More about this option: The council provides a well-established and highly regarded Eco Schools programme and has been developing a Forest Schools initiative. Such provision is currently offered to schools free of charge. This proposal sets out an opportunity to implement a charge for parts of these programmes.

Income: £0.02m

PROPOSAL: Tree Management Team Commercial Offer

More about this option: The primary purpose and function of the Tree Risk and Inspection Team is to inspect and manage the council's tree stock (both highways and parkland) and mitigate any risk associated. However, there is some capacity within the inspection team to conduct tree inspections and provide management advice for partnering organisations and other landowners.

Income: £0.025m income

PROPOSAL: Market Rental for Park Café

More about this option: This option will seek to increase the income received from rents, specifically for the rent of a café at Royden Park by a commercial operator.

Income: £0.01m

PROPOSAL: Income Increase on Allotments

More about this option: This option would seek to increase the income received from allotments by increasing the annual fees charged to allotment holders.

Income: £0.05m

PROPOSAL: Increase in Charges for Waste and Environmental Services

More about this option: This proposal would see an increase in charges (income) for a range of services provided by Waste and Environmental Services (including garden waste collection service subscription, skip permits, collection of bulky items, collection of waste and recycling from schools and cost to supply a new wheelie bin), as well as freezing the litter bin budget for one year.

We anticipate an increase in recycling and reduction in residual waste bins as schools reduce the waste produced. A separate food collection will be introduced within the next 5 years and possibly as early as 2023/24, so we have modelled a sharp change in the number of residual and recycling bins required.

Income: £0.462m

PROPOSAL: Removal of Vacancies in Environmental and Waste Team

More about this option: This option seeks to approve a post for early voluntary retirement (EVR) from the Waste and Environmental Services Team, plus not filling of existing or new vacancies.

Saving: £0.1m

PROPOSAL: Reduction to the Climate Emergency Budget

More about this option: This saving proposal would see the reduction of the budget for climate emergency action plan projects, for the period of one year. External funding will be sought to continue environmental projects where available.

This proposal does not affect the Council's commitment to responding with ongoing action to the environment and climate emergency declaration. The budget, which was introduced 2 years ago, is used to support environment and climate emergency projects and initiatives.

The Council and its partners will also pursue available external funding to support environment and climate emergency initiatives. Such funding has already been successfully obtained, for example over £300,000 has been granted to the Council through the Urban Tree Challenge Fund. This will be match funded by the Council's capital programme and used for next year's tree planting programme.

Saving: £0.13m

PROPOSAL: Remodelling of Street Cleansing, Plus Special Events

More about this option: This option would see the removal of the additional community permanent presence street cleansing service in some areas of the borough, as well as the removal of the budget for cleansing of special events e.g., River of Light, Cycling Tour of Britain, Giants etc. Removing this budget would result in cleansing costs for special events being charged out to promoters/organisers.

Saving: £0.214m

PROPOSAL: Cease Overtime Budget in Parks

More about this option: This Savings option would review the use of the additional hours budget, given the reduced maintenance and cessation of green spaces.

Saving: £0.015m

PROPOSAL: Re-Design Parks Service Reducing Maintenance and Service Costs

More about this option: This option will focus on service reduction of maintenance in parks and offers the opportunity to explore alternative, potentially beneficial uses, or ceased maintenance leading to natural succession re-wilding. It will also include the cessation of public firework displays.

Saving: £0.13m

PROPOSAL: Income Strategy - Cemeteries and Crematorium Service

More about this option: This option would provide increase choice for bereaved families with regards to burials and memorials and offer corporate sponsorship opportunities within Wirral's Cemeteries and Crematorium grounds for funeral directors.

Income: £0.053m income

PROPOSAL: Review of Anti-Social Behaviour Team

More about this option: This option will involve an alternative service delivery model and reduction of one post. The Team will continue to prioritise the statutory functions and consider the impact on the Community Safety Strategy.

Saving: £0.05m

PROPOSAL: Review Engagement Officer Secondment

More about this option: This proposal will seek agreement to not backfill an Engagement Officer for one year secondment to Regeneration.

Saving: £0.035m

PROPOSAL: Reduction in Community Patrol Service

More about this option: This option would see a redesign of the Community Patrol Service to an Out of Hours / High Demand service only (the CCTV and Control Room Function will remain 24/7, 365).

Saving: £0.15m

PROPOSAL: Cessation of Constituency Team and Remodelling of Section

More about this option: This saving presents the deletion of the Constituency Team and Redeployment of officers where possible. The saving will be achieved through associated staffing reductions.

Saving: £0.346m

PROPOSAL: Introduction of an Overnight Camper Van Parking Charge in New Brighton

More about this option: This option will focus on income generation from introducing an overnight parking charge for leisure vehicles (motorhomes / campervans) on the coastal areas of New Brighton.

There is currently no charge for overnight parking. New Brighton has seen regeneration and an increase in tourism in recent years. The proposal will help to manage overnight parking in this area which has also seen a significant growth particularly since the start of the pandemic.

Income: £0.035m

PROPOSAL: Deletion of Vacant Posts

More about this option: There are a number of vacant posts across the Neighbourhoods Directorate. This option would see these posts deleted to achieve the savings.

Saving: £0.302m

PROPOSAL: Reduction in The Budget for Office Related Expenditure

More about this option: This proposal is made up of a reduction in Neighbourhoods budgeted expenditure for office related expenses such as printing and paper services, lighting, electricity, heating, etc.

Saving: £0.023m

PROPOSAL: Review of the Neighbourhood Services Directorate

More about this option: A fundamental review of the Neighbourhood Directorate will take place in order to drive efficiencies and realign service. This will be achieved through an EVR process that will commence in early January.

Statutory services within this Directorate will not be affected by the review.

Saving: £0.36m

This page is intentionally left blank

Appendix 3 – Medium Term Financial Plan

	Financial Years	22-23 (£m)	23-24 (£m)	24-25 (£m)	25-26 (£m)	26-27 (£m)
FUNDING						
Business Rates						
Business Rates base		-63.72	-63.72	-64.75	-66.47	-68.44
Inflation		0.00	-1.02	-1.04	-1.06	-1.09
Properties		0.00	-0.01	-0.69	-0.90	-0.48
Section 31 Grant		-21.40	-21.74	-22.09	-22.44	-22.80
Top up Grant		-35.05	-28.05	-28.05	-28.05	-28.05
BCF		-19.24	-19.24	-19.24	-19.24	-19.24
Council Tax						
Council Tax Base		-156.68	-163.03	-168.38	-173.93	-179.77
Additional Properties		-1.62	-0.53	-0.62	-0.79	-1.11
Inflation		-3.15	-3.24	-3.35	-3.46	-3.58
Adult Social Care Precept		-1.58	-1.58	-1.58	-1.58	-1.58
Other						
Collection Fund (surplus) / deficit		4.08	3.49	0.00	0.00	0.00
Local Council Tax Support Grant		-1.73	-2.43	0.00	0.00	0.00
New Homes Bonus		-0.44	-0.44	-0.44	-0.44	-0.44
Business Rate Reserve contribution (for ending of business rate pilot)		0.00	-7.00	0.00	0.00	0.00
Social Care Grant		-19.77	-19.77	-19.77	-19.77	-19.77
Lower Tier Funding		-0.51	0.00	0.00	0.00	0.00
Capital Receipts		-2.93	0.00	0.00	0.00	0.00
2022/23 Services Grant		-5.62	0.00	0.00	0.00	0.00
Transition Formula Funding		0.00	-5.62	-5.62	-5.62	-5.62
Market Sustainability and Fair Cost of Care Fund		-1.22	-1.22	-1.22	-1.22	-1.22
TOTAL FUNDING		-330.57	-335.13	-336.82	-344.97	-353.18

Financial Years	22-23 (£m)	23-24 (£m)	24-25 (£m)	25-26 (£m)	26-27 (£m)
Directorates:					
Adult Care & Health	113.60				
Chief Executive Office	1.80				
Children, Families & Education	86.60				
Law & Governance	6.00				
Neighbourhood Services	54.00				
Regeneration & Place	33.90				
Resources	33.50				
INITIAL REVENUE BUDGET REQUIREMENT	329.40	330.13	343.33	354.72	362.41
Removal of one-off items from 21/22:					
Children, Families & Education					
Open Transport	-0.50	0.00	0.00	0.00	0.00
Law & Governance					
Suspension of Individual Member Ward budgets	0.20	0.00	0.00	0.00	0.00
Fees and Charges Shortfall	-0.15	0.00	0.00	0.00	0.00
Neighbourhood Services					
Sales, Fees and Charges Compensation - Leisure	1.95	0.00	0.00	0.00	0.00
Sales, Fees and Charges Compensation - Highways	0.36	0.00	0.00	0.00	0.00
Pause re-opening of Woodchurch Leisure Centre	0.32	0.00	0.00	0.00	0.00
Closure of Europa Pools	0.25	0.00	0.00	0.00	0.00
Ongoing temporary Library Covid-19 efficiencies	0.10	0.00	0.00	0.00	0.00
Ongoing temporary Leisure Covid-19 efficiencies	0.10	0.00	0.00	0.00	0.00
Targeted & discretionary Environmental enforcement	0.08	0.00	0.00	0.00	0.00
Highways and Transport Fees & Charges	-1.10	0.00	0.00	0.00	0.00
Culture and Leisure Fees & Charges	-6.00	0.00	0.00	0.00	0.00

Financial Years	22-23 (£m)	23-24 (£m)	24-25 (£m)	25-26 (£m)	26-27 (£m)
Removal of one-off items from 21/22 (continued):					
Regeneration & Place					
Wirral Growth Company Joint Venture income	1.38	0.00	0.00	0.00	0.00
Sales, Fees and Charges Compensation - Planning	0.05	0.00	0.00	0.00	0.00
Destination Marketing Match funding	-0.08	0.00	0.00	0.00	0.00
Planning Fees & Charges Shortfall	-0.10	0.00	0.00	0.00	0.00
Resources					
Bad debt write-off reduction	1.00	0.00	0.00	0.00	0.00
Sales, Fees and Charges Compensation - Resources	0.77	0.00	0.00	0.00	0.00
Fees and Charges Shortfall	-1.63	0.00	0.00	0.00	0.00
Corporate					
Additional capital receipts	0.39	0.00	0.00	0.00	0.00
Alternative PFI funding	0.25	0.00	0.00	0.00	0.00
Local Welfare Assistance temporary saving	0.20	0.00	0.00	0.00	0.00
Use of Brexit reserve	0.10	0.00	0.00	0.00	0.00
Ask us Wirral	-0.08	0.00	0.00	0.00	0.00
FRP revenue costs	-0.08	0.00	0.00	0.00	0.00
Homelessness	-1.00	0.00	0.00	0.00	0.00
Social Care Grant reserve for 2021/22 pressures	-3.34	0.00	0.00	0.00	0.00
Total of one-off items from 2021-22	-6.55	0.00	0.00	0.00	0.00

Financial Years	22-23 (£m)	23-24 (£m)	24-25 (£m)	25-26 (£m)	26-27 (£m)
Known Pressures:					
Adult Care & Health					
Demographic Growth (OP & LD)	2.40	2.40	2.40	2.40	2.40
Care Cost demand pressures	4.70	4.90	5.00	5.20	5.20
Contract Increases (WCFT & CWP)	0.50	0.50	0.50	0.50	0.50
Children, Families & Education					
Residential placements price inflation	0.78	0.79	0.63	0.63	0.64
Home to School Transport Inflation	0.25	0.15	0.21	0.12	0.15
PFI Contract Inflation	0.32	0.10	0.10	0.10	0.10
PFI Closed Site (Kingsway)	0.62	-0.18	-0.08	-0.03	0.02
DSG Contribution to historic commitments	0.08	0.05	0.04	0.03	0.02
Law & Governance					
Coroners	0.05	0.00	0.00	0.00	0.00
Neighbourhood Services					
Waste contract inflation	0.06	0.30	0.30	0.30	0.30
Waste Levy	0.00	0.55	0.38	0.38	0.38
Increased drainage charges	0.10	0.00	0.00	0.00	0.00
Regeneration & Place					
Merseytravel	0.39	0.39	0.39	0.39	0.39
Resources					
Changes to Investment risk	0.00	1.00	-1.00	0.00	0.00
Market Rental Risk	0.00	1.00	0.00	0.00	0.00
Capital Financing	2.73	2.49	1.56	0.89	0.34

Financial Years	22-23 (£m)	23-24 (£m)	24-25 (£m)	25-26 (£m)	26-27 (£m)
Known Pressures (continued):					
Corporate					
Pay & Pensions	6.44	2.45	2.52	2.57	2.62
Pensions Surplus	-1.90	-0.07	-0.08	-0.08	-0.08
General Fund Balances	0.00	2.50	0.00	-2.50	0.00
Contingency reserve for PYE (15% of total)	3.00	-3.00	0.00	0.00	0.00
Leisure Demand Management Provision	0.50	-0.50	0.00	0.00	0.00
Reserve to smooth 23/24 increase in waste levy	0.60	-0.60	0.00	0.00	0.00
Energy	2.72	0.23	0.24	0.24	0.25
Market Sustainability and Fair Cost of Care Fund	1.22	1.22	1.22	1.22	1.22
McCloud contribution increase	0.00	1.10	0.00	0.00	0.00
Total Known Pressures	25.56	17.75	14.32	12.35	14.44

Financial Years	22-23 (£m)	23-24 (£m)	24-25 (£m)	25-26 (£m)	26-27 (£m)
Savings Proposals:					
Adult Care & Health					
Adult Care & Health demand mitigations	-3.89	-5.00	-4.00	-4.00	-4.00
Children, Families & Education					
Reduction of Historic Teacher's Pensions Costs	-0.20	-0.19	-0.18	-0.19	-0.18
Alternative Accommodation Provision for Children Looked After	-1.00	0.00	0.00	0.00	0.00
Utilisation of demand reserve for COVID pressures	-0.47	0.47	0.00	0.00	0.00
Children's Services Redesign and posts deletion/closure	-0.29	0.00	0.00	0.00	0.00
Reduction in adoption orders	-0.05	-0.10	0.00	0.00	0.00
Reduction in Looked After Children (LAC) numbers	-0.56	-0.41	-0.33	-0.44	-0.38
Review of Youth Offending Service (YOS)	-0.03	0.00	0.00	0.00	0.00
Special Educational Needs (SEND) Transport Review	-0.15	0.00	0.00	0.00	0.00
Increase funding for placements from CCG and SEND	-0.20	0.00	0.00	0.00	0.00
Redesign of Youth Offer	-0.20	0.00	0.00	0.00	0.00
Law & Governance					
Capitalisation of salaries	-0.20	0.00	0.20	0.00	0.00
Removal of individual ward member budgets	-0.18	0.00	0.00	0.00	0.00
Reduction in the Number of Committees	-0.15	0.00	0.00	0.00	0.00
Whole Council Elections	-0.13	0.00	0.00	0.00	0.00

Financial Years	22-23 (£m)	23-24 (£m)	24-25 (£m)	25-26 (£m)	26-27 (£m)
Savings Proposals (continued):					
Neighbourhood Services					
Review of Leisure service	-0.18	0.00	0.00	0.00	0.00
Highways Operational Services - Income Exploration	-0.03	0.00	0.00	0.00	0.00
Closure of Europa Fun/Leisure Pool & Enhanced Gym Offer	-0.27	0.00	0.00	0.00	0.00
Increase catering across all Leisure Sites	-0.06	0.00	0.00	0.00	0.00
Outdoor Water Sports Offer at West Kirby Marine Lake	-0.02	0.00	0.00	0.00	0.00
Catering Pod at Leasowe Leisure Centre for Football Traffic	-0.02	0.00	0.00	0.00	0.00
Permanent Closure and Demolition of Woodchurch Leisure Centre	-0.40	0.00	0.00	0.00	0.00
Temporary Closure and Remodelling of Bidston Tennis Centre	-0.11	0.00	0.00	0.00	0.00
Review of Golf Offer	-0.33	0.00	0.00	0.00	0.00
Exercise referral programme	-0.10	0.00	0.00	0.00	0.00
Reprovision of the Library Service	-0.81	0.00	0.00	0.00	0.00
Floral pavilion - plans to reduce subsidy	-0.35	0.00	0.00	0.00	0.00
Fleet efficiencies in Transport - going green	-0.02	0.00	0.00	0.00	0.00
Capitalisation of Highways salaries	-0.02	0.00	0.00	0.00	0.00
Highways maintenance Contracts	-0.03	0.00	0.00	0.03	0.00
Street Lighting Service Savings	-0.05	0.00	0.00	0.00	0.00
Car park maintenance 1 year budget reduction	-0.05	0.05	0.00	0.00	0.00
Transport efficiencies	-0.07	0.00	0.00	0.00	0.00
Eco and Forest School Income	-0.02	0.00	0.00	0.00	0.00
Tree management Team Commercial Offer	-0.03	0.00	0.00	0.00	0.00
Rent of Café - Royden	-0.01	0.00	0.00	0.00	0.00
Income increase on allotments	-0.05	0.00	0.00	0.00	0.00
Increase in charges for Waste and Environmental services.	-0.46	0.04	-0.03	-0.06	-0.06
Removal of Vacancies in Environmental and Waste team	-0.10	0.00	0.00	0.00	0.00

Financial Years	22-23 (£m)	23-24 (£m)	24-25 (£m)	25-26 (£m)	26-27 (£m)
Savings Proposals (continued):					
Neighbourhood Services					
Suspension of Climate Emergency Initiatives	-0.13	0.00	0.00	0.00	0.00
Remodelling of Street Cleansing: Plus special events	-0.21	0.00	0.00	0.00	0.00
Review of overtime budget in Parks	-0.02	0.00	0.00	0.00	0.00
Reduce grass cutting from 10 to 8 cuts	-0.10	0.00	0.00	0.00	0.00
Cease community firework displays	-0.03	0.00	0.00	0.00	0.00
Launch of Pet cemetery	0.00	0.00	-0.01	0.00	0.00
Income Strategy - Cemeteries and crematorium service	-0.05	0.00	0.00	0.00	0.00
Review of Anti-Social Behaviour Team	-0.05	0.00	0.00	0.00	0.00
Review Engagement Officer secondment	-0.04	0.04	0.00	0.00	0.00
Reduction in Community Patrol Service	-0.15	0.00	0.00	0.00	0.00
Introduce Overnight Camper Van Parking Charge in New Brighton	-0.04	0.00	0.00	0.00	0.00
Cessation of Constituency Team and Remodelling of Section	-0.35	0.00	0.00	0.00	0.00
Deletion of Vacant Posts	-0.30	0.00	0.00	0.00	0.00
Review of Neighbourhoods Service Directorate	-0.36	0.00	0.00	0.00	0.00
Reduction in budget for office related expenditure	-0.02	0.00	0.00	0.00	0.00
Regeneration & Place					
Cease support for Community Alarms	-0.20	-0.10	0.00	0.00	0.00
Reconfiguration of Commissioned Homelessness accommodation	-0.12	-0.04	0.00	0.00	0.00
Capitalisation of Regeneration Staff Salaries	-1.42	0.00	1.42	0.00	0.00
The Closure Public Conveniences	-0.05	0.00	0.00	0.00	0.00
Corporate buildings - holding costs	-0.05	0.00	0.00	0.00	0.00

	Financial Years	22-23 (£m)	23-24 (£m)	24-25 (£m)	25-26 (£m)	26-27 (£m)
Savings Proposals (continued):						
Resources						
One Stop Shop establishment review		-0.10	0.00	0.00	0.00	0.00
Review of Treasury activity		-0.50	0.00	0.00	0.00	0.00
Revenues & Benefits Review and Restructure		-0.75	0.00	0.00	0.00	0.00
Strategic Change revenue budget reduction		-0.65	0.65	0.00	0.00	0.00
Restructure of Commercial Income Team		-0.23	0.00	0.00	0.00	0.00
Review of Finance Team Structure		-0.05	0.00	0.00	0.00	0.00
Cease Business Rates Contribution		-0.70	0.00	0.00	0.00	0.00
Modernisation of Information & Communications Technology Service		-0.05	0.00	0.00	0.00	0.00
Review of Business Support Unit		-0.02	0.00	0.00	0.00	0.00
Review of Internal Audit - Efficiencies and Income		-0.08	0.04	0.00	0.00	0.00
Reduction in Learning & Development Budget		-0.10	0.00	0.00	0.00	0.00
Chief Executive Office						
Service Redesign		-0.11	0.00	0.00	0.00	0.00
	Total Savings Proposals:	-18.29	-4.55	-2.93	-4.66	-4.62
REVISED REVENUE BUDGET REQUIRMENT						
		330.13	343.33	354.72	362.41	372.23
BUDGET GAP						
		-0.44	8.20	17.90	17.44	19.05

This page is intentionally left blank

2022/2023 BUDGET SETTING

1.0 Purpose of the Report

To provide insight, analysis and update on budget consultation methods and outcomes as part of the 2022/ 2023 budget setting process.

2.0 Resident Consultation (2nd – 28th November 2021)

At Policy and Resources committee on 25 October 2021 a stakeholder consultation programme was agreed. Through the consultation people were asked to tell us what their priorities are, what council services matter most to them, and where they believe the Council should be focusing its efforts to help develop the budget plan.

A total of 534 survey responses were received, with the majority of the respondents (87.9%) being local residents. The most represented Wirral Ward was Hoylake and Meols (11.3%), the least represented Wirral Ward was Bromborough (0.2%).

In terms of demographics, 59.3% of respondents were male and 36.4% female. The most represented age group was 65–74-year-olds, and the least represented age group was 16–27-year-olds (0.8%).

2.1 Key Findings

Parks and Open Spaces and Children's Services were highlighted as being among the top 3 for both most valued services and most important services to invest more resources in. The services that were most frequently placed as being most valued were:

- Children's Services (46.1% of respondents)
- Parks and Open Spaces (42.5%)
- Adult Social care (40.0%)

The services that were most frequently placed as most important to invest more resources in were:

- Parks & Open Spaces (39.2%)
- Museums (39.0%)
- Children's Services (36.3%)

In terms of Wirral Plan priorities, Safe and Pleasant Communities was the priority most frequently placed as most important, by 46.2% of respondents, with working with partner agencies to reduce crime and tackle anti-social behaviour as the key action.

2.2 Free Text Responses

As part of the consultation, respondents were invited to outline suggestions as to how the council could make additional savings or generate income. They were also invited to contribute to the online Ideas Board. Within both, the most common suggestions were:

- The council should have fewer consultants

- The council should have fewer councillors
- Reduce salaries within the council

2.3 Methodology

The consultation was carried out between 2 November – 28 November 2021, making use of an online public consultation portal - 'Have your say. A Budget Booklet, a Financial Strategy Document and an Easy Read Version of the consultation were published on the portal and available for download to provide key information about the consultation.

In addition, two online tools were provided to encourage residents to engage – these being an online questionnaire – to respond to specific questions about budget proposals and an ideas board – for residents to post 'ideas' about the council budget. Respondents were also able to request paper copies of the survey, including an easy read version, or submit additional comments via a dedicated email address, which was published on the 'Have your say' website alongside the online tool.

In order to further encourage engagement a major social and digital media sub campaign was carried out, which included regular messaging, targeted demographical and geographical communications, resident e-newsletters, and regular theme specific stories. A mix of printed adverts and advertorials were also placed to encourage participation, as well as digital click-through links and targeted news stories.

3.0 Consultation with local Businesses

Following P&R Committee on 17th January, it was agreed that a two-week statutory consultation would take place with our business community. This consultation ran from 19th January to 2nd February.

3.1 Working with the Chamber

The consultation team worked closely with the Wirral Chamber to engage with businesses that are linked into their current networks. This included a Business Member special update, social media push, LinkedIn sponsored posts and agenda item on Business Network meetings.

3.2 Wirral Council – Targeted Engagement

In addition to the Chamber partnership, a Wirral Council Business Consultation email was sent to registered businesses (4,200), which resulted in:

- 759 clicks to proposals landing page
- 552 unique visitors
- A 60.6% open rate
- A 13.3% click rate

A targeted social media push, via the Wirral business LinkedIn network was also undertaken. This resulted in:

- 7,529 impressions
- 632 clicks to proposals landing page

3.2 General Feedback

As part of the business consultation, respondents were invited to provide feedback and comments on the current budget proposals, as well as to outline any suggestions they may have as to how the council could make additional savings or generate income. This was received through the budgetconsult@wirral.gov.uk inbox and recorded as free text responses. General feedback included:

PROPOSAL: Technology and Care Package Review - If the council can save £3.89m on this and are not prepared to spend it on what it was brought in for then scrap it off council tax bills.

PROPOSAL: Review of Golf Offer – Can we look for ways to increase income rather than closing the facility.

PROPOSAL: Market Rental for Park Café – This would result in drastic, unaffordable rent therefore rendering the business unprofitable.

PROPOSAL: Cease Overtime Budget in Parks - Review timescales in line with the scheduled level of maintenance to reduce rather than cease overtime payments.

PROPOSAL: Climate Emergency Budget – Agree with removal.

PROPOSAL: Capitalisation of Salaries – The council should abide by the same standard of accounting principles and corporate governance as private businesses when applying salary capitalisation.

PROPOSAL: Cessation of Constituency Team – To remove this team would have a devastating impact on services currently being delivered by the Birkenhead Constituency Team to the Birkenhead community.

4.0 Budget Proposal Specific Consultations

The third round of consultations are specific to budget proposals where there is a legal duty to consult – and are focussed on how the budget proposals that are agreed at Full Council will be implemented. These consultations are currently live or scheduled. Initial findings will be taken to service committees in June. Consultations include:

Proposal: Whole Council Elections

Consultation Period: 13th December 2021 to 20th February 2022

<https://haveyoursay.wirral.gov.uk/wirral-local-elections-consultation>

Proposal: Review of Golf Offer

Consultation Period: 31st January to 27th March 2022 TBC

<https://haveyoursay.wirral.gov.uk/budget-2022-23-golf>

Proposal: Permanent Closure and Demolition of Woodchurch Leisure Centre

Consultation Period: 31st January to 27th March 2022 TBC

<https://haveyoursay.wirral.gov.uk/budget-2022-23-woodchurch>

Proposal: Closure of Europa Fun/Leisure Pool & Enhanced Gym Offer

Consultation Period: 31st January to 27th March 2022 TBC
<https://haveyoursay.wirral.gov.uk/budget-2022-23-europa>

Proposal: Temporary Closure and Remodelling of Bidston Tennis Centre
Consultation Period: 31st January to 27th March 2022 TBC
<https://haveyoursay.wirral.gov.uk/budget-2022-23-tennis>

Appendix 5 – Policy & Services Committee Budget Proposals Feedback

Adult Social Care and Public Health Committee

The Head of Legal Services introduced the report which provided consideration of the recommendations of the Policy and Resources Committee in respect of the 2022/23 Budget Update. The proposals outlined were part of a draft budget and were therefore not without prejudice, and it was for the Committee to focus on these specific proposals, any comments on which would be fed back to the Policy and Resources Committee.

The report included one savings proposal titled Demand Mitigation – Technology and Care Package Review which was an increased efficiency requirement for 2022/23 against the community care budget based on a range of case reviews, demand management approaches and care provider market shaping, providing a saving of £3.89m.

Members queried how the saving would be achieved and whether a guarantee could be made that those who needed care would still be able to access it. The Director of Care and Health explained different opportunity savings and that these were counted once a care package had been reduced as a result of providing alternative services which allowed residents to live more independently. He outlined that as care packages were reviewed on an individual basis, care would only ever be reduced when it was safe to do so and where it was in the interest of an individual to do this.

Resolved – That

(1) the 2022/23 draft budget proposals be noted.

(2) the Director of Care and Health be authorised to take the necessary action to consult on any proposals that require additional consultation and take necessary action to deliver the resulting service changes in consultation with the Chair and Group Spokesperson or reporting to the Adult Social Care and Public Health Committee as the Director considers appropriate.

Children, Young People and Education Committee

The Head of Legal Services introduced the report of the Director of Law and Governance which provided for consideration the recommendations of the Policy and Resources Committee in respect of the 2022/23 Budget Update. It was emphasised that the Council had a significant financial challenge and had to demonstrate financial viability, under the scrutiny of an independent Assurance Panel. The proposals outlined were part of a draft budget and were therefore not without prejudice, and it was for the Committee to focus on these specific proposals, any comments on which would be fed back to the Policy and Resources Committee.

Members questioned details of some of the options in the report which established:

- At this stage the process was to set the overall budget, and decisions on particular services would follow once the budget was set

- Equality Impact Assessments, and environmental implications, would be needed at the stage of a decision affecting a service
- Consultations would overlap with the decision on the overall budget and any change in proposals would need alternative budget provisions
- Children's services were very high on the list of people's priorities in the budget consultation
- Any consultation has to include different methods of feedback including non-digital

Resolved: That -

- (1) the 2022/23 draft budget proposals be noted.**
- (2) the relevant director with portfolio be authorised to take the necessary action to consult on any proposals that require additional consultation and take necessary action to deliver the resulting service changes in consultation with the Chair and Group Spokesperson or reporting to the Children Young People and Education Committee as the Director considers appropriate.**

Economy, Regeneration & Development Committee

The Lead Principal Lawyer (Regeneration, Planning and Property) introduced the report of the Director of Law and Governance which provided for consideration the recommendations of the Policy and Resources Committee in respect of the 2022/23 Budget Update.

It was emphasised that the Council had a significant financial challenge and had to demonstrate financial viability, under the scrutiny of an independent Assurance Panel. The proposals outlined were part of a draft budget and were therefore not without prejudice, and it was for the Committee to focus on these specific proposals, any comments on which would be fed back to the Policy and Resources Committee.

Members questioned the details of some of the options in the report and noted:

- That the proposed closure of public conveniences would achieve operational savings and queried if disposal of the buildings to raise revenue had been considered.
- Concerns about the closure of public conveniences in Thornton Hough and Moreton Common and associated anti-social behaviour.
- The costs of maintaining empty corporate buildings and increases in energy tariffs.

Resolved – that:

- (1) the 2022/23 draft budget proposals be noted.**
- (2) the relevant director with portfolio be authorised to take the necessary action to consult on any proposals that require additional consultation**

and take necessary action to deliver the resulting service changes in consultation with the Chair and Group Spokesperson or reporting to the Economy, Regeneration and Development Committee as the Director considers appropriate.

Environment, Climate Emergency and Transport Committee

The Head of Legal Services introduced the report of the Director of Law and Governance which provided for consideration the recommendations of the Policy and Resources Committee in respect of the 2022/23 Budget Update.

It was emphasised that the Council had a significant financial challenge and had to demonstrate financial viability, under the scrutiny of an independent Assurance Panel. The proposals outlined were part of a draft budget and were therefore not without prejudice, and it was for the Committee to focus on these specific proposals, any comments on which would be fed back to the Policy and Resources Committee.

Members discussed the background to the financial situation and recognised that all services affected some people. They noted:

- the possibility of charging more for professional services
- that some issues, notably the climate emergency, would continue even whilst mitigation measures were paused
- there were several school crossing patrol vacancies which could not be filled and these were part of the planned reduction
- that there would be a risk assessment and consultation before any final decisions were made

Resolved – That

(1) the 2022/23 draft budget proposals be noted.

(2) the relevant director with portfolio be authorised to take the necessary action to consult on any proposals that require additional consultation and take necessary action to deliver the resulting service changes in consultation with the Chair and Group Spokesperson or reporting to the Environment, Climate Emergency and Transport Committee as the Director considers appropriate.

Housing Committee

The Head of Legal Services introduced the report of the Director of Law and Governance which provided for consideration the recommendations of the Policy and Resources Committee in respect of the 2022/23 Budget Update.

The proposals outlined were part of a draft budget and were therefore not without prejudice, and it was for the Committee to focus on these specific proposals, any comments on which would be fed back to the Policy and Resources Committee. The two proposals relevant to this Committee were: Cease Financial Contribution for the provision of Community Alarms and Response Calls, saving £200k In 2022/23 and

£100k in 2023/24; and, Reconfiguration of Commissioned Homeless Accommodation, saving £115k in 2022/23 and £37k in 2023/24.

Members questioned some of the details of the two savings proposals in the report which established:

- That other funding and services provided by other directorates would alleviate the proposal to cease grant funding for Community Alarms.
- That Wirral Council was one of a small number of local authorities that still provided funding for this service in England.
- Funding for Community Alarms was effectively a subsidy to services being provided by the Social Landlords that are not eligible for Housing Benefits; and that those living in other accommodation settings such as Owner Occupiers and Private Tenants, did not receive this subsidy towards similar services and would be required to pay themselves regardless of incomes. Social Landlords would be required to either pass on the charges to the individual as an additional service charge or could choose to absorb the cost themselves.
- That the proposed reconfiguration of commissioned homeless accommodation services would still allow access to the accommodation for those who are homeless as part of the homeless pathway process.
- Additional Government Grant Funding of £161k p.a. has also been secured until 2024, to strengthen existing services for homeless people allowing enhancement in some schemes.
- That access to the current service offered to homeless people would not be reduced as a result of the savings.

Resolved – That:

(1) the 2022/23 draft budget proposals be noted.

(2) the relevant director with portfolio be authorised to take the necessary action to consult on any proposals that require additional consultation and take necessary action to deliver the resulting service changes in consultation with the Chair and Group Spokesperson or reporting to the Housing Committee as the Director considers appropriate.

Tourism, Communities, Culture & Leisure Committee

The Director of Law and Governance introduced his report which provided for consideration the recommendations of the Policy and Resources Committee in respect of the 2022/23 Budget Update. He emphasised that the Council had a significant financial challenge and had to demonstrate financial viability, under the scrutiny of an independent Assurance Panel. The proposals outlined were part of a draft budget and were therefore not without prejudice, and it was for the Committee to focus on these specific proposals, any comments on which would be fed back to the Policy and Resources Committee.

Members questioned details of some of the options in the report which established:

- These were proposals and consultations on the proposals would take place with stakeholders
- Some existing facilities could provide more varied usage to their local communities.
- The justification and data for the proposals can be provided to Members at a workshop

Resolved – That

(1) the 2022/23 draft budget proposals be noted.

(2) the relevant director with portfolio be authorised to take the necessary action to consult on any proposals that require additional consultation and take necessary action to deliver the resulting service changes in consultation with the Chair and Group Spokesperson or reporting to the Tourism, Communities, Culture & Leisure Committee as the Director considers appropriate.

This page is intentionally left blank

Appendix 6: Pressures/Investments

2022/2023 BUDGET SETTING

In constructing the budget for 2022/23 and developing a Medium-Term Financial Plan (MTFP) the following Budget Pressures have been identified.

CHILDREN'S SERVICES

PRESSURE: Reduction in Dedicated Schools Grant (DSG)

More details: Responsibilities held by local authorities for all schools are funded from the central school services block of the Dedicated Schools Grant (DSG). This grant has reduced as more schools move to academy status. Wirral retains a high percentage of maintained schools and as the grant reduces this results in a similar level of responsibility and duties to be undertaken but with a lower level of available funding, thus creating a financial pressure.

Potential Impact: £0.08m

PRESSURE: Home to School Transport Inflation

More details: Transportation costs resulting from the application of Wirral Council's Home to School Transport are fixed for a 2-year period based on academic year. The next renewal date is September 2022, and it is expected that an inflationary increase will be applied

Potential Impact: £0.25m

PRESSURE: PFI Schools Inflation

More details: As per the requirements of the contract, inflation is applied each financial year at 90% of the RPI rate for the preceding December. The impact on PFI costs is forecast to be around 4.50%. Only the proportion that is not funded by PFI grant and the allowable school contribution is the pressure on the Council finances.

Potential Impact: £0.32m

**RPI - Retail Price Index is a measurement of inflation*

PRESSURE: Kingsway PFI Service Costs

More details: Where PFI schools are non-operational, the Council must meet the costs of both the affordability gap and the operational costs. Exploration is underway on options for Kingsway occupancy to generate income. The Kingsway Academy School building has remained empty since the closure of the school. The site is being maintained by the current PFI contractor until a use for the building has been formalised.

Potential Impact: £0.62m

PRESSURE: Looked-after Children – Placement and Inflation Allowance

More details: These are pressure arising due to anticipated inflation on the children placement settings including: In-house Fostering, Independent Fostering, Residential Homes, Semi- Independent Living Accommodation. This assumes the CPI rates for Residential care Semi-Independent and Independent Fostering. This is applied to the Placement budget of £29m

Potential Impact: £0.78m

ADULT CARE AND HEALTH

PRESSURE: Adults, Social Care Assessment – Inflation Implications

More details: All assessment services for Adult Social Care have been outsourced to Wirral Community Foundation Trust (Integrated Services) and Cheshire and Wirral Partnership NHS Foundation Trust (All Age Disability Service). Each year the value of the partnership contract is negotiated to account for staffing salary uplifts and any other variations.

Potential Impact: £0.5m

PRESSURE: Community Care Cost Demand Pressures

More details: Each year Adult Social Care undertakes a review of all standard fee rates for community care. The 21-22 budget for community care is £132.2m. The estimated growth for 22-23 fees was calculated at 3%. The announcement of the 22-23 Real Living Wage of £9.90 representing an increase of 4.2% to all staffing elements of care fees. Non-staffing elements are estimated to uplift in line with CPI.

Potential Impact: £4.7m

PRESSURE: Adults with Disabilities - Demographic Growth

More details: National data sets (PANSI) suggest the overall population of adults with disabilities on the Wirral is static. However, we are aware of local significant demand from transition from children to adults within community care amounting to £1m.

Assumed 2% growth supported by national population statistics for older people (POPPI) amounting to £1.4m against community care

Potential Impact: £2.4m

PRESSURE: Market Sustainability and Fair Cost of Care Fund

More details: In September, the government announced there would be funding to support local authorities move towards paying providers a fair rate of care.

Local authorities are responsible for facilitating the efficient and effective operation of local care markets and this funding is designed to support Local Authorities to address issues affecting their markets and move them to a more stable footing.

This funding will enable local authorities to begin preparing local markets for reform and further guidance is expected in early 2022.

Potential Impact: £1.22m

RESOURCES

PRESSURE: Review of Treasury Management - Capital Financing

More details: The costs of financing the capital programme are contained within the Treasury Management budget. These costs will increase annually due to:

1) Approval of new schemes into the capital programme that are funded by borrowing

2) The Authority calculates its annual capital debt repayments on an annuity basis (Minimum Revenue Provision - MRP) This means that debt repayments funded through revenue start lower in the earlier years but gradually increase annually until the debt financing is fully repaid.

Potential Impact: £2.73m

PRESSURE: Utility Price Increases

More details: Utility cost increases are expected for 22-23 financial year for both gas and energy prices, due to market forces. The situation about forward prices is very volatile so projections from 2023-24 are open to variation.

Potential Impact: £2.72m

NEGATIVE PRESSURE: Pensions Surplus

More details: The Council currently makes employer contributions to the Merseyside Pension Fund of 17% of employees' pensionable salary. At the last Actuarial valuation in 2019, the Council's pension fund was in surplus and a schedule to repay the surplus was agreed. The proposal is to build the schedule of surplus repayments into the Council's budget. As future revaluations are undertaken the position is likely to change as investment performance can fluctuate over periods dependant upon economic circumstances and other factors.

Potential Impact: -£1.9m

PRESSURE: Pay and Pensions

More details: This covers the estimated pay and national insurance (NI) increases required to align the 22-23 budget with the Council's expected employee costs. This includes the Council's current employee budgets for basic pay, NI and pension. As per government announcements, the NI rate will increase by 1.25% from 1 April 22. At this stage, the pay awards for the financial years 2021-22 and 2022-23 have not been agreed.

Potential Impact: £6.44m

REGENERATION

PRESSURE: Merseytravel Transport Levy

More about this: The Combined Authority (CA) has agreed a 2% increase in the Transport Levy.

The CA is the transport authority for the Liverpool City Region (LCR). Its transport responsibilities are discharged by Merseytravel and by Halton Council within the boundaries of Halton. Transport responsibilities are funded through the Transport Levy. A flat cash Levy was approved for 2021/22 however higher inflation and demographic pressures mean that the CA have identified that this position is not sustainable going forward and the 2% agreed increase means an increase for Wirral from 21/22 of £22.071m to a levy in 22/23 of £22.464m. This is in the overall context of LCR levy increasing from £97.4m to £99.35m .

Potential Impact: £0.39m

NEIGHBOURHOODS

PRESSURE: Highways Maintenance – Gullys

More details: As a result of more frequent weather events the Neighbourhoods service is under increasing pressure from residents and Members to do more to assist with the more effective draining of highway surface water.

Potential Impact: £0.1m

PRESSURE: Waste Collection and Street Cleansing Contract

More details: The Waste Collection and Street Cleansing contract contains a clause that the charge for the contract will be uplifted annually for inflation. This is a Consumer Price Index (CPI) uplift, and review of the last few months CPI figures, whilst erratic, currently suggests a 2.5% uplift. (Actual uplift for the 2022-23 financial year will be based on the March 2022 CPI figure.) There is considerable upside pressure on inflation which is likely to result in an increased charge to that which is detailed.

Potential Impact: £0.06m

PRESSURE: Establish budget to smooth future Waste Levy increases

More details: To limit and smooth the impact of potential waste levy increases in future years monies will be set aside in 22-23. This is considered a prudent approach to managing fluctuating charge levels.

Potential Impact: £0.6m

PRESSURE: Leisure Demand Management Provision

More details: Following restrictions imposed as a result of the Covid-19 Pandemic, we have not yet seen a return to pre-covid levels for footfall into leisure centres. Based on anticipated demand of 75% (2021/22 levels) would result in an income shortfall of around £2m in 2022/23. The provision is to mitigate reduction in income for 2022/23, and along with additional other initiatives being implemented is regarded as being sufficient.

Potential Impact: £0.5m

LAW AND GOVERNANCE

PRESSURE: Coroners Service

More details: This service is shared with, and hosted by, Liverpool City Council. Due to an increased service cost in 2021/22 of £50k directly resulting from the impact of COVID - it is prudent to make a similar budget provision for the 2022/23 financial year.

The current cost is £650,000. For 2022/23 - the budget requirement is £700,000.

Potential Impact: £0.05m

OTHER

PRESSURE: Contingency Reserve for part year effect (15% of total)

More details: As part of the budget setting process, all savings proposals have been internally and externally assessed and validated to ensure they are as robust as they can be with the current information available. However, several factors could impact on whether all the savings are able to be made as a full year effect. This includes the outcome of consultations, changes that happen in year and any factors beyond the Council's control. Therefore, a contingent one-off sum is provided to mitigate any savings not fully achieved. 15% of the full savings total is regarded as a prudent amount.

Potential Impact: £3m

Appendix 7 - The Dedicated Schools Grant Schools Budget

WIRRAL COUNCIL

SCHOOLS FORUM – 18th JANUARY 2022

REPORT OF THE DIRECTOR FOR CHILDREN, FAMILIES AND EDUCATION

SCHOOLS BUDGET 2022-23 AND 3-YEAR FORECAST

1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to outline the Schools Budget for 2022-23 so that Forum can indicate their views on the proposals. The report describes the financial changes to be considered by Schools Forum and Policy and Resources Committee. The proposed budget totals £316,157,106 for Early Years, Maintained Schools, Academies, colleges, and providers for the financial year 2022-23.
- 1.2 In addition to the budget year, a forecast for the three financial years 2023-24, 2024-25 and 2025-26 has also been included. The purpose of the 3-year forecast is to inform planning and to determine the future impact of current decisions. On that basis the forecasts are included for information and will not be considered for approval by the Policy and Resources Committee.

2.0 BACKGROUND AND KEY ISSUES

The main factors driving the school budget in 2022-23 are summarised below.

- 2.1 The Schools Funding Allocations were issued by the Department for Education on 16th December 2021. The format of the Dedicated Schools Grant (DSG) is unchanged with Local Authority allocations determined by the National Funding Formula (NFF) for Schools, High Needs and Early Years. The main features include:
- school funding increased by 3.2% overall with every secondary school allocated at least £5,525 per pupil and every primary school allocated at least £4,265 per pupil
 - local authorities will continue to set a Minimum Funding Guarantee in their local formulae, which for 2022-23 is between +0.5% and +2.00%.
 - the Schools Block continues to be ring-fenced with limited flexibility to transfer up to 0.5% of the schools' block to High Needs with Schools Forum approval
 - High Needs funding increased by £780m, or 9.6%, in 2022-23 – following the over £1.5 billion increase over the last two years.
 - Early Years hourly rates paid to local authorities will increase by £0.21 for 2-year old's and £0.17 for 3&4-year old's
 - central schools services funding increased by 4% for the ongoing responsibilities that local authorities continue to have for all schools, while funding for historic commitments within this block will decrease by a further 20% for those local authorities in receipt of this funding.

- 2.2 Other factors that have influenced the 2022-23 budget include:
- existing and on-going demand on services
 - the High Needs strategy

3.0 FINANCIAL IMPLICATIONS

3.1 The budget for 2022-23 is compiled from the base budget for 2021-22 approved by Council on 17th February 2021 and updated for the issues identified in this report. The total 2022-23 projected budget (DSG and council funded) is £316.157m and is summarised below along with the 3-year forecast. A detailed analysis of the 2022-23 budget changes is shown in Appendix 1 in addition to a comparison of the 2021-22, 2022-23 budgets and 3-year forecasts which is provided in Appendix 2.

	2022-23 Budget £m	2023-24 Forecast £m	2024-25 Forecast £m	2025-26 Forecast £m
Funding	315.867	322.892	331.312	339.891
Expenditure by funding block:				
Schools	237.824	243.459	248.956	253.934
Central Schools Service	3.580	3.484	3.407	3.346
High Needs	54.569	55.755	57.239	58.886
Early Years	20.184	20.393	21.171	22.523
Total expenditure	316.157	323.091	330.773	338.689
Contribution to/-from reserves	-0.290	-0.199	0.539	1.202

3.2 The contribution to/-from reserves reflects the difference between the funding available and planned expenditure. Both 2022-23 and 2023-24 result in a shortfall in funding and this is due to high needs activities where demand and complexity continue to rise. From 2024-25, funding exceeds expenditure, and this reflects the impact of the High Needs Strategy where planned changes start to have a positive effect on expenditure.

4.0 FUNDING

Apart from the PFI affordability gap of £1.459m, which is funded from Council resources, the schools budget is funded by the Dedicated Schools Grant.

4.1 Dedicated Schools Grant (DSG)

4.1.1 DSG is made up of 4 block allocations with restrictions on moving funding between the blocks. The allocation for 2022-23 indicates a £11.800m increase which is an overall increase of 3.90%. The budgets presented have not transferred any funding between block allocations. DSG funding for the 3 forecast years assumes an average annual increase of around 2.5%.

4.1.2 The table below compares the gross block funding for 2021-22 and 2022-23 and thus includes both maintained schools and academy school activity.

DSG Block	2021-22 Gross Funding £m	2022-23 Gross Funding £m	Increase/- Reduction	
			£m	%
Schools	230.290	237.825	7.535	3.27%
Central School Services	2.153	2.120	-0.033	-1.54%
High Needs	48.521	54.279	5.758	11.87%
Early Years	21.644	20.184	-1.460	-6.75%
Total	302.608	314.408	11.800	3.90%

4.1.3 The allocations for the Schools and Central Schools Services funding blocks have been updated for changes in pupil numbers. Pupil numbers are those recorded in the October census, and have changed as follows:

Pupil numbers	Primary schools	Secondary schools	All- through schools	Total
October 2020 census	25,301	17,849	1,007	44,157
October 2021 census	25,049	18,093	1,027	44,169
Increase/-decrease	-252	244	20	12

4.1.4 Early Years funding is based on a combination of the January 2021 census and the estimated January 2022 census and thus is indicative at this time.

4.1.5 High Needs funding for 2022-23 includes the non-recurring supplementary allocation of £1.868m announced on 16th December 2021 in addition to the recurring block funding.

4.2 Supplementary DSG Allocations

4.2.1 On 16th December 2021 the Education and Skills Funding Agency (ESFA) announced supplementary funding in addition to the schools and high needs DSG allocations for 2022-23 only.

4.2.2 The extra funding for Wirral schools is expected to be around £7m and is to be allocated to schools in Spring 2022 by DfE based on factors already in the NFF. Schools will have the flexibility to prioritise their spending of the schools supplementary grant to best support the needs of their pupils and staff and address cost pressures, including those associated with the Health and Social Care Levy. Given the uncertainty as to the value and allocation basis of this funding at this time, it has not been included in the 2022-23 budget.

4.2.3 The high needs extra funding recognises the additional costs that local authorities and schools will face in the coming year, which were not foreseen when the original high needs block allocations were calculated. The additional funding also considers that colleges and other providers offering extra hours of study to students with high needs may require extra high needs top-up funding to support those students. The additional funding totals £1.868m and has been included in the 2022-23 budget.

4.3 Other Grant Funding

In addition to DSG, the following grants represent additional funding sources for schools and are not included in the budget.

- 4.3.1 Pupil Premium provides funding targeted towards deprivation. It has been confirmed that Pupil Premium rates will increase in 2022-23 in line with the latest inflation forecasts.
- 4.3.2 The Primary PE and Sports Grant and Extended Rights to Home to School Transport are expected to continue in 2022-23, although this is still to be confirmed. It is also expected that COVID related specific grants will be awarded as necessary.
- 4.3.3 The teachers' pay grant and teachers' pension employer contributions grant is now included in the NFF for schools and high needs. Maintained nursery schools, and schools and academies with early years pupils will continue to receive these as separate grants.
- 4.3.4 The Schools Budget includes funding for High Needs students in 6th Forms. All other post 16 funding is through the National Funding Formula for 6th Forms and thus is not included in the budget.

5.0 BUDGET ALLOCATIONS 2022-23

5.1 Schools Block £237.825m

This budget reflects the delegated budgets allocated to both maintained and academy mainstream primary and secondary schools. In November 2019, Schools Forum supported this block being redistributed to maintained schools using the formula factor rates used in the National Funding Formula thus this is the basis on which funding will be allocated to individual schools.

5.1.1 Academies

Currently there are 15 secondary academies, 13 primary academies and 1 all-through academy schools. Academies are independent from the local authority and are funded directly from the ESFA, however Regulations require Wirral to continue to calculate their budgets which are then deducted from Wirral's DSG.

5.1.2 Minimum Funding Guarantee (MFG)

For 2022-23 LAs can apply MFG of between plus 0.5% and plus 2.00% per pupil to protect schools from large formula changes. Following a consultation with all primary and secondary schools, School Forum in November 2021 supported a plus 1.25% Minimum Funding Guarantee for the 2022-23 mainstream schools funding formula.

5.2 Central School Services Block £2.120m

- 5.2.1 This block provides funding for LAs to carry out central functions on behalf of pupils in state-funded maintained schools and academies in England. Funding previously allocated to LAs for the Education Services Grant (ESG) retained duties is included within this block, together with funding for historic commitments.

5.2.2 Funding allocated to Local Authorities for historic commitments, which for Wirral are the contribution to combined budgets and schools retirement costs (school closure), has been reduced by 20% in line with the DfE's expectation that these costs will unwind over time.

The funding for ongoing responsibilities includes:

- School Licenses
- Admissions
- Schools Forum
- Former ESG retained duties
- Capital Expenditure from Revenue (PFI costs)

The treatment of these budgets, which are considered in further detail later in this report, is in accordance with national guidance.

5.3 High Needs Block £54.279m

This budget covers a range of related activities. The allocation of funding to each activity is based on the "place plus" funding system introduced by the DfE in April 2013 and includes:

- Special schools (pre- and post-16), and non-maintained special schools, both of which receive a base level funding of £10,000 per place.
- School bases which receive £6,000 per place.
- Alternative Provision Bases funding of £10,000 per place.
- Place funding in Wirral's FE provision at Wirral Met College and Birkenhead 6th Form College of £6,000 per place.
- Additional funding over and above that provided for places in the form of "top ups" is provided on a per pupil basis. The top up, or "plus" element of funding, takes account of the agreed assessed needs of pupils and is paid by the "commissioner" responsible; this may be Wirral Children's Services, a school, or another Local Authority. Wirral's top up system uses 5 bands to allocate funding across special schools, resourced bases, and alternative provision. Non-maintained Special Schools also receive a top up.
- The costs of Top Ups for all education and training for post 16 specialist provision for Learners with Learning Difficulties or Disabilities (LLDD) in colleges and private providers.
- The Hospital Schools budget.
- The cost of placements in Independent Special Schools.
- The costs of Education, Health and Care Plans and Independent Pupil Funding Arrangements.

5.4 Early Years Block £20.184m

5.4.1 This Block funds the costs of Early Years Education for 2, 3 and 4-year-old children in schools, nurseries, and private voluntary and independent providers for both the

universal and extended entitlement. Most of this funding is directed through the Early Years National Funding Formula (EYNFF). This is allocated to Local Authorities based on an hourly rate which, for 2022-23, has increased by £0.21 for 2-year old's, and £0.17 for 3- and 4-year-old's.

5.4.2 There are small elements covering SEN costs and some central Early Years support costs. Amounts held centrally are within the nationally defined limits of 5%.

5.4.3 This Block also includes allocations for Maintained Nurseries (MNS) to enable local authorities to protect the level of funding to MNS prior to the introduction of the EYNFF, Disability Access Fund and Pupil Premium.

6.0 2022-23 BUDGET CHANGES

6.1 Individual Schools Budget

6.1.1 Primary, Secondary and Academy Budgets £7.535m increase

The significant changes within this area are as follows:

There is a net increase in school rolls, which results in an overall budget increase of £0.564m. There are 12 more pupils on roll in October 2021 compared to October 2020. Primary numbers have reduced by 256 to 25,432 (a 0.99% reduction) while Secondary numbers have increased by 268 to 18,737 (a 1.45% increase).

The impact of changes in both the monetary value and pupil numbers applied to each of the funding formula elements has generated an increase in funding of £6.971m. This also includes any headroom which may arise if the funding allocated to schools from applying the NFF is less than the overall funding available. For the purposes of the budget report the £6.971m has been split proportionately between primary and secondary budgets.

6.1.2 High Needs Places £1.301m increase

Places in specialist provision within Local Authority areas continue to be determined by each LA in consultation with schools and providers. There is flexibility to adjust this so that places broadly reflect take up by pupils and this has resulted in a net increase of 282 across special school, base and 6th Form/FE provision.

In December 2021, preferences expressed by parents/carers for places in specialist Year 7 provision for September 2022 exceed provision. The final allocation for Year 6 Year 7 key transfer will not be known until 15 February 2022 (statutory deadline). In addition, it is anticipated that there will be additional requests for specialist provision at both pre-16 and post-16 phases after 15 February and before 31 August 2021.

For 2021-22 this growth in demand was addressed by including additional places in the budget and a further 195 places have been set aside for this purpose in the 2022-23 budget and will be allocated via a commissioning process.

All changes have been reported to the ESFA where necessary and have been reflected in the budget as follows:

	Special Schools	Base Provision	6 th Form/ FE	Total
Full year effect of changes made in 2021-22:				
Clare Mount Specialist Sports College	23			23
Elleray Park School	36			36
Woodchurch Engineering College		5		5
Wirral Metropolitan College			23	23
Places not yet allocated: Effective from Sep-22	105	70	20	195
Total place change	164	75	43	282
Total budget change	£0.821m	£0.270m	£0.210m	£1.301m

6.1.3 Hospital School £0.182m increase

The increase reflects the change in the Hospital School element of the high needs block.

6.2 Early Years £1.461m reduction

6.2.1 The early years budget reflects the expected take-up of hours for the Summer, Autumn and Spring terms that fall in financial year 2022-23. The January 21 census showed a falling roll for 2-year old's and 3/4-year-olds compared to the January 20 census, mirroring a drop in birth rates for the related period. A further drop in numbers is predicted for the January 2022 census and this has generated a reduction in the budget of £2.204m. As funding will be based on actual activity the DSG allocation and planned expenditure match for the purposes of setting the 2022-23 budget. This can be flexed, if necessary, once the January 22 census information becomes available.

The table below compares the pupil number information that has been used to inform the 2022-23 budget setting process.

Pupil numbers	Jan-19	Jan-20	Jan-21	Jan-22 (estimate)
2-year old's (PTE)	1,055	1,027	910	854
3/4-year old's Universal (PTE)	4,814	4,680	4,438	4,293
3/4-year old's Extended (PTE)	2,204	2,283	2,158	2,087

6.2.2 As outlined above in paragraph 5.4.1 the hourly rates paid by ESFA to Wirral will increase by £0.21 to £5.59 for 2-year old's and £0.17 to £4.62 for 3&4-year-olds and this has generated an increase in the budget of £0.743m. The expenditure budget relates mainly to the payments to providers, and this will aim to maximise the pass-through of funding to providers whilst ensuring that the service can respond to need and uncertainty.

6.3 Central School costs

The centrally held budgets for 2022-23 funded by the Central Schools Services Block of DSG have decreased by £0.033m. The services delivered by these budgets are explained below along with the reasons for any changes to the budget for 2022-23.

- School Admissions - this budget is required to meet the costs of supporting and administering the authority's school admissions process including the 11 plus. A small increase of £0.008m has been applied to this budget to reflect forecast staff costs.
- School redundancy costs - this budget covers the continuing cost of premature retirement of teachers and staff that have arisen from closing schools. No further closures are expected for 2022-23 thus costs to be incurred reflect historic commitments and are expected to reduce by £0.005m.
- Licences and Subscriptions - the DfE purchases a single national licence for all state funded schools. Licences cover areas such as the Copyright Licence Agency, the Education Recording Agency, the Mechanical Copyright Protection Society, and a School Printed Music Licence. The 2022-23 budget has increased by £0.016m to reflect the costs announced by DfE in December 2021.
- Schools Forum - although this budget will not be fully utilised in 2021-22, it is expected that there will be a return to face to face meetings during 2022-23 thus there has been no change to the budget for 2022-23.
- Contingency – this reflects the 'headroom' of £0.018m within the Central School Services Block for 2022-23.
- Contributions to combined budgets – School Funding Regulations continue to allow contributions to support services that would otherwise fall outside the Schools Budget. These budgets combine with other council resources for the educational benefit of children. There must be no new commitments or increases in expenditure from that agreed in 2012-13, and DfE expect that these costs will unwind over time. For this reason, funding from DfE has been reduced by 20% for 2021-22. However, the net increase to the current cost element of the Central Schools Service Block can facilitate a partial off-set of the 20% reduction. It is proposed, therefore, that the reduction in contributions be limited to 10% which equates to a reduction of £0.070m. These proposed contributions are as follows:

	21-22	22-23	Reduction	
	£m	£m	£m	%

School Improvement	Continued support for School Improvement Staff with permanent contracts	0.264	0.238	-0.026	-10%
LSCB	Contribution towards governance process for child protection	0.024	0.022	-0.002	-10%
School Intervention	Consultant Headteacher role supporting Primary & Secondary education	0.109	0.098	-0.011	-10%
PFI (Support)	Contribution towards the asset management costs to support PFI schools	0.049	0.044	-0.005	-10%
PFI (CLC)	Contribution towards the building costs for closed City Learning Centres	0.055	0.049	-0.006	-10%
Looked after Children Education Services	The service reviews the educational progress of Looked After Children, provides training to staff and some direct support to pupils	0.112	0.101	-0.011	-10%
Business Rates	Funding for continuing costs for VA Schools	0.086	0.077	-0.009	-10%
Governors Forum	Contribution towards the cost of maintaining the Forum	0.002	0.002	-0.000	
Total		0.701	0.631	-0.070	-10%

- The PFI Affordability Gap budget is driven by the December RPI%. As this is not yet available, no change has been made to the 2022-23 budget at this time. The impact of the change in RPI% will be applied to the budget later in January 22 but as this is a Wirral Council funded budget, any change will have no impact on the DSG funding available to schools.
- The budget for retained duties of the former Education Services Grant (ESG) is unchanged for 2022-23. Overall, DSG contributes £1.232m towards the cost of services that were previously funded from ESG. In 2021-22 Forum agreed to de-delegate £0.502m on behalf of Maintained Primary, Secondary and Special Schools towards the full year costs of ESG General Duties. The table below identifies the services delivered and the funding source.

Estimated costs of ESG services	£m
Education Welfare	0.662
Asset Management	0.174
Statutory/Regulatory duties	1.137
Premature retirement/redundancy	0.228
Monitoring national curriculum	0.091
Total	2.292
Funded by:	£m
School budget retained duties	0.730
General duties (de-delegation)	0.502
Wirral Council funded	1.060
Total	2.292

6.4 De-delegated budgets

As in previous years the budgets held for Contingency, Special Staff (maternity, paternity, and trade union duties), the School Library Service, Insurance

(Governors Aided), and Behaviour Support have been delegated to schools, and a decision will be required for any de-delegation from existing school budgets for these services. A decision will also be required for de-delegation of costs associated with former General Duties of the Education Services Grant and School Improvement.

6.5 High Needs Pupils

6.5.1 Additional Resources £3.137m increase

The budget for Units of Resource has been increased by £2.335m to reflect the on-going increase in applications for assessment. An increase has been applied for Out of Borough pupils (£0.249m) as well as Primary pupils (£1.239m) and Secondary pupils (£0.847m).

Additional resources of £0.377m have been made available for Personal Budgets to reflect the increase in volume and complexity of bespoke support packages.

For most children aged 0-5 attending a private or voluntary setting funding will be sourced from the Early Years Inclusive Practice Grant without recourse to a statement or EHCP, although there are exceptions to this. Funding of £0.225m has been made available to resource the exceptions.

Funding of £0.200m has been made available to support pupils not in school whilst a suitable place is being sought.

6.5.2 Top-Ups £2.215m increase

The established banding system will be used to allocate element 3 top up funding to each specialist provision. This budget has been increased by £1.240m in line with the increase in places across special school, base and 6th Form/FE provision as identified in the Individual Schools Budget section.

Of the £1.868m of additional supplementary funding that was announced on 16th December, half (£0.934m) has been included in the Top-Ups budget. The basis for distribution of this funding has not yet been determined but it is expected that it will be fully spent in 2022-23. The remaining £0.934m has been included in the growth that has been identified across the range of high needs activities.

A limited amount of funding is available for Exceptional Need, and is available to Special Schools, Alternative Provision, and Mainstream Resources Provision where an assessed pupil's needs indicate that enhanced staffing is necessary. The budget has been increased by £0.041m to reflect the forecast increase in staff costs.

6.5.3 Contingency £0.161m increase

This budget has been increased to reflect the additional support that is needed to generate the physical space needed for the increase in places.

6.5.4 Independent Special Schools £1.615m

The increase in the 2022-23 budget reflects the additional demand in places that was identified in Autumn 2021 and also growth in the contribution to looked-after-children education plans which has been forecast to increase.

7.0 3-YEAR FORECAST

Although not for consideration for the 2022-23 budget setting process, the 3-year forecast has been included to demonstrate the impact of demand and planned changes that are to be implemented to respond to this challenge.

7.1 Maintained Primary and Secondary Schools

7.1.1 For primary schools, pupil numbers are expected to fall in line with local birth-rate statistics for 2023-24, 2024-25 and 2025-26. This has been off-set with a forecast increase in school funding.

7.1.2 For secondary schools, pupil numbers are expected to increase for 2023-24, 2024-25 and 2025-26 in addition to a forecast increase in school funding.

7.2 Central Schools Services

7.2.1 The majority of these activities relate to administrative functions and as such the changes in the forecast years is minimal. The exception to this is the contribution to combined budgets where the funding and thus contribution will reduce by 20% per annum.

7.3 High Needs

7.3.1 The forecast has been informed by continuing demand and the High Needs strategy. The main influences from the High Needs strategy are as follows:

- Impact of volume and complexity for special school pupils transitioning from Primary to Secondary
- Increase in Wirral capacity to reduce reliance on Out of Borough and Independent School places
- Maximise/increase mainstream base provision
- Review of Wirral Hospital School and Home & Continuing Education Service
- Review of other funding streams
 - Exceptional Needs process
 - IPFAs

7.3.2 The impact of this has can be seen across the 3-year forecast where the costs are increasing across both the special and mainstream schools budgets to reflect increased places but with a partial off-set in additional resources and independent school places where the provision is reducing.

7.4 Early Years

7.4.1 Pupil numbers are expected to increase from 2023-24 following 3 consecutive years of reduction in line with local birth-rate statistics. In addition, an increase to the funding has been forecast.

8.0 USE OF RESERVES

At November 2021, it was reported that the DSG reserve is expected to end 2021-22 with a cumulative deficit of £1.998m. The impact on the DSG reserve of the budget setting process reflects a worsening position for 2022-23 and 2023-24 but then improving from 2024-25 onwards. The table below summarises this impact. The reserve balance across the 2022-23 budget year and 3 forecast years reflects the impact of increasing demand and the changes that are planned to meet demand whilst minimising the impact on expenditure. It is expected that the strategies that are to be adopted will deliver a positive reserve balance by the end of 2026-27.

	2022-23 Budget £m	2023-24 Forecast £m	2024-25 Forecast £m	2025-26 Forecast £m
Surplus/-deficit b/fwd.	-1.998	-2.288	-2.487	-1.948
Contribution to/-from reserves	-0.290	-0.199	0.539	1.202
Surplus/-deficit c/fwd.	-2.288	-2.487	-1.948	-0.746

9.0 BUDGET TIMETABLE

The Schools Budget and advice from Forum will be considered by the Policy and Resources Committee at its budget meeting on 15th February 2022.

10.0 RECOMMENDATIONS

- 10.1 That the views of Schools Forum are sought on the Schools Budget for 2022-23.
- 10.2 That in accordance with ESFA guidelines the Forum approves the reduced Contributions to Combined Budgets of £0.631m in 2022-23 for:
- School Improvement
 - Local Safeguarding Children's Board
 - School Intervention
 - PFI Support
 - PFI CLC
 - Looked after Children Education Services
 - Business Rates, and
 - Governors Forum
- 10.3 That the Schools Budget and views of the Schools Forum be referred to the budget meeting of the Policy and Resources Committee on 15th February 2022.

Simone White
Director for Children, Families and Education
Appendix 1 - Schools Budget changes 2022-23

	£m	£m	£m
2021-22 Schools adjusted base budget			187.792
Add back Academy recoupment			113.713
2021-22 Gross Schools Budget			301.505
<u>Budget changes:</u>			
Individual Schools Budget			
Primary & Secondary:			
Net increase in pupils on roll	0.564		
Funding Formula elements	6.971	7.535	
High Needs:			
Special Schools places	0.821		
SEN Base places	0.270		
FE/6th Form places	0.210	1.301	
Hospital School	0.182	0.182	9.018
Early Years			
Early years demand		-2.204	
Early years rate change		0.743	-1.461
Central School Costs			
Admissions		0.008	
School Redundancy Costs		-0.005	
Licences & subscriptions		0.016	
Contingency		0.018	
Combined budgets reduced contribution		-0.070	
PFI Affordability Gap		0.000	-0.033
High Needs Pupils			
Additional Resources:			
Units of resource	2.335		
Personal Budgets	0.377		
Inclusive practice	0.225		
Interim Education	0.200	3.137	
Top-ups:			
Top-ups	1.240		
Supplementary	0.934		
Exceptional need	0.041	2.215	
Contingency		0.161	
Independent provision		1.615	7.128
Total Budget changes			14.652
2022-23 Gross Schools Budget			316.157
2022-23 Dedicated Schools Grant			-314.408
2022-23 Call on reserve			-0.290
2022-23 Net Schools Budget			1.459

Appendix 2 - A comparison of the 2021-22 and 2022-23 budgets and 3-year forecasts

	2021-22 Budget £	2022-23 Budget £	2023-24 Forecast £	2024-25 Forecast £	2025-26 Forecast £
Individual Schools Budget					
Primary	96,052,551	119,524,024	121,018,075	122,228,255	124,672,820
Secondary	20,896,065	118,301,008	122,441,543	126,726,997	129,261,537
Special	12,590,592	13,484,146	14,223,541	14,675,526	15,129,530
Wirral Hospitals School	1,407,180	1,594,222	1,718,766	1,853,200	1,998,311
SEN Bases	969,731	1,992,000	2,342,000	2,642,000	2,942,000
Sixth Form/Further Education	36,000	1,500,000	1,620,000	1,740,000	1,860,000
Growth and Falling Rolls Fund	152,936	0	0	0	0
Individual Schools Budget Total	132,105,055	256,395,400	263,363,925	269,865,978	275,864,198
Early Years	21,644,246	20,183,630	20,392,947	21,171,339	22,522,649
Central School Costs					
Admissions	379,982	388,009	394,008	400,127	406,368
School Redundancy Costs	81,000	76,000	72,000	70,000	68,000
Licenses and subscriptions	243,751	259,856	272,849	286,492	300,816
Schools Forum	10,600	10,600	10,600	10,600	10,600
Contingency	7,600	25,434	40,727	47,193	48,009
Contribution to combined budgets	700,500	630,450	504,360	403,488	322,790
PFI Affordability Gap	1,459,500	1,459,500	1,459,500	1,459,500	1,459,500
Retained duties Central (ex-ESG)	730,000	730,000	730,000	730,000	730,000
Costs delegated to schools					
Library Service	185,100	0	0	0	0
Insurances	25,100	0	0	0	0
School Specific contingencies	31,100	0	0	0	0
Special Staff Costs	696,000	0	0	0	0
Behaviour Support	58,000	0	0	0	0
School Improvement	62,300	0	0	0	0
Retained duties de-delegated (es-ESG)	501,900	0	0	0	0
High Needs Pupils					
Additional resources	6,078,300	9,215,491	8,961,028	8,751,999	8,591,948
SEN Top-ups	14,722,146	16,936,469	17,030,532	17,917,498	18,905,754
High Needs contingency	400,000	561,104	598,624	598,624	598,624
Independent Special Schools	5,120,000	6,734,980	6,710,000	6,510,000	6,310,000
Home Tuition Service	422,730	422,730	422,730	422,730	422,730
Support for SEN	2,069,253	2,069,253	2,069,253	2,069,253	2,069,253
Special School Transport	58,200	58,200	58,200	58,200	58,200
Non-delegated school costs Total	34,043,062	39,578,076	39,334,411	39,735,704	40,302,592
Total Costs	187,792,363	316,157,106	323,091,283	330,773,021	338,689,438
Funding					
Dedicated Schools Grant	-189,015,997	-314,407,717	-321,432,576	-329,852,177	-338,432,384
Contribution to/-from reserve	2,683,134	-289,889	-199,207	538,656	1,202,446
Funding total	-186,332,863	-314,697,006	-321,631,783	-329,313,521	-337,229,938
Grand total	1,459,500	1,459,500	1,459,500	1,459,500	1,459,500

The PROVISIONAL Statutory Calculations and Resolution

It be noted that in accordance with Section 31B of the Local Government Finance Act 1992 (as amended), that Policy and Resources Committee on 17th January 2022 calculated the Council Tax Base 2022/23 for the whole of the properties in its area as 95,172.39 (Item T in the statutory formula).

That the following amounts be calculated and approved by the Council for the year 2022/23 in accordance with Sections 32-36 of the Local Government Finance Act 1992 (as amended) (“the Act”);

- a) £163,030,300 being the amount PROVISIONALLY calculated in accordance with Section 31A (4) of the Act (amended) as the Council Tax Requirement for 2022/23 (item R in the statutory formula). This amount (D) is determined as being the difference between:
- i) £859,070,100 this being the aggregate of the amounts PROVISIONALLY calculated in accordance with Section 31A (2) of the Act (as amended), i.e. the aggregate of the amounts that the Council estimates that will be charged to a revenue account for the year in performing its functions, that are required to be set aside for contingencies and reserves and required to be transferred from its General Fund to its Collection Fund in the year and
- ii) £696,039,800 this being the amount PROVISIONALLY calculated in accordance with Section 31A (3) of the Act (as amended), i.e. the aggregate of the amounts of income that the Council estimates will be credited to a revenue account for the year in accordance with proper practices, the amount of reserves that are estimated to be used to provide for the items referred to in paragraph (a) above, and required to be transferred from its Collection Fund to its General Fund in the year.
- b) £1,713.00 being the amount PROVISIONALLY calculated in accordance with Section 31B (1) of the Act (amended) as the Basic Amount of Council Tax for 2022/23. This amount being calculated as item R divided by item T (as above).
- c) That in accordance with section 36(1) of the Act that the following amounts are PROVISIONALLY calculated for each valuation band in the area:

Wirral – PROVISIONAL Basic Amount of Council Tax per Valuation Band

A	B	C	D
£1,142.00	£1,332.33	£1,522.67	£1,713.00
E	F	G	H
£2,093.67	£2,474.33	£2,855.01	£3,425.69

These amounts being the amounts given by multiplying the amount calculated as the Basic Amount of Council Tax by the number which in the proportion set out in Section 5(1) of the Act is applicable to dwellings in a particular valuation band which is applicable to dwellings listed in valuation Band D.

It be determined that the amount set in (c) above as the Council’s Basic Amount of Council Tax for 2022/23 is not excessive in accordance with the principles determined by the Secretary of State under section 52ZC of the Act (as amended) and that no Referendum to approve the Basic Amount of Council Tax is required. The principles require a Referendum to be held for any increases of 3% or above, as

per the Local Government Finance Settlement for 2022/23. The Settlement included provision for local authorities with social care responsibilities to increase the level of Council Tax by 1% for the Adult Social Care precept; and by up to 2% for the Council element. Where Council Tax is increased at or above 3% a local referendum will be required. The overall proposed increase in the Wirral basic Council Tax is 2.99%, including a Council increase of 1.99%, and is therefore within the Settlement's ceilings.

Wirral – PROVISIONAL Basic Amount of Council Tax Comparison for Referendum

	2021/22	2022/23	Change	Change
	£	£	£	%
Band D	1,663.27	1,713.00	49.73	2.99

To note that the Police and Crime Commissioner for Merseyside, the Merseyside Fire and Rescue Service and the Liverpool City Region Combined Authority issue precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area. This will be as indicated in the tables which when received will be included in updated tables to Council.

Police and Crime Commissioner for Merseyside

A	B	C	D
TBC	TBC	TBC	TBC
E	F	G	H
TBC	TBC	TBC	TBC

Merseyside Fire and Rescue Authority

A	B	C	D
TBC	TBC	TBC	TBC
E	F	G	H
TBC	TBC	TBC	TBC

Liverpool City Region Combined Authority –Mayoral Precept

A	B	C	D
TBC	TBC	TBC	TBC
E	F	G	H
TBC	TBC	TBC	TBC

That having calculated the amounts for Wirral together with the Police, Fire and Liverpool City Region – Mayoral Precept the Council in accordance with Section 30 (2) of the Act hereby sets the following amounts as the total amount of Council Tax for the year 2022/23 for each of the categories of dwellings.

Total Council Tax for Wirral

A	B	C	D
TBC	TBC	TBC	TBC
E	F	G	H
TBC	TBC	TBC	TBC

**Appendix 9 - Fees and Charges
Directory 2022/23**

Contents	
Sales, Fee and Charge Item	Page Number
Asset Management	2
Car Parks	4
Residents Parking	6
Traffic and Highways	7
Waste and Environment	10
Cemeteries and Crematoriums	13
Floral Pavilion	19
Leisure	22
Parks and Countryside	32
Wirral Museums	42
Libraries	44
Environmental Health	47
Housing	53
Archives	56
Law and Governance	59
Elections	63
Planning	65
Registrars	76
Council Tax and Business Rates	78
Recovery of Housing Benefit Overpayments	79
Licencing	81
Adult Health and Care	88
Building Control	90

Asset Management	-		
Sales, Fee and Charge Item	VAT Applicable	2021/22 £	2022/23 £
Bebington Civic Centre			
Bebington Suite - After 6pm per hour	No	36.01	36.01
Bebington Suite - Up to 6pm per hour	No	33.53	33.53
Phoenix Suite (Room J) - After 6pm per hour	No	21.09	21.09
Phoenix Suite (Room J) - Up to 6pm per hour	No	16.11	16.11
Room A - After 6pm per hour	No	15.25	15.25
Room A - Up to 6pm per hour	No	12.11	12.11
Room B - After 6pm per hour	No	15.25	15.25
Room B - Up to 6pm per hour	No	12.11	12.11
Room D - After 6pm per hour	No	15.25	15.25
Room D - Up to 6pm per hour	No	12.11	12.11
Room E - After 6pm per hour	No	15.25	15.25
Room E - Up to 6pm per hour	No	12.11	12.11
Room F - After 6pm per hour	No	16.55	16.55
Room F - Up to 6pm per hour	No	14.06	14.06
Room G - After 6pm per hour	No	16.55	16.55
Room G - Up to 6pm per hour	No	14.06	14.06
Room H - After 6pm per hour	No	16.55	16.55
Room H - Up to 6pm per hour	No	14.06	14.06
Civic Suite Up to 6pm per hour	No	32.45	32.45
Civic Suite After 6pm per hour	No	34.93	34.93
Birkenhead Town Hall			
Assembly Room	No	60.99	60.99
Beverages	No	0.45	0.45
Conference Room (Wirral Room)	No	41.01	41.01
Council Chamber	No	60.99	60.99
Green Room	No	41.01	41.01
Mayor's Parlour	No	41.01	41.01
Other Refreshment Services / Buffets	No	On request	On request
Tea Room	No	41.01	41.01
Use of Kitchen (Light Snacks) – Per Hire Period	No	11.04	11.04

Wedding Ceremony In Council Chamber (Friday & Saturday Only)	No	36.81	36.81
Bromborough Civic Centre			
Additional charge per hour for Saturday from 6pm and all day Sunday.	No	15.68	15.68
Large Hall - After 6pm per hour	No	34.93	34.93
Large Hall - Up to 6pm per hour	No	24.77	24.77
Room C - After 6pm per hour	No	15.25	15.25
Room C - Up to 6pm per hour	No	12.11	12.11
Small Hall - After 6pm per hour	No	21.09	21.09
Small Hall - Up to 6pm per hour	No	16.11	16.11
The Grange			
Lounge - After 6pm per hour	No	32.07	32.07
Lounge - Up to 6pm per hour	No	25.76	25.76
SDS - After 6pm per hour	No	14.20	14.20
SDS - Up to 6pm per hour	No	12.09	12.09
Wallasey Town Hall Civic Hall and Meeting Rooms			
Hire between 18.00-23.59 charge per hour weekdays only	No	55.74	55.74
Hire between 9.00-18.00 charge per hour	No	36.81	36.81
Use of Kitchen (Light Snacks) – Per Hire Period	No	10.52	10.52
Use of kitchen (Meal Preparation) – Per Hire Period	No	21.03	21.03

Car Parks			
Sales, Fee and Charge Item	VAT Applicable	2021/22 £	2022/23 £
Birkenhead Shoppers Car Parks – Tariff A			
Europa Pools Car Park Coach Parking All day	Included	5.00	5.00
Up to 1 hour	Included	1.20	N/A
Up to 2 hours	Included	1.80	N/A
Up to 3 hours	Included	2.30	N/A
Up to 4 hours	Included	3.50	N/A
Up to 5 hours	Included	4.30	N/A
All day	Included	4.70	N/A
Up to half hour	Included	0.70	N/A
Birkenhead Long Stay Car Parks – Tariff B			
Up to 1 hour	Included	1.20	N/A
All day	Included	4.70	N/A
Birkenhead / Heswall Long Stay Car Parks – Tariff C			
Up to half hour*	Included	0.70	N/A
Up to 1 hour	Included	1.20	N/A
All day	Included	2.20	N/A
Birkenhead Long Stay Car Parks – Tariff D (Price Street)			
Up to 1 hour	Included	1.20	N/A
Up to 2 hours	Included	1.80	N/A
Up to 3 hours	Included	2.30	N/A
All day	Included	3.20	N/A
Coach Parking All day	Included	5.00	5.00
Shoppers Pilot Tariff			
Up to 1 hour	Included	0.90	N/A
Up to 2 hours	Included	1.10	N/A
Up to 3 hours	Included	1.40	N/A
Up to 4 hours	Included	2.30	N/A
Up to 5 hours	Included	3.50	N/A
All day	Included	4.70	N/A
All Council Operate Car Parks			
Up to 1 hour	Included	1.00	1.00
Up to 2 hours	Included	2.00	2.00
Up to 3 hours	Included	3.00	3.00

Up to 4 hours	Included	4.00	4.00
Over 4 hours	Included	5.00	5.00
Trader Permit Charges			
Birkenhead	Included	600.00	600.00
Liscard	Included	600.00	600.00
Heswall/ West Kirby	Included	600.00	600.00
Country Parks			
Up to 1 hour	Included	0.50	N/A
Up to 2 hours	Included	1.00	N/A
All Day	Included	2.00	N/A
Membership of Country Park	Included	50.00	100.00
ALL COUNCIL OPERATED COUNTRY PARK CAR PARKS			
Up to 1 hour	Included	1.00	1.00
Up to 2 hours	Included	2.00	2.00
Up to 3 hours	Included	3.00	3.00
Up to 4 hours	Included	4.00	4.00
Over 4 hours	Included	5.00	5.00
Birkenhead On Street Pay and Display			
Per Half Hour up to a maximum 3 hour stay	Included	0.50	N/A
Over three hours - Long Stay zones	Included	2.50	N/A
Over three hours - Short Stay zones	Included	8.00	N/A
Annual Permit Charges (part year at pro-rata rate)	Included	570.00	570.00

Residents Parking			
Sales, Fee and Charge Item	VAT Applicable	2021/22 £	2022/23 £
Residents Parking Schemes			
Access protection markings (no charge if a Blue Badge holder is resident at the address)	Included	152.88	168.16
Access protection markings for double driveway (no charge if a Blue Badge holder is resident at the address)	Included	305.76	336.33
Pre April 2006 Residents Permits	Included	No Charge	No Charge
Pre April 2006 Visitor Permits	Included	No Charge	No Charge
Pre April 2006 Replacement Residents Permits	Included	40.00	40.00
Pre April 2006 Replacement Visitor Permits	Included	40.00	40.00
Residents Parking application fee	Included	78.00	78.00
Post April 2006 Introduction of new scheme	Included	10.00	10.00
Post April 2006 Parking Schemes Residents Permits (per annum charge)	Included	10.00	10.00
Post April 2006 Parking Schemes Visitor Permits (per annum charge)	Included	10.00	10.00
Post April 2006 Parking Schemes Replacement Residents Permits (per annum)	Included	10.00	10.00
Post April 2006 Parking Schemes Replacement Visitor Permits (per annum)	Included	10.00	10.00
Residents Parking Scheme application non-refundable application fee	Included	135.00	135.00

Traffic and Highways			
Sales, Fee and Charge Item	VAT Applicable	2021/22 £	2022/23 £
Traffic			
Accident Information (minimum charge for first hour based on actual staff time)	No	150.00	150.00
Accident Information (minimum charge for further hours based on actual staff time)	No	68.00	68.00
Container Permit (OVER 20ft) - 1st 28 days	No	172.00	180.00
Container Permit Renewal (OVER 20ft) subsequent. 28 days	No	87.00	95.00
Container Permit Renewal up to 20ft (subsequent. 28 days)	No	43.00	55.00
Container Permit up to 20ft (1st 28 days)	No	87.00	95.00
Driver assessment	No	90.00	110.00
Hourly charge out rate	No	70.00	70.00
Provision of existing traffic survey info (per survey)	No	163.00	163.00
Request to authorise diversion/ temporary signing (excluding AA & RAC)	No	265.00	265.00
Short notice cancellation	No	N/A	30.00
Stall on Highway (Charity/Public Service)	No	No Charge	No Charge
Stall on Highway (Commercial) Application fee	No	30.00	40.00
Stall on Highway (Commercial) Per day or part thereof	No	235.00	250.00
Temporary directional signs to New Housing Developments	No	198.00 + 60.00 per sign	£198.00 + £60.00 per sign
Temporary traffic orders incl diversion (minimum based on actual staff time)	No	1,235.00	1,235.00
Temporary traffic regulation order for special functions	No	145.00	145.00
Things on Highway (large Crane) per day or weekend	No	172.00	200.00
Things on Highway (small Crane) per day or weekend	No	87.00	100.00

Things on the Highway (Cherry pickers) per day or weekend	No	87.00	100.00
Traffic signal information (per junction)	No	180.00	195.00
UTC related traffic accident (Supervision Cost)	No	10% Oncost	10% oncost
Section 50 New Roads and Street Works Act			
Standard works	No	825.00	825.00
Major works	No	1,210.00	1,210.00
Minor works and non-s50 apparatus related road openings (EG Vehicle crossings)	No	385.00/ 135.00	385.00/ 135.00
Authority Approval of Gov. Office Planning Order for householders	No	No Charge	No Charge
Dedicated Street Seat: Refurbish Existing	No	170.00	185.00
Dedicated Street Seat: Supply and Fit	No	700.00	850.00
Permanent Stopping Up/Diversion of Highway	No	1,028.00	1,100.00
Requests for Adopted Highway Information	No	87.00	120.00
S179 Cellar Opening	No	120.00	130.00
S184 Licence Developments	No	Variable	Percentage of Value
S278 Improvement Works	No	10%	10%
Boards and Shop Displays- fee 1st Year application	No	No Charge	No Charge
Boards and Shop Displays- fee Subsequent years	No	No Charge	No Charge
Vehicular Dropped Crossings (Charge based upon cost)	No	Variable plus 12% Supervision	Variable plus 15% Supervision
S.74 New Roads and Street Works Act Overrun Charges			
Charge for occupying the carriageway:			
Traffic Sensitive Street in road categories 2, 3 or 4 - charge per day for the first three days	No	5,000.00	5,000.00
Traffic Sensitive Street in road categories 2, 3 or 4 - charge per day after the first three days	No	10,000.00	10,000.00

Traffic Sensitive street in road category 2 - charge per day for the first three days	No	3,000.00	3,000.00
Traffic Sensitive street in road category 2 - charge per day after the first three days	No	800.00	800.00
Traffic Sensitive street in road category 3 or 4 - charge per day	No	750.00	750.00
Other street in road category 2 - charge per day	No	2,000.00	2,000.00
Other street in road category 3 or 4 - charge per day	No	250.00	250.00
Other Street not in road category 2, 3 or 4 - charge per day	No	2,500.00	2,500.00
Charge for works outside the carriageway:			
S38 Agreements - %age of estimated construction costs	No	12.5%	10%
Street in road category 2 - charge per day	No	2,000.00	2,000.00
Street in road category 3 or 4 - charge per day	No	250.00	250.00
Street not in road category 2, 3 or 4 - charge per day	No	2,500.00	2,500.00

Waste and Environment			
Sales, Fee and Charge Item	VAT Applicable	2021/22 £	2022/23 £
Litter			
Fly Posting & Graffiti	No	80.00	80.00
Littering	No	100.00	100.00
Dog fouling	No	50.00	50.00
Trade Waste			
Failure to comply with formal notice to store and manage trade waste correctly - maximum charge	No	110.00	110.00
Failure to produce Waste Carriers Licence in relation to the transport of non-domestic waste	No	300.00	300.00
Failure to produce Waste Transfer Note in relation to the disposal of trade waste	No	300.00	300.00
Abandoned and Nuisance Vehicles			
Abandoned Vehicle	No	200.00	200.00
Nuisance Vehicles	No	100.00	100.00
Fly Tipping (previously Domestic Waste)			
Unauthorised deposit of waste	No	400.00	400.00
Skip Permits			
Failure to comply (in addition to skip permit)	No	41.00	42.00
Skip Permit (valid 14 days) Full size	No	41.00	42.00
Skip Permit (valid 14 days) mini-skip	No	27.30	28.00
Recycling Collections (schools). Annual charge per bin per number of weekly collections	No	0.00	100.00
Waste Collection			
Bulky Waste	No	30.10	32.00
Residual Waste Collections (schools). Annual charge per bin per number of weekly collections	No	545.20	550.00
Bins and Waste Containers			

140 litre wheeled bins (green only)	VAT only applicable for Commercial Not Domestic	40.80	41.00
140 litre wheeled bins (grey only)	VAT only applicable for Commercial Not Domestic	No Charge	20.00
140 litre wheeled bins (brown only)	VAT only applicable for Commercial Not Domestic	40.80	41.00
240 litre wheeled bins (brown only)	VAT only applicable for Commercial Not Domestic	40.80	41.00
240 litre wheeled bins (green only)	VAT only applicable for Commercial Not Domestic	40.80	41.00
240 litre wheeled bins (grey only)	VAT only applicable for Commercial Not Domestic	No Charge	20.00
360 litre wheeled bins (green only)	VAT only applicable for Commercial Not Domestic	Not currently available	Not currently available
360 litre wheeled bins (grey only)	VAT only applicable for Commercial Not Domestic	Not currently available	Not currently available
Wheelie bin repair (lid, hinges and/or wheels)	No	11.25	12.00
Garden Waste			
Collection of garden waste from first 140L bin (Non Direct Debit Subscriber)	VAT only applicable for Commercial Not Domestic	43.00	46.00
Collection of garden waste from first 140L bin (Direct Debit Subscriber)	VAT only applicable for Commercial Not Domestic	43.00	44.00

Collection of garden waste from first 240L bin (Non Direct Debit Subscriber)	VAT only applicable for Commercial Not Domestic	43.00	46.00
Collection of garden waste from first 240L bin (Direct Debit Subscriber)	VAT only applicable for Commercial Not Domestic	43.00	44.00
Collection of garden waste for each additional garden waste bin at the same address	VAT only applicable for Commercial Not Domestic	25.00	27.00

<u>CEMETERIES AND CREMATORIUM</u>			
Sales, Fee and Charge Item	VAT Applicable	2021/22 £	2022/23 £
Cremation of Remains			
Direct Cremation	No	440.00	450.00
Cremation of Remains (including copy of disposal certificate): Stillborn child or child under 18 years	No	187.00	196.00
Person over 18 years (including copy of disposal certificate): 9.00 & 9.30am	No	575.00	590.00
Person over 18 years (including copy of disposal certificate): 10.00-2.00pm	No	840.00	865.00
Person over 18 years (including copy of disposal certificate): 2.30pm onwards	No	884.00	910.00
Additional Charges			
Webcast of service	Included	45.00	46.00
Webcast and Recording Bundle	Included	72.00	74.00
Recoding of service (ordered separately)	Included	33.00	34.00
Extraction from Cremation Register	No	50.00	51.00
Strewing of cremated remains (if cremated elsewhere)	No	106.00	110.00
Extended chapel service for Cremation Service 9.00	No	187.00	196.00
Extended chapel service for Cremation Service 9.30 onwards	No	283.00	300.00
Cremation service proceeding into next chapel time	No	305.00	320.00
Late cremation papers	No	74.00	80.00
Cremation remains held for 1 month (first month free)	No	40.00	45.00
Cremation of coffin larger than 7ft or 29"	No	plus 33%	plus 33%
Strewing remains by appointment	No	39.00	40.00
Assistance with self-organised cremation	No	250.00	250.00

Widening of grave when necessary	No	254.00	260.00
Brickwork and stone slabs each interment	No	0.00	0.00
Duplicate certificate of right of grant of exclusive right of burial	No	57.00	58.00
Request for grave search	No	57.00	58.00
Late funeral charge	No	100.00	110.00
Lengthening grave over 7ft	No	254.00	260.00
Transfer Right of burial	No	30.00	35.00
Selection of Grave	No	40.00	45.00
Grave Top Up (7 months following burial)	No	20.00	20.60
Burial Shelf – Section M Landican Full grave	No	41.00	90.00
Use of Chapel for Burials Service per 30 minute slot	No	187.00	196.00
Collection of cremated remains from office by authorised party	No	40.00	40.00
Cremation outside normal hours (excluding sat and sun)	No	Plus 20%	plus 20%
Book of Remembrance			
2 line entry	Included	51.00	52.00
3/5 line entry	Included	106.00	109.00
6/8 line entry	Included	148.00	152.00
Floral emblem badge or crest or shield (additional charge)	Included	107.00	110.00
Remembrance Card			
2 line entry	Included	39.00	40.00
3/5 line entry	Included	46.00	47.00
6/8 line entry	Included	69.00	71.00
Floral emblem badge or crest or shield (additional charge)	Included	107.00	110.00
Booklet of Remembrance			
2 line entry	Included	70.00	72.00
3/5 line entry	Included	83.00	85.00
6/8 line entry	Included	106.00	109.00
Floral emblem badge or crest or shield (additional charge)	Included	107.00	110.00
Additional entries for booklet per line	Included	13.00	15.00
Vase Blocks			
Provision of vase block (10 year lease)	No	500.00	500.00

Provision of vase block (5 year lease)	No	315.00	315.00
Provision of vase block (15 year lease)	No	675.00	675.00
Provision of vase block (25 year lease)	No	750.00	750.00
Renewal of 10 year lease	No	250.00	250.00
Renewal of 5 year lease	No	162.00	165.00
Renewal of 15 year lease	No	300.00	310.00
Renewal of 25 year lease	No	375.00	380.00
Replacement plaque	No	206.00	212.00
Provision of emblem	No	89.00	92.00
Provision of photograph plaque	No	115.00	120.00
Memorial Bench			
Wooden Bench (inclusive of inscription, 4' for lifespan of bench)(space permitting)	Included	1,155.00	1,200.00
Composite Bench with plaque	Included	N/A	975.00
Composite Bench with inlayed inscription	Included	N/A	995.00
Granite Bench (inclusive of inscription 15 years lease)	Included	N/A	1,800.00
Shared bench (baby garden & adult section)(Space permitting)	Included	POA	POA
Bench Plaque	Included	200.00	206.00
Bench Maintenance	Included	POA	POA
Memorial Tree and Plaque			
Memorial tree plaque (for residue of a ten year lease)	Included	148.00	155.00
Provision of and inclusive of plaque (10yrs)	Included	330.00	340.00
Renewal of Memorial Tree (10 years)	Included	148.00	155.00
Bird or bat box.			
Bird or bat box and nameplate	Included	85.00	N/A
Little owl or sparrow box and nameplate	Included	110.00	N/A
Boutonniere Plaques			
Provision of plaque and text only – 5 years	Included	242.00	242.00
Provision of engraved motif or symbol	Included	24.00	26.00
Provision of hand painted motif	Included	42.00	45.00
Provision of ceramic photo plaque	Included	104.00	110.00

Sanctum 12 Vault			
Replacement plaque	Included	170.00	170.00
Provision of and inclusive of 1st interment and plaque (80 letters) – 25 years	Included	950.00	950.00
Additional lettering per letter	Included	2.50	2.60
2nd interment	Included	90.00	90.00
Standard motif	Included	77.00	80.00
Photograph plaque	Included	98.00	110.00
Other charges			
Baby memorial plaque	Included	0.00	0.00
Postage of cremated remains	Included	POA	POA
Memorial vase insert	Included	15.00	16.00
Cremation of tissues or organs	No	100.00	110.00
Cremated remains caskets			
caskets Adult	No	50.00	50.00
caskets Child	No	32.00	32.00
caskets Scatter tubes	No	17.00	17.00
caskets Heart keepsake	No	62.00	62.00
caskets Casket keepsake	No	31.00	31.00
caskets Ornate urns	No	154.00	154.00
Exclusive Right of Burial			
Full Size Grave Adult (3 No)	No	1,299.00	1,365.00
Full Size Grave Adult (2 No)	No	1,084.00	1,138.00
Purchase of grave space (Baby)	No	313.00	320.00
Cremated remains plot (Landican, Plymyard, Frankby & Wallasey)	No	779.00	800.00
Purchase of meadow/woodland/natural grave	No	873.00	960.00
Purchase of traditional grave for 2(Landican Cemetery)	No	2,980.00	2,980.00
Purchase of traditional grave for 3 (Landican Cemetery)	No	N/A	3,195.00
Non-residents of the borough Full size Grave Adult (3No)	No	1,950.00	2,008.00
Non-residents of the borough Full size Grave Adult (2No)	No	1,626.00	1,675.00
Non-residents of the borough Purchase of grave space (Baby)	No	440.00	450.00
Non-residents of the borough Cremated remains plot	No	1,168.00	1,203.00

Non-residents of the borough Purchase of meadow grave	No	1,746.00	1,500.00
Non-residents of the borough Purchase of traditional grave for 2	No	4,470.00	4,470.00
Non-residents of the borough Purchase of traditional grave for 3	No	N/A	6,705.00
Internment- Public Grave			
Stillborn or child under 18 years	No	265.00	270.00
Person over 18 years – Single burial	No	795.00	819.00
Interment Private/ Woodland Grave			
Stillborn or child under 18 years	No	265.00	270.00
Person over 18 years – Single burial	No	795.00	819.00
Person over 18 years – Double burial	No	856.00	882.00
Person over 18 years – Triple burial	No	919.00	947.00
Non-residents of the borough Stillborn or child under 18 years	No	265.00	207.00
Grave Non-residents of the borough Person over 18 years – Single burial	No	1,193.00	1,229.00
Non-residents of the borough Person over 18 years – Double burial	No	1,278.00	1,316.00
Non-residents of the borough Person over 18 years – Triple burial	No	1,379.00	1,420.00
Internment of cremated remains			
Stillborn or child under 18 years	No	125.00	130.00
Person over 18 years	No	257.00	265.00
Non-residents of the borough Stillborn or child under 18 years	No	125.00	130.00
Non-residents of the borough Person over 18 years	No	380.00	395.00
Right to Erect a Memorial			
Headstone or tablet	No	227.00	227.00
Rock Niche	No	216.00	216.00

Baby garden headstone or tablet	No	65.00	65.00
Kerb Stones (Traditional Graves Only in additional to headstone)	No	223.00	230.00
Kerb stones (surrounding 18 inch border)		160.00	165.00
Additional inscription to existing memorial	No	45.00	48.00
Right to replace a memorial	No	116.00	120.00
Additional vase or book	No	52.00	54.00
Memorial Mason Annual Registration		58.00	60.00
Child Grave Headstone			
Provision of inscription	No	225.00	230.00
Re-lettering of public headstone	No	POA	POA
Exhumation			
Cremated remains exhumation (including opening of grave)	No	1,220.00	1,220.00
Full exhumation (including opening of grave)	No	2,673.00	2,750.00
Woodland- Memorial Mushroom			
Inscription on Memorial Mushroom (10 yrs)	No	255.00	255.00
Renewal of 10 lease on Memorial Mushroom	No	165.00	165.00
Burial of Tissues or Organs			
Burial of Tissues or Organs	No	257.00	265.00
Niche – Opening	No	116.00	120.00
Niche lettering	No	POA	POA

FLORAL PAVILION			
Sales, Fee and Charge Item	VAT Applicable	2021/22 £	2022/23 £
Conference Suite/ Blue Lounge			
Standard Hire Rate 1	+ VAT	875.50	919.28
Standard Hire Rate 2	+ VAT	1,442.00	1,514.10
Reduced Hire Rate 1	+ VAT	729.58	766.06
Reduced Hire Rate 2	+ VAT	1,201.67	1,261.75
Music Event	+ VAT	1,442.00	1,520.00
Private Hire/ Party	+ VAT	315.00	330.75
Bank Holidays	+ VAT	2,266.00	2,379.30
Winter Gardens			
Standard Hire Rate 1	+ VAT	463.50	486.68
Standard Hire Rate 2	+ VAT	824.00	865.20
Reduced Hire Rate 1	+ VAT	386.25	405.56
Reduced Hire Rate 2	+ VAT	686.67	721.00
Bank Holiday Day Rate	+ VAT	1,133.00	1,189.65
Palace Room			
Standard Hire Rate 1	+ VAT	412.00	432.60
Standard Hire Rate 2	+ VAT	772.50	811.13
Reduced Hire Rate 1	+ VAT	343.32	360.49
Reduced Hire Rate 2	+ VAT	643.75	675.94
Bank Holiday Day Rate	+ VAT	1,081.50	1,135.58
Tower Room			
Standard Hire Rate 1	+ VAT	257.50	270.38
Standard Hire Rate 2	+ VAT	494.40	519.12
Reduced Hire Rate 1	+ VAT	214.58	225.31
Reduced Hire Rate 2	+ VAT	412.00	432.60
Bank Holiday Day Rate	+ VAT	803.40	843.57
Tivoli Suite			
Standard Hire Rate 1	+ VAT	92.70	97.34
Standard Hire Rate 2	+ VAT	154.50	162.23
Reduced Hire Rate 1	+ VAT	77.25	81.11
Reduced Hire Rate 2	+ VAT	128.75	135.19
Bank Holiday Day Rate	+ VAT	463.50	486.68
Panoramic Lounge			
Standard Rate 8 Hours	+ VAT	1,200.00	1,260.00
Plaza Lounge			
Community Rate	+ VAT	21.50	22.58
Theatre Show Rates			

Reduced Hire Rate 1 (Mon - Wed 2020 onward)	+ VAT	1,817.95	1,900.00
Reduced Hire Rate 1 (Thur - Sun 2020 onwards)	+ VAT	1,854.00	2,000.00
Reduced Hire Rate 2	+ VAT	2,420.50	2,500.00
Reduced Hire Rate 2 (Thur - Sun 2020 onwards)	+ VAT	2,468.91	2,550.00
Standard Hire Rate 1	+ VAT	2,163.55	2,230.00
Standard Hire Rate 1 (Thur - Sun 2020 Onward)	+ VAT	2,206.26	2,280.00
Standard Hire Rate 2	+ VAT	3,064.25	3,160.00
Standard Hire Rate 2 (Thur - sun 2020 > or Bank Holiday)	+ VAT	3,125.02	3,220.00
Standard Rehearsal Rate	+ VAT	1,699.50	1,750.00
Reduced Rehearsal Rate	+ VAT	1,390.50	1,440.00
Whole Complex			
Standard Hire Rate	+ VAT	6,222.20	6,533.31
Bank Holiday Day Rate	+ VAT	9,150.52	9,608.05
Additional Hourly Rate	+ VAT	510.00	535.50
Standard Rehearsal Rate	+ VAT	4,574.23	4,802.94
Blue Lounge/ Conference Suite			
Standard Hire Rate 1	+ VAT	875.50	N/A
Private Hire/ Party	+ VAT	315.00	N/A
Booking Fee	+ VAT	1.75	N/A
Box Office Commission - Tickets priced £8.00 and above	+ VAT	1.75	N/A
Resources			
Basic Marketing Package	+ VAT	350.00	350.00
In House Marketing Package	+ VAT	150.00	150.00
Bechstein	+ VAT	120.00	120.00
Tuning of Piano	+ VAT	100.00	100.00
Radio Mic	+ VAT	14.59	14.59
Intelligent Moving Light Package – Full	+ VAT	190.00	190.00
Intelligent Moving Light Package – Half	+ VAT	100.00	100.00
Smoke Machine	+ VAT	8.50	8.50
Pyro Unit	+ VAT	16.66	16.66
Steel Decking	+ VAT	30.00	30.00
Star Cloth	+ VAT	66.66	66.66
Projector and Cradle	+ VAT	55.00	55.00
LX RE Rig	+ VAT	395.84	395.84
Orchestra Pit removal	+ VAT	396.00	396.00

Listing	+ VAT	N/A	N/A
Flip Chart	+ VAT	16.48	16.48
Additional Technicians	+ VAT	19.50	19.50
LCD	+ VAT	N/A	N/A
Photocopying	+ VAT	N/A	N/A
Robe 700	+ VAT	N/A	N/A
Roland RD	+ VAT	N/A	N/A
Pen and Note Book	+ VAT	N/A	N/A

LEISURE

GOLF COURSES			
Sales, Fee and Charge Item	VAT Applicable	2021/22 £	2022/23 £
9 hole course – Warren			
per round Summer Weekday Adult	No	8.50	8.50
per round Summer Weekday Adult 2pm -6pm	No	7.10	7.10
per round Summer Weekday Junior/Senior	No	5.20	5.20
per round Summer Weekday Wirral Passport A	No	6.50	6.50
per round Summer Weekday Wirral Passport A 2pm -6pm	No	5.40	5.40
per round Summer Weekend Adult	No	10.90	10.90
per round Summer Weekend Adult 2pm -6pm	No	8.60	8.60
per round Summer Weekend Junior/Senior	No	6.50	6.50
per round Summer Weekend Wirral Passport A	No	8.10	8.10
per round Summer Weekend Wirral Passport A 2pm -6pm	No	6.50	6.50
per round Summer Under 11's		No Charge	No Charge
per round Winter Weekday Adult	No	5.70	5.70
per round Winter Weekday Junior/Senior	No	3.50	3.50
per round Winter Weekday Wirral Passport A	No	4.30	4.30
per round Winter Weekday Wirral Passport A 2pm -6pm	No	3.20	3.20
per round Winter Weekday 2 hours before sunset	No	N/A	N/A
per round Winter Weekend Adult	No	7.20	7.20
per round Winter Weekend Adult 2pm -6pm	No	3.80	3.80
per round Winter Weekend Junior/Senior	No	4.30	4.30
per round Winter Weekend Wirral Passport A	No	5.40	5.40
per round Winter Weekend Wirral Passport A 2pm -6pm	No	3.20	3.20

per round Winter Weekend 2 hours before sunset	No	N/A	N/A
per round Winter Under 11's		No Charge	No Charge
Arrowe Park/ Hoylake/ Brackenwood			
Summer Under 11's		No Charge	No Charge
Summer Weekday 2 hours before sunset	No	7.90	7.90
Summer Weekday Adult	No	13.50	13.50
Summer Weekday Adult 2pm - 6pm	No	11.30	11.30
Summer Weekday Junior/Senior	No	6.80	6.80
Summer Weekday Wirral Passport A	No	10.10	10.10
Summer Weekday Wirral Passport A 2pm -6pm	No	8.50	8.50
Summer Weekend 2 hours before sunset	No	9.00	9.00
Summer Weekend Adult	No	16.90	16.90
Summer Weekend Adult 2pm - 6pm	No	13.50	13.50
Summer Weekend Junior/Senior	No	8.10	8.10
Summer Weekend Wirral Passport A	No	13.20	13.20
Summer Weekend Wirral Passport A 2pm -6pm	No	10.10	10.10
Winter Under 11's	No	No Charge	No Charge
Winter Weekday 2 hours before sunset	No	5.60	5.60
Winter Weekday Adult	No	9.00	9.00
Winter Weekday Junior/Senior	No	5.40	5.40
Winter Weekday Wirral Passport A	No	6.80	6.80
Winter Weekend 2 hours before sunset	No	6.80	6.80
Winter Weekend Adult	No	11.30	11.30
Winter Weekend Junior/Senior	No	6.80	6.80
Winter Weekend Wirral Passport A	No	8.50	8.50
Miniature Golf - 18 Holes Wallasey Beach			
Adult	No	7.90	7.90
Family Ticket(max 4 players - 2 adults)	No	20.50	20.50
Junior/Senior	No	4.70	4.70

Wirral Passport A	No	6.00	6.00
Pitch n Putt Golf			
Adult	No	4.00	4.00
Family Ticket(max 4 players - 2 adults)	No	10.30	10.30
Junior/Senior	No	2.40	2.40
Wirral Passport A	No	3.00	3.00
Tennis(Outdoor)			
All weather courts, per court per hour Adult	No	5.50	5.50
All weather courts, per court per hour Junior/EP	No	2.80	2.80
LEISURE CENTRES			
Athletic Meets			
Local Meets Oval Weekday	No	N/A	N/A
Local Meets Oval Weekend	No	N/A	N/A
Local Meets Oval Bank Holiday	No	N/A	N/A
Oval Floodlights per meeting	No	73.00	73.00
Regional and National Meets Oval Weekday	No	291.90	291.90
Regional and National Meets Oval Weekend	No	359.20	359.20
Regional and National Meets Oval Bank Holiday	No	420.90	420.90
Athletic Training/ Football Training/ Jogging etc			
Hourly rate per club	No	42.10	42.10
Adult session	No	4.00	4.00
Junior session	No	2.90	2.90
Badminton			
4 people - 60 minutes Adult	No	No Change	No Change
4 people - 60 minutes Child/EP	No	No Change	No Change
4 people - 60 minutes Wirral Passport A	No	No Change	No Change
Cricket			
Cricket Adult per match	No	73.00	73.00
Cricket Child/EP per match	No	N/A	N/A
Equipment Hire			
Hire of Equipment (per item) Adult	Included	2.20	2.20
Hire of Equipment (per item) Child/EP	Included	1.40	1.40
Hire of Equipment (per item) Wirral Passport A	Included	1.60	1.60

Hire of Equipment (per item) Deposit	Included	5.60	5.60
Tennis balls (box of 6) Adult	Included	2.50	2.50
Tennis balls (box of 6) Child/EP	Included	1.60	1.60
Tennis balls (box of 6) Deposit	Included	5.60	5.60
Hire of Cricket Set Adult	Included	16.40	16.40
Hire of Cricket Set Deposit	Included	16.40	16.40
Europa Pools			
Europa Pools Function Room Hire per hour	Included	32.60	32.60
Europa Pools Health Suite/ Steam Room			
Adult	Included	3.80	3.80
Child/EP	Included	2.30	2.30
Wirral Passport A	Included	3.00	3.00
Football			
All Weather Area Half pitch (60 minutes) Adult	No	N/A	N/A
All Weather Area Half pitch (60 minutes) Junior	No	N/A	N/A
5-a-side indoor court hire Adult	No	42.40	42.40
5-a-side indoor court hire Child/EP	No	25.50	25.50
5-a-side indoor court hire Wirral Passport A	No	N/A	N/A
Artificial Turf Pitch (Peak) Third Pitch per hour Adult	No	40.80	40.80
Artificial Turf Pitch (Peak) Third Pitch per hour Child/EP	No	24.60	24.60
Artificial Turf Pitch (Peak) Full Pitch per hour Adult	No	121.90	121.90
Artificial Turf Pitch (Peak) Full Pitch per hour Child/EP	No	73.80	73.80
Short Sided Soccer Pitches Adult (Adult Peak (Mon - Fri 6pm-9pm)	No	36.40	36.40
Short Sided Soccer Pitches Junior Peak (Mon - Fri 6pm- 9pm)	No	21.80	21.80
Short Sided Soccer Pitches Adult Off Peak	No	27.50	27.50
Short Sided Soccer Pitches Junior Off Peak	No	16.60	16.60
Full pitch, match (1.5 hrs) Adult	No	149.20	149.20
Full pitch, match (1.5 hrs) Child/EP	No	88.80	88.80

Artificial Turf Pitch (Off Peak) Third Pitch per hour Adult	No	27.80	27.80
Artificial Turf Pitch (Off Peak) Third Pitch per hour Child/EP	No	17.20	17.20
Artificial Turf Full Pitch per hour Adult	No	83.40	83.40
Artificial Turf Full Pitch per hour Child/EP	No	51.40	51.40
Artificial Turf Full pitch, match (1.5 hrs) Adult	No	99.50	99.50
Artificial Turf Full pitch, match (1.5 hrs) Child/EP	No	59.90	59.90
Floodlights Full pitch (60 minutes)	No	25.20	25.20
Floodlights Half pitch (60 minutes)	No	12.60	12.60
All-Weather Area Full pitch (60 minutes) Adult	No	N/A	N/A
All-Weather Area Full pitch (60 minutes) Junior	No	N/A	N/A
Guinea Gap Baths & Recreation Centre			
Sauna Adult	No	No Charge	No Charge
Sauna Child/EP	No	No Charge	No Charge
Sauna Wirral Passport A	No	No Charge	No Charge
Revolutions Adult	No	6.80	6.80
Child/EP	No	4.10	4.10
Revolutions Wirral Passport A	No	5.10	5.10
Exercise classes wet/dry Adult	No	5.80	5.80
Exercise classes wet/dry Child/EP	No	3.50	3.50
Exercise classes wet/dry Wirral Passport A	No	4.30	4.30
Fitness Suite (Per session) Adult	No	7.50	7.50
Fitness Suite (Per session) Child/EP	No	4.50	4.50
Fitness Suite (Per session) Wirral Passport A	No	5.60	5.60
Invigor8			
Families - monthly charge	No	No Change	No Change
Inclusive - monthly charge	No	No Change	No Change
Plus - monthly charge	No	No Change	No Change
Corporate - monthly charge	No	No Change	No Change
Teen/Junior - monthly charge	No	No Change	No Change
Families - annual charge	No	No Change	No Change

Inclusive - annual charge	No	No Change	No Change
Plus - annual charge	No	No Change	No Change
Corporate - annual charge	No	No Change	No Change
Standard - annual charge	No	obsolete	obsolete
Teen/Junior - annual charge	No	No Change	No Change
Armed Forces	No	No Change	No Change
Invigor8 Daytime	No	23.50	23.50
Invigor8 Saver	No	18.50	18.50
Invigor8 Local Woodchurch or Wirral Tennis Centre	No	20.00	20.00
Invigor8 Local Leasowe or Guinea Gap Woodchuch or Wirral Tennis Centre	No	24.00	24.00
Oval - other charges			
Oval Season Ticket Adult	No	Not available	Not available
Oval Season Ticket Junior/EP	No	Not available	Not available
Oval All Weather Areas Full pitch per hour Adult	No	Not available	Not available
Oval All Weather Areas Full pitch per hour Junior/EP	No	Not available	Not available
Oval All Weather Areas Half pitch per hour Adult	No	Not available	Not available
Oval All Weather Areas Half pitch per hour Junior/EP	No	Not available	Not available
Oval Floodlights Full pitch per hour	No	25.20	25.20
Oval Floodlights Half pitch per hour	No	12.60	12.60
Oval Floodlights Flood lights per match	No	46.70	46.70
Oval Main Pitch & Flood lights Full pitch per hour	No	184.20	184.20
Oval Main Pitch & Flood lights Full pitch per match	No	230.20	230.20
Pool Parties			
Children's Birthday Party- per child	No	9.40	9.40
Splash parties (whole pool, flumes)	No	308.70	308.70
Splash parties (whole pool, no flumes)	No	203.80	203.80
Splash parties (whole pool, no flumes) Excess per hour above 1.5 hours	No	123.50	123.50

Splash parties (whole pool, flumes) Excess per hour above 1.5 hours	No	185.20	185.20
Ski Slope- The Oval			
Use of slope per hour Adult	No	4.70	4.70
Use of slope per hour Child/EP	No	2.80	2.80
Equipment hire per hour Adult	No	4.70	4.70
Equipment hire per hour Child/EP	No	2.80	2.80
Social Club Hire			
Saturday/ Sunday (per hour VAT exempt)	No	156.10	156.10
Weekdays (per hour VAT exempt)	No	143.70	143.70
Spectators			
Spectator Adult	Included	0.90	0.90
Spectator Junior	Included	0.50	0.50
Spectator Wirral Passport A	Included	0.70	0.70
Wirral Passport Means Tested – A	Included	7.50	7.50
Squash			
45 minutes Adult	No	8.50	8.50
45 minutes Child/EP	No	5.10	5.10
45 minutes Wirral Passport A	No	6.40	6.40
Swimming			
Europa Pools (off peak) Swimming Adult	No	5.10	5.10
Europa Pools (off peak) Swimming Junior/EP	No	3.10	3.10
Europa Pools (off peak) Swimming Wirral Passport A	No	3.90	3.90
Europa Pools (peak) Swimming Adult	No	6.80	6.80
Europa Pools (peak) Swimming Junior/EP	No	4.10	4.10
Europa Pools (peak) Swimming Wirral Passport A	No	5.10	5.10
Pools (Excluding Europa) Adult	No	5.10	5.10
Pools (Excluding Europa) Child/EP	No	3.10	3.10
Pools (Excluding Europa) Wirral Passport A	No	3.90	3.90
Aqua Classes Adult	No	5.80	5.80
Aqua Classes Child/EP	No	3.50	3.50

Aqua Classes Wirral Passport A	No	4.40	4.40
Pools (Excluding Europa) Family Swim Ticket	No	11.30	11.30
Swimming Instruction (All Centres) Adult	No	9.40	9.40
Swimming Instruction (All Centres) Child/EP	No	6.00	6.00
One to One Swimming Child/EP 30 mins	No	25.00	25.00
One to One Swimming Adult 30 mins	No	30.00	30.00
Swimming Instruction (All Centres) Wirral Passport A	No	7.00	7.00
Direct Debit Swimming Instruction (All Centres) Adult	No	N/A	N/A
Direct Debit Swimming Instruction (All Centres) Child/EP	No	No Change	No Change
Direct Debit Swimming Instruction (All Centres) Wirral Passport A	No	N/A	N/A
Swimming			
Galas/ Water Polo Leasowe/ Europa Pools Weekdays (3 hours)	No	264.00	264.00
Galas/ Water Polo Leasowe/ Europa Pools Excess Per hour	No	85.10	85.10
Galas/ Water Polo Leasowe/ Europa Pools Saturday/Sunday (3 hours)	No	430.20	430.20
Galas/ Water Polo Leasowe/ Europa Pools Saturday/Sunday Excess per hour	No	146.20	146.20
Galas/ Water Polo Other Pools Weekdays (3 hours)	No	216.30	216.30
Galas/ Water Polo Other Pools Excess Per hour	No	73.20	73.20
Galas/ Water Polo Other Pools Saturday/Sunday (3 hours)	No	308.20	308.20
Galas/ Water Polo Other Pools Sat/ Sunday Excess per hour	No	102.60	102.60
Table Tennis			
60 minutes Adult	No	4.60	4.60
60 minutes Child/EP	No	2.90	2.90
60 minutes Wirral Passport A	No	3.50	3.50

Tennis			
Outdoor Court Adult	No	No Change	No Change
Outdoor Court Child/EP	No	No Change	No Change
Outdoor Court WPA	No	No Change	No Change
Indoor Court (Peak) Adult	No	No Change	No Change
Indoor Court (Peak) Child/EP	No	No Change	No Change
Indoor Court (Peak) Wirral Passport A	No	No Change	No Change
Indoor Court (Off Peak) Adult	No	No Change	No Change
Indoor Court (Off Peak) Child/EP	No	No Change	No Change
Indoor Court (Off Peak) Wirral Passport A	No	No Change	No Change
Indoor Court (Tennis Club discount) 2 courts for 2 hours		35.70	35.70
Indoor Court (Tennis Club discount) 1 court for 2 hours		61.10	61.10
Outdoor Court Wirral Passport A	No	4.00	4.00
Indoor Guest Fee (when playing with an Invigor8 member) Adult	No	2.70	2.70
Indoor Guest Fee (when playing with an Invigor8 member) Child/EP	No	1.70	1.70
Indoor Guest Fee (when playing with an Invigor8 member) Wirral Passport A	No	2.20	2.20
New Activities:			
Gym Programme - Adult	No	8.50	8.50
Gym Programme - Junior	No	5.60	5.60
Footgolf 9 hole			
Footgolf - Adult	No	5.60	5.60
Footgolf - Wirral Passport A	No	4.30	4.30
Footgolf - Junior	No	3.40	3.40
Footgolf - Family	No	14.70	14.70
Footgolf 18 hole			
Footgolf - Adult	No	9.00	9.00
Footgolf - Wirral Passport A	No	6.80	6.80
Footgolf - Junior	No	5.40	5.40
Footgolf - Family	No	23.40	23.40
MARINE LAKE, WEST KIRBY			
Annual Licences (April to March)			
Rowing boats/ canoes	No	130.30	130.30
Sail boats/ boards	No	183.00	183.00

Sailing Dinghy	No	183.00	183.00
Day Licences			
Rowing boats/ canoes	No	11.30	11.30
Sail boats/boards	No	13.50	13.50
Sailing Dinghy	No	13.50	13.50
Evening Licence (4 hours from closing)			
Rowing boats/ canoes	No	6.80	6.80
Sail boats/boards	No	7.90	7.90
Sailing Dinghy	No	7.90	7.90
Seasonal Licences (April-September)			
Rowing boats/ canoes	No	106.70	106.70
Sail boats/ boards	No	152.70	152.70
Sailing Dinghy	No	152.70	152.70
Seasonal Licences (October to March)			
Rowing boats/ canoes	No	84.20	84.20
Sail boats/ boards	No	111.20	111.20
Sailing Dinghy	No	111.20	111.20
Vehicle and Launching Permits			
Day permit any powered craft	Included	22.50	22.50
Diving/ fishing/ powerboat club member	Included	73.00	73.00
Exempt craft/ vehicle only	Included	9.00	9.00
Non club members any powered craft	Included	140.30	140.30
PWC/ Jet Ski club members	Included	73.00	73.00

PARKS AND COUNTRYSIDE			
Sales, Fee and Charge Item	VAT Applicable	2021/22 £	2022/23 £
Arrowe park Pavilion up to 4 hours	Included	98.00	108.00
Arrowe Park Pavilion over 4 hours and up to 8 hours	Included	195.00	215.00
Other Park Pavilion up to 4 hours	Included	30.00	108.00
Other Park Pavilion over 4 hours and up to 8 hours	Included	47.00	215.00
GREEN AND PITCH HIRE			
BOWLING GREENS Afternoon session - Half Share (VAT Exempt) Adult (2 to 3 sessions per season)	No	971.00	N/A
BOWLING GREENS Afternoon session - Half Share (VAT Exempt) EP/Junior Clubs (2 to 3 sessions per season)	No	584.00	N/A
BOWLING GREENS Afternoon session - Full Share (VAT Exempt) Adult (4 to 5 sessions per season)	No	1,855.00	N/A
BOWLING GREENS Afternoon session - Full Share (VAT Exempt) EP/Junior Clubs (4 to 5 sessions per season)	No	1,113.00	N/A
BOWLING GREENS Evening session - Half Share (VAT Exempt) Adult (2 to 3 sessions per season)	No	971.00	N/A
BOWLING GREENS Evening session - Half Share (VAT Exempt) EP/Junior Clubs (2 to 3 sessions per season)	No	584.00	N/A
BOWLING GREENS Evening session - Full Share (VAT Exempt) Adult (4 to 5 sessions per season)	No	1,855.00	N/A
BOWLING GREENS Evening session - Full Share (VAT Exempt) EP/Junior Clubs (4 to 5 sessions per season)	No	1,113.00	N/A

BOWLING GREENS Afternoon or Evening session - Adult - 1 session per season	No	N/A	340.00
BOWLING GREENS Afternoon or Evening session - EP / Junior - 1 session per season	No	N/A	205.00
BOWLING GREENS Casual Booking per match Adult	No	71.00	75.00
BOWLING GREENS Casual Booking per match EP/Junior Clubs	No	47.00	49.00
Cricket Green Lane - Full Share Weekend (Vat Exempt)	No	886.00	1,020.00
Cricket Thornton Hough - Casual Booking – Adult	No	113.00	124.00
Cricket Thornton Hough - Casual Booking - Child/EP	No	70.00	77.00
Football Pitches Adult Charge - per season alternate weekly use Class A - (modern changing accommodation with hot and cold showers)	No	694.00	715.00
Football Pitches Adult Charge - per season alternate weekly use Class B - (adequate or older changing accommodation with hot and cold showers)	No	559.00	576.00
Football Pitches Adult Charge - per season alternate weekly use Class C - (no changing accommodation)	No	439.00	452.00
Football Pitches Occasional Hire (per match) Class A - (modern changing accommodation with hot and cold showers)	Included	93.00	96.00
Football Pitches Occasional Hire (per match) Class B - (adequate or older changing accommodation with hot and cold showers)	Included	78.00	80.00
Football Pitches Occasional Hire (per match) Class C - (no changing accommodation)	Included	71.00	73.00

Football Pitches Junior Charge - per season alternate weekly use (VAT Exempt) Class A - (modern changing accommodation with hot and cold showers)	No	377.00	396.00
Football Pitches Junior Charge - per season alternate weekly use (VAT Exempt) Class B - (adequate or older changing accommodation with hot and cold showers)	No	285.00	299.00
Football Pitches Junior Charge - per season alternate weekly use (VAT Exempt) Class C - (no changing accommodation)	No	222.00	244.00
Football Pitches Junior Charge - per season alternate weekly use (VAT Exempt) Mini Soccer (per pitch) - no changing accommodation	No	135.00	149.00
Football Pitches Junior Charge - Occasional Hire (per match) Class A - (modern changing accommodation with hot and cold showers)	No	58.00	64.00
Football Pitches Junior Charge - Occasional Hire (per match) Class B - (adequate or older changing accommodation with hot and cold showers)	No	50.00	55.00
Football Pitches Junior Charge - Occasional Hire (per match) Class C - (pitch only no changing accommodation)	No	44.00	48.00
Rugby Pitches Adult Charge (UML Sports Ground) Charge per season, alternate weekly use Charge per season - (without pavilion use)	No	N/A	452.00
Rugby Pitches Adult Charge (UML Sports Ground) Charge per season, alternate weekly use Charge per season - (with pavilion use)	No	665.00	715.00
Rugby Pitches Junior Charge (UML Sports Ground) Charge per season, alternate weekly use Charge per season - (without pavilion use)	No	N/A	244.00

Rugby Pitches Junior Charge (UML Sports Ground) Charge per season, alternate weekly use Charge per season - (with pavilion use)	No	N/A	396.00
Rugby Pitches Adult Charge (UML Sports Ground) Occasional Hire - (per match without pavilion use)	Included	N/A	73.00
Rugby Pitches Adult Charge (UML Sports Ground) Occasional Hire - (per match with pavilion use)	Included	N/A	96.00
Rugby Pitches Junior Charge (UML Sports Ground) Occasional Hire - (per match without pavilion use)	Included	N/A	48.00
Rugby Pitches Junior Charge (UML Sports Ground) Occasional Hire - (per match with pavilion use)	Included	N/A	64.00
Levers Floodlit Area one evening per week per month	Included	N/A	50.00
Levers Floodlit Area two evenings per week per month	Included	N/A	75.00
Levers Floodlit Area three evenings per week per month	Included	N/A	100.00
Levers Floodlit Area four evenings per week per month	Included	N/A	125.00
Levers Floodlit Area five evenings per week per month	Included	N/A	150.00
EDUCATIONAL ACTIVITIES			
Forest or Beach School taster session for up to 15 children 3 hours	Included	253.00	253.00
Forest or Beach Schools for over 15 children for each 2 hour session	Included	208.00	208.00
Birkenhead Park Forest Schools for over 15 children per ten 2 hour sessions	Included	1,671.00	1,671.00
Forest or Beach Schools for up to 15 children for each 2 hour session	Included	198.00	198.00
Birkenhead Park Forest Schools for up to 15 children per ten 2 hour sessions	Included	1,114.00	1,114.00

Forest or Beach taster session 3 hour session for up to 30 children	Included	59.00	59.00
Summer School session for up to 15 children 3 hours	Included	253.00	253.00
Wirral Country Park Charge for ranger activity for schools from outside Wirral (per child)	No	N/A	N/A
Wirral Country Park Charge for ranger-led activity - per pupil per hour	No	3.20	3.30
Woodland Activity Day (weekend) - Child 5 to 8 years of age	Included	17.00	17.50
Woodland Activity Day (weekend) - Child 8 to 11 years of age	Included	23.00	24.00
VISITOR CENTRE FEES AND CHARGES			
Wirral Country Park Hire of theatre - morning or afternoon	No	66.00	73.00
Wirral Country Park Hire of theatre - whole day	No	117.00	129.00
Birkenhead Park Hire of Visitor Centre Function Room (Full Day)	Included	180.00	185.00
Birkenhead Park Hire of Visitor Centre Function Room (Full Day) - with preparation room	Included	226.00	233.00
Birkenhead Park Hire of Visitor Centre Function Room (Half day)	Included	113.00	116.00
Birkenhead Park Hire of Visitor Centre Function Room (Half day) - with preparation room	Included	149.00	153.00
Birkenhead Park Commercial use per head	Included	9.40	9.70
Birkenhead Park Hire of Gallery	Included	180.00	185.00
Birkenhead Park Hire of Gallery / Exhibitions and Displays	Included	180.00	185.00
ROYDEN PARK FEES AND CHARGES			
Royden Park Hire of Coach House - Half Day	No	41.00	45.10
Royden Park Hire of Coach House - Full Day	No	76.00	83.60

Royden Park Walled Garden	Included	£15 per hour	£20 per hour
CENTRAL PARK FEES AND CHARGES			
Central Park Walled Garden - (cordoned off area)	Included	£15 per hour	£20 per hour
Central Park Walled Garden - (full exclusivity with/ without use of café facilities)	Included	N/A	POA
Eastham Country Park Visitor Centre Room Hire	Included	41.00	45.00
WIRRAL COUNTRY PARK CAMPSITE FEES AND CHARGES			
Wirral Country Park Campsite day hire (schools/community groups) - In Borough	+VAT	42.00	43.00
Wirral Country Park Campsite day hire (schools/community groups) - Out of Borough	+VAT	47.00	48.00
Wirral Country Park Campsite day hire (commercial events/weddings)	+VAT	72.00	79.00
Wirral Country Park Campsite day hire (including use of showers)	+VAT	119.00	131.00
Wirral Country Park Campsite overnight charge (up to 15 persons)	+VAT	61.00	67.00
Wirral Country Park Campsite overnight charge per person (charged after number exceeds 15 persons)	+VAT	3.40	3.75
WIRRAL PARKS AND COUNTRYSIDE EVENTS			
Site Bond for Community, Charity and Private Events - small/medium/large/ very large	Included	1,113.00	POA
Site Bond for Community, Charity and Private Events – major	Included	POA	POA
Charity Events and Private Events - small - (capacity 1-499) daily site fee	Included	85.00	72.50
Charity Events and Private Events - medium - (capacity 500-1 999) daily site fee	Included	173.00	145.00

Charity Events and Private Events - large - (capacity 2 000-9 999) daily site fee	Included	N/A	386.25
Charity Events and Private Events - very large -(capacity 10 000-24 999) daily site fee	Included	N/A	879.75
Charity Events and Private Events - major - (capacity 25 000+) daily site fee	Included	N/A	POA
Non-Commercial Events and Private Events - non refundable deposit for large/ very large / major events	Included	N/A	POA
Commercial Events (excluding circuses) in all other parks and beaches - small - daily site fee	Included	276.00	290.00
Commercial Events (excluding circuses) in all other parks and beaches - medium - daily site fee	Included	552.00	580.00
Commercial Events (excluding circuses) in all other parks and beaches - large - daily site fee	Included	1,471.00	1,545.00
Commercial Events (excluding circuses) in all other parks and beaches - very large - daily site fee	Included	3,351.00	3,519.00
Commercial Events (excluding circuses) in all other parks and beaches - major - daily site fee	Included	POA	POA
Commercial Events (excluding circuses) in all other parks and beaches - non refundable deposit for large/very large/major events	Included	356.00	392.00
Site Bond for Commercial Events (excluding circuses) in all other parks and beaches - small/medium/large/very large	Included	1,190.00	POA
Site Bond for Commercial Events (excluding circuses) in all other parks and beaches – major	Included	POA	POA
Charity/Community Events Large/Extra Large/Major Fees discount 30% (excluding Site Bond Fees) for all event sizes	Included	POA	#VALUE!

Commercial and Private Events (excluding circuses) in Heritage Parks - small (capacity 1-499) - daily site fee	Included	367.00	385.00
Commercial and Private Events (excluding circuses) in Heritage Parks - medium(capacity 500-1 999) - daily site fee	Included	735.00	772.00
Commercial and Private Events (excluding circuses) in Heritage Parks - large(capacity 2 000-9 999) - daily site fee	Included	2,145.00	2,252.00
Commercial and Private Events (excluding circuses) in Heritage Parks - very large(capacity 10 000-24 999) - daily site fee	Included	4,289.00	4,500.00
Commercial and Private Events (excluding circuses) in Heritage Parks - major(capacity 25 000+) - daily site fee	Included	POA	POA
Site Bond for Commercial and Private Events (excluding circuses) in Heritage Park - small/medium/large/very large	Included	2,500.00	POA
Site Bond for Commercial and Private Events (excluding circuses) in Heritage Park – major	Included	POA	POA
Circuses - all parks -all sizes- Site Bond	Included	POA	POA
Circuses - all parks -all sizes- daily site fee	Included	590.00	650.00
Circuses - all parks -all sizes- Agreement	Included	63.00	69.00
Circuses - agreed parks - all sizes - non refundable deposit.	Included	340.00	374.00
Fairgrounds (maximum 5 children's rides as part of another event) - Licence fee	Included	63.00	69.00
Weddings - Site Bond	Included	POA	POA
Weddings - minimum charge	Included	613.00	675.00
Weddings - locations with additional services	Included	POA	POA
Mini Markets	Included	POA	POA

Transit events which pass through a park (e.g. a Marathon) – charity	Included	244.00	268.00
Transit events which pass through a park (e.g. a Marathon) – commercial	Included	613.00	674.00
Filming - crew of 1 to 9 - less than 4 hours	Included	368.00	404.00
Filming - crew of 1 to 9 - 4 hours and over	Included	735.00	808.00
Filming - crew of 10 + less than 4 hours	Included	735.00	808.00
Filming - crew of 10 + 4 hours and over	Included	1,226.00	1,350.00
Disturbance of parking for regular users	Included	244.00	268.00
Use of park/ open space as car parking for other venue's event	Included	POA	POA
Additional storage	Included	244.00	268.00
Events where alcohol will be available	Included	POA	50% of site fee
Ticket sales from Visitors Centre	Included	POA	20% of ticket price
Build Up/Take Down days - without significant disruption to Park	Included	POA	POA
Build Up/Take Down days - with significant disruption to Park	Included	POA	POA
Rig and De-Rig Charges - Small Events	Included	100.00	110.00
Rig and De-Rig Charges - Medium Events	Included	200.00	220.00
Rig and De-Rig Charges - Large Events	Included	350.00	385.00
Rig and De-Rig Charges - Very Large Events	Included	450.00	495.00
Rig and De-Rig Charges - Major Events	Included	600.00	660.00
Discounted Rig and De-Rig Charges Charity/Community Event discount rate	Included	POA	POA
TRAINING IN PARKS AND COUNTRYSIDE SITES Annual Group Fitness Training Licence	Included	516.00	10% of income from activity

TRAINING IN PARKS AND COUNTRYSIDE SITES Annual Professional Dog Training Licence	Included	257.00	10% of income from activity
TRAINING IN PARKS AND COUNTRYSIDE SITES Annual Professional Dog Walking Licence	Included	147.00	10% of income from activity
Dog Shows at all sites - Daily site fee	Included	237.00	261.00
Skip hire for dog shows at all sites	Included	POA	POA
PARKS AND RECREATIONAL ACTIVITIES			
Allotments			
Allotments Per Plot	No	74.00	81.00
Allotments Per Plot EP	No	40.00	44.00
VALE PARK CELEBRATION GARDEN			
Celebration Stone small – single	Included	250.00	250.00
Celebration Stone small - duplicate stone	Included	200.00	200.00
Celebration Stone large – single	Included	350.00	350.00
Celebration Stone large - duplicate stone	Included	300.00	300.00
MOORING CHARGES			
Annual fee for mooring on Council owned foreshore	Included	29.00	32.00

WILLIAMSON ART GALLERY & MUSEUM			
Sales, Fee and Charge Item	VAT Applicable	2021/22 £	2022/23 £
Other charges			
Hire of digital projector	No	No Charge	No Charge
Hire of PA system	No	No Charge	No Charge
Hire of Piano (per hour, without tuning)	Yes	35.00	35.00
piano tuning (recommended)	No	70.00	70.00
Regular bookings (min 10 per year) available Monday & Tuesday daytime, Thursday evening only			
3 hour charge	No	50.00	50.00
Other bookings			
Charity/concessionary rate on room hire only (at Curator's discretion)	No	by negotiation	by negotiation
Kitchen, including crockery, tables etc	No	10.00	10.00
Large gallery (per hour) – daytime	No	£35 Mo/Tu £40 We-Su	£35 Mo/Tu £40 We-Su
Small gallery (per hour) – daytime	No	45.00	45.00
Thursday (per hour) - after 5pm	No	25.00	25.00
Weekdays (per hour) - after 5pm	No	50.00	50.00
Weekends (3 hour charge) - after 5pm	No	210.00	210.00
Weekends (per additional hour)	No	60.00	60.00
Weddings			
Dependent on room and time chosen	No	From £800.00	From £800.00
Gallery Sales			
Commission on sales from exhibitions	Included	0.25	0.25
Commission on sales from gallery shop	Included	0.40	0.40
Photographic Service			
Inkjet prints A5	Included	17.00	17.00
Inkjet prints A4	Included	22.00	22.00
Inkjet prints A3	Included	27.00	27.00
Inkjet prints A3+	Included	32.00	32.00

Digital files A5	Included	54.00	54.00
Digital files A4	Included	77.00	77.00
Digital files A3	Included	98.00	98.00
Digital files A3+	Included	120.00	120.00
Workshop providers			
up to 15 people clean space per person	Included	2.00	2.00
up to 15 people dirty space per person	Included	3.00	3.00
BIRKENHEAD PRIORY			
Other charges			
Hire of digital projector	No	No Charge	No Charge
Self-serve refreshments: urn, crockery, tables etc	Included	10.00	10.00
Hire of PA system	No	No Charge	No Charge
Daytime (9am-5pm)			
per hour	Included	40.00	40.00
Evening (5pm-midnight)			
per hour	Included	50.00	50.00
Weekend evening (5pm-midnight)			
per hour	Included	60.00	60.00
Rear of site (St Mary's + car park)			
9am – midnight	No	1,000.00	1,000.00
Whole site			
9am - midnight (ticketed)	Included	by negotiation	by negotiation
Weddings			
Party 5pm-midnight	Included	800.00	800.00
own room dressing (per hour)	Included	15.00	15.00
room dressing (per hour)	Included	30.00	30.00
Table hire (fairs)			
per table per day	Included	25.00	25.00
charity rate at Service discretion	Included	15.00	15.00

LIBRARIES			
Sales, Fee and Charge Item	VAT Applicable	2021/22 £	2022/23 £
BOOK RESERVATIONS			
Regional & British Library (concessionary rate)	No	£4.50 (£2.85)	£4.50 (£2.85)
Renewal British Library Reservation (concessionary rate)	No	£2.85 (£2.30)	£2.85 (£2.30)
Standard (concessionary rate)	No	£1.10 (£0.80)	£1.10 (£0.80)
Computer printing:			
A3 black and white print (educational purposes rate)	Included	£0.44 (£0.22)	£0.44 (£0.22)
A3 colour (educational purposes rate)	Included	£1.90 (£0.95)	£1.90 (£0.95)
A4 black and white print (educational purposes rate)	Included	£0.22 (£0.11)	£0.22 (£0.11)
A4 colour print (educational purposes rate)	Included	£1.00 (£0.50)	£1.00 (£0.50)
COPYING			
A3 children's homework	Included	0.22	0.22
A3/B4 personal copying	Included	0.44	0.44
A4 children's homework	Included	0.11	0.11
A4 personal photocopying	Included	0.22	0.22
Digital Licence - Own Device			
Annual Licence	Included	45.00	No Charge
Day Licence	Included	3.50	No Charge
Weekly licence	Included	11.00	No Charge
Facsimile:			
Receiving fax charge	Included	0.95	0.95
Sending international – charge for 1st page/additional pages half original cost	Included	2.25	2.25
Sending local – charge for 1st page/additional pages half original cost	Included	1.50	1.50
Sending UK – charge for 1st page/additional pages half original cost	Included	1.70	1.70
FINES			
Replacement of lost library card	No	1.10	1.10

Adults (maximum fine per book)	No	0.24 (£9.60)	0.24 (£9.60)
Adults (maximum fine per CD)	No	0.24 (£9.60)	0.24 (£9.60)
Adults (maximum fine per DVD)	No	£1.30 (£15.35)	£1.30 (£15.35)
Children (maximum fine per book)	No	No Charge	No Charge
OAP (maximum fine per book)	No	£0.13 (£5.20)	£0.13 (£5.20)
OAP (maximum fine per CD)	No	£0.13 (£5.20)	£0.13 (£5.20)
OAP (maximum fine per DVD)	No	£1.10 (£12.20)	£1.10 (£12.20)
HIRE			
Internet – 1st 30 minutes FREE then charge per 30 minutes thereafter	Included	1.10	1.10
Music CDs	No	£1.10 (£0.75)	£1.10 (£0.75)
New DVDs	No	£2.45 (£1.85)	£2.45 (£1.85)
New Spoken word	No	£2.00 (£1.55)	£2.00 (£1.55)
MUSIC SCORES			
Wirral Societies: Less than 10	Included	2.10	2.10
Wirral Societies: For 10-20	Included	1.80	1.80
Wirral Societies: For 20 or more	Included	1.55	1.55
Non-Wirral Societies: Less than 10	Included	4.35	4.35
Non-Wirral Societies: For 10-20	Included	3.60	3.60
Non-Wirral Societies: For 20 or more	Included	2.90	2.90
OTHER INCOME			
Commission on Exhibit Items	Included	0.35	0.35
Commission on Ticket Sales	Included	0.35	0.35
Handling charge for images		20% of cost	20% of cost
Hire of library space/rooms (Room A type) – per hour or part of hour (Commercial Organisation)	Included	16.50	16.50
Hire of library space/rooms (Room A type) – per hour or part of hour (Community Organisation)	Included	11.00	11.00

Hire of library space/rooms (Room B type) – per hour or part of hour (Commercial Organisation)	Included	21.50	21.50
Hire of library space/rooms (Room B type) – per hour or part of hour (Community Organisation)	Included	16.50	16.50
Laminating A3	Included	1.85	1.85
Laminating A4	Included	1.05	1.05
Microfilm Reader Print	No	1.15	1.15
Microfilm Reader Use	No	1.05	1.05
Photographic quality paper	Included	5.35	5.35
Digital Photograph per image (A4)	Included	1.00	1.00
Reference Research Fee – per half hour or part (excludes digital licence)	Included	12.00	12.00
Research Service for commercial companies – per hour or part (excludes digital licence)	Included	45.00	45.00
SUBSCRIPTIONS: Audio			
1 Ticket Subscription (concessionary rate)	No	32.00	N/A
2 Ticket Subscription (concessionary rate)	No	54.50	N/A
3 Ticket Subscription (concessionary rate)	No	77.00	N/A

<u>ENVIRONMENTAL HEALTH SERVICES</u>			
Sales, Fee and Charge Item	VAT Applicable	2021/22 £	2022/23 £
Boarding Establishment for Cats Licence 1 - 50 enclosures, £50 extra for each additional 50 enclosures (excl Vet Fees)	No	372.00	369.00
Boarding Establishment for Dogs Licence 1 - 50 enclosures, £50 extra for each additional 50 enclosures (excl Vet Fees)	No	372.00	390.00
Dog Day Care Licence 1-50 dogs, £50 extra for each additional 25 dogs (excl Vet Fees)	No	337.00	350.00
Dog Home Boarding (excl Vet Fees)	No	345.00	376.00
Dog Home Boarding Franchise Operators (excl Vet Fees) + £50.00 per host + £70 per additional host during license period inc. reissue of license and inspection	No	345.00	376.00
Breeding of Dogs application, first 3 breeding bitches, £50 for each additional 3 breeding bitches (excl Vet Fees)	No	351.00	379.00
Exhibition of Animals (excl Vet Fees) 1-10 species, £30 per additional 10 species	No	269.00	280.00
Selling Animals Licence application (excl Vet Fees) 1-3 annexes, £50 per additional annex	No	372.00	308.00
Hiring of Horses fee (excl Vet Fees)	No	386.00	442.00
Dangerous Wild Animals Act – 2 year licence (excl Vet Fees)	No	448.00	459.00
Zoo Licence (excl Vet Fees)	No	776.00	795.00
Re-rate, variation or transfer of license inspection required	No	N/A	164.00
Variation or transfer of license no inspection required	No	N/A	82.00
Replacement license	No	N/A	21.00

Export Certificates (Trading Standards & Environmental Health)	No	74.00	75.85
Factual Statements/Immigration Request	Included	210.00	215.25
Food Hygiene Course (Per Person)	No	73.00	74.83
Food Hygiene Rating Reassessment	No	166.00	170.15
Business setting up advice Trading Standards & Environmental Health (first 15 minutes free) £65 Per hour, minimum charge two hours	No	136.00	139.40
Supply of Certificates and stickers	No	13.00	13.33
Supply of SFFBB Pack	No	27.00	27.68
Environmental Screening & water sampling for common bacteria (E.coli, entero etc & colony count). Up to 5 samples, £65 fee for each additional 5 samples taken at the same time.	No	136.00	139.40
Safer Food Better Business Coaching Visits £70 Per hour, minimum charge two hours	No	140.00	143.50
Supplier Audits £70 Per hour, minimum charge two hours	No	140.00	143.50
Contaminated Land and Acoustic pre-planning advice, £70 Per hour, minimum charge two hours	No	140.00	143.50
Local Authority Environmental Permits (A2 and B) : Fees for applications, variations and subsistence	No	N/A	N/A
Facilities cleaner (per cleaner per hour)	No	37.00	37.93
Inspector of Weights & Measures Officer rate	No	84.00	87.00
Metrology, Allergen and Food Standards Training courses cost per candidate	No	75.00	77.00
Calibration Services	No	71.00	73.00
Exhibition of Animals(excl Vet Fees)	No	N/A	N/A

Pet Shop Licence application (excl Vet Fees)	No	372.00	
Primary Authority Officer rate	No	70.00	71.75
Hiring of Horses fee (excl Vet Fees)	No	N/A	N/A
Unsound Food (Fee for examination of food and issuing certificate – disposal is at businesses expense)	No	150.00	153.75
Zoo Licence (excl Vet Fees)	No	N/A	N/A
Ear Piercing/ Acupuncture/ Tattoos/ Electrolysis			
Registration of a person or premises Ear Piercing/ Acupuncture/ Electrolysis (using a hygienic piercing instrument as defined in the by-laws)	No	131.00	134.28
Registration of a person or premises Tattooing / body piercing / semi-permanent skin colouring (except for use of hygienic piercing as defined in by-laws)	No	183.00	187.58
Initial registration Ear Piercing/ Acupuncture/ Electrolysis (1 Premise & 1 Person) (using a hygienic piercing instrument as defined in the by-laws)	No	208.00	213.20
Initial application Tattooing / body piercing / semi-permanent skin colouring (1 person and 1 premise) (except for use of hygienic piercing as defined in by-laws)	No	312.00	319.80
Administrative changes to existing registration	No	32.00	32.80
Addition of further activities to existing registration (person or premises)	No	109.00	111.73
Pest Control Charges			
Commercial insect identification service (refundable against treatment or contract)	Yes	58.00	59.45
Domestic Bedbugs (Max of 3 Visits)	Included	290.00	297.25
Domestic insect identification service	Included	N/A	N/A

Domestic pest control (Rats) two visits	Included	91.00	93.28
Domestic Pest Control (Mice) two visits	Included	91.00	93.28
Domestic Pest Control (Wasps/Fleas/Ants)	Included	91.00	93.28
Domestic pest control Cockroach maximum of four visits	Included	164.00	168.10
I-Procurement Rate for LA Departments (Rats/Mice/Cockroaches) maximum four visits	Yes	147.00	150.68
I-Procurement Rate for LA Departments (Fleas/Ants/Wasps) maximum two visits	Yes	147.00	150.68
Non-domestic one-off treatments for Fleas/Wasps/Bedbugs/Rats/Mice/Ants/Cockroaches) initial assessment / treatment half hourly rate	Yes	68.00	69.70
Non-domestic one-off treatments for Fleas/Wasps/Bedbugs/Rats/Mice/Ants/Cockroaches) initial assessment / treatment hourly rate	Yes	103.00	105.58
Insect identification (for Bedbugs this fee is deducted from treatment if service booked)	No	58.00	59.45

Although Wirral Council has no service for treating the species listed below, there is the facility for a telephone advice consultation with Wirral council's pest expert, for a fee (payable in advance by card only) advice may be given, and where appropriate, an information sheet sent out for the following common pest problems: bees/ biscuit beetles/ booklice/ carpet beetles/ cluster flies/ blow flies/ hide beetles/ silverfish/ spider beetles/ woodworm/ weevils (e.g. grain, rice)/ crickets/ earwigs/ moths/ slugs / snails/ corvids (crows, magpies...)/ woodlice/ myriapods (millipedes, centipedes)/ foxes/ grey squirrels/ feral pigeons/ gulls/ bats Our Information and Advice Team on 0151 606 2020 (normal office hours) can take a payment and book a consultation call-back slot from Wirral Council's pest control manager	Included	N/A	N/A
Environmental Information Regs (Commercial) (per 15 Minutes) Photocopies at 50p	No	40.00	41.00
Environmental Information Regs (Public) (per 15 Minutes) Photocopies at 50p	No	7.50	7.69
Works in Default / Remedial Action	No	N/A	N/A
Charge per hour for using powers to carry out works e.g.: to silence an alarm or carry out works required by a statutory notice that has not been complied with.	No	45.00	46.13
Private Water Supply Charges			
Audit monitoring	No	POA	POA
Check monitoring	No	POA	POA

Investigation (per hour)	No	POA	POA
Sample analysis	No	POA	POA
Sampling visits	No	POA	POA
Undertake risk assessment	No	POA	POA
Environmental Housing Act notices			
Housing Act Notices - enforcement time hourly rate	No	45.00	46.13

Private Sector Housing			
Sales, Fee and Charge Item	VAT Applicable	2021/22 £	2022/23 £
Empty Property Grant Assistance (Charged per grant deducted from total cost of grant.)	No	223.14	228.72
Houses of Multiple Occupation Licensing 1 yr. license (Charged per HMO plus £30.00 for each unit above 5)	No	250.00	250.00
Houses of Multiple Occupation Licensing 3 yr. license (Charged per HMO plus £30.00 for each unit above 5)	No	650.00	650.00
Houses of Multiple Occupation Licensing 3 yr. license paper application (Charged per HMO plus £30.00 for each unit above 5)	No	750.00	750.00
Housing Act & Building Act Notices (Charged at cost of officer time per hour including on costs)	No	45.83	45.83
Penalty Charge Notice re. the Smoke and Carbon Monoxide Alarm (England) Regulations 2015 - first notice (£500.00 if paid within 14 days)	No	1,000.00	1,000.00
Penalty Charge Notice re. the Smoke and Carbon Monoxide Alarm (England) Regulations 2015 - any subsequent notice	No	5,000.00	5,000.00
Work In Default (Charged at cost of officer time per hour including on costs)	No	45.83	45.83
Advice for HMO Licencing or technical requirements per hour of officer time. First 15 mins free, Min 1.5hrs	No	45.83	80.00
Heating and Renovation loans up to £10,000	No	334.70	343.07
Heating and Renovation loans over £10,000 up to £30,000	No	669.41	686.15
Selective Licensing Scheme 2015 (full fee for a 5 year license) with early application discount applied	No	N/A	N/A

Selective Licensing charge for copy of full register	No	50.00	50.00
Selective Licensing 2015 (full fee for a 5 year license per property)	No	N/A	N/A
Selective Licensing 2015 Applicants with previous property management/standards contraventions, 1 year license	No	N/A	N/A
Selective Licensing 2015 Applicants with previous property management/standards contraventions who have had no further contraventions during the 1st year	No	N/A	N/A
Selective Licensing 2015 additional charge for yearly direct debits	No	N/A	N/A
Selective Licensing 2015 for applications made in last 6 months of Selective Licensing designation	No	N/A	N/A
Selective Licensing 2015 reduced fee for accredited properties within 3 months of ownership and early application discount	No	N/A	N/A
Selective Licensing Scheme (Scheme 2) 2019 (full fee for a 5 year license) with early application discount applied		545.00	545.00
Selective Licensing 2019 (full fee for a 5 year license per property)		645.00	645.00
Selective Licensing 2019 reduced fee for accredited properties within 3 months of ownership and early application discount	No	445.00	445.00
Reduction in Selective Licensing Fee for second and multiple properties	No	-50.00	-50.00
Selective Licensing additional charge per property for yearly direct debits	No	50.00	50.00

Selective Licensing 2019 for applications made in last 6 months of Selective Licensing designation	No	322.50	322.50
Selective Licensing Scheme (Scheme 3) 2020 (full fee for a 5 year license) with early application discount applied	No	495.00	495.00
Selective Licensing 2020 (full fee for a 5 year license per property)	No	595.00	595.00
Selective Licensing 2020 reduced fee for accredited properties within 3 months of ownership and early application discount	No	395.00	395.00
Selective Licensing 2020 for applications made in last 6 months of Selective Licensing designation	No	297.50	297.50
Assistance to complete SL or HMO licence application (first 15 mins free)	No	40.00	40.00
Mandatory HMO licensing charge for copy of full register	No	40.00	40.00
Disabled Adaptation Service			
Disabled Facility Grants	No	15% for all works	15% for all works
Private Works	No	15% for all works	15% for all works
VAT Reduced rating			
Production of VAT exemption letter for renovation or alteration of empty residential premises	No	N/A	30.00
Homelessness			
Homeless Temporary Accommodation Charges for those who not entitled to benefits.	No	N/A	Applicable LHA rate for household

ARCHIVES SERVICE			
Sales, Fee and Charge Item	VAT Applicable	2021/22 £	2022/23 £
Commercial			
Commercial Filming Facility Fee – per day	Included	60.00	60.00
Commercial Reproduction of image fee – large scale	Included	No Charge copy of publication	No Charge copy of publication
Commercial Reproduction of image fee – small scale	Included	No Charge copy of publication and £60.00 per image	No Charge copy of publication and £60.00 per image
Duplicate Original Documents for Sale			
Acts, Bye-laws, Mayor's invitation cards (small)	Included	0.60	0.60
Official Handbooks	Included	3.60	3.60
Acts, Bye-laws, Mayor's invitation cards (large)	Included	1.20	1.20
Items for Resale			
A6 Postcards	Included	0.48	0.48
A5 Postcards	Included	3.60	3.60
A4 Postcards	Included	5.40	5.40
A3 Postcards	Included	7.20	7.20
1598 Map	Included	7.20	7.20
Photography			
own camera Day Licence - 1-10 photographs	Included	3.60	3.60
own camera Day Licence - 11-20 photographs	Included	7.20	7.20
own camera Day Licence - 21-30 photographs	Included	10.80	10.80
own camera Day Licence - over 30 photographs	Included	12.00	12.00
own camera Weekly licence	Included	12.00	12.00
own camera Annual Licence	Included	48.00	48.00
Remote Researcher Service and Reporting			
Per hour (up to a maximum of 5 hours)	Included	24.00	24.00
Service for commercial companies – per hour or part	Included	48.00	48.00

Reprographics - in Wirral Archives			
Photocopying – Black & White A4 copy per sheet	Included	0.60	0.60
Photocopying – Black & White A3 copy per sheet	Included	0.90	0.90
Photocopying – Black & White A4 Library book	Included	0.15	0.15
Photocopying – Black & White A3 Library book	Included	0.25	0.25
Photocopying – Black & White Search room computer print outs per A4 sheet	Included	0.15	0.15
Photocopying – Black & White Search room computer print outs per A3 sheet	Included	0.25	0.25
Photocopying – Black & White A4 Microfilm reader print out	Included	N/A	N/A
Photocopying – Colour A4 copy per sheet	Included	2.40	2.40
Photocopying – Colour A3 copy per sheet	Included	3.60	3.60
Photocopying – Colour A4 Library book	Included	1.20	1.20
Photocopying – Colour A3 Library book	Included	1.80	1.80
Photocopying – Colour Photographic quality paper	Included	7.00	7.00
Photocopying – Colour Handling charge for images	Included	20% of cost or £6.00 minimum	20% of cost or £6.00 minimum
Photocopying – Colour Postage of photocopying	Included	£2.40 minimum	£2.40 minimum
Internal Plotter - black and white A4 copy per sheet	Included	see below	see below
Internal Plotter - black and white A3 copy per sheet	Included	see below	see below
Internal Plotter - black and white A2 copy per sheet	Included	see below	see below
Internal Plotter - black and white A1 copy per sheet	Included	see below	see below
Internal Plotter - black and white A0 copy per sheet	Included	see below	see below
Internal plotter - colour A4 copy per sheet	Included	see below	see below

Internal plotter - colour A3 copy per sheet	Included	see below	see below
Internal plotter - colour A2 copy per sheet	Included	see below	see below
Internal plotter - colour A1 copy per sheet	Included	see below	see below
Internal plotter - colour A0 copy per sheet	Included	see below	see below
Maps and Ships Plans Up to A0	Included	see below	see below
Maps and Ships Plans Up to 10 feet	Included	see below	see below
Maps and Ships Plans Over 10 feet	Included	see below	see below
Large Copies produced by the Hamilton Street plotter or externally by Service Point			
Map or plan - A2 - hard copy	Included	12.00	12.00
Map or plan - A1 - hard copy	Included	18.00	18.00
Map or plan - A0 - hard copy	Included	24.00	24.00
Ships plan - up to 3m - hard copy	Included	36.00	36.00
Ships plan - up to 6m - hard copy	Included	48.00	48.00
Ships plan - up to 9m - hard copy	Included	60.00	60.00
Map or plan - A2 – scan	Included	6.00	6.00
Map or plan - A1 – scan	Included	9.00	9.00
Map or plan - A0 – scan	Included	12.00	12.00
Ships plan - up to 3m - scan	Included	18.00	18.00
Ships plan - up to 6m - scan	Included	24.00	24.00
Ships plan - up to 9m - scan	Included	30.00	30.00

Law & Governance			
Sales, Fee and Charge Item	VAT Applicable	2021/22 £	2022/23 £
CONVEYANCING - all charges are minimums which may be increased for more complex matters			
Agricultural Agreement			
Fixed term Agricultural Agreement	Variable	327.00	337.00
Certificate of Title			
Completing a Certificate of Title (e.g. Improvement Grants)	Variable	81.75	84.00
Copy Documents			
Administration costs in providing copy documents	No	32.70	34.00
Court of Protection			
Court of Protection House Disposals (0.15% of consideration or a min of £350.00)	No	381.50	393.00
Deed of Covenant			
Deeds of Covenant	Variable	272.50	281.00
Release of Covenant	Variable	381.50	393.00
Deed of Variation			
Deed of Variation (Commercial)	Variable	381.50	393.00
Deed of Variation (Shop Units etc)	Variable	272.50	281.00
Deed of Recertification	Variable	381.50	393.00
Deferred Payments Agreement			
Deferred Payments Agreement	Variable	272.50	281.00
Development Agreement			
Development Agreement	Variable	1,853.00	1,909.00
Option Agreement	Variable	327.00	337.00
Overage Agreement	Variable	327.00	337.00
Easement			
Easement (Commercial)	Variable	763.00	786.00
Easement (Non-commercial)	Variable	272.50	281.00
Wayleave Agreements (except statutory undertakers utility services)	Variable	190.75	197.00

Freedom of Information Requests			
Requests for Information under Freedom of Information Act 2000	No	No Charge	No Charge
Highway Agreements			
Section 38 Agreement	No	1,090.00	1,123.00
Supplemental Highway Agreements	Variable	436.00	449.00
Lease			
Agreement Before Lease	Variable	381.50	393.00
Birkenhead Market Lease	Variable	381.50	393.00
Deed of Guarantee	Variable	381.50	393.00
Leasehold Enquiry	Variable	81.75	84.00
Lease for Charitable Organisations (fee may be waived)	Variable	272.50	281.00
Commercial Lease & Tenancy Agreement	Variable	381.50	393.00
Non-Commercial Lease	Variable	381.50	393.00
Rent Deposit Deed	Variable	381.50	393.00
Schedule of Dilapidations	Variable	381.50	393.00
Licence			
Licence for a seasonal trading site	Variable	327.00	337.00
Licence to Assign and/or change of use	Variable	327.00	337.00
Licence for Charitable organisations (fee may be waived)	Variable	109.00	112.00
Licence to Occupy (Commercial, e.g. site compound licence)	Variable	381.50	393.00
Tenancies at Will / Licence to Occupy	Variable	381.50	393.00
Licence to Permit Alterations (Commercial)	Variable	381.50	393.00
Licence to Sublet	Variable	381.50	393.00
Notice of Assignment			
Notice of Assignment	Variable	81.75	84.00
Removal of Restriction			
Removal of Restriction	Variable	109.00	112.00
Rent Review			
Memorandum of Rent Review	Variable	81.75	84.00
Sales			

Auction Sales. (Legal fees are 1% of the consideration subject to a minimum charge of £600.00)	Variable	654.00	674.00
Freehold Sales (Excludes Auction Sales) (Commercial)	Variable	654.00	674.00
Freehold Sales (Excludes Auction Sales) (Non-Commercial)	Variable	436.00	449.00
Sales of Freehold Reversions	Variable	545.00	561.00
Surrender of Lease			
Surrender of Lease (Commercial)	Variable	327.00	337.00
Surrender of Lease (e.g. Shop Units)	Variable	218.00	225.00
Vacation of Mortgage			
Vacation of Mortgage/removal of Charge	Variable	109.00	112.00
Section 106			
Section 106 Planning Agreement Non Commercial minimum charge	No	817.50	842.00
Section 106 Planning Agreement Commercial minimum charge	No	1,090.00	1,123.00
Section 106 Planning Agreement hourly charge for additional solicitors work if more than 12 hours	No	136.25	140.00
Section 106 Planning Agreement hourly charge for additional non-solicitors work if more than 12 hours	No	87.20	90.00
Section 278			
Section 278 Highways Agreement Non Commercial minimum charge	No	817.50	842.00
Section 278 Highways Agreement Commercial minimum charge	No	1,090.00	1,123.00
Section 278 Highways Agreement hourly charge for additional solicitors work if more than 12 hours	No	136.25	140.00
Section 278 Highways Agreement hourly charge for	No	87.20	90.00

additional non-solicitors work if more than 12 hours			
--	--	--	--

Elections			
Sales, Fee and Charge Item	VAT Applicable	2021/22 £	2022/23 £
Election data			
Copies of Election Expenses documents - charge per side	No	20.00	20.00
Copies of Marked Electoral Registers & Postal Vote Lists – Charge for data version:			
fixed fee	No	10.00	20.00
variable fee per 1,000 electors or part thereof	No	1.00	1.00
Copies of Marked Electoral Registers & Postal Vote Lists – Charge for paper version:			
fixed fee	No	10.00	10.00
variable fee per 1,000 electors or part thereof	No	20.00	20.00
Electoral Registration			
Purchase of both Full and Edited versions of the Electoral Register – Charge for data version:			
fixed fee	No	10.00	10.00
variable fee per 1,000 electors or part thereof	No	1.50	1.50
Purchase of both Full and Edited versions of the Electoral Register – Charge for paper version:			
fixed fee	No	10.00	10.00
variable fee per 1,000 electors or part thereof	No	5.00	5.00
Purchase of list of Overseas Electors – Charge for data version:			
fixed fee	No	20.00	20.00
variable fee per 100 electors or part thereof	No	1.50	1.50
Purchase of list of Overseas Electors – Charge for paper version:			
fixed fee	No	10.00	10.00

variable fee per 100 electors or part thereof	No	5.00	5.00
--	----	------	------

PLANNING			
Sales, Fee and Charge Item	VAT Applicable	2021/22 £	2022/23 £
Other changes of use	No	462.00	462.00
All Outline Applications			
If the site area exceeds 2.5 hectares	No	11,432.00	11,432.00
If the site does not exceed 2.5 hectares, the price per 0.1 hectares	No	462.00	462.00
fee Plus for each 0.1 hectares in excess of 2.5 hectares subject to a maximum of £150,000	No	138.00	138.00
Full Applications and First Submissions of Reserved Matters			
Alterations/ extensions to 2 or more dwellings	No	407.00	407.00
Alterations/ extensions to a single dwelling- includes garages, fences, walls, extensions	No	206.00	206.00
Erection of Dwellings			
An additional charge for each dwelling in excess of 50 dwellings to a maximum of £300,000	No	138.00	138.00
When greater than 50 dwellings created	No	22,859.00	22,859.00
Where 50 or less dwellings created (per dwelling)	No	462.00	462.00
Erection of buildings (other than dwellings, buildings for agricultural use or plant and machinery)			
Additional charge for each 75 sq. M in excess of £3750 sq. M up to a maximum of £300,000	No	138.00	138.00
Gross floor space exceeds 40 sq. M up to 75 sq. M	No	462.00	462.00
Gross floor space exceeds 75 sq. M up to 3750 sq. (charge per 75 sq. M)	No	462.00	462.00
Gross floor space up to 40 sq. M	No	234.00	234.00

Gross floorspace exceeds 3750 sq. M	No	22,859.00	22,859.00
Where no floor space is to be created by the development	No	234.00	234.00
Erection of buildings (on agricultural land to be used for agricultural purposes)			
Gross floorspace exceeds 4215 sq. M	No	22,859.00	22,859.00
Gross floorspace exceeds 465 sq. M up to 540 sq. M	No	462.00	462.00
Gross floorspace exceeds 540 sq. M up to 4215 sq. M (cost per unit, first 540 sq. M and then each 75 sq. M or part of in excess of 540 sq. M to maximum £16,750)	No	462.00	462.00
Gross floorspace up to 465 sq. M	No	96.00	96.00
Plus an additional charge per each 75 sq. M over 4215 sq. m up to a maximum of £300,000	No	138.00	138.00
Erection of glasshouse on land used for the purposes of agriculture			
Gross floorspace exceeds 465 sq. M	No	2,580.00	2,580.00
Gross floorspace up to 465 sq. M	No	96.00	96.00
Erection/ alterations/ replacement of plant and machinery			
Plus an extra charge per each 0.1 hectare in excess of 5 hectares, to a maximum of £300,000	No	138.00	138.00
Where the site area does not exceed 5 hectares (charge per 0.1hectares)	No	462.00	462.00
Where the site area exceeds 5 hectares	No	22,859.00	22,859.00
Prior Approval			
Larger Home Extensions		96.00	96.00
Change of Use of a building and any land within its curtilage from Commercial/Business/Service (use Class E) to		£100 for each dwellinghouse	£100 for each dwellinghouse

Dwellinghouses (Use Class C3)			
Additional storeys on a home	No	96.00	96.00
Agricultural and forestry buildings and operations	No	96.00	96.00
Demolition of buildings	No	96.00	96.00
Communications (previously referred to as 'Telecommunications Code System Operators')	No	462.00	462.00
Change of Use from Commercial/Business/Service (Use Class E), or Betting Office or Pay Day Loan Shop to mixed use including up to two flats (Use Class C3)	No	96.00	96.00
Change of Use of a building and any land within it's curtilage from Commercial/Business/Service (Use Class E), Hotels (Use Class C1), Residential Institutions (Use Class C2), Secure Residential Institutions (Use Class C2A) to a State Funded School	No	96.00	96.00
Change of Use of a building and any land within its curtilage from an Agricultural Building to a State-Funded School	No	96.00	96.00
Change of Use of a building and any land within its curtilage from an Agricultural Building to a flexible commercial use within Commercial/Business/Service (Use Class E), Storage or Distribution (Use Class B8), or Hotels (Use Class C1)	No	96.00	96.00
Change of Use of a building and any land within its curtilage from Commercial/Business/Service (Use Class E) to Dwellinghouses (Use Class C3)	No	£100 for each dwellinghouse	£100 for each dwellinghouse

Change of Use of a building and any land within its curtilage from an Agricultural Building to Dwellinghouses (Use Class C3)	No	£96; or	£96; or
		£206 if it includes building operations in connection with the change of use	£206 if it includes building operations in connection with the change of use
Change of Use of a building from Betting Office, Pay Day Loan Shop, Launderette; a mixed use combining one of these uses and use as Dwellinghouse(s); or Hot Food Takeaways to Dwellinghouses (Use Class C3)	No	£96; or	£96; or
		£206 if it includes building operations in connection with the change of use	£206 if it includes building operations in connection with the change of use
Change of Use of a building and any land within its curtilage from Amusement Arcades/Centres and Casinos to Dwellinghouses (Class C3)	No	96.00	96.00
		£206 if it includes building operations in connection with the change of use	£206 if it includes building operations in connection with the change of use

Temporary Use of Buildings or Land for the Purpose of Commercial Film-Making and the Associated Temporary Structures, Works, Plant of Machinery required in Connection with that Use	No	96.00	96.00
Provision of Temporary School Buildings on Vacant Commercial Land and the use of that land as a State-funded School for up to 3 Academic Years	No	96.00	96.00
Development consisting of the Erection or Construction of a Collection Facility within the Curtilage of a Shop	No	96.00	96.00
Installation, Alteration or Replacement of other Solar Photovoltaics (PV) equipment on the Roofs of Non-domestic Buildings, up to a Capacity of 1 Megawatt	No	96.00	96.00
Erection, extension, or alteration of a university building	No	96.00	96.00
Construction of new dwellinghouses Not more than 50 dwellinghouses	No	£334 for each dwellinghouse	£334 for each dwellinghouse
Construction of new dwellinghouses More than 50 dwellinghouses	No	£16,525 + £100 for each dwellinghouse - Maximum fee of £300,000	£16,525 + £100 for each dwellinghouse - Maximum fee of £300,000
Application for Works other than Building Works			
Car Parks, service roads or other accesses for existing uses	No	234.00	234.00
Disposal of refuse, waste materials, deposit of materials remaining after mineral extraction, storage of minerals in the open			

plus an additional charge per 0.1 hectare in excess of 15 hectares to a maximum of £78,000	No	138.00	138.00
Where the site area does not exceed 15 hectares (charge per 0.1 hectare of the site area)	No	234.00	234.00
Where the site area exceeds 15 hectares	No	34,934.00	34,934.00
Other Engineering or operations in association with winning and working minerals			
plus an additional charge for each 0.1 hectare in excess of 15 hectares up to a maximum of £78,000	No	138.00	138.00
Where the site area does not exceed 15 hectares (charge per 0.1 hectare of the site)	No	234.00	234.00
Where the site area exceeds 15 hectares	No	34,934.00	34,934.00
The carrying out of any operations connected with exploratory drilling or natural gas			
plus an additional charge for each 0.1 hectares up to a maximum of £300,000	No	151.00	151.00
Where the site area does not exceed 7.5 hectares (charge per 0.1 hectare)	No	508.00	508.00
Where the site area exceeds 7.5 hectares	No	38,070.00	38,070.00
Operations (other than exploratory drilling) for the winning and working of oil or natural gas			
plus an additional charge for each 0.1 hectares up to a maximum of £78,000	No	151.00	151.00
Where the site area is more than 15 hectares	No	38,520.00	38,520.00
Where the site area is not more than 15 hectares (charge per 0.1 hectare)	No	257.00	257.00

Other Operations (not coming within any of the above categories)			
Any site area (charge per 0.1 hectare up to a maximum of £2,028)	No	234.00	234.00
Lawful Development Certificate			
Existing Use – in Breach of a Planning Condition	No	Full planning application fee	Full planning application fee
Existing Use – Lawful not to comply with a particular conditions	No	234.00	234.00
Proposed Use	No	half planning application fee	half planning application fee
Approval/Variation/Discharge of Condition			
Variation or removal of a condition following grant of planning permission	No	234.00	234.00
Change of use of a single dwelling to 2 or more separate dwellings			
Change of use to 50 or less dwelling houses (charge per dwelling house)	No	462.00	462.00
Change of use to more than 50 dwelling houses	No	22,859.00	22,859.00
Plus an additional charge per dwelling for each dwelling in excess of 50 to a maximum of £300,000	No	138.00	138.00
Change of use of a building to use as one or more separate dwellings			
Change of use to 50 or less dwelling houses (charge per dwelling house)	No	462.00	462.00
Change of use to more than 50 dwelling houses	No	22,589.00	22,589.00
Plus an additional charge per dwelling for each dwelling in excess of 50 to a maximum of £300,000	No	138.00	138.00

Confirmation of compliance with condition attached to planning permission			
Where the request relates to a householder permission, charge per request	No	34.00	34.00
Where the request relates to a non-householder permission, charge per request	No	116.00	116.00
Householder planning application fees			
Alterations/ extensions to single dwelling (inc garages, fences, walls, extensions)	No	206.00	206.00
Application for consent to display advertisements			
Advance signs, directing the public to a business which is not situated on or visible from the site.	No	132.00	132.00
Other advertisements	No	462.00	462.00
Relating to the business on the premises	No	132.00	132.00
Application for a Non-Material Amendment Following Grant of Planning Permission			
Applications in respect of householder developments	No	34.00	34.00
Applications in respect of other developments	No	234.00	234.00
Application for Permission in Principle (valid from 1 June 2018)			
For each 0.1 hectare (or part thereof)	No	402.00	402.00
Charges for Planning Performance Agreements			
Standard Major Planning Applications of 10 to 99 Dwellings or 1,000 sq ms to 9,999 sq ms floorspace	Yes	7,000.00	7,000.00
Large Major Planning Application of 100 to 249 Dwellings or 10,000 sq ms to 24,900 sq ms floorspace	Yes	10,000.00	10,000.00

Very Large Major Planning Application of 250 to 750 Dwellings or 24,900 sq ms to 75,000 sq ms floorspace	Yes	19,000.00	19,000.00
Large Scale Major Planning Application of 750 + Dwellings or 75,000 + sq ms floorspace	Yes	Negotiable	Negotiable
PLANNING – PRE-APPLICATION ENQUIRIES (REDUNDENT)			
Householder Developments (a site visit will be carried out if it is considered necessary by the officer required)	Yes	110.00	110.00
Householder Developments (additional meeting)	Yes	82.00	82.00
Minor Developments			
Each additional meeting with written advice if required	Yes	420.00	420.00
1 No. Dwelling (inc. up to 2 meetings & 2 pieces of written advice)	Yes	200.00	200.00
Between 2 & 4 dwellings (inc. up to 2 meetings & 2 pieces of written advice)		300.00	300.00
Between 5 and 9 No Dwellings (inc. up to 2 meetings & 2 pieces of written advice)	Yes	600.00	600.00
Non-residential development of up to 499 sq ms or less than 0.5 hectares (inc. up to 2 meetings & 2 pieces of written advice)	Yes	425.00	425.00
Non-residential development between 500 sq ms to 999 sq ms (inc. up to 2 meetings & 2 pieces of written advice)	Yes	725.00	725.00
Other Applications			
Each additional meeting with written advice if required		105.00	105.00
Changes of Use where no operational development and floor area up to 1,000 sq ms (up to one meeting and one piece of written advice if required)	Yes	110.00	110.00
Advertisements	Yes	110.00	110.00
Alterations where no floor space is created	Yes	110.00	110.00

Telecommunications	Yes	110.00	110.00
Renewable Energy (including wind turbines etc. up to a site area of 1 Ha)	Yes	110.00	110.00
Listed Building Consents (where written advice, redesign or a site visit is needed)	Yes	110.00	110.00
Small Scale Medium Developments			
Each additional meeting with written advice if required	Yes	400.00	400.00
Residential 10 to 19 houses/up to 1.99 Ha (inc. up to 2 meetings and 2 pieces of written advices where required)	Yes	960.00	960.00
Residential 20 to 30 houses/up to 1.99 Ha (inc. up to 2 meetings and 2 pieces of written advices where required)	Yes	1,440.00	1,440.00
Site Area between 1 to 1.5 Ha	Yes	600.00	600.00
Commercial/Non-residential floor space up to 3,500 sq ms or between 1 and 1.5 hectares(inc. up to 2 meetings and 2 pieces of written advices where required)	Yes	600.00	600.00
Commercial/Non-residential floor space between 3,500 and 4,999 sq ms or between 1.5 and 1.99 hectares (inc. up to 2 meetings and 2 pieces of written advices where required)	Yes	960.00	960.00
Medium Scale Major Developments			
Each additional meeting with written advice if required	Yes	575.00	575.00
Residential 31 to 149 Dwellings or Site Area of 2 to 3.99 Ha (inc. up to 4 meetings and 4 pieces of written advices where required)	Yes	2,400.00	2,400.00
Commercial/Non-residential development of between 5,000 sq ms and 9,999 sq ms or site area of 2 to 3.99 Ha (inc. up to 4 meetings and 4 pieces of	Yes	2,400.00	2,400.00

written advices where required)			
Large Scale Major Development			
Each additional meeting with written advice if required	Yes	575.00	575.00
Residential greater than 150 Dwellings or Site Area over 4 Ha (inc. up to 4 meetings and 4 pieces of written advices where required)	Yes	4,146.00	4,146.00
Commercial/Non-residential development of over 10,000 sq ms or site area over 4 Ha (inc. up to 4 meetings and 4 pieces of written advices where required)	Yes	4,146.00	4,146.00
Significant Minerals and Waste Development	Yes	4,146.00	4,146.00
Environmental Impact Assessment Development	Yes	4,146.00	4,146.00
Tree Enquiries			
Works to Trees (with a meeting)	Yes	0.00	0.00
Works to Trees (without a meeting)	Yes	0.00	0.00
All further requests for written advice or meetings in addition to those above - charge per hour or part thereof	Yes	0.00	0.00
High Hedges			
Initial Site Survey	No	199.00	199.00
Full Survey	No	350.00	350.00
Development Management			
Copy of Enforcement or Stop Notice	No	41.00	N/A
Copy of Tree Preservation Order	No	41.00	N/A
Request for specific information charge per hour	No	62.00	N/A
Section 106 Agreement or similar	No	41.00	N/A

REGISTRARS			
Sales, Fee and Charge Item	VAT Applicable	2021/22 £	2022/23 £
Birth Certificate	No	11.00	11.00
Priority 2 Hour Issue of Birth Certificate	No	35.00	35.00
Citizenship Fees			
Citizenship (per Delegate) Monies paid direct from Home Office)	No	80.00	80.00
Death Fees			
Death Certificate	No	11.00	11.00
Priority 2 Hour Issue of Death Certificate	No	35.00	35.00
Marriage & Civil Partnership Fees			
If ceremony is at 5.00pm or 6.30 pm extra £100.00 is charged	No	100.00	100.00
Marriage & Civil Partnership Certificate	No	11.00	11.00
Marriage/C.P Ceremony Wallasey Town Hall (Mon - Thurs)	No	150.00	
Marriage/CP Ceremony Birkenhead Town Hall (Fri)	No	198.00	N/A
Marriage/CP Ceremony Birkenhead Town Hall (Mon - Fri)	No	150.00	228.00
Marriage/CP Ceremony Birkenhead Town Hall (Sat)	No	237.00	272.00
Marriage/CP Ceremony Outside Venues (Mon - Fri)	No	459.00	459.00
Marriage/CP Ceremony Outside Venues (Sat)	No	518.00	518.00
Marriage/CP Ceremony Outside Venues (Sun & Bank Hol)	No	597.00	597.00
Marriage/CP Ceremony Wallasey Town Hall (Fri)	No	198.00	N/A
Marriage/CP Ceremony Wallasey Town Hall (Sat)	No	237.00	N/A
Notice of Marriage/Civil Partnership	No	70.00	70.00

Priority 2 Hour Issue of Marriage/ CP Certificate	No	35.00	35.00
Provisional Booking Fee for Marriages	No	43.00	43.00

<u>COUNCIL TAX AND BUSINESS RATES</u>			
Sales, Fee and Charge Item	VAT Applicable	2021/22 £	2022/23 £
Legal Charges			
Committal to Prison	No	305.00	305.00
Liability Order (inc £3 to Courts)	No	43.00	43.00
Summons Costs	No	81.00	81.00
Warrant of Arrest	No	145.00	145.00
Warrant of Arrest Bail	No	145.00	145.00

RECOVERY OF HOUSING BENEFIT OVERPAYMENTS			
Sales, Fee and Charge Item	VAT Applicable	2021/22 £	2022/23 £
Amount of Overpayment to be recovered			
£1,000.01 - £1,500 (Court Issued Claim standard charge)	No	80.00	80.00
£1,000.01 - £1,500 (if recovered via money claim/gateway)	No	70.00	70.00
£1,500.01 - £3,000 (Court Issued Claim standard charge)	No	95.00	95.00
£1,500.01 - £3,000 (if recovered via money claim/gateway)	No	80.00	80.00
£100,000.01 - £150,000 (Court Issued Claim standard charge)	No	885.00	885.00
£100,000.01 - £150,000 (if recovered via money claim/gateway)		N/A	N/A
£15,000.01 - £50,000 (Court Issued Claim standard charge)	No	395.00	395.00
£15,000.01 - £50,000 (if recovered via money claim/gateway)	No	340.00	340.00
£150,000.01 - £200,000 (Court Issued Claim standard charge)	No	1,080.00	1,080.00
£150,000.01 - £200,000 (if recovered via money claim/gateway)		N/A	N/A
£200,000.01 - £250,000 (Court Issued Claim standard charge)	No	1,275.00	1,275.00
£200,000.01 - £250,000 (if recovered via money claim/gateway)	No	N/A	N/A
£250,000.01 - £300,000 (Court Issued Claim standard charge)	No	1,475.00	1,475.00
£250,000.01 - £300,000 (if recovered via money claim/gateway)		N/A	N/A

£3,000.01 - £5,000 (Court Issued Claim standard charge)	No	120.00	120.00
£3,000.01 - £5,000 (if recovered via money claim/ gateway)	No	100.00	100.00
£300.01 - £500 (Court Issued Claim standard charge)	No	50.00	50.00
£300.01 - £500 (if recovered via money claim/ gateway)	No	35.00	35.00
£5,000.01 - £15,000 (Court Issued Claim standard charge)	No	245.00	245.00
£5,000.01 - £15,000 (if recovered via money claim/ gateway)	No	210.00	210.00
£50,000.01 - £100,000 (Court Issued Claim standard charge)	No	685.00	685.00
£50,000.01 - £100,000 (if recovered via money claim/ gateway)	No	595.00	595.00
£500.01 - £1,000 (Court Issued Claim standard charge)	No	70.00	70.00
£500.01 - £1,000 (if recovered via money claim/ gateway)	No	60.00	60.00
more than £300,000 (Court Issued Claim standard charge)	No	1,670.00	1,670.00
more than £300,000 (if recovered via money claim/ gateway)		N/A	N/A
up to £300 (Court Issued Claim standard charge)	No	35.00	35.00
up to £300 (if recovered via money claim/govt gateway)	No	25.00	25.00

LICENCING			
Sales, Fee and Charge Item	VAT Applicable	2021/22 £	2022/23 £
GAMBLING ACT			
Existing Casino Premises Licence			
Annual Fee	No	2,400.00	2,400.00
Application for reinstalment	No	1,080.00	1,080.00
Application to transfer	No	1,080.00	1,080.00
Application to Vary	No	1,600.00	1,600.00
Bingo Club Premises Licence			
Annual Fee	No	800.00	800.00
Application for a Provisional Statement	No	2,800.00	2,800.00
Application for reinstalment	No	960.00	960.00
Application to transfer	No	960.00	960.00
Application to Vary	No	1,400.00	1,400.00
Licence Application (Provisional Statement Holders)	No	960.00	960.00
New Applicants	No	2,800.00	2,800.00
Betting Premises Licence (Excluding Tracks)			
Annual Fee	No	480.00	480.00
Application for a Provisional Statement	No	2,400.00	2,400.00
Application for reinstalment	No	960.00	960.00
Application to transfer	No	960.00	960.00
Application to Vary	No	1,200.00	1,200.00
Licence Application (Provisional Statement Holders)	No	960.00	960.00
New Applicants	No	2,400.00	2,400.00
Betting Premises Licence (Tracks)			
Annual Fee	No	800.00	800.00
Application for a Provisional Statement	No	2,000.00	2,000.00
Application for reinstalment	No	760.00	760.00
Application to transfer	No	760.00	760.00
Application to Vary	No	1,000.00	1,000.00
Licence Application (Provisional Statement Holders)	No	760.00	760.00

New Applicants	No	2,000.00	2,000.00
Family Entertainment Centre Premises Licence			
Annual Fee	No	600.00	600.00
Application for a Provisional Statement	No	1,600.00	1,600.00
Application for reinstalment	No	760.00	760.00
Application to transfer	No	760.00	760.00
Application to Vary	No	800.00	800.00
Licence Application (Provisional Statement Holders)	No	760.00	760.00
New Applicants	No	1,600.00	1,600.00
Adult Gaming Centre Premises Licence			
Annual Fee	No	800.00	800.00
Application for a Provisional Statement	No	1,600.00	1,600.00
Application for reinstalment	No	960.00	960.00
Application to transfer	No	960.00	960.00
Application to Vary	No	800.00	800.00
Licence Application (Provisional Statement Holders)	No	960.00	960.00
New Applicants	No	1,600.00	1,600.00
General Gambling			
Copy Licence	No	20.00	20.00
Notification of Change	No	40.00	40.00
Licensed Premises Gaming Machine Permit			
Annual Fee	No	50.00	50.00
Change of Name	No	25.00	25.00
Copy of Permit	No	15.00	15.00
Existing Operator Grant	No	100.00	100.00
Grant	No	150.00	150.00
Transfer	No	25.00	25.00
Variation	No	100.00	100.00
Licensing Premises Automatic Notification Process			
Notification	No	50.00	50.00
Club Gaming Machine Permit			
Annual Fee	No	50.00	50.00
Copy of Permit	No	15.00	15.00
Existing Operator Grant	No	100.00	100.00

Grant	No	200.00	200.00
Grant (Club Premises Certificate Holder)	No	100.00	100.00
Renewal	No	200.00	200.00
Renewal (Club Premises Certificate Holder)	No	100.00	100.00
Variation	No	100.00	100.00
Club Machine Permit			
Annual Fee	No	50.00	50.00
Copy of Permit	No	15.00	15.00
Existing Operator Grant	No	100.00	100.00
Grant	No	200.00	200.00
Grant (Club Premises Certificate Holder)	No	100.00	100.00
Renewal	No	200.00	200.00
Renewal (Club Premises Certificate Holder)	No	100.00	100.00
Variation	No	100.00	100.00
Unlicensed Family Entertainment Centre Gaming Machine			
Change of Name	No	25.00	25.00
Copy of Permit	No	15.00	15.00
Existing Operator Grant	No	100.00	100.00
Grant	No	300.00	300.00
Renewal	No	300.00	300.00
Prize Gaming Permit			
Change of Name	No	25.00	25.00
Copy of Permit	No	15.00	15.00
Existing Operator Grant	No	100.00	100.00
Grant	No	300.00	300.00
Renewal	No	300.00	300.00
Small Society Lottery			
Grant	No	40.00	40.00
Renewal	No	30.00	30.00
HACKNEY CARRIAGE & PRIVATE HIRE LICENCES			
Licences			
Hackney carriage/ private hire driver licence	No	£132.00 for 3 years	£132.00 for 3 years
Initial Licence application (incl CRB)	No	£64.00 + £43.00 DBS	£64.00 + £43.00 DBS
New Hackney carriage vehicle licence (12 months)	No	192.00	192.00

New Hackney carriage vehicle licence (6 months)	No	105.00	105.00
New private hire vehicle licence (12 months)	No	192.00	192.00
New private hire vehicle licence (6 months)	No	105.00	105.00
Renewal Hackney carriage vehicle licence (12 months)	No	187.00	187.00
Renewal Hackney carriage vehicle licence (6 months)	No	100.00	100.00
Renewal Private hire vehicle licence (12 months)	No	187.00	187.00
Renewal Private hire vehicle licence (6 months)	No	100.00	100.00
Private Hire Operator			
1 vehicle - since 2015, fee is for 5 years	No	528.00	528.00
2-10 vehicles - since 2015, fee is for 5 years	No	934.00	934.00
11 - 50 vehicles - since 2015, fee is for 5 years	No	1,177.00	1,177.00
51+ vehicles - since 2015, fee is for 5 years	No	1,419.00	1,419.00
Extra Premises	No	58.00	58.00
Replacement Driver Badge	No	10.00	10.00
Replacement Licence	No	10.00	10.00
Replacement Vehicle Licence Plate	No	35.00	35.00
Vehicle Licence transfer	No	23.00	23.00
Change of vehicle on vehicle licence	No	35.00	35.00
LICENSING ACT			
Premises Licence			
Annual Fee Band A	No	70.00	70.00
Annual Fee Band B	No	180.00	180.00
Annual Fee Band C	No	295.00	295.00
Annual Fee Band D	No	320.00	320.00
Annual Fee Band E	No	350.00	350.00
Annual Fee Multiplier – Band D	No	640.00	640.00
Application Band A	No	100.00	100.00
Application Band B	No	190.00	190.00
Application Band C	No	315.00	315.00
Application Band D	No	450.00	450.00
Application Band E	No	635.00	635.00
Fee Multiplier – Band D	No	900.00	900.00

Fee Multiplier – Band E	No	1,905.00	1,905.00
Interim Authority Notice	No	23.00	23.00
Minor Variation	No	89.00	89.00
Notification of Change of Name or Address	No	10.50	10.50
Notification of Interest	No	21.00	21.00
Provisional Statement	No	315.00	315.00
Variation of Designated Premises Supervisor	No	23.00	23.00
Licence or Summary	No	10.50	10.50
Licence Transfer	No	23.00	23.00
Annual Fee Multiplier – Band E	No	1,050.00	1,050.00
Personal Licence			
Copy of Licence	No	10.50	10.50
Grant	No	37.00	37.00
Notification of Change of Name or Address	No	10.50	10.50
Renewal	No	No Charge	No Charge
Club Premises Certificate			
Change of Registered Address of Club	No	10.50	10.50
Certificate Application Band A	No	100.00	100.00
Certificate Application Band B	No	190.00	190.00
Certificate Application Band C	No	315.00	315.00
Certificate Application Band D	No	450.00	450.00
Certificate Application Band E	No	635.00	635.00
Certificate Copy of Certificate or Summary	No	10.50	10.50
Certificate Notification of Change of Name	No	10.50	10.50
Certificate Notification of Change of Rules	No	10.50	10.50
Certificate Minor Variation	No	89.00	89.00
Certificate Provisional Statement	No	315.00	315.00
Certificate Annual Fee Band A	No	70.00	70.00
Certificate Annual Fee Band B	No	180.00	180.00
Certificate Annual Fee Band C	No	295.00	295.00
Certificate Annual Fee Band D	No	320.00	320.00
Certificate Annual Fee Band E	No	350.00	350.00
Additional Fee Exceptionally Large Events for Premises Licences and Club Premises Certificates			
10,000 to 14,999	No	2,000.00	2,000.00

15,000 to 19,999	No	4,000.00	4,000.00
20,000 to 29,999	No	8,000.00	8,000.00
30,000 to 39,999	No	16,000.00	16,000.00
40,000 to 49,999	No	24,000.00	24,000.00
5,000 to 9,999	No	1,000.00	1,000.00
50,000 to 59,999	No	32,000.00	32,000.00
70,000 to 79,999	No	48,000.00	48,000.00
80,000 to 89,999	No	56,000.00	56,000.00
60,000 to 69,999	No	40,000.00	40,000.00
90,000 and over	No	64,000.00	64,000.00
Temporary Event			
Copy of Temporary Event Notice	No	10.50	10.50
Temporary Event Notice	No	21.00	21.00
Sex Establishment Licences			
Licences Application Fee	No	1,316.00	1,316.00
Licences Renewal Fee	No	1,316.00	1,316.00
Marriage Premises Approval			
Application Fee (Renewable every 3 years)	No	1,030.00	1,030.00
Collector's Licence			
Copy of Licence	No	12.00	12.00
Grant	No	207.00	207.00
Renewal	No	207.00	207.00
Licence Variation – Collector's Licence to Site Licence	No	191.00	191.00
Site Licence			
Additional Site	No	191.00	191.00
Grant – multiple sites	No	£368.74 plus £127.36 per addition/Al site	£368.74 plus £127.36 per addition/Al site
Grant – one site	No	372.00	372.00
Renewal – multiple sites	No	£368.74 plus £127.36 per addition/Al site	£368.74 plus £127.36 per addition/Al site
Renewal – one site	No	370.00	370.00
Site Manager	No	245.00	245.00
Variation – Site Licence to Collector's Licence	No	66.00	66.00
Site Licensee's Details	No	66.00	66.00
Copy of Site Licence	No	12.00	12.00

Pavement Café Licence			
Initial Licence Application Fee	No	223.00	223.00
Renewal	No	73.00	73.00
Licensing of Street Traders			
Initial Consent Application Fee	No	217.00	217.00
Renewal	No	71.00	71.00
Temporary Consent	No	70.00	70.00

ADULTS			
Sales, Fee and Charge Item	VAT Applicable	2021/22 £	2022/23 £
Care Home Placement			
Nursing – Standard	No	526.00	In Consultation
Nursing – RLW		565.00	In Consultation
Nursing EMI – Standard	No	560.00	In Consultation
Nursing EMI – RLW		601.00	In Consultation
Respite rate – standard – pension age	No	134.45	In Consultation
Respite rate – standard – under pension age	No	80.70	In Consultation
Short term standard rate pending financial assessment	No	134.45	In Consultation
Short term standard rate pending financial assessment – under pension age	No	80.70	In Consultation
Residential – Standard	No	502.00	In Consultation
Residential – RLW		527.00	In Consultation
Residential EMI - Standard	No	561.00	In Consultation
Residential EMI – RLW		589.00	In Consultation
Deferred Payment Charge			
Arrangement Fee if Council arranging package of care, not care home, for a person with resource above the financial limit of £23,250	No	60.00	In Consultation
Set Up a Deferred Payment agreement	No	250.00	In Consultation
Change or stopping a Deferred Payment agreements	No	100.00	In Consultation
Early repayment of a Deferred Payment agreement	No	200.00	In Consultation
Repayment of a stopped Deferred Payment agreement	No	200.00	In Consultation

Extra Care			
Domiciliary Care Band 2	No	34.75	In Consultation
Domiciliary Care Band 3	No	104.25	In Consultation
Domiciliary Care Band 4	No	173.75	In Consultation
Domiciliary Care Band 5	No	243.25	In Consultation
Extra Care	No	6.95	In Consultation
SUPPORTED LIVING			
Supported Living - Standard		15.89	In Consultation
Supported Living – RLW		16.92	In Consultation
Night sitting – sleeping – per night – Standard	No	124.00	In Consultation
Night sitting – waking – per night – Standard	No		In Consultation
Night Support – RLW		131.99	In Consultation
SUPPORT AT HOME			
1 Hour – Standard	No	16.64	In Consultation
1 Hour – RLW		17.79	In Consultation
15 mins – Standard	No	4.16	In Consultation
15 mins – RLW		4.45	In Consultation
Day Care - one day	No	50.00	In Consultation
Day care - one session	No	25.00	In Consultation
Mobile nights per hour	No	36.86	In Consultation
Transport –flat rate per journey	No	5.00	In Consultation
1/2 hour	No		
Assistive Technology per week	No	2.50	In Consultation

<u>BUILDING CONTROL</u>			
Sales, Fee and Charge Item	VAT Applicable	2021/22 £	2022/23 £
BUILDING CONTROL - Miscellaneous CHARGES			
*Building Regulation Completion Certificate/Letter enquiry (inc one copy of any certificate/letter)	No	41.00	41.00
*Building Regulation Decision Notice Enquiry (inc one copy of notice)	No	41.00	41.00
*Site history search: minimum charge (each subsequent hour or part of)	No	41.00	41.00
*Site history search: minimum charge (up to first hour)	No	54.00	54.00
Administrative processing cost for refunding Building Regulation fees being subject to the status of the application and the advancement of the works.	No	54.00	54.00
Dangerous structures call out charges	No	Individually determined cost recovery basis	Individually determined cost recovery basis
Letter confirming enforcement action will not be taken due to expiry of time limits.	No	54.00	54.00
Notice of Intended Demolition/Issue of Counter Notice	No	165.00	165.00
Pre-application site inspections	Yes	£54.17 - Hourly charge or part thereof	£54.17 - Hourly charge or part thereof
Process request to re-issue completion certificates	No	27.00	27.00
Re-directing invoices due to the failure to provide the correct billing name/address on the application form	No	27.00	27.00

Process request to retrieve archived file, undertake research, further inspection(s) for the purposes of issuing completion certificate in respect of a project, following a period of at least 3 years since last inspection of the work.	Yes	£67.50 per visit	£67.50 per visit
Provision of a letter of exemption from the provisions of the Building Regulations	No	41.00	41.00
To provide a copy of site inspection records to owners on request following completion of works and issuing of completion certificate.	Yes	54.17	54.17
Research, retrieval and examination of Building Regulation and Dangerous Structures file/record to provide "search type" information from the file/record	No	£54.00 first hour, £41.00 each subsequent hour	£54.00 first hour, £41.00 each subsequent hour
Provision of pre-submission consultancy advice (1st hour free of charge).	Yes	£54.17 - Hourly charge or part thereof	£54.17 - Hourly charge or part thereof
Administration charge in dealing with returned or "bounced" cheques	No	41.00	41.00
Scaffold/Hoarding Permit (7 days) (per property)	No	80.00	80.00
Scaffold/Hoarding Permit (7 days – 1 month) (per property)	No	135.00	135.00
Scaffold/Hoarding Permit (1 month – 3 months) (per property)	No	215.00	215.00
Scaffold/Hoarding Permit (3 months – 6 months) (per property)	No	270.00	270.00
Copies of any additional correspondence required in relation to enquiries A4	No	0.14	0.14
Copies of any additional correspondence required in relation to enquiries A3	No	0.26	0.26
Copies of any additional correspondence required in relation to enquiries A2	No	3.12	3.12

Copies of any additional correspondence required in relation to enquiries A1	No	4.12	4.12
LAND CHARGES			
Copy/Duplicate Property Search	No	5.00	5.00
LLC1 Plus CON 29. Subject to national legal review	Yes	104.20	104.20
Requisition Property Search - 1 Parcel of Land CON 29. Subject to national legal review	Yes	81.70	81.70
Standard Property Search fee Subject to national legal review	Yes	22.50	22.50
Schedule of Street Naming and Numbering			
SNN1: Addressing of a new development/conversion consisting of:			
1 Unit	No	120.00	120.00
2-10 Units	No	£120.00 for first unit plus £30.00 per addition/AI unit	£120.00 for first unit plus £30.00 per addition/AI unit
11-50 Units	No	£120.00 for first unit plus £25.00 per addition/AI unit	£120.00 for first unit plus £25.00 per addition/AI unit
Over 50 units	No	£120.00 for first unit plus £20.00 per addition/AI unit	£120.00 for first unit plus £20.00 per addition/AI unit
SNN2: Development renumbering/renaming due to plot numbers or plot positions	No	£30.00 per unit affected	£30.00 per unit affected
SNN3: Existing individual property naming/renaming or renumbering.	No	30.00	30.00
SNN4: Renaming or renumbering of an existing street where requested by residents.	No	£120.00 plus £30.00 per unit	£120.00 plus £30.00 per unit

SNN5: Confirmation of an individual property address to solicitors/conveyancers/occupiers or owners.	No	£30.00 per unit	£30.00 per unit
LLC1 – Official Search of the Land Charges Register			
In the whole of the Register	Included	22.50	22.50
Each additional parcel	Included	10.20	10.20
CON29 – Official Search (does not include LLC1)			
Full Official Search	Included	81.70	81.70
Each additional parcel	Included	TBC	TBC
Additional Enquiries (please supply questions on separate sheet)			
Additional enquiries	Included	TBC	TBC
CON290 – Optional Enquiries			
Administration Charge (see note 1 below)	Included	8.69	8.69
Road proposals by private bodies	Included	8.69	8.69
Advertisements	Included	4.35	4.35
Completion notices	Included	4.35	4.35
Parks and countryside	Included	8.69	8.69
Pipelines	Included	4.35	4.35
Houses in multiple occupation	Included	4.35	4.35
Noise abatement	Included	4.35	4.35
Urban development areas	Included	8.69	8.69
Enterprise zones	Included	8.69	8.69
Inner urban improvement areas	Included	4.35	4.35
Simplified planning zones	Included	1.74	1.74
Land maintenance	Included	4.35	4.35
Mineral consultation areas	Included	1.74	1.74
Hazardous substance contents	Included	4.35	4.35
Environmental and pollution notices	Included	8.69	8.69
Food safety notices	Included	8.69	8.69
Hedgerow notices	Included	1.74	1.74
Flood defence and Land Drainage Consents	Included	8.69	8.69

Common Land and Town & Village Greens.	Included	8.69	8.69
Each additional parcel	Included	12.24	12.24
Personal Search of the Land Charges Register			
In the whole or any part of the Register	Included	TBC	TBC
CON29 – Requests for responses to individual questions			
Administration Charge (see note 1 below)	Included	4.28	4.28
Planning and building decisions and pending applications	Included	3.48	3.48
Planning and building decisions and pending applications	Included	4.35	4.35
Planning designations and proposals	Included	0.87	0.87
Roadways, footways and footpaths	Included	5.21	5.21
Public rights of way	Included	5.21	5.21
Land required for public purposes	Included	0.87	0.87
Land to be acquired for road works	Included	1.74	1.74
Drainage matters	Included	6.95	6.95
Nearby road schemes	Included	5.21	5.21
Nearby railway schemes	Included	2.61	2.61
Traffic schemes	Included	10.43	10.43
Outstanding notices	Included	9.56	9.56
Contravention of building regulations	Included	0.87	0.87
Notices, orders, directions and proceedings under Planning Acts	Included	13.04	13.04
Community infrastructure levy (CIL)	Included	0.87	0.87
Conservation area	Included	1.74	1.74
Compulsory purchase	Included	1.74	1.74
Contaminated land	Included	3.48	3.48
Radon gas	Included	1.74	1.74
Assets of Community Value	Included	1.74	1.74
Each additional parcel	Included	12.24	12.24

	Plan Charge (PC)				Inspection Charge				Building Notice		
	ex vat £	vat £	Total £		ex vat £	vat £	Total £		ex vat £	vat £	Total £
Table A - New dwellings - Creation or conversion - Low Rise (Under 11m in height - Maximum 300m²)											
Detached/Semi-Detached /Terraced (Site/1st house type)	234.17	46.83	281.00		321.67	64.33	386.00		583.33	116.67	700.00
New purpose built flats (Site/1st block/1 Flat type/Max 2 flats)	287.50	57.50	345.00		507.50	101.50	609.00		835.00	167.00	1,002.00
Conversion to flats (Site/1st block/1 Flat type/Max 2 flats)	189.17	37.83	227.00		370.83	74.17	445.00		587.50	117.50	705.00
Table B - Domestic extensions, other domestic buildings and loft conversions to a single dwelling											
Single storey ground floor extension - floor area not exceeding 10m ²	140.00	28.00	168.00		211.67	42.33	254.00		370.00	74.00	444.00
Single storey ground floor extension - floor area exceeding 10m ² but not exceeding 40m ²	156.67	31.33	188.00		320.00	64.00	384.00		500.00	100.00	600.00
Single storey ground floor extension - floor area exceeding 40m ² but not exceeding 100m ²	194.17	38.83	233.00		427.50	85.50	513.00		653.33	130.67	784.00
Two storey extension - floor area not exceeding 10m ²	150.83	30.17	181.00		290.00	58.00	348.00		463.33	92.67	556.00
Two storey extension - floor area exceeding 10m ² but not exceeding 40m ²	172.50	34.50	207.00		349.17	69.83	419.00		547.50	109.50	657.00
Two storey extension - floor area exceeding 40m ² but not exceeding 100m ²	215.83	43.17	259.00		466.67	93.33	560.00		716.67	143.33	860.00
First floor extension - floor area not exceeding 10m ²	124.17	24.83	149.00		194.17	38.83	233.00		334.17	66.83	401.00
First floor extension - floor area exceeding 10m ² but not exceeding 40m ²	140.00	28.00	168.00		244.17	48.83	293.00		403.33	80.67	484.00
First floor extension - floor area exceeding 40m ² but not exceeding 100m ²	183.33	36.67	220.00		294.17	58.83	353.00		500.83	100.17	601.00
Basement extension - floor area not exceeding 40m ²	200.00	40.00	240.00		320.00	64.00	384.00		545.83	109.17	655.00

Loft conversion without dormers and floor area less than 40m ²	194.17	38.83	233.00		222.50	44.50	267.00		437.50	87.50	525.00
Loft conversion with dormers and floor area less than 40m ²	215.83	43.17	259.00		222.50	44.50	267.00		460.00	92.00	552.00
Detached non-habitable building with total floor less than 40m ²	135.00	27.00	162.00		222.50	44.50	267.00		375.00	75.00	450.00
Erection of an attached garage, carport or covered way up to 40m ²	135.00	27.00	162.00		222.50	44.50	267.00		375.00	75.00	450.00
Table C - Domestic alterations and other works to a single dwelling											
Other works with a construction value up to £1,000	26.67	5.33	32.00		76.67	15.33	92.00		109.17	21.83	131.00
Other works with a construction value between £1,001 and £5,000	54.17	10.83	65.00		86.67	17.33	104.00		147.50	29.50	177.00
Other works with a construction value between £5,001 and £10,000	65.00	13.00	78.00		131.67	26.33	158.00		206.67	41.33	248.00
Other works with a construction value between £10,001 and £20,000	113.33	22.67	136.00		177.50	35.50	213.00		305.00	61.00	366.00
Conversion - Existing attached garage into a habitable room(s)	108.33	21.67	130.00		177.50	35.50	213.00		299.17	59.83	359.00
Conversion - Existing attached exempt conservatory into habitable use	108.33	21.67	130.00		177.50	35.50	213.00		299.17	59.83	359.00
Conversion - Existing residential property back to a single dwelling (no structural alts)	65.00	13.00	78.00		131.67	26.33	158.00		206.67	41.33	248.00
Replacement windows - Per installation up to 10 units	26.67	5.33	32.00		86.67	17.33	104.00		119.17	23.83	143.00
Replacement windows - Per installation > 10 units	26.67	5.33	32.00		131.67	26.33	158.00		166.67	33.33	200.00
Underpinning of existing foundations for every 5m run or part of	54.17	10.83	65.00		222.50	44.50	267.00		290.00	58.00	348.00
Renovation of thermal element - construction value up to £5,000	26.67	5.33	32.00		131.67	26.33	158.00		166.67	33.33	200.00

Installation of a heating appliance (Boiler, woodburning, oil, coal or gas fires) or Renewable energy source (e.g. solar panel, ground source heat pump etc) not under CPS scheme	54.17	10.83	65.00		131.67	26.33	158.00		195.00	39.00	234.00
Notifiable electrical installation undertaken by a non Part P - Qualified electrician.(Supplementary charge to undertake competency check)	26.67	5.33	32.00		N/A	N/A	N/A		26.67	5.33	32.00
Table D - Non domestic new build and extensions											
Floor area not exceeding 10m ²	178.33	35.67	214.00		298.33	59.67	358.00		500.00	100.00	600.00
Floor area exceeding 10m ² but not exceeding 40m ²	210.83	42.17	253.00		378.33	75.67	454.00		618.33	123.67	742.00
Table E - Non domestic alterations and other works											
Replacement windows - Per installation up to 10 units	95.00	19.00	114.00		N/A	N/A	N/A		100.00	20.00	120.00
Replacement windows - Per installation > 10 units	140.00	28.00	168.00		N/A	N/A	N/A		146.67	29.33	176.00
Other works with a construction value up to £5,000	140.00	28.00	168.00		N/A	N/A	N/A		146.67	29.33	176.00
Other works with a construction value between £5,001 and £10,000	170.00	34.00	204.00		N/A	N/A	N/A		178.33	35.67	214.00
Other works with a construction value between £10,001 and £15,000	280.00	56.00	336.00		N/A	N/A	N/A		294.17	58.83	353.00
Other works with a construction value between £15,001 and £20,000	340.00	68.00	408.00		N/A	N/A	N/A		356.67	71.33	428.00
Renovation of thermal element - construction value up to £5, 000	145.00	29.00	174.00		N/A	N/A	N/A		152.50	30.50	183.00
Renovation of thermal element - construction value £5,001 up to £50,000	195.00	39.00	234.00		N/A	N/A	N/A		205.00	41.00	246.00
Renovation of thermal element - construction value £50,001 up to £100,000	295.00	59.00	354.00		N/A	N/A	N/A		310.00	62.00	372.00

This page is intentionally left blank

Discretionary Rate Relief Policy

Wirral Council

2022/2023

INDEX

1	Introduction	Page 3
2	Discretionary Rate Relief Scheme	Page 4
3	Charitable Bodies	Page 6
4	Registered Community Amateur Sports Clubs (CASCS)	Page 7
5	Non profit making organisations	Page 9
6	Hardship Relief	Page 11
7	Part Occupation Relief	Page 12
8	Supporting Small Business Relief	Page 13
9	Support for local newspapers	Page 13
10	2022/23 Retail, Hospitality and Leisure Rate Relief Scheme	Page 14
11	Covid Addition Relief Fund	Page 18
12	Freeports	Page 20
13	Transitional Relief 2022/23	Page 21
14	Subsidy	Page 21
15	Appeals	Page 21
16	Interest of Members and Officers	Page 22
17	Policy Review	Page 22

1. INTRODUCTION

1.1 As part of its role in the administration of National Non Domestic Rates (NNDR) (more commonly referred to as Business Rates) Wirral Council has several areas where it can exercise its discretion to provide reductions to the amounts of business rates that are due to be paid.

1.2 Since April 2017, the Council has participated in the 100% Business Rates Retention Pilot scheme. This means that at present under the Pilot:

- Mandatory Relief is financed 99% by the Council and 1% by the Merseyside Fire and Rescue Authority
- Discretionary Relief is financed 99% by the Council and 1% by Merseyside Fire and Rescue Authority

1.3 This policy outlines the areas of local discretion and the Council's approach to the various awards. This approach has regard to the impact

- of granting Discretionary Rate Relief on the Council's wider financial position and Council Tax payers;
- on the organisations and businesses that currently receive or may apply for relief in the future;
- for Wirral residents if relief is awarded and the regeneration benefits to the borough.

1.4 The principal consideration when making an award is that any relief granted is in the best interests of the residents and taxpayers of Wirral and produces a local benefit.

1.5 In addition the Council also operates a number of schemes which are funded fully by the government summarised at 2.3 below.

2. DISCRETIONARY RATE RELIEF SCHEME

2.1 The Local Government Finance Act 1988 requires the Council to maintain a Discretionary Rate Relief Scheme to award Business Rates Relief of up to 100% to certain organisations who operate within specified criteria.

2.2 This includes:

- Charitable bodies (who receive 80% relief) The Council has further discretion to “top up” this relief to 100% of the rates due.
- Registered community amateur sports clubs (CASC’s) (who receive mandatory 80% relief). The Council has further discretion to “top up” this relief to 100% of the rates due.
- Non-profit making organisations. The Council has further discretion to grant “standard” discretionary rate relief of between 0 to 100% of the business rates due.
- Hardship Relief. Section 49 of the Local Government Finance Act allows the Council to exercise its discretion to provide either partial or full relief from Non-Domestic Rates in cases of hardship where it would be reasonable to do so having due regard to the interests of council tax payers in general.
- Part Occupation Relief. Section 44(a) of the Local Government Finance Act 1988 allows the Council to exercise its discretion to grant relief on business premises that are partly occupied, as long as this situation is for a short time

2.3 There are also six schemes administered by the Council, where any relief granted is wholly funded by central government subject to specific criteria. The Council will be using its discretionary powers under section 47 of the Local Government Finance Act 1988 as amended to grant relief. Central government will fully reimburse the Council using a grant under Section 31 of the Local Government Act 2003.

- The Supporting Small Business Relief scheme for ratepayers who are losing some or all of their small business rate relief as a result of a large rateable value increase following the 2017 revaluation. The scheme is available for 5 years from 1 April 2017. The relief is fully funded fully via Section 31 Grant.
- Relief for Local Newspapers. The Council has discretion to award a discount of £1,500 office space occupied by local newspapers, up to a maximum of one discount per local newspaper title and per hereditament. The relief is fully funded via Section 31 Grant. This relief will cease on 31st March 2025, unless extended further by legislation.
- 50% Relief for businesses in the Retail, Hospitality and Leisure sectors for 2022/23.
- Covid Addition Relief Fund, this provide a one-off relief against 2021/22 liability for rates for businesses which have been unable to receive support from previous Government Rate Relief schemes

- Freeport, a 100% relief for qualifying businesses in the designated Liverpool City Region Freeport area
- 2022/23 Transitional Relief, this protects some businesses from the impact of rate increases as a result of the introduction of the 2017 rating list.

3. CHARITABLE BODIES

3.1 A Mandatory Rate Relief of 80% is granted to charities in the following circumstances. Where the:

- ratepayer of a property is a charity or the trustees of a charity; and
- property is wholly or mainly used for charitable purposes (including charity shops, where the goods sold are mainly donated and the proceeds are used for the purpose of the charity).

3.2 The Council does not have discretion regarding awarding Mandatory Rate Relief, however the Council must be satisfied that the statutory criteria have been met. For this purpose, the Council will use guidance provided in both the Local Government Finance Act 1988, and by reference to other enactments and case law.

3.3 Registration under the Charities Act 1993 is conclusive evidence of charitable status and the Council will refer to the Charity Register for evidence of this. Absence from the register does not mean an organisation has not been established for charitable purposes as certain organisations are exempt from registration under the Charities Act 1993.

3.4 In cases where a charity is in receipt of mandatory rate relief of 80%, the Council has discretion to grant up to 20% additional rate relief. This is known as Discretionary Rate Relief top up.

3.5 The Council will consider applications for a Discretionary Rate Relief top up from charities based on their own merits, on a case-by-case basis. However, the principal consideration is that the relief is in the best interests of the residents and taxpayers of Wirral and produces a local benefit as the Council must contribute to the cost of each award. As such, top up will be awarded to only the following type of registered charities:

- Scouts, guides, cadets and other clubs/associations for young people;
- Community schemes encompassing organisations providing support for those over the age of retirement, community transport, those based on volunteering and residents associations;
- Organisations providing support in the form of advice, training for employment, counselling;
- Organisations that provide services that address the consequences of ill health and disability;

- Charitable sporting clubs;
- Locally based leisure and cultural organisations;
- Armed forces veterans associations
- Locally based charities;
- Charity shops (operated by either locally based or national charities);
- Local child care providers registered as charities.

3.6 Applications for Discretionary Rate Relief can be made via the online Discretionary Rate Relief Form

3.7 Applications for Discretionary Rate Relief top up must be supported by, and include:

- The applicant organisation's main purposes and objectives, as set out in, for example, a written constitution, a memorandum of association, or set of membership rules;
- A full set of audited accounts relating to the two years preceding the date of application. Where audited accounts are not available, projected figures should be provided instead;
- Details of how the organisation meets the criteria outlined in these guidelines.
Objectives

3.8 In determining the application, the following matters will be taken into consideration:

- How the charity supports and links into the Council's Corporate Objectives:
- The purpose of the charity and the specific activity carried out within the building for which the relief is requested:
- Whether the charity operates at a local or national level and where appropriate, the local and national funding streams and financial position of the charity

3.9 Registered Social Landlords, universities, further education colleges and independent schools are specifically excluded from receiving discretionary rate relief as per Cabinet decision dated 10 January 2008.

3.10 If an organisation in receipt of Discretionary Rate Relief top up ceases to meet the eligibility criteria outlined in this policy, it will cease to receive Discretionary Rate Relief. The Council will give such organisations twelve months written notice prior to the withdrawal of the Discretionary Rate Relief top up

- 3.11 The Council delegates the decision making power for Discretionary Rate Relief awards to the Head of Revenues and Benefits and the Section 151 Officer.
- 3.12 The initial recommendations to award or refuse a Discretionary Rate Relief top up will be made by the staff from the Business Rates section.
- 3.13 Applicants will be informed in writing of the outcome of their application as soon as possible.
- 3.14 The granting of relief will be reviewed annually and those in receipt of Discretionary Rate Relief may be asked to supply or confirm relevant information for the purpose of the review.
- 3.15 The Council recognises that there will be occasions when the applicant body does not appear to satisfy the criteria generally applied but where the Council may choose to award relief. The Council has the ability to depart from its general policy as to granting relief if it sees fit to do so, taking into account the facts of each case and the interests of residents and Council Taxpayers.

4. REGISTERED COMMUNITY AMATEUR SPORTS CLUBS (CASC)

- 4.1 A mandatory rate relief of 80% is granted to registered community amateur sports Clubs (CASC). To qualify as a CASC, a sports club must fulfil all of the following criteria. It must be
- Open to the whole community;
 - Run as an amateur club;
 - A non-profit making organisation; and
 - Aiming to provide facilities for, and encourage people to take part in, eligible sport.
- 4.2 In cases where a CASC is in receipt of Mandatory Rate Relief of 80%, the Council has discretion to grant up to 20% additional rate relief as a Discretionary top up
- 4.3 The Council will consider applications for a Discretionary Rate Relief top up from CASCs based on their own merits on a case-by-case basis. The principal consideration is that any relief is in best interests of the residents and taxpayers of Wirral and produces a local benefit as the Council must contribute to the cost of each award.
- 4.4 Applications for a Discretionary top up can be made through the online Discretionary Rate Relief claim form
- 4.5 Applications for a Discretionary top up must be supported by, and include:
- The applicant organisation's main purposes and objectives, as set out in, for example, a written constitution, a memorandum of association, or set of membership rules;

- A full set of audited accounts relating to the two years preceding the date of application. Where audited accounts are not available, projected figures should be provided instead;
- Details of how the organisation meets the criteria outlined in these guidelines.

4.6 In determining the application the following matters will be taken into consideration:

- How the CASC supports and links into the Council's Corporate objectives;
- A club should have an open access policy. If a club effectively discriminates by only accepting members who have reached a particular standard, rather than seeking to promote the attainment of excellence by enhancing access and the development of sporting aptitude, then it does not fulfil the requirements;
- The extent to which the facilities provided reduce the demand for Council services or produce savings to the council
- Membership must be open to everyone, regardless of race, ethnic origin, sex, marital or parental status, sexual orientation, creed, disability, age, religious affiliation or political belief,
- If the organisation applying for a Discretionary Rate Relief requires membership or an entry fee, the Council will consider whether:
 - The subscription or fee is set at a level which is not prohibitively high and considered to be affordable by most sections of the community
 - Fee reductions are offered for certain groups such as, for example, under 18s or over 60s
 - Membership is encouraged from groups who face social barriers, such as, for example, young people not in employment, education or training; people above working age or people with disabilities
 - Facilities are made available to people other than members

4.7 It should be noted that sports clubs which run a bar are unlikely to be awarded relief if their main purpose is the sale of food or drink. However, if the sale of food or drink by the organisation aids the overall operation and development of the organisation in achieving its objectives, this would be permissible as long as the principal objectives of the organisation meet the eligibility criteria detailed at 4.1. If the bar makes a profit, this profit must be reinvested to support the organisation in achieving its principal objectives. Financial information will be required to evidence any profit and its use.

4.8 The Council delegates the decision making power for Discretionary Rate Relief awards to the Head of Revenues and Benefits and the Section 151 Officer.

- 4.9 The initial recommendations to award or refuse a Discretionary Rate Relief top up will be made by the staff from the Business Rates section.
- 4.10 Applicants will be informed in writing of the outcome of their application as soon as possible.
- 4.11 The granting of relief will be reviewed annually and those in receipt of Discretionary Rate Relief may be asked to supply or confirm relevant information for the purpose of the review.
- 4.12 The Council recognises that there will be occasions when the applicant body does not appear to satisfy the criteria generally applied but where the Council may choose to award relief. The Council has the ability to depart from its general policy as to granting relief if it sees fit to do so, taking into account the facts of each case and the interests of residents and Council Taxpayers.

5. NON-PROFIT MAKING ORGANISATIONS INCLUDING COMMUNITY INTEREST COMPANIES (CIC)

5.1 The Council has the power to grant discretionary rate relief of up to 100% for the rates due to non-profit making organisations. The main objectives of the organisation must be related to:

- Relief of poverty;
- Advancement of religion;
- Advancement of education;
- Social Welfare;
- Science;
- Literature;
- Fine arts;
- Recreation

5.2 An organisation must be able to demonstrate how it

- meets local needs and benefit local people; and
- provides a valuable service to the community; and
- is open to all sections of the community; and operates in such a way that it does not discriminate against any section of the community; and
- is not conducted or established for the primary purpose of accruing profit.

5.3 The Council will consider applications for a Discretionary Rate Relief top up from non-profit making organisations based on their own merits, on a case-by-case basis. The principal consideration is that any relief is in the best interests of the residents and Council Tax payers of Wirral and produces a local benefit as the Council must contribute to the cost of each award. As such, top up will only be awarded to the following type of non-profit making organisations:

- Scouts, guides, cadets and other clubs/associations for young people;
- Community schemes encompassing organisations providing support for those over the age of retirement, community transport, those based on volunteering and residents associations;
- Organisations providing support in the form of advice, training for employment or counselling;
- Organisations that provide services that address the consequences of ill health and disability;
- Locally based leisure and cultural organisations;
- Armed forces veterans associations.

5.4 If the organisation applying for DRR requires membership or an entry fee, the Council will consider whether:

- Membership is open to everyone, regardless of race, ethnic origin, sex, marital or parental status, sexual orientation, creed, disability, age, religious affiliation or political belief.
- The subscription or fee is set at a level which is not prohibitively high and considered to be affordable by most sections of the community.
- Fee reductions are offered for certain groups such as, for example, under 18s or over 60s.
- Membership is encouraged from groups who face social barriers, such as, for example, young people not in employment, education or training; people above working age; or people with disabilities.
- Facilities are made available to people other than members

5.5 Applicants will be encouraged to submit their applications through an online Discretionary Rate Relief Form

5.6 Applications for DRR must be supported by, and include:

- The organisation's main purposes and objectives, as set out in, for example, a written constitution, a memorandum of association, or set of membership rules.
- A full set of audited accounts relating to the two years preceding the date of application. Where audited accounts are not available, projected figures should be provided instead.

- Details of how the organisation meets the criteria outlined in these guidelines.

- 5.7 If an organisation in receipt of DRR ceases to meet the eligibility criteria outlined in this policy, it will cease to receive DRR. The Council will give such organisations twelve months written notice prior to the withdrawal of DRR.
- 5.8. The Council delegates the decision making power for Discretionary Rate Relief awards to the Head of Revenues and Benefits and the Section 151 Officer.
- 5.9 The initial recommendations to award or refuse a Discretionary Rate Relief top up will be made by the staff from the Business Rates section.
- 5.10 The granting of relief will be reviewed annually and those in receipt of DRR may be asked to supply or confirm relevant information for the purpose of the review.
- 5.11 Applicants will be informed in writing of the outcome of their application as soon as possible.
- 5.12 The granting of relief will be reviewed annually and those in receipt of Discretionary Rate Relief may be asked to supply or confirm relevant information for the purpose of the review.
- 5.13 The Council recognises that there will be occasions when the applicant body does not appear to satisfy the criteria generally applied but where the Council may choose to award relief. The Council has the ability to depart from its general policy as to granting relief if it sees fit to do so, taking into account the facts of each case and the interests of residents and Council Taxpayers.

6. HARDSHIP RELIEF

- 6.1 The Council has the power under Section 49 of the Local Government Finance Act 1988 to reduce or remit the Non-Domestic Rates charged in certain circumstances where the applicant organisation is enduring temporary financial difficulties. This is known as Discretionary 'Hardship' Relief.
- 6.2 The Council may grant Discretionary Hardship Relief if it is satisfied that:
- The ratepayer would sustain financial hardship if the Council did not do so, and,
 - It is reasonable for the Council to grant relief, with regard to the interests of its residents and Council Tax payers.
- 6.3 Discretionary Hardship Relief is a temporary measure which should not be used to artificially sustain a failing business. Discretionary Hardship Relief will be awarded where the applicant organisation is facing temporary financial difficulties and where the community would be significantly disadvantaged if the business were to close due to these temporary financial constraints.

- 6.4 When deciding to award hardship relief, as well as being confident that the organisation is experiencing hardship, the principal consideration will be that any relief is in the best interests of the taxpayers of Wirral as the Council must bear the cost of any relief granted.
- 6.5 Applicants will be encouraged to submit requests for Discretionary Hardship Relief through the use of an online Discretionary Rate Relief claim form.
- 6.6 Applications for Discretionary Hardship Relief be accompanied by full set of audited accounts relating to the two years preceding the date of application. Where audited accounts are not available for the current financial year, projected figures should be provided instead. It is recommended that applicant organisations submit audited accounts dating back further than two years, if such information is available.
- 6.7 Discretionary Hardship Relief is awarded as a temporary measure in accordance with the applicant organisations circumstances and the anticipated length of the financial difficulties.
- 6.8 The Council delegates the decision making power for Discretionary Rate Relief awards to the Head of Revenues and Benefits and the Section 151 Officer.
- 6.9 The initial recommendations to award or refuse a Discretionary Rate Relief top up will be made by the staff from the Business Rates section.
- 6.10 Applicants will be informed in writing of the outcome of their application as soon as possible.
- 6.11 The granting of relief will be reviewed annually and those in receipt of Discretionary Rate Relief may be asked to supply or confirm relevant information for the purpose of the review.
- 6.12 The Council recognises that there will be occasions when the applicant body does not appear to satisfy the criteria generally applied but where the Council may choose to award relief. The Council has the ability to depart from its general policy as to granting relief if it sees fit to do so, taking into account the facts of each case and the interests of residents and Council Taxpayers.

7. PART OCCUPATION RELIEF

- 7.1 Section 44(a) of the Local Government Finance Act 1988 enables the council to grant relief on business premises that are partly occupied, as long as this situation is for a short time
- 7.2 The length of this period is at the council's discretion and will be considered on the basis of each application for his relief.
- 7.3 The situation must be happening at the present time, so retrospective claims cannot be considered.

- 7.4 Applications for Part Occupied Relief can be made via the online Discretionary Rate Relief Form
- 7.5 Applications for Part Occupied Relief top up must be supported by, and include
- A plan of the property clearly marking the areas that are occupied and unoccupied.
 - The reasons why the property is unoccupied
 - A plan will also be required to show it is intended to bring the unoccupied part back into use and within what timescales.
- 7.6 The Council delegates the decision-making power for Part Occupied Relief awards to the Head of Revenues and Benefits and the Section 151 Officer.
- 7.7 The initial recommendations to award or refuse a Part Occupied Relief will be made by the staff from the Business Rates section.
- 7.8 Applicants will be informed in writing of the outcome of their application as possible.

8. SUPPORTING SMALL BUSINESS SCHEME

- 8.1. Within the Spring Budget on 8 March 2017 the Government announced further support to small businesses affected by the 2017 Revaluation; this is to be known as 'Support to Small Business' relief. This relief will help those ratepayers who as a result of the change in their rateable value at the revaluation are losing some or all of their Small Business Rates Relief and are facing large increases in their bills. For businesses that qualify their increase in rates will be limited to no more than £600 per annum.
- 8.2. The Council will make the award automatically without the completion of an application form. The award is for 5 years or until they reach the level of charges they would have reached without the scheme. This scheme has subsequently been extended for an addition year 2022/23.
- 8.3. A change of ratepayer will not affect eligibility for the scheme unless the property becomes vacant or occupied by a charity. Normal European State Aid de-minimis rules apply to the award.
- 8.4. Small Business Support will be awarded under Section 47 of the Local Government Finance Act 1988. The authority will be fully reimbursed for the costs of granting this relief under Section 31.

9. SUPPORT FOR LOCAL NEWSPAPERS

- 9.1. From 1 April 2017 the Government has provided funding to local authorities to provide a discount of £1,500 per year to office space occupied by local newspapers. The relief is specifically for local newspapers and is not available to magazines.

- 9.2. To qualify the property must be occupied by a local newspaper and wholly or mainly used as office premises for journalists and reporters. The amount of relief is limited to a maximum of one discount per newspaper title and per property.
- 9.3 The relief is fully funded by Central Government. This discount will cease at the 31st March 2025 unless extended by legislation.

10. 2022/23 RETAIL, HOSPITALITY AND LEISURE BUSINESS RATES RELIEF SCHEME

- 10.1 At the Budget on 27 October the Chancellor announced the introduction of a new business rates relief scheme for retail, hospitality and leisure properties. The 2022/23 Retail, Hospitality and Leisure Business Rates Relief Scheme will provide eligible, occupied, retail, hospitality and leisure properties with a 50% relief, up to a cash cap limit of £110,000 per business.
- 10.2 This is a temporary measure and only relates to rate liabilities for 2022/23 unless specifically extended and funded by central government.
- 10.3 We will continue to award reliefs based on the previous Extended Retail, Hospitality and Leisure Relief scheme for 2021/22 based on the government guidance until the 30 September 2022.
- 10.4 The value of discount will be as determined by the government and must be applied after mandatory reliefs and other discretionary reliefs funded by section 31 grants have been applied.
- 10.5 Where an authority applies a locally funded relief, for instance a hardship fund, under section 47 this must be applied after the Retail Discount.
- 10.6 The criteria for the relief has been outlined by the government as follows, the relief is subject to the £110,000 cash cap per business, the total amount of government-funded relief available for each property for 2022/23 under this scheme is:

a. For chargeable days from 1 April 2022 to 31 March 2023, 50% of the chargeable amount.

10.7 Eligibility for the Retail, Hospitality and Leisure Relief Scheme

Hereditaments that meet the eligibility for Retail, Hospitality and Leisure scheme will be occupied hereditaments which meet all of the following conditions for the chargeable day:

a. they are wholly or mainly being used:

1. as shops, restaurants, cafes, drinking establishments, cinemas or live music venues
2. for assembly and leisure; or
3. as hotels, guest & boarding premises or self-catering accommodation

We consider shops, restaurants, cafes, drinking establishments, cinemas and live music venues to mean:

i. Hereditaments that are being used for the sale of goods to visiting members of the public:

- Shops (such as: florists, bakers, butchers, grocers, greengrocers, jewellers, stationers, off licences, chemists, newsagents, hardware stores, supermarkets, etc)
- Charity shops
- Opticians
- Post offices
- Furnishing shops/ display rooms (such as: carpet shops, double glazing, garage doors)
- Car/ caravan show rooms
- Second-hand car lots
- Markets
- Petrol stations
- Garden centres
- Art galleries (where art is for sale/hire)

ii. Hereditaments that are being used for the provision of the following services to visiting members of the public:

- Hair and beauty services (such as: hairdressers, nail bars, beauty salons, tanning shops, etc)
- Shoe repairs/ key cutting
- Travel agents
- Ticket offices e.g. for theatre
- Dry cleaners
- Launderettes
- PC/ TV/ domestic appliance repair
- Funeral directors
- Photo processing
- Tool hire
- Car hire

iii. Hereditaments that are being used for the sale of food and/or drink to visiting members of the public:

- Restaurants
- Takeaways
- Sandwich shops
- Coffee shops

- Pubs
- Bars

iv. Hereditaments which are being used as cinemas

v. Hereditaments that are being used as live music venues:

- Live music venues are hereditaments wholly or mainly used for the performance of live music for the purpose of entertaining an audience. Hereditaments cannot be considered a live music venue for the purpose of business rates relief where a venue is wholly or mainly used as a nightclub or a theatre, for the purposes of the Town and Country Planning (Use Classes) Order 1987 (as amended).
- Hereditaments can be a live music venue even if used for other activities, but only if those other activities (i) are merely ancillary or incidental to the performance of live music (e.g. the sale/supply of alcohol to audience members) or (ii) do not affect the fact that the primary activity for the premises is the performance of live music (e.g. because those other activities are insufficiently regular or frequent, such as a polling station or a fortnightly community event).

2. We consider assembly and leisure to mean:

i. Hereditaments that are being used for the provision of sport, leisure and facilities to visiting members of the public (including for the viewing of such activities):

- Sports grounds and clubs
- Museums and art galleries
- Nightclubs
- Sport and leisure facilities
- Stately homes and historic houses
- Theatres
- Tourist attractions
- Gyms
- Wellness centres, spas, massage parlours
- Casinos, gambling clubs and bingo halls

ii. Hereditaments that are being used for the assembly of visiting members of the public:

- Public halls
- Clubhouses, clubs and institutions

3. We consider hotels, guest & boarding premises and self-catering accommodation to mean:

i. Hereditaments where the non-domestic part is being used for the provision of living accommodation as a business:

- Hotels, guest and boarding houses
- Holiday homes
- Caravan parks and sites

To qualify for the relief the hereditament should be wholly or mainly being used for the above qualifying purposes. In a similar way to other reliefs (such as charity relief), this is a test on use rather than occupation. Therefore, hereditaments which are occupied but not wholly or mainly used for the qualifying purpose will not qualify for the relief.

10.8 The list set out above is not intended to be exhaustive. However, it is provided by Government as a guide to the types of uses that is considers for this purpose to be retail. The Council will determine on a case-by-case basis whether particular properties/businesses not listed are broadly similar in nature to those above and, if so, to consider them to be retail. Conversely, properties that were not broadly similar in nature to those listed above will not be considered to be retail.

10.9 The list below sets out the types of uses that the government does not consider to be an eligible use for the purpose of this discount. Again, it is for local authorities to determine for themselves whether particular properties are broadly similar in nature to those below and, if so, to consider them not eligible for the discount under their local scheme.

i. Hereditaments that are being used for the provision of the following services to visiting members of the public:

- Financial services (e.g. banks, building societies, cash points, bureaux de change, short-term loan providers, betting shops)
- Medical services (e.g. vets, dentists, doctors, osteopaths, chiropractors)
- Professional services (e.g. solicitors, accountants, insurance agents/ financial advisers, employment agencies, estate agents, letting agents)
- Post office sorting offices

ii. Hereditaments that are not reasonably accessible to visiting members of the public

10.10 Retail discount relief will be awarded under Section 47 of the Local Government Finance Act 1988. The authority will be fully reimbursed for the costs of granting this relief under Section 31.

10.11 Businesses have right to refuse the grant by completing the relevant form.

10.12 Full details of the guidance to determine eligibility can be found [HERE](#)

11 Covid Addition Restrictions Fund (CARF)

- 11.1 On 25 March the Government announced a new Covid-19 Additional Relief Fund (CARF). The fund will be available to support those sectors which have not received business rates related support for Covid-19 to date. This was confirmed on 15 December 2021.
- 11.2 CARF is a discretionary award with each authority required to use their discretionary powers under section 47 of the Local Government Finance Act 1988 to distribute the funds. The scheme will apply to the 2021/2022 rating year only and Wirral Council has been allocated **£4.389M**.
- 11.3 This policy sets out the criteria under which businesses will qualify to make an application to the COVID19 Additional Relief Fund and the evidence required to support an application. This policy is aligned with the government guidance issued on 15 December 2021
- 11.4 The Government requires Local Authorities to exercise their local knowledge and discretion in distributing this relief and recognises that economic needs will vary. Although national criteria have been published local authorities will be able to determine which sectors or businesses will receive the relief and the value to be awarded.
- 11.5 The Government have suggested within the guidance that Local Authorities may wish to consider collaborating as they design their relief schemes to ensure there is consistency where they are working across a functional economic area. Wirral Council have consulted with colleagues in the Liverpool City Region, Knowsley, St Helens, Halton, Sefton and Wirral in developing this policy.

11.6 Scope and Eligibility

- 11.7 It is the responsibility of each individual authority for designing the discretionary relief schemes that are to operate in their areas. However, the guidance specifically states that local schemes:
- a. must not award relief to ratepayers who for the same period of the relief (e.g. for the period from the 1 April 2021 to the 31 March 2022) either are or would have been eligible for the Extended Retail Discount (covering Retail, Hospitality and Leisure), the Nursery Discount or the Airport and Ground Operations Support Scheme (AGOSS),
 - b. must not award relief to a hereditament for a period when it is unoccupied (other than hereditaments which have become unoccupied temporarily due to the government's advice on COVID-19), and
 - c. should direct their support towards ratepayers who have been adversely affected by the pandemic (in a way that prevents success or development; harmfully or unfavourably) and have been unable to adequately adapt to that impact.
 - d. the ratepayer has exceeded the subsidy control limits

- e. In line with the legal restrictions in section 47(8A) of the Local Government Finance Act 1988, billing authorities may not grant the discount to themselves or to a precepting authority.

11.8 In addition to the guidance provide by the government, Wirral Council in conjunction with other councils in the Liverpool City Region may not consider the following businesses as eligible for an award:

- a. Business properties which do not directly employ anyone e.g., parking spaces, advertising rights,
- b. Any business which cannot demonstrate that it has been significantly impacted by the pandemic.
- c. Public sector organisations which are funded by government grant
- d. Those businesses associated with gambling such as casinos and betting shops
- e. Any business premises which are used for personal use or storage only and is not considered to be trading.
- f. Banking and other financial institutions
- g. Whose business is predominantly online
- h. Those businesses which only supply storage facilities such as warehouses.

11.9 Eligible Business

11.10 It is intended that the relief scheme adopted will provide the maximum support to businesses whose main trading address is within Wirral Council area. This will provide valuable extra assistance to businesses in the Wirral, protecting jobs and enabling businesses to continue to trade.

11.11 In order to qualify for an award you the applicant must be the registered charge payer of the premises for which the application is made and occupying the property in Wirral Council area during the financial year 2021/22.

11.12 The premises must have been occupied from the 1st April 2021 and not have been unoccupied during the financial year 2021/2022 unless required to close under COVID restrictions.

11.13 The business must not be in one of the identified sectors which either from the government guidance or local conditions would not be considered for an award.

11.14 It is intended that this policy will support small and medium sized businesses who can clearly demonstrate that they have been adversely affected by the pandemic during 2021/2022.

11.15 Application Process

11.16 Businesses will need to complete an application form in order to be eligible for the relief. The application form will request sufficient information in order for a decision to be made on the relief to be granted which will include the following information requirements:

- a. The name of the business rate payer
- b. The business address
- c. Rateable value of the business
- d. Number of employees
- e. Percentage adverse effect of the pandemic on income for 2021/2022
- f. Accounts to support adverse effect.

11.17 Applications will need to confirm on the application they have not exceeded subsidy limits.

11.18 Amount of the award (Subject to ongoing modelling)

11.19 The CARF relief is a cash limited award which can be applied to business rates accounts for the financial year 2021/2022 only. The total amount received by Wirral Council is £4.389M and the total value of the reliefs granted cannot exceed this figure.

11.20 As the award will be specifically but not solely targeted at small businesses and subject to the overall funding available the value of the awards will be initially:

- a. Where the rateable value is £51,000 or below: 100% of net liability after the application of all other reliefs.
- b. Where the rateable value is £51,000 to £100,000: 75% of the net value outstanding after the applications of other reliefs to a maximum value of £50,000
- c. Where the rateable value is above £100,000: 50% of the net value outstanding after the application of other reliefs to a maximum of £50,000.*

11.21 For those businesses with a rateable value in excess of £51,000 who do not automatically receive 100% relief: may request further relief which will be considered on a case-by-case bases based on the available funding, the sector the business is in and the overall impact of COVID 19 on the business.

11.22 *The above maximum relief values may be amended dependant on the number of eligible applications received and the remaining funds available.

12 FREEPORTS

12.1 At the Budget on 3 March 2021, the government committed to creating 8 new freeports sites in England, where businesses would benefit from more generous tax reliefs, including business rates relief. The announcement confirmed that the following freeport sites in England were successful in their bidding process and the first freeports would begin operations from late 2021, subject to successfully completing the tax and customs designation processes and receiving approval on their business cases:

- East Midlands Airport, Felixstowe & Harwich, Humber, Liverpool City Region, Plymouth and South Devon, Solent, Teesside, and Thames.

- 12.2 Full business rates relief will be available to eligible business in these freeport tax sites in England, once designated. Relief will be available to all new businesses, and certain existing businesses where they expand, until 30 September 2026.
- 12.3 Relief will apply for five years from the point at which each beneficiary first receives relief. This means that if a business first received relief on 30 September 2026, the relief may be applied up to 29 September 2031.
- 12.4 Full details and the commencement date have yet to be finalised.
- 12.5 The Eligibility Principles – full details which properties will benefit from the relief can be found in the government guidance [HERE](#)

13 TRANSITIONAL RELIEF

- 13.1 The transitional relief scheme was introduced in 2017 to help those ratepayers who were faced with higher bills as a result of the revaluation. The scheme ends on 31 March 2022, as a result a small number of ratepayers would face a jump to their full rates bill from 1 April 2022.
- 13.2 At the Budget on 27 October 2021 the government therefore announced that it would extend the current transitional relief scheme and the supporting small business scheme for one year to the end of the current revaluation cycle. The scheme will restrict increases in bills to 15% for businesses with small properties (up to and including £20,000 rateable value) and 25% for medium properties (up to and including £100,000 rateable value).
- 13.3 As this is a temporary measure for 2022/23, the government is not changing the legislation around transitional relief. Instead, the government will, in line with the eligibility criteria set out in the guidance, reimburse billing authorities that use their discretionary relief powers, under section 47 of the Local Government Finance Act 1988, to grant relief.
- 13.4 Awards will be made automatically as part of the annual billing process, and full details of the scheme can be found [HERE](#)

14 SUBSIDY LIMITS

- 14.1 The government have confirmed in their guidance that discretionary relief to ratepayers is likely to amount to a subsidy. Any relief provided by Local Authorities will need to comply with the UK's domestic and international subsidy control obligations.
- 14.2 Further guidance has been provided by the government and can be accessed [HERE](#)

15 APPEALS

- 15.1 There is no statutory right of appeal regarding Discretionary Rate Relief decisions however the council will review decisions if requested to do so by the ratepayer.

15.2 Such a request should include the reasons for requesting the review and evidence in support of that request.

15.3 Such a request must be made within one calendar month of the date the original decision was issued.

15.4 The review will be carried out by officers of the Council who did not make the original decision.

16. INTEREST OF MEMBERS AND OFFICERS

16.1 Members and officers who have an interest in any aspect of an application for relief must not participate in the decision-making process and must declare their interest.

17. POLICY REVIEW

17.1 This policy will be reviewed on an annual basis and any amendments to the policy will be agreed by the Policy & Resources Committee.

17.2 The Council reserves the right to review and revise the policy at any time in response to new Government initiatives.

Medium Term Financial Strategy 2022-27
Wirral Council

Contents

Introduction	3
1. Executive Summary	4
2. Objectives, Principles and Assumptions	13
3. What is the Medium-Term Financial Strategy?	15
4. Report from Director of Resources and Section 151 Officer	19
5. Delivery of the Wirral Plan	22
6. How Services will Change	24
7. Forecasting the medium-term financial plan	38
8. Five-year Summary of Medium-Term Financial Plan	39
9. Context and Challenges	40
10. How we respond to Funding changes and compare to other Councils	44
11. Budget Process and Proposals	46
12. Financial Stability	47
13. Investment, Capital Programme and Borrowing	55
14. Capital Expenditure Borrowing	58
15. Risk Management	58
16. Asset Management Strategy	60
Appendix 1. Treasury Management Strategy	61
Appendix 2. Investment strategy	90
Appendix 3. Capital Financing Strategy	100
Appendix 4. Risk Register	118
Appendix 5. Reserve Strategy	120
Appendix 6. Strategies	130

Introduction

The Medium-Term Financial Strategy (MTFS) is a core document in our financial planning activity, this document sets out the strategy of how all the business strategies link to the Wirral Plan 2026 (Wirral Plan), the financial scenarios supporting these strategies and the delivery of our long-term objectives.

Links are also made in the Council policies to the organisation's financial context via the Capital Programme and Treasury Strategy, through to the annual budget and the Medium-Term Financial Plan (MTFP), that demonstrates the financial resilience of the Council. The MTFP is a summary document of the revenue budget incorporating the deliverables of the strategies by Directorate, the amount of funding available; including financial pressures and saving the Council are experiencing.

The aim of the MTFS is to consolidate the considerations that form the financial position of the Council including its financial sustainability and resilience over the medium term in the deliverability of the Wirral Plan. Ensuring objectives and policies are balanced against resource constraints as part of the decision-making process required in financial planning to ensure that only beneficial outcomes are resourced in line with the Wirral Plan.

A key part of the MTFS is to highlight the budget challenges that will need to be addressed by the Council over the coming financial years. This is achieved by forecasting the level of available resources from all sources and budget pressures relating to both capital and revenue spending. It assesses what reserves and provisions need to be held for past and unknown events which may impact on the Council's resources.

This document will ensure that the budget is prepared in line with strategic aims, the Wirral Plan and Council priorities, covering a period of five years 2022-2027. It demonstrates the pressures in balancing the budget and what budget gap the Council must address whilst identifying sustainable and alternative sources of income. It also provides information on the Council's asset management programme.

It is clear that services in their current form are unaffordable and will need to change.

1. Executive Summary

Key Principles of the Medium-Term Financial Strategy:

The Council will:

1. Set fees and charges commensurate with a going market rate for the services we provide and make concessions available for vulnerable groups.
2. Set spending levels for services not higher than the Metropolitan average to ensure we can demonstrate value for money for resident funding, unless there are exceptional circumstances.
3. Ensure a digital first approach and review all services to ensure we are making full and immediate use of digital capacity and automation.
4. Ensure that our non-statutory services are not subsidised at the detriment of statutory services, unless an evidenced return on investment is demonstrated.
5. Ensure our establishment is at the required level for the services we need to provide and where it needs to be reduced, we will attempt to redeploy staff or provide opportunities for staff to exit the organisation voluntarily before making any compulsory redundancies.
6. Only allocate resources to the themes in the Wirral Plan and where beneficial outcomes can be evidenced.
7. Provide opportunities for communities to engage in where we allocate our resources whilst being clear and realistic about affordability.
8. Consider a range of delivery mechanisms for providing services appropriate to the most beneficial outcomes for communities.
9. Aim to promote and stimulate strong and sustainable growth to generate future income flows.
10. Support trusted partners by leveraging external funding and, within risk-based controls, use the council's covenant strength to enable regeneration.
11. Within 2 years build up and maintain its general fund balances at 5% of its net revenue budget and will maintain a suite of earmarked reserves that will be used for specific projects to support the key priorities and safeguard against financial risk.
12. Not use any one-off Council funding to underpin the revenue budget.
13. Recognise the impact of council tax increases on the public and consider this alongside the annual budget setting process.
14. Ensure that expenditure is contained within the budget envelope and where unforeseen circumstances result in a risk that expenditure will exceed the budget envelope, produce immediate plans to bring it back in line.

1.1 Developing a financially sustainable strategy

Wirral Council faces significant financial resilience challenges including the need to bridge an emerging structural deficit in the face of continuing operational pressures. This structural deficit will challenge the Council, its members and officers in achieving the deliverability of its strategies including the outcomes from the Wirral Plan. A structural deficit is a natural inbuilt negative imbalance between income and expenditure that requires to be equalised through a strategic response by way of a recalibration of spend and income. Typically, this can exist over a period of time through additional cost pressures and/or funding reductions arising in real terms.

The leadership team, statutory officers and the Chief Executive are aware how difficult it can be facing the reality of difficult decisions. Members will be provided with honest and well-informed facts. We will provide advice to members to ensure they are fully aware of the difficulties we are facing and the risks surrounding financial sustainability.

I acknowledge that all of this brings implications to our residents and business across the borough, and I will look to minimise any impact on statutory services were possible.

Critical to this approach is the delivery of clear and accurate information and advice that will help enable members to make the optimal decisions that will secure financial sustainability.

Members through the service committees and ultimately to a finance sub-committee of the Policy and Resources will prioritise the delivery of essential services, balance the budget and work to achieve cross party consensus in their decision making to ensure our residents welfare is at the fore of these decisions, in parallel and fully consistent with, the financial and operational future sustainability of the Council.

The MTFs strategy continues to be a challenging endeavour. Population growth and inflation causes costs to increase over time, but in a largely predictable way, however, the impact of COVID-19 has presented an unprecedented impact on the Council's operations with long-lasting affects anticipated. Net Council spend has increased and with no medium to long term settlements from government having occurred in recent years. The announcement that a multi-year settlement will be in place for 2022/23 onwards clearly is positive in allowing the Council to plan.

Irrespective of the difficulties being faced, strategic planning is required to develop Council policies and areas for improvement and provides the framework for budget provision. The aim of the medium-term financial strategy (MTFS) is to consolidate factors affecting the financial position and financial sustainability of the Council across the medium term, providing the basis for sound decision making.

This strategy is estimating growth in local housing in line with the local plan as required by Government. To ensure we do not over rely on the growth in housing to support budgets a prudent approach to the levels of new housing in the borough has been taken and reflected in the increase in Council Tax.

The medium-term financial plans as set out in section 8 currently show we have achieved a balanced budget for 2022/23 with a surplus of £0.44m which will transfer to

the General Fund Reserve. However, we are facing a budget gap for each further year to 2027. A number of saving and pressures are being consulted on. The latest position at the time of writing, subject to member decisions and the consultation, is showing the following.

Financial Years	22-23 (£m)	23-24 (£m)	24-25 (£m)	25-26 (£m)	26-27 (£m)
INITIAL REVENUE BUDGET REQUIREMENT	329.40	330.13	343.33	354.72	362.41
Removal of one-off items from 21/22:	-6.55	0.00	0.00	0.00	0.00
Pressures to be approved:	25.56	17.75	14.32	12.35	14.44
Savings to be approved:	-18.29	-4.55	-2.93	-4.66	-4.62
REVISED REVENUE BUDGET REQUIREMENT	330.13	343.33	354.72	362.41	372.23
FUNDING	-330.57	-335.13	-336.82	-344.97	-353.18
BUDGET GAP before saving and pressures above	-7.72	-5.00	6.51	9.75	9.23
BUDGET GAP to be closed if saving and pressures approved	-0.44	8.20	17.90	17.44	19.05

It is important at this stage to note that we are still awaiting final confirmation of the financial settlement from central government on funding. Members are to approve recommended saving and pressures to balance the budget.

1.2 Wirral Plan and MTFS

The Wirral plan has been produced against a backdrop of the ongoing COVID-19 pandemic and it would be remiss of us not to highlight the tragic impact that the last year has had across our Borough. Families have lost loved ones; businesses have struggled, and jobs have been lost. Many people have struggled financially, mentally and in lots of other ways. The pandemic has highlighted long-standing issues and inequalities that must be tackled to ensure that every neighbourhood and every community across the Borough benefits from the recovery to come.

As a Borough, we will support each other to be a better Borough for all.

We've seen communities showing strength and determination not to let people down by coming together, families. The Wirral plan was already working to do this before the Pandemic and now this has strengthened that Plan.

The Council has adapted its services to meet this challenge, it has exposed existing unacceptable socio-economic and health inequalities in our Borough, which with the MTFS and Wirral Plan we will tackle.

The Wirral Plan and the MTFS will ensure that we:

- Have the health of our residents is at the heart of what we do
- Our Children are a priority to us
- We will make Wirral a place people are proud to live
- We will tackle inequalities
- We will safeguard and make our communities pleasant places to live
- We will build a sustainable environment

To do this the strategic planning requires recognition of the financial, operational and societal context being faced by the Council now and likely to be faced in the future. Wirral is the second largest Council in the Liverpool City Region, with a population of 322,796. Our gross spending is expected to exceed £633.38m in 2022/23 and this includes capital spending and costs funded direct from government grants such as Dedicated Schools Grant. Net spending for 2022/23 (that which is funded from Council Tax, Business Rates and un-ringfenced government grants) is approximately £330.13m.

Before the impact of COVID-19 it was already clear that the Council would have to make changes to the way services are delivered as large financial gaps were evident in the Medium-Term Financial Strategy (MTFS) 2021 to 2026. In producing the MTFS for 2022 to 2027 the Council's focus is on financial sustainability and growth in reserves, the implementation of recovery plans and the use of local resources to address demand for services,

COVID-19 continues to have a significant impact on the Council, Wirral residents and businesses. The challenging and dynamic situation saw rapid adaptation and the need to take significant and immediate decisions on a day-by-day basis in an unprecedented context.

This included the continued delivery of many local services, and the identification of which services should pause without negatively impacting the community – enabling the redeployment of staff and prioritisation of resources. Large numbers of staff started working from home, other critical and frontline workers were not able to do so - they quickly established how to continue their roles under strict social distancing rules. Members of the community started shielding, needing additional support. Managers had to swiftly adapt to leading 'blended' virtual teams and to respond to huge volumes of (regularly updating) government guidance.

Our workforce has played an important role in the response to, and recovery from, the pandemic, learning new skills and developing new capabilities to keep our communities safe. There remains an appetite to do more than just recover, and that is to renew, much has been learnt during this time that needs to be reflected upon and given due consideration. Returning to a pre-COVID state is not going to be the reality for most.

We must also recognise that the challenges to our communities continue, and we must plan how we will continue to support our residents and businesses as we learn to live with Covid. With fluctuating and increasing levels of infection, our continued response will remain critical to controlling the spread and impact of COVID, as well as the longer-term affect to health inequalities.

Whilst financial support has been provided to the Council, the challenges to the borough continue to exceed the additional investment provided.

1.3 Medium term financial pressures

The Change Programme and new operating model are one element key to managing the pressures set out below and the need to release cashable saving in the short term needs to ensure they are both aligned.

Of the Council's net budget circa 61% is allocated to providing support for services to Adults and Children based services, which are demand-led and becoming increasingly complex. The delivery of the Local Plan brings significant increases in new homes and businesses along with additional challenges for our key services such as increased waste collection and disposal and highway maintenance, which will all increase pressure on finances, whilst bringing about opportunities for growth in services and businesses in the borough.

Further financial pressure is presented from inflation in the Council's contracts and pay costs, which must be managed through efficiencies, savings and income streams.

Approximately 49.3% of the Council's net budget is funded from Council Tax which is significant when compared to central government support of 24.8%. The funding settlement from the Government has not reversed this position. Growth in demand for services must therefore be largely funded locally, and this creates a requirement to continue to increase council tax levels in line with government provisions. In recent years, the Council has increased council tax to specifically fund the pressures in Adults' and Children's Social Care to help keep up with the demand in these vital services, which is expected to continue.

1.4 Creating stability

To provide the best opportunity to deliver the Wirral Plan, and manage the ambitions of the area, the Medium-Term Financial Strategy reflects a structural deficit which will, through the Wirral Plan and key principles of this strategy, generate year on year a balanced position.

There are risks associated with the deliverability of the Wirral Plan and the pressures of achieving a balanced budget year on year. This is being monitored and the implications of any adverse impacts on the Wirral Plan due to reductions in revenue spending are being observed.

The key components of the MTFs are:

- Ensuring we deliver cost-effective service provision that, through efficient development and management, will achieve value for money for residents. Reducing inefficiencies is the primary approach to balancing the financial position, whilst incorporating consultation responses to inform priority areas of spend.
- Addressing increasing demand, particularly within social care, through management of associated budgets which is supported by the utilisation of technological improvements.
- Council tax will increase in line with provision made by government and any permitted precept increase in Adult Social Care to be borne by the council taxpayer will be maximised.
- The Council Tax Support Scheme will be utilised to protect families on low incomes from council tax increases.
- Inflation pressures relating to pay, contracts and demand for services of circa £26m will be managed through the annual budget setting cycle.
- Expenditure will increase in front-line services to reflect demand from local people and businesses.
- Efficiencies and savings required over the medium term will be rigorously managed and monitored in directorate budgets and the impact on operations and workforce managed accordingly
- Economic recovery will be supported through continued investment on development and regeneration activities via the use of external funding, capitalising salaries and flexible use of capital receipts.
- Reserves will be increased to provide enhanced financial resilience.

1.5 Material financial changes from 2021/22

Although subject to final confirmation of the Local Government Finance Settlement, funding is currently estimated to be £330.57m and this change of £1.2m from 2021/22 is as follows:

- Growth in Council Tax base plus inflation (+£4.77m)
- Social care precept (+£1.58m)
- Increase in New Homes Bonus (+£0.26m)
- Business Rates (+£2.09m)
- Increase in Social Care Grant (+£5.13m)
- Decrease in Covid funding (-£10.0m)
- Decrease Exceptional Financial Support (-£10.7m)
- Capital Receipts (+£2.58m)
- Council Tax Collection Fund Contribution to deficit (-£3.08m)
- Local Government Support Grant (+£1.73m)
- Lower tier funding increase (+£0.03m)
- New Services Grant (+£5.62m)
- New Market Sustainability and Fair Cost of Care Fund (+£1.22m)

Net expenditure is estimated to increase by £0.73m from the 2021/22 base across each of the Council's Directorates, after identified (but not approved) savings and pressures.

1.6 Capital budget

The estimated next five years of capital programme includes investment plans of approximately £162m. Funding is made available through a mix of grants, contributions from other external partners and Council resources.

The forecast funding sources to 2026/27 are:

- Government grants (£69m / 42%)
- Borrowing, capital receipts or revenue contributions (£93.6m / 57.5%)

Expenditure is estimated in the following areas:

- Adult Care & Health – Schemes include Extra care Housing and Telecare & telehealth Ecosystem.
- Children, Families & Education – Schemes include School Condition/Modernisation, School Place Planning, Basic Needs & High Needs Capital provision.
- Neighbourhoods - Funding allocated to West Kirby Flood Alleviation, Parks Machinery & Vehicles, Combined Authority Transport Plan and Urban Tree Challenge.
- Regeneration & Place – planned projects include Future High Streets – Birkenhead, Maritime Knowledge Hub, Building Health & Safety and Future High Street – New Ferry.
- Resources – approved schemes include Enterprise Resource Planning System and Customer Experience Improvement Project.

In addition to these known investment plans, a number of further schemes, with an estimated expenditure of £98m, are included with the forecast programme; these projects will only commence on completion of detailed business cases, requisite approval and when funding for these projects is secured and confirmed.

New capital requests should be prioritised for schemes relating to the following:

- Essential Health and Safety/Disability Discrimination Act schemes.
- Invest to save schemes, including those developed with the intention of avoiding future cost pressures.
- Those considered to be of a strategic nature, as agreed with the Investment and Change Board.
- Those that support the Council's Climate Emergency Action Plan following the declaration of a Climate Emergency by the Council in May 2019
- Schemes that reflect Council priorities that could have wider economic benefits, benefits for the community or wider benefits that link in with the Wirral Plan.

1.7 Reserves

The Council holds the third lowest of all Councils general fund reserves in the Liverpool City Region as funding has been utilised to support and maintain services in recent years. Reserves are retained to enable the Council to ensure it can protect the financial sustainability of the Council, should any unforeseen circumstances with a financial impact arise. The approach to increase general fund reserves (General Fund and Earmarked Reserves) to a level of 5% of the net revenue budget over the period of the MTFs, is a key component of the MTFs. In 2021 as part of the external audit, the auditor's opinion commented on the insufficiency of reserves, and this approach seeks to remedy this.

The Council is planning to uplift reserves over the medium term for several main purposes:

- General reserves will be held to manage in-year risks and opportunities across the medium term, they will be increased in the next annual budget cycle and continue to increase over the medium term to provide financial resilience in recognition of the fact that forecasts in later years may be subject to change.
- Earmarked Reserves will facilitate proactive management of the Capital Programme and the Collection Fund and reduce annual impact of risks associated with them.
- Earmarked Reserves will be used to support service development and modernisation during the life of the MTFs, allowing the smoothing of costs across years.

Council reserve strategy provides more detail of the reasons for holding General Fund and Earmarked Reserves at these levels, including expected increases in future years.

1.8 How the Council responds to its residents/communities/businesses

The annual budget process and subsequent report reflects the Council's ongoing commitment to transparency, engagement and consultation.

The consultation process demonstrates that we have listened and learned from residents and stakeholders through consultations and feedback, taken into account their views and prioritised our funding aligned to the Wirral Plan. The stakeholder engagement process included:

- An appropriate timescale that supported the development and sharing of draft Budget ideas. Regular elected Member involvement through workshops, meetings and briefings.
- Stakeholder engagement to gather feedback.
Effective internal challenge processes including staff and trade union briefings.

1.9 Local Government Finance Settlement

The final Local Government Finance Settlement was published on the 16th December 2021, subject to consultation. Following the detailed information received and analysed, budget proposals have been updated.

1.10 Improvements

The Medium-Term Financial Strategy also includes a plan to review and improve the way the council delivers its services including proposed reviews of the council's estate, improving customer services and increasing income. Furthermore, the Treasury Management Strategy, Capital Strategy, Investment Strategy and Reserves Strategy, provide a framework to support achievement of the Corporate Plan by:

- Investing to achieve financial returns
- Investment in Wirral Waters and Birkenhead District including other areas of the Borough to provide improved living and working environments.
- Providing opportunities for commercial development that supports outcomes and provides financial returns.
- Maintaining adequate reserves to manage financial risks and prevent short term deficits.
- Ensure it has an appropriate approach to borrowing.

The combination of the strategies provides longer term financial stability, whilst also allowing the Council to react to market conditions and maintain a balanced approach to managing investment opportunities and risks. The Council continues to review the arrangements in relation to the Council's wholly owned companies to ensure they deliver the maximum benefit to the Council and the Borough.

2. Objectives, Principles and Assumptions

The Council, as part of setting the MTFs and budgeting principles, has set out its principles and key objectives which ensure we build a financially robust, longer-term sustainable financial position for the Council to then go forward and deliver its policies alongside the Wirral Plan.

These principles and objectives have been laid before members and are the underlying drivers to ensuring that an appropriate budget can be set and will remain balanced.

2.1 Objectives

1. To produce a balanced budget and MTFP.
2. To prioritise statutory services and objectives in line with Wirral Plan.
3. Where non-statutory services are not supporting statutory services. these will be delivered only where there is no net cost to the Council.
4. Strengthen our reserves to ensure we have funds for the future to support the Wirral Plan.
5. Strengthen our approach to corporate risk.

2.2 Principles

1. Set fees and charges commensurate with a going market rate for the services we provide and make concessions available for vulnerable groups.
2. Set spending levels for services not higher than the Metropolitan average to ensure we can demonstrate value for money for resident funding, unless there are exceptional circumstances.
3. Ensure a digital first approach and review all services to ensure we are making full and immediate use of digital capacity and automation.
4. Ensure that our non-statutory services are not subsidised at the detriment of statutory services, unless an evidenced return on investment is demonstrated.
5. Ensure our establishment is at the required level for the services we need to provide and where it needs to be reduced, we will attempt to redeploy staff or provide opportunities for staff to exit the organisation voluntarily before making any compulsory redundancies.
6. Only allocate resources to the themes in the Wirral Plan and where beneficial outcomes can be evidenced.
7. Provide opportunities for communities to engage in where we allocate our resources whilst being clear and realistic about affordability.
8. Consider a range of delivery mechanisms for providing services appropriate to the most beneficial outcomes for communities.
9. Aim to promote and stimulate strong and sustainable growth to generate future income flows.
10. Support trusted partners by leveraging external funding and, within risk-based controls, use the councils covenant strength to enable regeneration.
11. Within 2 years build up and maintain its general fund balances at 5% of its net revenue budget and will maintain a suite of earmarked reserves that will be used for specific projects to support the key priorities and safeguard against financial risk.
12. Not use any one-off Council funding to underpin the revenue budget.

13. Recognise the impact of council tax increases on the public and consider this alongside the annual budget setting process.
14. Ensure that expenditure is contained within the budget envelope and where unforeseen circumstances result in a risk that expenditure will exceed the budget envelope, produce immediate plans to bring it back in line.

2.3 Assumptions

The table below summaries the key assumptions in the development of the MTFP. Note negative figures are a reduction.

Description	2022/23	2023/24	2024/25	2025/26	2026/27
Council tax inflation %	1.99%	1.99%	1.99%	1.99%	1.99%
Social Care Precept %	1.00%	1.00%	1.00%	1.00%	1.00%
Council tax growth - volume (Band D equivalents)	974	301	349	435	601
Collection fund short fall (£m)	3.08	-0.58	-3.49	0.00	0.00
New homes bonus %	143%	0%	0%	0%	0%
Social Care Support Grant (£m)	5.17	0.00	0.00	0.00	0.00
Inflation index (CPI) on budgets %	0% (excluding contract specific inflation)				
Inflation index (RPI) on budgets %	0% (excluding contract specific inflation)				
Pay award %	3%	2%	2%	2%	2%
Pension Contribution incremental increase %	0	0	0	0	0
Past service costs %	0	0	0	0	0
Investment rates %	0.75%	1.00%	1.25%	1.50%	1.75%
Borrowing Long Term (avg) %	4.29%	4.04%	4.05%	4.10%	4.06%
Borrowing Short Term (avg) %	0.50%	0.75%	1.00%	1.25%	1.50%

3. What is the Medium-Term Financial Strategy?

- 3.1 The MTFFS is intended to provide a robust, consistent and sustainable approach to establishing and maintaining a stable and prudent financial basis on which Wirral Council's services can operate. It sets out a broad framework for the Council's future budget and a proposed approach to budget planning. The Council is facing a challenging financial future. Setting budgets will be challenging and will require tough choices to be assessed and difficult decisions to be made. This is not specific to Wirral, as all other Councils across the country are assessing the services they provide to ensure that only functions that generate the most beneficial outcomes are resourced. In the period 2022-2027, the Council faces continued financial constraints alongside opportunities and uncertainties in respect of the Government's levelling-up agenda.
- 3.2 The Council is striving to deliver the best for residents against a background of challenging circumstances inclusive of uncertainty and additional financial pressures. A balance is required to manage the impact of short-term decisions with the financial envelope and make choices which are both sustainable and balanced across the borough. The MTFP must be achievable through recognising and managing future pressures and how the council will redesign to a new model of operation to ensure its objectives can be achieved.
- 3.3 This strategy supports the delivery of the [Wirral Plan 2021-26](#) It shows how our finances will be structured and managed to ensure that they meet future financial challenges, as well as supporting delivery of our strategic priorities across the borough. Each year there is the short-term requirement to prepare an annual Budget and set the Council Tax. The achievement of Wirral Council's long-term objectives however, with the planning of new initiatives, capital developments and the allocation of resources in Wirral Plan priorities and changing service needs, requires service and financial planning to be undertaken over more than one year, via a strategic framework.

STRATEGIC FRAMEWORK

UNDERPINNING ACTIVITIES

MTFS
Strategic Recovery
Change Programme

Wirral Plan
Provides the high level priorities for Wirral over the next 5 years.

Annual Business Plan
The Council's delivery plan – outlining key priorities and setting delivery standards/ objectives.

Delivery Plans
Based on the themes of the Wirral Plan, these individual set of plans set out the finer delivery detail of the Corporate Plan objectives.

Directorate Plans

- Cross Cutting Strategies**
- | | |
|--|---|
| <ol style="list-style-type: none"> 1. Local Plan 2021 – 2037 2. Health Inequalities Strategy 3. Healthy Wirral Plan 4. Prevention & Early Intervention Programme 5. Community Wealth Building 6. Economic Strategy | <ol style="list-style-type: none"> 7. Affordable Housing Plan 8. Homelessness & Rough Sleeping Plan 9. Active Travel Strategy 10. Neighbourhoods Model 11. Climate Emergency Plan 12. Digital Strategy 13. Community Safety Strategy |
|--|---|

- Governance**
- | | |
|---|--|
| <p style="text-align: center;">Operational Performance Board</p> <ul style="list-style-type: none"> ▪ Monitors delivery of the Wirral Plan ▪ Reviews Directorate performance ▪ Oversees revenue budget monitoring ▪ Reviews progress against efficiency targets and in-year budget options | <p style="text-align: center;">Investment & Change Board</p> <ul style="list-style-type: none"> ▪ Reviews business cases for new projects/ investment ▪ Monitors progress against delivery of change projects ▪ Oversees major investments ▪ Reviews performance of the capital programme |
|---|--|

Performance Management Framework

3.4 The MTFS looks to take into account the longer-term implications of the following:

- Creating a financially sustainable medium to long-term future;
- Income - forecast future income levels;
- Expenditure - forecast service pressures as a result of the impact of demographic and other changes on service demands;
- Align the Wirral Plan, MTFS and other strategies to maximise the effectiveness of the financial resources available fairly across the borough;
- Planning- provide a financial framework within which business planning can proceed effectively; and
- Prioritise statutory services.

In addition to the Budget the major strategy documents supporting the MTFS are:

- The Wirral Plan 2026.
- The Annual Business Plan (available November 2021)
- Capital Strategy including the capital programme.
- Asset Management Strategy.
- Treasury Management Strategy.

Appendix 6 includes links to other strategies for information purposes.

3.5 The Wirral Plan 2026: a Plan for the Borough

We are working across the Wirral Partnership about the future joint priorities to deliver the Wirral Plan. The Council and our partners agree that we can only achieve our goals by working together, and that the Partnership has a unique strategic role in shaping Wirral as a place.

Our partners are working with us and have a strong appetite across the public, private and voluntary sectors for a shared strategic plan that supports collective ambitions. To ensure we get the best value of money, the services required for our residents and businesses, we continue to review our Partnership arrangements to ensure that we further build on our excellent partnerships and networks to support delivery the Wirral Plan. The delivery plan is a live document that can be updated as and when necessary, to ensure that The Wirral Plan 2021-26 remains agile and is ready to respond to challenges and opportunities as they arise.

Wirral's Partnership arrangements are also being reviewed to reflect national changes for NHS reforms. This includes proposals for local Integrated Care Partnerships Systems and Partnerships (ICS and ICPs) from April 2022, as part of the Health and Care Bill.

New Partnership arrangements will support delivery of the Wirral Plan and provide strategic vision, shared leadership and coordination of local networks in order to improve Wirral and the population health outcomes of its residents in line with the Health and Care Bill requirements. This sets out two key components to enable Integrated Care Systems to deliver their core purpose, including:

- strong place-based partnerships between the NHS, local councils and voluntary organisations, local residents, people who access services, leading the detailed design and delivery of integrated services within specific localities, incorporating a number of neighbourhoods; and

- provider collaboratives, bringing NHS providers together, working with clinical networks and alliances and other partners, to secure the benefits of working at scale.

Integrated Care Systems will play a critical role in aligning action between partners to achieve their shared purpose, to improve outcomes and tackle inequalities, to enhance productivity and make best use of resources and to strengthen local communities, with four aims to:

- improve outcomes in population health and healthcare.
- tackle inequalities in outcomes, experience and access.
- enhance productivity and value for money.
- help the NHS support broader social and economic development.

New Partnership arrangements to support delivery of the Wirral Plan will have a stronger Place-based focus. This will help to better align our collective resources more efficiently, including commissioning of NHS and local government services around shared objectives and outcomes, involving relevant partners, people and communities. The Council and local NHS organisations will work in partnership to develop measures of success for Wirral's Integrated Care Partnership, so that the local system can track the benefits to be achieved from implementing the new legislation and policy guidance creating new ways of working.

3.6 Annual Delivery of Plans and MTFS

These set out how the Wirral Plan will be delivered through a range of strategies and supporting actions. The Business Plans set out how financial resources will be aligned to deliver the Wirral Plan priorities.

4. Report from Director of Resources and Section 151 Officer

- 4.1 Under Section 25(1) of the Local Government Act 2003, I am required to report on the robustness of the estimates in the budget and the adequacy of the proposed reserves. The Council must have regard to this report when making decisions in respect of the budget. The financial impact of COVID-19 has been significant. In May 2020 the initial financial forecasts presented a significant concern to the Council, when estimates identified a shortfall between the costs of responding to the pandemic locally and the level of resources and reserves available. This concern was raised with members, and suitable reassurances were required from DLUHC that this was being addressed, but significant risk still remains.
- 4.2 The Council worked with the Local Government Association, Liverpool City Region and other partners to liaise with government departments on the additional costs and lost income linked to responding to and recovering from the pandemic. The Government responded with varied funding support packages and guidance and importantly the successful support through the capitalisation directive for the years 2020 to 2022.
- 4.3 Throughout the crisis the Council has put the safety of people first and worked closely with communities, service providers and businesses to ensure that recovery from the pandemic can be effective.

Financial support from Government in relation to COVID-19 continues, but by August 2021 it already totalled commitments in excess of £261m.

- £166.9m Passported to businesses, residents and communities in the borough
- £75.2m Council utilised to support vital services, protect residents and communities
- Partially passported £18.8m to businesses, communities and utilised by the Council

This is provided in the form of reliefs and grants for local businesses, support for care homes, vulnerable people, and those on low incomes in the community. Additional support has been provided to the Council in respect of its income losses through the Sales, Fees and Charges compensation (SFC) grant, and additional expenditure relating to managing the outbreak.

- 4.4 This response has alleviated the position where resources were initially absent. The full financial impact of COVID-19 is expected to be felt for many years, and a more sustainable level of services and funding must be established. Members should continue to be alerted to the fact that the MTFS 2022 to 2027 recognises that COVID-19 related costs may require local funding. In each of these areas the Council will be required to use Earmarked Reserves exclusively for the purpose they are earmarked to manage the impact over time, and not to fund budget gaps which is of course not sustainable.

4.5 Robust Estimates

The process to produce the Council's Medium-Term Financial Strategy for 2022 to 2027 engaged a wide array of stakeholders throughout 2021/22. This process included workshops and meetings with elected members and staff of the authority, alongside engagement with businesses and partners through consultation.

All material changes proposed for the 2022/23 budget are backed with appropriate business cases and equality impact assessments where appropriate.

The MTFs and MTFP is impacted by the financial performance of the Council's balance sheet, forecasted revenue, capital positions and performance within the 2021/22 financial year, which continues to be extremely challenging to predict during the recovery stages of the COVID-19 pandemic.

The areas identifying significant financial pressures include Adult Social Care costs, Childrens' services, waste levy costs, Merseytravel levy, cost of capital borrowing.

- 4.6 The adequacy of reserves is set out in the Reserves Strategy; this provides information on the impact of the MTFs on the Council's reserves. In considering the reduction over previous years in respect of reserves held and the subsequent determination to build reserves in the future we have worked with CIPFA to identify approaches whilst protecting our essential services.

It remains clear that Wirral's useable reserves (Earmarked and General Fund) have been low compared to other similar authorities at only 18.7% of the net revenue budget at 31 March 2021 (excluding Covid reserves). A key priority of the Council is to build up resilience in its reserves and have a clear strategy that supports this strengthening.

- 4.7 Achieving spending in line with the 2021/22 budget will not increase the risks associated with relatively low reserve balances, but the aim is to reduce those risks by increasing reserves over a number of years. Any overspending would have a direct impact on reserves unless underspends elsewhere could be utilised subject to appropriate approval. Eliminating overspending on services is essential to the management of the MTFs.
- 4.8 General Fund reserves are due to increase if savings and pressures are achieved over the next five years to 5% of the estimated net budget by 2026/27. This is reflective of the annual budget position whilst recognising that forecast spending in later years of the MTFs may be subject to change, based on new/emerging information. This revised level of reserve funding is still considered low and needs to be further built up to provide robust financial protection for the future amidst uncertainties and potential material financial impactful situations not directly planned for.
- 4.9 Earmarked reserves will be required during the next five years to support operations including the Capital programme and Collection Fund. This approach is strategic, but ultimately not sustainable in the long-term. It reflects potential year-on-year variations that can occur in these budgets without incurring the potential negative impacts on services in one year which may be unnecessary in another. Capital Receipts will also be used to support one-off transformation activity in line with government guidance. This is confirmed, and not speculative, but again is a clear indication that one-off funding will be used to sustain the MTFs, however this is to be minimised wherever possible.

4.10 Reserves levels are to provide financial sustainability within this five-year strategy, with a recognition that there is virtually no scope for variation on savings plans without alternative matching proposals coming forward to retain the balanced position.

Group Companies

4.11 The Council group structure and the companies that are operational are monitored through a number of structured boards. The viability of these companies is regularly assessed, and any support is provided based on sound evidence. Members and Officers sit on these boards and members are provided with all the relevant information to allow them to make informed decisions. External advice on complex structures is taken as required to minimise the risk to the Council and its reserves.

Continued Improvements

4.12 The development of the new operating model and the developments through the change programme need a more stable member and officer platform to ensure they are delivered. A proposed change in the electoral cycle would significantly help in the decision making of members and save on finance resources whilst changing how services are delivered.

4.13 Conclusion

The involvement of members and officers in this planning process and their determination to develop appropriate and workable budget proposals continues. I can report that the proposed financial plan presents a robust set of forecasts, subject to the achievement of financial proposals that have been identified by the services.

Based on my assessment of the risks the Council is able to articulate at this point in time, I am satisfied that the Reserves Strategy presents an appropriate growth position to ensure we are able to manage risks as part of a Medium-Term Financial Strategy. To ensure compliance to the Financial Management Code a longer-term approach will be guided by a robust rolling financial resilience assessment.

I will monitor the impact of the closure of the 2021/22 financial year, and review in-year performance, to inform timely updates over the medium term.

Shaer Halewood
Director of Resources and Section 151 Officer

5. Delivery of the Wirral Plan

The Council is striving to deliver the best for residents against a background of challenging circumstances of uncertainty and additional financial pressures. Choices will be available and difficult decisions will have to be made as part of budget setting and the delivery of the Medium-Term Financial Strategy (MTFS); balancing the impact of short-term decisions in order to align to the financial sustainability of the Council will be key in this process.

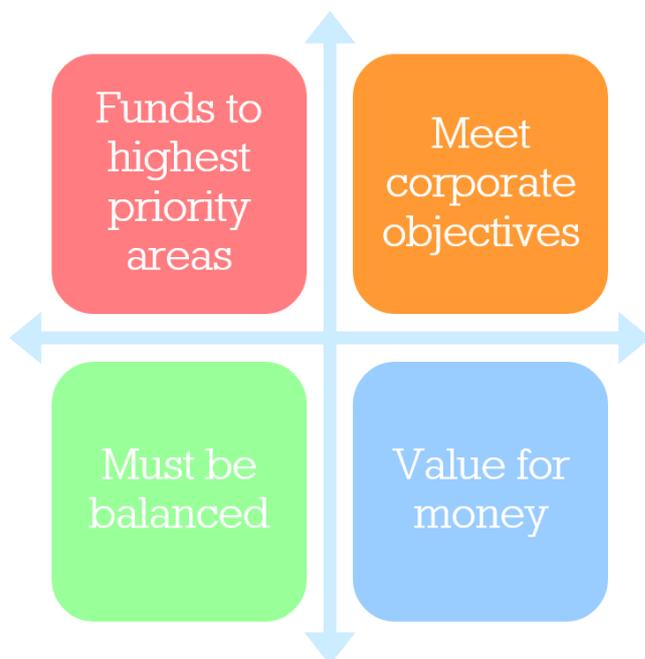
The purpose of the MTFS is to ensure that the Council's available resources are prioritised to the areas of highest need to ensure, amongst other things, that:

- Vulnerable residents can be supported.
- These resources are aligned to the Wirral Plan to enable strategic borough and corporate objectives to be met.
- Value for money is delivered for the services we provide.
- Financial sustainability is in place via a balanced budget year on year.

The ambitions described in the Wirral Plan 2026 are the things we will deliver to make this borough a better, fairer, more prosperous place for everyone who lives here. They are about creating jobs, improving services and making public money work harder for public benefit and community wealth

Financial Sustainability

The Wirral Plan needs to ensure that the MTFS is achievable and capable of managing future pressures.



The vision for the Wirral Plan is based on high level thematic priorities, focus on changes for whole population groups, and can only be delivered by working with partners locally and regionally. The Plan on the next page sets out what we want to achieve this.

WIRRAL PLAN 2021 – 2026

EQUITY FOR PEOPLE AND PLACE

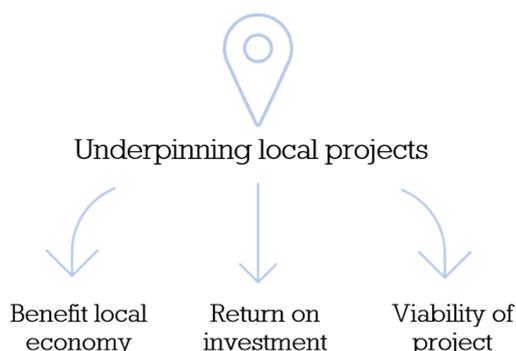
To create equity for people and place and opportunities for all to secure best possible future for our residents, communities and businesses.

Brighter Futures	Inclusive Economy	Sustainable Environment	Safe & Pleasant Communities	Active & Healthy Lives
AIMS				
<ul style="list-style-type: none"> Break the cycle of poor outcomes. Reduce educational attainment inequalities. Raise the aspirations of all our children and young people. 	<ul style="list-style-type: none"> Deliver regeneration, transport and growth ambitions. Create Community Wealth/Social Value. Create jobs and support local businesses. Develop quality, affordable and sustainable homes. Prevent and relieve homelessness 	<ul style="list-style-type: none"> Respond to the Climate Change emergency. Protect our cherished local environment. Improve street cleanliness. Support and promote active travel networks. 	<ul style="list-style-type: none"> Work with partner agencies to reduce crime and tackle anti-social behaviour. Tackle rough sleeping and homelessness. Deliver everyday neighbourhoods services to the best possible standard. 	<ul style="list-style-type: none"> Work with partner agencies to improve mental wellbeing. Encourage active living. Support people to live independently. Deliver public health services and actions to improve wider determinants of health. Tackle health inequalities.
DELIVERABLES				
<ul style="list-style-type: none"> Develop a prevention programme. Deliver the Transformational Partnership Accommodation Strategy. Build the 'early help and intervention' offer. Deliver the School Asset and Sufficiency Strategy. Deliver the SEND Strategy. 	<ul style="list-style-type: none"> Deliver the Local Plan. Deliver the Economic Strategy 2026. Deliver the Birkenhead 2040 Framework. Deliver regeneration enabling strategies. Deliver transport strategies and regen/active travel projects. Deliver the Community Wealth Building Strategy. Deliver the Homelessness Strategy 	<ul style="list-style-type: none"> Deliver the Climate Emergency Action Plan and Cool Wirral 2 Strategy. Progress the major LED replacement scheme. Implementation of major capital infrastructure investment which supports Wirral Highways and Infrastructure. Deliver the Cycling and Walking Programme. 	<ul style="list-style-type: none"> Deliver the DRIVE programme. Begin design of new Neighbourhoods model Deliver the new libraries model and strategy. Deliver new Sports and Physical Activities Strategy. Deliver the Community Safety Strategy. Ensure Culture and Learning is embedded in the heart of communities. 	<ul style="list-style-type: none"> Lead the strategic and operational Outbreak Management Plan. Launch the Health Inequalities Strategy. Develop a new leisure offer. Develop a new adult social care model. Deliver against the Prevention programme.
PERFORMANCE MEASURES				
<ul style="list-style-type: none"> Increase in children making expected progress educationally. A closing gap in educational achievement. Increase in children ready for school. Decrease in rate of looked after children in Wirral. Children in Need rate per 10,000 0-17 population. Increased success of the early intervention family programme. 	<ul style="list-style-type: none"> Value of investments secured Hectares of Brownfield Land remediated/ regenerated. Number of jobs created and safeguarded. Claimant Count (reduction) Business Count (increase) No. of affordable homes delivered. Reduction in those living in temporary accommodation. 	<ul style="list-style-type: none"> Increased recycling Reduce the overall collected general waste (non-recycling) per household Increase energy efficiency in Council owned buildings Improved biodiversity, through tree planting, rewilding and natural regeneration. Increase in active travel, including walking and cycling. Improve ratings for our designated nature sites 	<ul style="list-style-type: none"> Decrease in anti-social behaviour Reduction in the number of crimes reported to the police Reduce first time entrants into the Youth Justice System Reduce the incidents of repeat domestic abuse reporting. Increased library usage. 	<ul style="list-style-type: none"> More people are supported to remain independent in their own homes. Care, health and support services are joined up and responsive. Fewer admissions to hospital or long term care. Number of home adaptations completed. Proportion of residents living in suitable housing. Increase in people using Council leisure facilities.
CROSS-CUTTING STRATEGIES AND STRATEGIC PROGRAMMES				
<ol style="list-style-type: none"> Wirral Local Plan 2020 – 2037 Health Inequalities Strategy Healthy Wirral Plan Prevention Programme Community Wealth Building Strategy 	<ol style="list-style-type: none"> Economic Strategy Affordable Housing Plan Homelessness Strategy and Rough Sleeping Plan Active Travel Strategy Neighbourhoods Model 	<ol style="list-style-type: none"> Climate Emergency Plan Digital Strategy Community Safety Strategy 		

6. How Services will Change

6.1 Inclusive Economy

- 6.1.1 Wirral is at a turning point for economic growth. Over the last five years, significant progress has been made in positioning Wirral as a place to live, work, visit and invest and we need to maintain this momentum.
- 6.1.2 Our Regeneration Framework: Birkenhead 2040, will support a transformational regeneration programme along the 'LeftBank' of the River Mersey stretching from New Brighton to Bromborough, with a particular focus on the creation of a sustainable, waterfront urban garden community in Birkenhead. This is one of the largest and most ambitious regeneration programmes in the UK with over £5bn of regeneration projects in the pipeline including the potential to create up to 20,000 new homes over the next 20 years through a radical re-use of neglected and brownfield sites, underpinned by the emerging Local Plan.
- 6.1.3 At Wirral Waters, we are working with Peel Land and Property on a range of economic projects with a minimum of 3,400 new homes and office developments being developed on brownfield sites by 2037. Further proposals include new cultural facilities and a Modern Methods of Construction facility which seeks to support the delivery of new and retrofitted sustainable housing. The council is also working with Peel to respond to the governments Freeport ambitions, bringing forward new investment land and the delivery of the Maritime Knowledge Hub, reviving a derelict and much-loved historic dock building into a world class innovation facility to drive research and development of new technologies and address skills challenges across the maritime sector and Liverpool City Region Freeport designation.
- 6.1.4 These programmes will support the transition to a low carbon future and will create skills development and employment opportunities, as well as much needed homes, for local people. Across our high streets we are progressing vital regeneration. Comprehensive projects will realise high-quality, sustainable commercial offices, highly desirable, cutting-edge designs in residential properties, exciting cultural and leisure amenities growth for our cultural and creative sector and bringing forward diversity across the high street. The Council has secured £24.6m through the Future High Streets Fund. The funding will support the delivery of high-quality homes, improved accessibility into the town centre and a new modern facility for Birkenhead Market. A further £25m has been secured through the national Town Deal Programme to further drive forward regeneration in line with key priorities including delivering cultural, education and health & well-being infrastructure.



- 6.1.5 The Council also recognises the importance regeneration outside our core town centre, progressing projects across the borough including investment of £3.2m to support the renewal of New Ferry. A Liscard Neighbourhood Framework has been developed setting out a new vision for the sustainable future of Liscard, providing a more diverse offer with the community at its core. A Neighbourhood Framework for New Brighton has been commissioned, to harness New Brighton's potential as a special place to live, visit and do business, and to identify potential opportunities for enhancement, and the intention is to develop a Neighbourhood Framework for West Kirby to support its future sustainability.
- 6.1.6 The size and scale of the regeneration programme will provide future revenue receipts by way of council tax and business rates income but requires a comprehensive restructure of the service in order to provide confidence to investors and funders and ensure there is sufficient skills and capacity to deliver on the level of ambition.
- 6.1.7 In order to fund the revenue requirements to provide the necessary capacity to deliver the Regeneration programme an exercise is underway to quantify the resource needs over a three-year period, which it is anticipated will be funded from existing revenue budgets and capitalisation of posts within the Directorate.
- 6.1.8 Alongside our physical regeneration plans, our 2026 Economic Strategy sets out the Council's priorities for inclusive economic growth, supporting the Wirral Plan 2026 and Wirral Local Plan. The Strategy identifies the current challenges and opportunities and sets out the building blocks to secure inclusive growth in the long term, focussing on ensuring local residents and businesses benefit from our wider regeneration plans. The Strategy recognises the impact of the Covid-19 pandemic on Wirral's economy and sets out how we can support resilience going forward.
- 6.1.9 Our vision for the Economic Strategy is that Wirral will be a highly performing economy, built on the principles of equity, fairness, and inclusivity. We will be widely recognised as an open and collaborative place and celebrated for our green economy and our local resilience. Places throughout the UK are being challenged to come forward with ambitious plans for economic renewal as part of the government's Levelling Up agenda. In parallel the COVID pandemic has shone a brighter light on economic inequalities in society. The concepts of fairness and equality are more important than ever in economic planning. Our Economic Strategy will harness these principles and focus on delivering:
- A Competitive Economy where our competitive advantage is maximised to support the growth of indigenous businesses and attract inward investment
 - A Thriving Economy where our diverse places and communities provide an attractive range of live, work and investment opportunities.
 - An Inclusive Economy where all residents have access to learning and employment opportunities and where local people benefit from growth.
- 6.1.10 Supporting schemes to enhance digital and transport connectivity will add to a progressive growth environment which will lead to renewed opportunities for revenue, sustainable jobs and an improved quality of life and long-term prosperity for our communities.

6.1.11 Our economic growth activities will support the delivery of the Wirral Plan and Local Plan priorities through a focus on sustainable approaches to new development; enhancing green infrastructure and active travel routes; creating vibrant mixed-use town centres; delivering new homes; securing skills development and employment opportunities for local residents; and creating the right environment for indigenous and new businesses to establish, diversify and grow.

6.2 Brighter Futures

6.2.1 The Children's Directorate vision is to make Wirral great for children, young people and families. The priorities being:

- Breaking the cycle
- Culture of inclusion and aspiration
- The best we can be
- Invest in our people

This will be done by listening to children, young people and families and we will aim to:

- Build on the unique personal strengths and resilience of children, families and adults through coordinating and enabling communities and services to help people achieve their very best outcomes throughout their lives (Early help).
- Have a sustainable, modern forward thinking inclusive education offer that grows ambition and underpins prosperity and success in adulthood. Schools will be at the heart of our offer to children, families, and communities. (Education).
- Ensure those who need to be safeguarded are identified early and receive the very best quality support. For children and young people whose families cannot care to be the outstanding parents they deserve. (Social care).
- Deliver through developing our staff and their talent integrated with partners and communities (workforce).
- Drive an effective learning culture by continually reviewing and renewing our services/offer to ensure it is always the most cost effective/best value cutting edge service it can be. (Delivering value for money and future success).

6.2.2 We are continuing on the improvement journey towards being good or outstanding, making schools central to planning and tackling difficult areas that may have been ignored previously, developing the projects that will deliver ground-breaking practice models whilst ensuring our core service models remain safe.

The substantive programmes/actions supporting this and linking to the financial position are:

- Preventive work (breaking the cycle and reducing demand) - a project board is being set-up to review the performance, impact and outcomes of overarching "breaking the cycle" programs. These should contribute to ensuring that families can be supported early and that some demand can be managed within the community.
- Managing costs via our residential accommodation projects - working towards increasing the availability of good quality local provision. A number of projects are progressing including extending an existing council provision; Transforming Care by purchasing and refurbishing a three-bed residential home with capital funding provided by NHS England; and working with the Liverpool City Region to provide additional residential homes across the region including four homes in Wirral.
- Maximising our income - identifying and bidding for external grants when the requisite outcomes align with the Council's. There has been success in obtaining funding for a number of projects including the Drive, Cradle to Career and Pause programs in addition to capital funding for the residential home.
- Reviewing and renewing our contracts and internal services to achieve best value and ensure that the most cost effective/best value and cutting-edge service is always

delivered in addition to using benchmarking to inform strategic direction and monitoring of the services.

- School improvement and sufficiency strategies - these seek to strengthen partnership working and support for schools to drive improvements in the quality of education and education outcomes for children and young people. The School Improvement Strategy articulates a clear vision to develop a self-improving system in which schools support each other, brokered by the local authority to share best practice and implement change. The School Sufficiency Strategies will address surplus in school places whilst also understanding where demand for provision is higher than supply in order to ensure that there is equitable provision so that all children can be educated in their local communities.
- Special Education Needs and Disability (SEND) improvement strategy – this sets the direction and priorities for identifying and meeting needs and improving outcomes for children and young people with SEND. This is a partnership strategy, which drives changes and delivers actions across the local area so that the experiences of children and young people up to the age of 25 improve and they can lead independent and happy lives.

6.3 Sustainable Environment

6.3.1 Climate Emergency

Following the Council's Environment and Climate Emergency Declaration in July 2019. The organisation has been working on the development of a climate emergency action plan and policy, which sets out our ambitions and proposes that the Council as an organisation aims to achieve 'net carbon neutrality by 2030.'

The development of the Council's Environment and Climate Emergency has been supported by third party climate change experts, Local Partnerships, who have confirmed that the Council achieving net carbon neutrality in 10 years is ambitious but possible. Through the Environment and Climate Emergency Action Plan, the Council will lead the way locally and regionally in seeking to be net zero carbon in 10 years.

The emerging Environment and Climate Emergency Action Plan sets out the Council's journey to becoming carbon emissions neutral within the decade. Many actions have already been undertaken with key aspects of the Action Plan already in place such as the creating the Climate Emergency Team and launching the Tree, Woodland and Hedgerow Strategy earlier this summer. All aspects of the Council's function, ways of working, decision making, and service delivery will change as the Environment and Climate Emergency Policy and Action Plan are established.

The headline areas for delivery are:

- reduce emissions to net zero;
- carbon reduction policy for new build development set out in the new Local Plan;
- fully informed decision making;
- becoming a carbon literate organisation;
- embrace home working;
- active transport (provision for cycling and walking);

- sustainable ways of operating;
- communication and engagement;
- carbon storage;
- climate resilient Wirral;
- preparing future generations;
- feasibility study for the delivery of a heat network for Birkenhead; and measuring progress along the journey.

Already, the new ways of working which have been necessary because of the Covid-19 restrictions have created some unforeseen environmental benefits and opportunities. Many aspects of the way in which the Council works and provides services have fundamentally changed because of Covid-19 restrictions. These provide an opportunity to change the way we operate in the future.

6.4 Safe and Pleasant Communities

- 6.4.1 The sports and physical activities strategy is aligned to the priorities of the Wirral Plan 2026. The five-year strategy, “creating an Active Wirral, A Sport and Physical Activity Strategy for Wirral”, provides an overview of the collaborative process, needs analysis and strategic priorities required to increase sport and activity levels in the borough to deliver a reduction in health and social inequalities. The vision for the strategy is: To make sport and physical activity part of everyone’s everyday life. The Sport and Physical Activity Strategy will guide and influence both internal teams and external partners. The final strategy will be integrated into the wider Children’s, Adult Social Care and Health agendas, as well as linking into all aspect of the wider Wirral 2026 plan.
- 6.4.2 In seeking to support the new Wirral 2026 Plan, this strategy, whilst continuing to support and build on the benefits of outdoor space, will place a greater emphasis on inequality and the need to tackle the significant degree of health inequality across our Borough – magnified by the impacts of the Covid-19 pandemic.
- 6.4.3 A Facilities Master Plan for the Borough which, in turn, informs a Leisure Investment Strategy will provide senior managers and Members with an overview of the high-level capital cost and the revenue impact of an improved facility offer. A consultation of the council’s Playing Pitch Strategy has been commissioned in conjunction with the specific requirements of Sport England, which informs the Playing Pitch Strategy.
- 6.4.4 It is anticipated that the outcomes and intervention emerging as a result the Library Strategy, public consultation, and subsequent future operating model could result in annual savings. This may include, but is not limited to, rationalisation, reprovisioning and co-location of services, new operating models, lean ways of working, adopting new technologies, energy efficiencies, and new income.
- 6.4.5 There are plans to introduce food waste recycling in 2023/24. This will involve capital investment and has been built into the capital programme. Volumes of recycling and general household waste have increased since the start of the COVID-19 pandemic. This was due to enforced restrictions meaning residents spent more time at home for extended periods. It is unclear whether this has permanently changed habits, meaning volumes of waste will continue at this level in future. This has resulted in a budget pressure in relation to the waste levy in 2022/23 as this is set by the Merseyside Waste and Recycling Authority based on waste tonnage figures from 2020/21.
- 6.4.6 The pandemic saw an increase in footfall across parks and coastal areas due to restrictions on travel. This has resulted in a pressure on the waste and cleansing budget over the last 18 months and temporary COVID-19 grants were used to fund this. It is unclear whether demand will return to pre pandemic levels in 2022/23 and there is a risk of increased waste and cleansing costs in future years to meet increased demands.
- 6.4.7 The Golf Open will return to Wirral in 2023/24 which will encourage tourism and boost the local economy. Plans are underway to prepare for this over the next financial year.

Other events will also take place as the Council aims to recover from the effects of the pandemic and seeks to maximise income generating opportunities.

- 6.4.8 The volunteer programme continues to encourage members of the community to assist in ensuring our parks provide a pleasant and clean environment which everyone can enjoy.

Work on the Tree, Woodland & Hedgerow Strategy will continue, which has an ambitious annual target of 21,000 new trees planted annually for the next 9 years (1 year in to a 10-year planting programme), with money available in the capital programme. This is a challenging target but is on track to be achieved in 2021/22. There is a dedicated team of people working on this area working with partnership agencies to secure grant funding. The Council is also focused on a major tree planting scheme and other biodiversity initiatives, which will create significant carbon capture, supporting the Council's carbon reduction commitment.

A Tree Maintenance team has been established over the last 18 Months. The team continues to work on inspecting trees to ensure they do not pose a risk. The team will continue to face pressures over the medium term as they seek additional income generating opportunities. There is also a risk that demand for the service will increase if diseases such as Ash Die Back to hold in the borough, although there may be some support from Government to replacement trees.

Parks and Environment will also face challenges with funding ongoing contracts in relation to Tree Maintenance and Weed spraying, whilst achieving efficiencies from reviewing how the service is delivered.

- 6.4.9 The Directorate continues to face challenging in relation to climate emergency. Work will continue to address flooding risks across the borough. A dedicated Climate Emergency team was created in 2020/21 and there is revenue budget available to ensure this team can meet priorities. In addition to this there is £1 million available in the capital programme to ensure the Council achieved the target of net carbon neutrality by 2030.

- 6.4.10 The Directorate continues to explore imaginative and innovative ways to deliver the service, including the use of recycled materials and the use of digital technology. All of the newly commissioned Highways contracts aim to recycle 100% of any waste materials, which supports the Climate Emergency agenda. Contracts include mechanisms for monitoring waste from highway works and utilising reduced temperature materials is being explored to undertake our resurfacing road work programme; lowering the temperature of these works contributes towards lowering our carbon footprint. We are also exploring new digital methods for our highway condition survey enabling video technology to be used for assessing road conditions.

A key aspect of the improvement agenda in respect of service provision relates to enhancing the monitoring and collection of data, performance measures, customer services and communications messaging, which includes the development of performance dashboards, in order to deliver continuous service improvement through review and action points.

6.4.11 The Directorate is working with Regeneration and Place colleagues on technical approval and design support to help deliver the planned major infrastructure developments which will enable the Wirral Plan themes and overarching objective of equality for people and place to be delivered.

A review of the Council's fleet of vehicles is being undertaken, which will support the climate emergency agenda; the aims of which will be to rationalise operations and deliver an energy efficient approach that lowers the Council's carbon footprint and is more cost effective.

There is a commitment to develop infrastructure for domestic (street level) electric vehicle charging points and a pilot has commenced that utilises streetlighting columns. This pilot will inform the strategy for electric vehicle charging facilities across the borough.

Several modernisation officers and graduates have been appointed, who will work in supporting the Directorate with ongoing projects and implementing the strategies.

6.4.12 An integrated network is being developed that will consolidate CCTV, traffic management and IT services onto a single resilient network. The integrated network will provide both fibre and cellular connectivity and will provide a saving against running individual networks.

6.4.13 Monitoring of the Coroners shared service contract with a view to efficiencies in future years. Delivering a high-quality coroners service for the community and residents of the Wirral.

6.5 Active and Health Lives

6.5.1 Plans have been developed in order to deliver the Wirral Plan Active and Healthy Lives Theme; “Working for happy, active and healthy lives where people are supported, protected and inspired to live independently”.

To this end Adult Care and Health have worked closely with NHS and other Council Directorates to develop a single business plan and commissioning strategy with the aim of jointly commissioning all age health and care services for residents in Wirral, in order to have a positive impact on individual wellbeing, health and independence.

Everything we do will shape and enable the creation of a sustainable health and care system that makes a positive difference to people’s lives. We will do this by providing leadership, including connection, energy, removing perceived or actual organisational boundaries and:

- **Improving the health of local communities and people** – Wirral has many diverse communities and needs, we recognise this diversity and will help people live healthier lives, wherever they live.
- **Listening to the views of local people** – we are committed to working with local people to shape the health and care in Wirral.
- **Caring for local people in the longer term** – we will focus on providing high quality and safe services which will be suitably staffed to support the future as well as the present.
- **Getting the most out of what we have to spend** – we will continuously review to ensure that we get the best value out of the money we receive.
- **Working as One, Acting as One** – we will work together with all partners and the public for the benefit of the people of Wirral.

6.5.2 Our mission is to work together to deliver the **Wirral Health and Wellbeing Board** outcomes to improve population health and to reduce inequity.

Vision

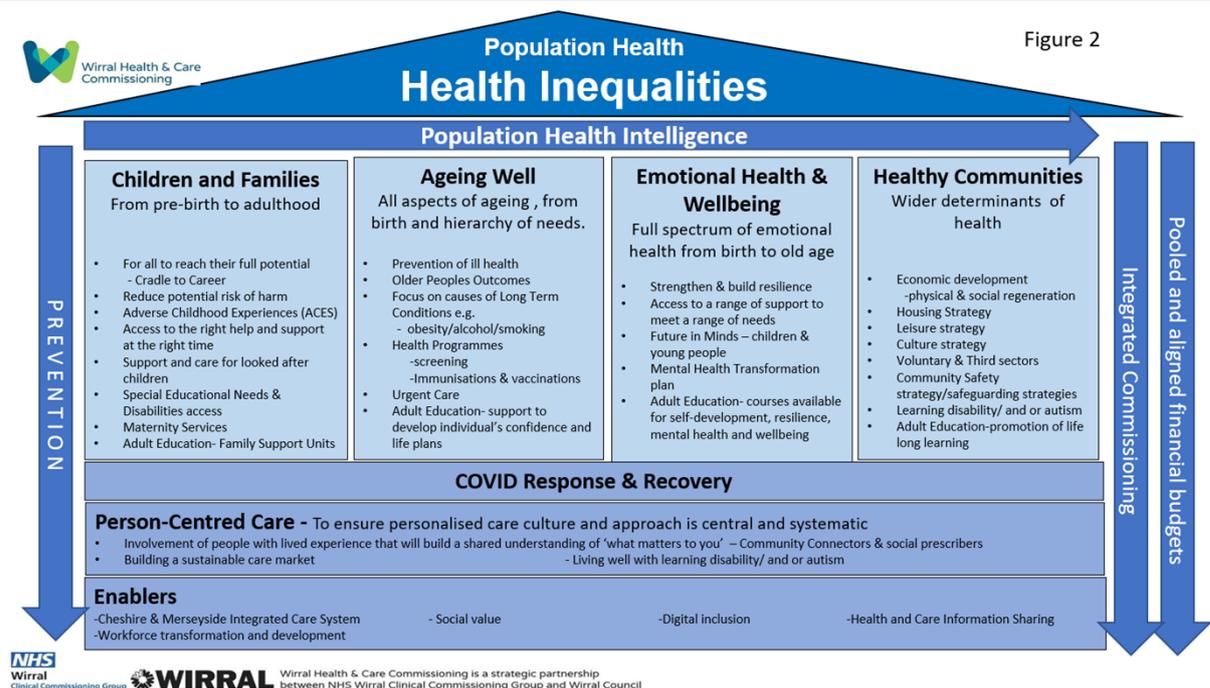
Our vision is to enable all residents of Wirral:

- to live longer and healthier lives by taking simple steps of their own to improve their health and wellbeing;
- to provide the very best health and social care services when and where people really need them;
- to provide services as close to home as possible.

Priorities

- **Improve Health and Wellbeing Outcomes** - for the population of Wirral
- **Reduce Health Inequalities** - in outcomes, experience, and access.
- **Enhancing Productivity** – by providing value for money
- **Provide Oversight and Leadership** - of System Planning, Quality Assurance and Safeguarding.
- **Manage Care and Health Market** - to ensure that there is a full and effective range of sustainable services across the Borough.
- **Enable and Support the Provider Collaborative** - to deliver population health outcomes.
- **Supporting Social and Economic Development** – with partner organisations across Wirral
- **Wirral as a Place** – to support the development of Wirral commissioning at a place level, including aligning Wirral Health and Care Commissioning resources and staff, to commission and deliver high quality care to local populations. To listen and include community and faith leaders or any other influencers who might help us engage with these communities, including people with lived experience, their informal carers, and young carers.

6.5.3 Diagrammatic representation of the plan



6.5.4 How Adults services are changing to support this theme

- 6.5.5 Extra Care Housing will help prevent more older people from moving into residential care and will delay the need for more intensive care and support options. The programme of development extends to adults with learning disability and provides people with accommodation appropriate to their needs including their own front door and on-site care accessible 24/7 and when they need it. Extra Care Housing developments present a care and support model that is value for money as well as being person centred and community focussed.
- 6.5.6 Technology Enabled Care and Remote Monitoring will enable more people to remain in their own home, to avoid unnecessary hospital admissions, and to be more in control of their day to day lives. This is extending to technology that can help people to monitor their long-term health conditions and have access to professional support when they need it. Technologies will also enable remote monitoring and support for older people at risk, for example due to falls or to needs linked to dementia. Such approaches can supplement or replace some aspects of other, more traditional, care and support arrangements and enabling people to remain as independent as they can.
- 6.5.7 Adult Care and Health are engaged in a programme of work, with partners, to have a different response to people requesting care and support services and to achieve a more person-centred approach. Work based on the concept of “The Three Conversations” will encourage social care staff to invest more time in understanding people’s needs and in finding creative solutions, rather than more traditional approaches.

6.6 Cross Cutting Programmes

- 6.6.1 Committee and Civic Services continue to work with providers such as Public I and Modern.Gov to ensure that the webcasting of Committee Meetings and the management and publication of agendas and reports is efficient and cost effective as possible. New ways of working continue to be explored including the innovative use of technologies to better the democratic decision-making process and to support the Council’s ambition for open and transparent decision-making. Enabling residents to see an open and transparent decision-making process. Additionally, the Elections Team is preparing to respond to the outcomes of the Elections Bill.
- 6.6.2 To better enable and support Members to manage and deliver the outcomes expected within the Wirral Plan. Innovative developments such as the Member Portal continues to be embedded to directly assist Members in their case work management on matters related to key themes contained in the Wirral Plan. At the request of the Constitution & Standards Committee, officers will work with Members to undertake a review of the implementation of and continued operation of the Committee system to ensure it supports the delivery of the Wirral Plan objectives.
- 6.6.3 Legal Services continue to provide a full-service provision of transactional and litigation services, directly and in development of an intelligent client model of sourcing external legal provision. Improving and delivery of the services are

hampered, however, as a result of considerable difficulty in recruiting staff, with some areas carrying 60% vacancy rates and which are proving difficult to fill even with agency staff. This could pose a major risk for the council particularly in relation to providing legal support for all of the complex regeneration projects the Council has embarked upon. A procurement exercise has been undertaken to secure an external Strategic Legal Partner to support the development of a regeneration 'triage' service and to manage the procurement of external legal representation for the larger more complex projects. A procurement exercise is also underway for a new legal case management system to modernise business processes and improve efficiency.

- 6.6.4 During lockdown there was a reduction in applications for licences which resulted in a loss of income for the Licensing Service. However, staff within the Licensing Team were busy working closely with colleagues across the regulatory services undertaking Covid enforcement work. Since the end of lockdown and the easing of restrictions there has been a steady increase in licensing applications being received and a review of the Licensing Service is being undertaken.
- 6.6.5 Modernisation and improvement plans continue to progress, which will affect operations across the organisation, in line with the support services.
- 6.6.6 The SmartBusiness project will modernise, standardise and centralise the council's core systems; the outcome of which will see, along with other council systems, the 1Business Enterprise Resource Planning (ERP) system replaced. These systems are effectively the organisation's central nervous system, used across all employee groups. The project will affect and benefit the whole organisation by increasing the efficiency and effectiveness of operations, standardising our internal processes and reducing time spent by staff on processing tasks.
- 6.6.7 Worked with the Chartered Institute of Public Finance and Accountancy (CIPFA) to carry out an interim assessment of the medium-term financial plan (MTFP) and a high-level review of the cost of the services the Council provides.
- 6.6.8 The adoption of automation and the modernisation of services through digitalisation has started across the Council with the expansion and acceleration of activity currently being explored. Automation and digitalisation will support the streamlining of internal and external processes, as well as modernising how residents and businesses interact with the Council. Through the Change Programme all service areas will be reviewed and, where necessary, appropriate processes and procedures updated through the use of automation and digitalisation.
- 6.6.9 Scoping activity and business case development for a number of new transformation and change programmes is underway. These programmes represent an opportunity to secure improved outcomes for residents in line with the 2021-26 Wirral Plan priorities, improved efficiency in terms of service delivery and delivery of required savings. In support of this, work is underway to understand current costs and working practices across Council activity. In time, and following appropriate engagement, options for the future Council operating model will be presented, including ways of working and supporting technology architecture.
- 6.6.10 The remobilisation of Council services continues as we enter a new phase of Covid-19. Some asset-based services will require further investment to restore previous capacities and/or enable pre-Covid activities. A review of the estate is progressing, and this will inform investment cases. The recovery support to businesses and

communities impacted by the pandemic is led through a distinct programme, elements of which draw on the Contain Outbreak Management Funding (COMF) and/or other relevant criteria-based funding.

6.6.11 Work continues in implementing a new data platform to support developments in Business Intelligence which will help deliver better outcomes for our residents.

6.6.12 The development of the 'MyWirral' account continues with an increasing number of online services being accessed through the account. The number of new accounts also continues to increase on a month-by-month basis.

6.6.13 The Council's People Strategy is being refreshed which will set out a programme of workforce change over the next three years. There are significant pressures on support services within the Directorate in developing the full range of change programmes with workforce implications. This includes the development of a new human resources (HR) policy framework to support the Council in the move to a hybrid working model and rationalisation of our estate.

6.6.14 Other priorities that require significant support from HR and Organisational Development include:

- Migration of the HR/Payroll system into the cloud and preparation for the next iteration of system operations incorporating integration with other Council systems
- The implementation of a new Learning experience Platform for staff training
- The continued implementation of a Health and Safety Improvement Plan

7. Forecasting the medium-term financial plan

The Council has in recent years had difficulty in balancing the revenue budget, without the use of reserves, for 2020/21 and 2021/22 exceptional financial support from DLUHC through the capitalisation direction was required. It is vital that when budgeting and planning we protect our reserves and grow them to safeguard the Council against future risk and provide access to funding for investment. Managing spend in-line with budgets, producing well informed and robust forecasts and increasing income through new income streams are all key financial aspects that decision makers of the authority have a part to play.

The overall approach to funding has been changing over recent years which has caused issues with long term planning; multiple years of one-year settlements from central government have also caused issues with having a sound financial basis to deliver services against during the medium-term. The Council entered into the 100% retention pilot for business rates, and this is now under review which will lead to further funding risk in the MTFS, coupled with the continued reduction in central government funding. This in turn has led in recent years to the Council maximising the use of Council Tax increases and therefore, funds a greater share of local costs in the future.

The Medium-Term Financial Strategy reflects a structural deficit which will through the Wirral Plan and strategies generate year on year a balanced position. This will be achieved through a combination of specific policy proposals in each Service alongside a medium-term approach to Council Tax increases, the Council will drive a balanced position.

8. Five-year Summary of Medium-Term Financial Plan

This five-year plan is an estimate of the five years revenue budget for the Council and is subject to public consultation and member approval at Full Council, it will be updated to reflect the final proposed budget once the consultation has ended. Saving and pressures are assumed to be recurring and therefore roll into years two to five.

Financial Years	22-23 (£m)	23-24 (£m)	24-25 (£m)	25-26 (£m)	26-27 (£m)
Adult Care & Health	113.60				
Chief Executive Office	1.80				
Children, Families & Education	86.60				
Law & Governance	6.00				
Neighbourhood Services	54.00				
Regeneration & Place	33.90				
Resources	33.50				
INITIAL REVENUE BUDGET REQUIREMENT	329.40	330.13	343.33	354.72	362.41
Removal of one-off items from 21/22:	-6.55	0.00	0.00	0.00	0.00
Pressures to be approved:	25.56	17.75	14.32	12.35	14.44
Savings to be approved:	-18.29	-4.55	-2.93	-4.66	-4.62
REVISED REVENUE BUDGET REQUIRMENT	330.13	343.33	354.72	362.41	372.23
FUNDING	-330.57	-335.13	-336.82	-344.97	-353.18
BUDGET GAP before saving and pressures above	-7.72	-5.00	6.51	9.75	9.23
BUDGET GAP to be closed if saving and pressures approved	-0.44	8.20	17.90	17.44	19.05

These financial outlines do not include income or expenditure were the Council acts as an Agent.

9. Context and Challenges

9.1 Context

The MTFS is a key part of the Council's Budget and Policy Framework which aims to ensure that all financial resources are directed towards the delivery of Council priorities, which are aligned to the Wirral Plan 2021-2026 as highlighted in the diagram below. The financial proposals in this MTFS aim to allow Wirral to have a balanced annual budget and successfully plan for a financially resilient future by increasing its general reserves.



- 9.2 The MTFs focuses on the improvement of the lives of Wirral residents by delivering and investing in key public services and regeneration.

The outcome of these activities will be through the key strategies of the Council which are outlined below and will result in a budget for 2022/23 which is:

- Balanced, sustainable and legal; and
- Continues to deliver vital services.

- 9.3 This MTFs sits against a backdrop of considerable financial uncertainty and unprecedented challenges for all local authorities, from funding changes, the ongoing impact of Covid-19 and growing pressures on key services.

- 9.4 Due to the Coronavirus pandemic, the government announced in April 2021 that the Comprehensive Spending Review (CSR) publication would be delayed, and was not formally launched until July 2021, it was also announced that the Relative Needs and Resources Review (formally Fair Funding Review) would be delayed. Business Rates Retention was also scheduled to take effect in 2021-22, with new funding baselines for all councils having been determined through the Relative Needs and Resources Review, both of these, have now been delayed as a result of the impact of Covid-19.

9.5 Challenges

For 2022/23 and beyond challenges being faced include the ability to:

- support the Borough out of Covid-19;
- expand services to protect the vulnerable, reduce inequality;
- Expand services to meet the statutory demands of our residents and to protect the vulnerable;
- manage rising demand;
- deliver the new Wirral Plan;
- address funding changes;
- progress the digitisation of services;
- deliver organisational cultural change across the Council and absorb the impact of Brexit; and
- Impact of ICS and the changing health model.

The global COVID-19 pandemic has created unprecedented challenges and new experiences for everyone. However, whilst the pandemic has affected us all, the burden has not been shared equally. The long-standing problems associated with health inequality have endured; vividly exposing the impact of these unacceptable differences on people and communities. The pandemic has also made these health differences worse, and the heaviest impacts have fallen on the lives of people already experiencing health, economic and social inequalities.

Whilst we have made great progress to support people to live healthier lives in Wirral, health inequalities are stubbornly persistent. Prior to COVID-19, Wirral already had some of the poorest health outcomes in the country, with high numbers of socially and economically vulnerable people and extensive, prevailing health inequalities. Within Wirral the difference in life expectancy between those living in the most and least deprived areas is 10.7 years for men and 11.2 years for women. The impacts on

individuals, communities, services, and the economy are enormous, and the repercussions of the pandemic will aggravate these further.

Continuing to tackle health inequalities, and reduce its impact on our community, will be a key task long into the future and one which will benefit every resident. Although some things that influence our health cannot be changed, such as our age and genes, there are many important factors that, collectively, we can change. Issues such as poverty, unemployment, poor housing, and unhealthy environments are major contributors to this health gap. The pandemic has shown us what we can achieve when we all work together and the speed at which we can make change happen.

The Wirral Plan has tackling inequality at its heart, with the Vision for Equity cutting across all Themes within the Plan. This is underpinned by the Public Health Annual Report which identifies five key recommendations to direct the action we need to take together to improve health for everyone in our borough and support the delivery of the Wirral Plan. The recommendations are as follows:

- Prioritise economic regeneration and a strong local economy
- Safeguard a healthy standard of living for all
- Increase support for children, young people, and families
- Strengthen action to address differences in health outcomes and prevention
- Residents and partners continue to work together

Integrated Care System Changes. On 26th November 2020 NHS England/Improvement (NHSE/I) published Integrating Care. This is the next steps to building strong and effective integrated care systems across England, subsequently referred to as Integrating Care (ICS). ICS boundaries will align with upper-tier Local Authority boundaries by April 2022 unless agreed by exception.

The aim is to build on lessons learnt by the NHS to a long-term improved health delivery, removing bureaucratic and transactional processes, most effectively prevent illness, support our ageing population, tackle health inequalities, tailor support to the needs of local populations, and enhance patient safety and quality in the provision of healthcare services. This will ensure the NHS and the wider system can respond swiftly to emerging issues while being fully accountable to the public.

This new Partnership will support the delivery of the Wirral Plan with have a stronger place-based focus. This will ensure resources are used more effectively and bring improved financial resilience into the service delivery. Objectives will be shared, along with outcomes, working with the Council, key partners, communities and people.

- 9.6 The Wirral Plan through the prevention agenda, regeneration, neighbourhood working and partnerships within the health system will go some way to alleviate the challenges.
- 9.7 The Covid-19 pandemic has been the most challenging emergency the Borough of Wirral and the Council has responded to in recent times. The nature of the pandemic saw the Council react at speed to implement Government policy and local priorities to limit the spread of the virus, protect the health of all our residents and ensure the most vulnerable in our communities are safe and cared for.
- 9.8 The financial, social and wider economic impact of the pandemic is the great test we now face and the scale of it cannot be underestimated.

9.9 Ensuring procurement contracts achieve value for money, drive through saving whilst ensure we deliver on of economic climate commitment and social values; it is proposed a Procurement Board is formed.

9.10 Moving out of Lockdown

As we move from periods of lockdown to a transition period, we as a Council must commit to fundamentally transform and collectively work with our partners through the unprecedented challenges. To do this this our Strategic Recovery Plan forms the core of the Wirral Plan 2021 - 2027. Our planning considers two key phases: Recovery and Renewal.

1. **Recovery:** Recovery concentrates on the safe re-opening and resumption of assets and services, aligned with the government roadmap. It also supports the recovery of local businesses, schools and education, events, and planning for the winter period.

2. **Renewal:** Renewal considers new initiatives that will provide better services and experiences for our communities. It also aims to provide stronger resilience across the seven renewal themes:

- Corporate Organisation
- Children and Families
- Economy
- Neighbourhoods and Communities
- Housing and Homelessness
- Inequalities and Well-being
- Improving our High Streets and Coastal Areas

9.11 The Council is seeing more demand and different challenges of which the following are anticipated:

- Vulnerable residents will have more complex needs
- Demand for statutory services will increase at an accelerated rate
- The risk that local economy may shrink, and local business may need support to recover

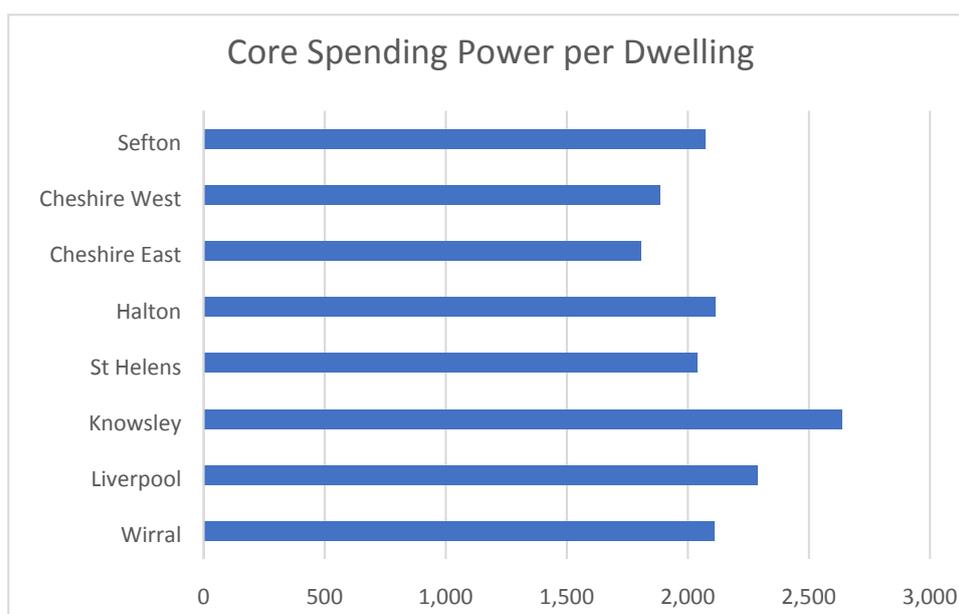
These challenges pose a financial risk to the Authority and are in addition to the usual challenges which are:

- Demand for services through demographic growth (an aging population)
- Cost increases through inflation
- Number and age of properties in the Council estate and capital investment and cost of capital programme to maintain

However, through the short, medium and long terms strategies within the MTFs a balanced budget can be forecast, any forecast deficits over the next five years will be managed through the strategic intent to balance the budgets in future years.

10. How we respond to Funding changes and compare to other Councils

To put in context how Wirral fare to other local Councils in the government's settlement annually, in the 2021/22 settlement Wirral's Core Spending Power (a measure of the resources available to local authorities to fund service delivery by setting out the money that has been made available to local authorities through the Local Government Finance Settlement) is £2,111 per dwelling. The table below shows our position with regard to our neighbours.

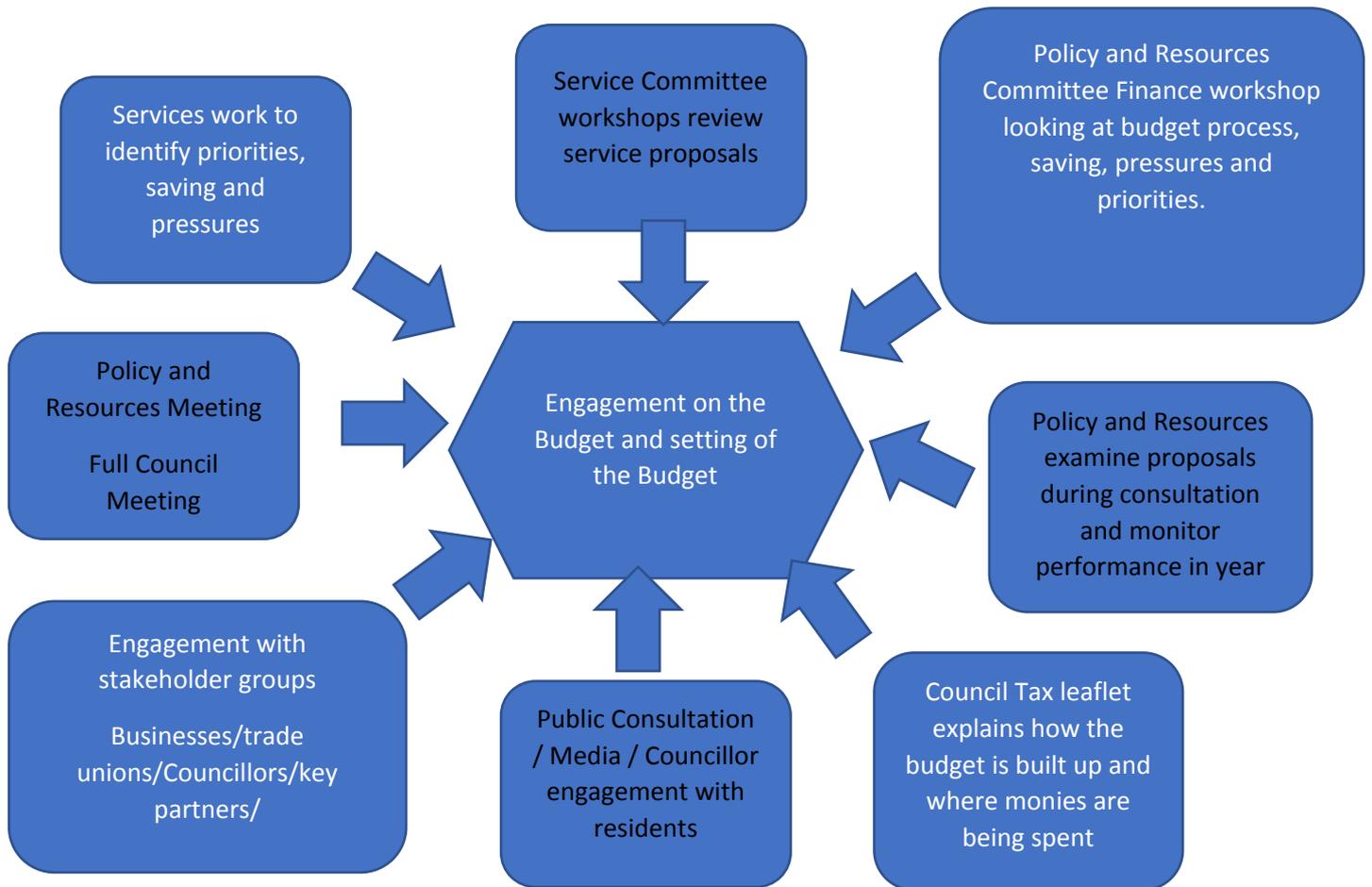


Funding is a concern to all Councils and through the consultation for the Comprehensive Spending Review (CSR), Wirral and the Liverpool City Region send

responses. We also work closely with the LCR in lobbying central government as to the impacts of funding changes. Consultations the Council has responded to include:

1. Comprehensive Spending Review
2. Council Tax and Business Rates
3. Accounting and Audit changes

11. Budget Process and Proposals



12. Financial Stability

To achieve a balanced position the Council must reflect the impact of service ambitions in the budget and match this to the available resources from Council Tax, Business Rates, Grants and an appropriate use of reserves. Producing a balanced MTFP, matching expenditure to resources over the medium term, creates the platform for a financially sustainable position. The 2022 to 2027 MTFS demonstrates a balanced position for years 2022/23 and a budget gap for the remaining years which needs to be resolved through changes in the delivery of services for the remaining years.

The Government's Spending Review in November 2020 only confirmed a single year of funding levels for Local Government. But it did include the addition of extra support for Adults and Children's Social Care for 2021/22 to help combat the continuing increasing pressures in these key service areas, whether this will continue is unknown at this stage and therefore has not been reflected in our MTFP and initial budget for 2022/23. Furthermore, the national Review of Relative Needs and Resources (formerly Fairer Funding Review) and changes planned to the Business Rates Retention Scheme are being delayed a further year until 2022/23 and until we know the outcome of the Autumn budget, we have to plan for changes to the budget funding to reflect these.

12.1 CIPFA Financial Management Code

CIPFA has introduced a Financial Management Code which will be used as the benchmark for best practice across the UK. Whilst it has no statutory basis, it has been endorsed by HM Government and it is expected that External Auditors will look for compliance. The first full compliance year is 2021/22. The Code will assist authorities in demonstrating their financial sustainability and brings together best practice compliance without codes such as, the Prudential Code, the Treasury Management Code and the Accounting Code of Practice for Local authorities in the United Kingdom. The FM Code is based on a series of principles supported by specific standards and statements of practice. Section 3 of the Code requires an authority to have met the following four requirements in relation to the medium and long-term financial management:

- The Authority has carried out a credible and transparent financial resilience assessment;
- The Authority understands its prospects for Financial Sustainability in the longer term and has reported this clearly to members;
- The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities; and
- The Authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans.

The Code in section 4 is in relation to the Budget:

- The authority complies with its statutory obligations in respect of the budget setting process; and
- The budget report includes a statement by the chief finance officer on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves.

The Code in section 5 further requires monitoring of financial performance in the following areas:

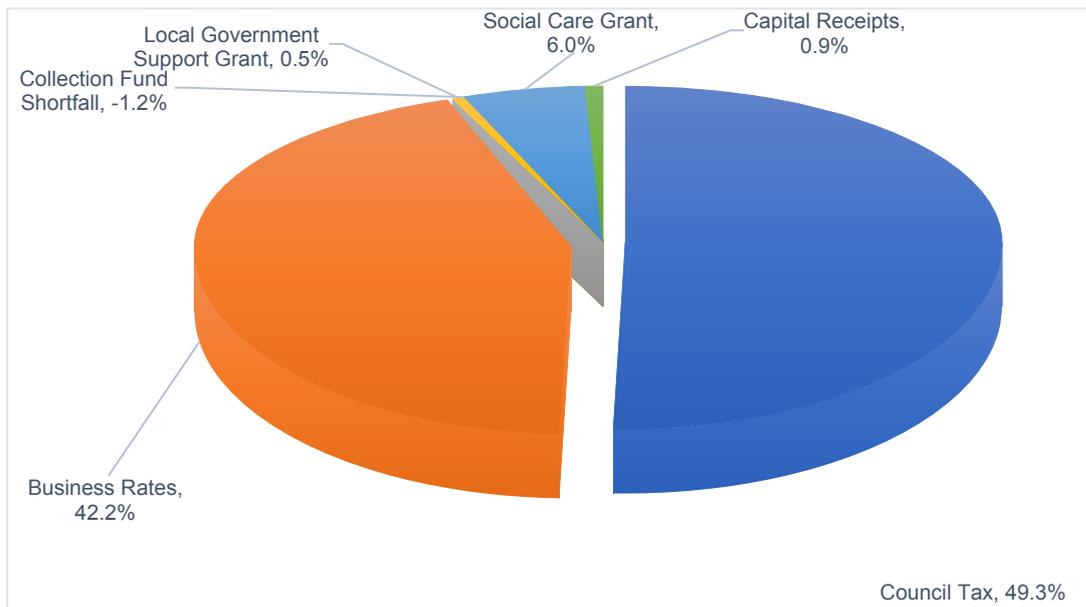
- The Leadership Team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability; and
- The Leadership Team monitors the elements of its balance sheet which pose a significant risk to its financial sustainability.

Compliance with the FM code will typically, but not always, be demonstrated by documenting compliance with the Statements of Standard Practice which underpin each of the CIPFA Financial Management Standards: While compliance with the CIPFA Financial Management Standards is obligatory for compliance with the Code, the Code is not prescriptive about how this compliance is achieved. A self-assessment document has been completed for Wirral Council which evidences compliance and where there are improvements these will be actioned through a monitored action plan and reported to the Director of Resources. [Link to FM Code](#)

12.2 Local Funding v National Funding

The funding for Council services from council tax and business rates will be c.75.1% (excluding top-up grant) of the total net funding for 2022/23. Net funding excludes ring-fenced grants for Schools, Public Health and Housing Benefits. The financial stability of the Council, which determines the amount of money available for service expenditure, should be exposed to less risk from further Government funding shortfalls in the medium term, if local funding can be increased to an acceptable level through income growth and increased commercialisation proposals as set out later in this document.

The table below shows the sources of funding in the 2022/23 budget.



The budget consultation and funding within this for 2022-23 Budget Report is based on the Provisional Local Government Finance Settlement released in December 2021. Further changes to the budget are therefore expected to reflect the final settlement expected in early 2022 with a debate in the House of Commons shortly after. Any further information on funding will be reported to Members as soon as practical and may require management through reserves.

The table in 12.3 below sets out the revised funding forecast for Wirral Council for the period 2021/22 to 2026/27. This shows how local funding sources are being increased to fund the majority of the growth in service budgets, and how Government grants are contributing to a lesser extent in monetary terms.

12.3 Funding Available

	2021/22	2026/27	Change	Change
	£m	£m	£m	%
Council Tax	-156.60	-186.04	-29.44	18.80%
Government Grants	-25.28	-27.04	-1.76	6.96%
Business Rates	-137.68	-140.10	-2.42	1.76%
Collection Fund (-contribution/ +deficit)	1.00	0.00	-1.00	-100.00%
Capital Receipts	-0.73	0.00	0.73	-100.00%
Capitalisation Directive support	-10.70	0.00	10.70	-100.00%
Earmarked Reserves	0.00	0.00	0.00	0.00%
Total Funding Available	-329.98	-353.18	-23.20	7.03%

12.4 The Business Rates Retention Scheme and control over council tax levels are placing greater responsibility on all Councils to determine their own funding levels. In Wirral, the Council is meeting this challenge in a number of ways and focusing on longer term financial stability.

12.5 Growing the domestic tax base - Each new home brings additional council tax revenue, New Homes Bonus and, since 1st March 2019, a community infrastructure levy where relevant.

However, homes also bring additional costs, such as education, waste collection and highways. The Council ensures that any subsidy from its general funding sources is carefully examined to achieve maximum value to ensure council tax increases for residents are kept to a minimum overall.

- Promoting Economic Growth - business growth can result in additional income being retained for local investment, subject to certain thresholds. Therefore, the Council continues to invest in driving economic growth and infrastructure projects that will unlock development land and support inward investment.
- Increasing employment opportunities through economic growth resulting in fewer people relying on welfare benefits from the Council which releases funding for further investment or for direct provision of front-line services.
- Maintaining strong collection rates - to ensure fairness to all involved and ensure the Council maximises local income for local use. This approach is very important and is embedded in the Council's actions.

12.6 Government Grant Funding

The ability of the Council to plan effectively is dependent on when Government funding is announced. During the budget planning process forecasts are produced based on best estimates of funding which is announced in three stages.

- The Spending Round announcement in September.
- The release of the Provisional Settlement in mid-December 2021 where confirmation of the approach to grants, council tax and calculation of business rates estimates are received.
- Final Settlement announced early February 2022.

12.7 Business Rates Retention Pilot

Since 2017/18 Wirral has participated in a 100% Business Rates Retention (BRR) pilot, as opposed to the national 50% BRR scheme. This means Wirral retains 99% of Business Rates collected (Merseyside Fire & Rescue Service receive 1%) rather than 50% being transferred to Central Government. Authorities in the pilot are also not paid Revenue Support Grant or Improved Better Care Fund, which are instead devolved as part of the BRR pilot.

The pilot is in conjunction with Liverpool City Region authorities, and operates on a “no detriment” basis, where should any of the LCR authorities be in a worse position as a result of being in the pilot, they would be compensated by the other LCR authorities to ensure they were no worse off than on the national scheme. To date, all authorities have been in a betterment position each year, with Wirral being approximately £7m better off per year as a result of being in the pilot.

The Local Government Funding Settlement confirmed continuation of the pilot, but a decision has not yet been made to continue these arrangements beyond 2022/23, the 2022/23 MTFP has taken this into account. The Government will take a final decision on the future of these arrangements at the 2022 Spending Review later this year. A combined paper was submitted to DLUHC in August 2021 outlining the significant impact this would have on all the LCR authorities.

12.8 Council Tax

Locally collected domestic taxes that are directly retained by the Council will provide approximately 49.3% of the Council's net funding in 2022/23. The Council therefore takes a measured approach to managing the domestic tax base in a way that reflects local growth ambitions and supports sustainable services in the medium term. The increase of cost of care for supporting and protecting vulnerable people and inflation in costs are taken into account, then this creates a requirement to continue to increase council tax levels in line with Government expectations.

The ability to raise additional council tax for use solely on Adult Social Care (ASC) was accepted in 2021/22. From 2022/23 Local authorities can only raise up to 1% through a Social Care precept. The Council has forecast to maximise the Council Tax increase at 2.99% each year for the rest of the medium term, along with growth in the number of premises; this is 1.99% Council tax and 1% Adult Social Care precept. As such it is proposed that council tax is increased by 1.99%, £3.1m plus 1% for social care precept £1.6m and for new premises £1.6m for 2022/23 to give a Band D increase of £50 per household for 2022/23 (excluding precepts for Fire and Police).

The calculation of the council tax for 2022/23 is shown below.

	2022/23	2022/23
Council Tax Calculation	£m	£m
Net budget for 2022/23	330.6	
Less Business Rates	-139.4	
Less Collection Fund deficit	4.1	
Less Other Grants/capital receipts	-32.2	
Amount to be raised from Council Tax		163.0
No of Band D equivalent Properties		95,172.39
Band D Council Tax (£)		1,713.00

The impact on each council tax band and the number of dwellings in each band is set out in the table below:

Band	A	B	C	D
Council tax £	1,142	1,332	1,523	1,713
No of Dwelling	60,867	32,880	27,760	13,528
Band	E	F	G	H
Council tax £	2,094	2,474	2,855	3,426
No of Dwelling	8,399	4,362	3,174	278

12.9 Un-ringfenced Specific Grants

A number of separately identified un-ringfenced specific grants are forecast in our MTFS and MTFP. The table below shows the original budget for 2021/22 and the forecast un-ringfenced grants to 2027. The provisional Local Government Finance Settlement indicated that New Homes Bonus will continue, and also that the Services Grant was for one year only. However, it is assumed that there will be transitional funding in its place in future years.

	2021/22	2026/27	Change	
	£m	£m	£m	Change %
New Homes Bonus	-0.18	-0.44	-0.26	
Social Care Support Grant	-14.60	-19.77	-5.17	
Lower Tier Services Funding	-0.50	0.00	0.50	
Tranche 5 Covid-19 Funding	-10.00	0.00	10.00	
Services Grant	0.00	0.00	0.00	
Transition Formula Funding	0.00	-5.62	-5.62	
Market Sustainability & Fair				
Cost of Care Fund	0.00	-1.22	-1.22	
Total Funding Available	-25.28	-27.04	-1.76	7.0%

12.10 Ringfenced Specific Grants

There are many ringfenced grants that are reported as income within service budgets by Directorate such as the following:

12.11 Dedicated Schools Grant (DSG)

This grant provides the Council funding to meet certain educational costs. Under the national funding formula (NFF) arrangements DSG is allocated in funding blocks, namely the Schools Block, Early Years Block, High Needs Block and Central Schools Services Block.

12.12 Public Health Grant.

The Public Health Grant is a ring-fenced grant to allow Councils to discharge their public health responsibilities by improving and protecting the health of the local population and reduce health inequalities as measured by the Public Health Outcomes Framework. This includes a wide range of statutory services including, infection prevention and control services, Children's 0 – 19 health services, sexual health services, NHS health check programmes, substance misuse services, and other behavioural change services as well as addressing specific local health needs such as reducing health inequalities which is a key objective of the Wirral Plan. Use of the funding may also include meeting public health challenges arising directly or indirectly from COVID-19.

This grant has been ringfenced since 2013 and we await confirmation of the allocation for 2022-2023. Previous years have seen it fluctuate in value, with a trend of annual reductions seen up until 2019. The last two years have seen it stabilise at £29.9m for 2020-2021 and £30m in 2021-2022. To mitigate the uncertainty that comes with single year allocations, the Council maintains a rolling five-year financial plan and has done so since 2013. The longer-term arrangements for how this grant will be provided to local authorities has yet to be determined.

12.13 Reserves Forecasting

The Council has been noted that the low level of General Fund and Earmarked Reserves has caused the external auditors as part of their annual audit of the 2019/20 accounts to qualify the value for money findings and they have recommended the Council address this urgently.

The Council Reserves Strategy 2022/23 states that the Council will maintain reserves to protect against risk and support investment. The Strategy is updated each year and the latest update is provided at Appendix 5. The Strategy identifies two types of reserves:

- General Reserves Balances in this category are not identified for specific purposes but will be used to cushion against the impact of emerging events or genuine emergencies.
- Earmarked Reserves Balances in this category have been set aside for a specific purpose and will either be spent on that purpose or otherwise returned to General Reserves.

Further details, such as opening and closing balances and protection against financial risks, are contained within the Reserves Strategy.

12.14 Other Factors

The Council develops, through scenario planning and using assumptions, the potential financial position over the next five years. These assumptions are key components of the budget process and updated through the year as more accurate forecasts become available.

Allowances will be made in the 2022/23 budget for other economic factors, such as pay inflation of 3.0%. The Budget Report for 2022/23 reflects inflationary pressure in business rates and utility bills. The new social care levy is forecast to increase pressure on budgets by circa £0.9m pa.

13. Investment, Capital Programme and Borrowing

The capital programme is ambitious, reflecting the Council's priority to promote local economic wellbeing. To support this ambition the Council actively pursues funding from private sector organisations and Government as well as attempting to maximise receipts from asset sales.

Resources will be utilised accordingly to allow flexibility within the overall programme. Major infrastructure projects, for example, Birkenhead Investment District and Wirral Waters are funded through several sources, grants awarded, borrowing and capital receipts.

The Council applies an agreed Treasury Management Strategy (Appendix 2) to ensure capital financing is affordable in the medium term. During 2017/18 the Council revised its approach to calculating the Minimum Revenue Provision (MRP) to release revenue funding and mitigate overspending on services. The Council uses an annuity calculation method to MRP.

The estimated capital financing budget for 2022/23 is shown below. This includes repayment of debt and interest payable on the Council's long-term loans. Costs are partly offset by the interest earned on the Council's investments. Charges for the amount borrowed are made to the Council's income and expenditure account and, for 2022/23, comprise of the following elements:

- For borrowing incurred prior to April 2008: Cost is calculated at a 2% annuity rate over an average asset life.
- For borrowing incurred after April 2008: Cost is calculated on an annuity basis over the anticipated life of the asset, the rate is dependent on when the financing is incurred and is based on the average PWLB loans rate in which the capital expenditure occurs.

These periods vary from five years to 50 years depending on the type of expenditure funded from the borrowing.

Capital Financing Budget

	2022/23 £m
Repayments of debt	9.50
Contributions from Services	-2.60
Interest on loans	10.00
Less: Interest receivable	-0.25
Net Capital Financing Budget	16.65

Details of the Council's Minimum Revenue Provision Policy are shown in Appendix 3 Capital Strategy.

As of 31st December 2021, The Council has external borrowing of £186m of which £22m is temporary borrowing with other local authorities. The amount of interest paid on the Council's portfolio of loans is a mix of long-term fixed rates of interest and low-

rate short term rates of interest (average 5.8% for long-term and circa 0.03% for temporary borrowing). Currently long-term interest rates are around 2% with the Public Works Loan Board.

The rate of interest to be earned on the Council's cash balances that are temporarily invested is budgeted to be £1.2m. The Council sets out the approach to these issues in its Treasury Management Strategy which is set out in Appendix 1. of this report.

The capital programme to 2024 is set out in Appendix 3. Capital commitments have been reviewed to identify the profile of expenditure. There is recognition that the complexities around planning applications, public consultation and dependencies on third parties for external funding can mean that projects are delayed from one year to the next. The Investment and Change Board undertakes a critical role in evaluating and approving capital proposals for progression to Council review and approval. All capital projects go through a robust quality assurance framework and are closely monitored. The governance arrangements safeguard against projects proceeding where costs may escalate beyond budgets. Potential variances from approved budgets may become subject to supplementary approval in accordance with Financial Procedure Rules. Further details on the governance arrangements for the capital programme are set out in Appendix 3.

How the Capital Programme is Financed

The level of resources required to fund capital investment in the medium term is set out in the table below and is based on the level of borrowing that the Council can undertake on a prudential basis, the level of Government grant, the level of capital receipts and external contributions that can be generated over the period.

Asset Condition surveys are currently being commissioned and will give the cost of improvements over the next five years. This data will be updated once this information is known.

	2022/23	2023/24	2024/25	2025/26	2026/27	Total
	£m	£m	£m	£m	£m	£m
Committed schemes	113.75	54.80	10.00	0.00	0.00	178.55
New/Forecast Schemes	0.00	0.00	30.00	36.00	32.00	98.00
	113.75	54.80	40.00	36.00	32.00	276.55
Financing:						
Borrowing	53.60	26.80	25.00	22.00	19.85	147.25
Government Grants	56.47	28.00	15.00	14.00	12.15	125.62
Revenue Contributions	0.10	0.00	0.00	0.00	0.00	0.10
Capital Receipts	3.58	0.00	0.00	0.00	0.00	3.58
External Contributions	0.00	0.00	0.00	0.00	0.00	0.00
	113.75	54.80	40.00	36.00	32.00	276.55

The estimated Capital programme shown in the table above is subject to change both in level of commitment and sources of finance as the programme will evolve to suit service need and objectives. A reduction in the programme is estimated.

The Council will attempt to maximise external resources such as grants and external contributions in the first instance to fund the capital programme. Where the Council resources are required, the preference will be to utilise capital receipts from asset

disposals. The forecast for up to £3.58m capital receipts for the period 2022-27 is based on potential disposals as provided from the Asset Management team. Full disposal of these sites may not however be completed due to a variety of reasons including objections being raised, changes in market value, planning permissions, contract negotiation etc.

In recent years, Wirral Council has used the temporary government initiative, called Flexible Use of Capital Receipts (FUCR) to fund transformational revenue change in Wirral Council. Budget assumptions for 2022/23 include the utilisation of £3.58m of FUCR (with a component of this relating to a savings proposal of £0.65m in respect of the Strategic Change revenue budget). The FUCR facility is due to cease following financial year 2022/23 but will be utilised in-year, as per the available guidance, to support transformation activity. From 2023/24 business planning will facilitate transformational costs to be offset by the benefits delivered by the related activities and programmes of work.

The schemes in the Capital Programme, both existing and new proposals, have undergone an exercise to ensure they represent value for money, are part of the regeneration of the borough, attract government funding such as the local towns funding, encourage external funding or alternatively are affordable within the capital 106 financing budget and do not commit the Council to additional debt repayments that are not affordable in the medium term.

The long term projected capital programme does include a degree of estimation, however, before any capita programme is approved detailed business cases will be developed for these schemes. Before work can commence, there will be certainty about the deliverability, benefits and value for money of the schemes ensuring they achieve Economy, Efficiency and Effectiveness for the borough.

14. Capital Expenditure Borrowing

The Council's capital investment complies with the "Prudential Code for Capital Finance in Local Authorities". Under the Code, local authorities have greater discretion over the funding of capital expenditure especially with the freedom to determine, within the regulatory framework of the Code, the level of borrowing they wish to undertake to deliver their capital programmes. The level of Prudential Borrowing required in 2022/23 and in future years is detailed in the Treasury Strategy. The revenue consequences have been considered as part of the medium-term strategy to ensure they can be afforded in future years.

A number of critical government grants are supporting the capital programme especially for the regeneration of the borough and these are set out in the capital strategy.

Reports published by the Department for Levelling Up, Housing & Communities in November 2021 made clear the Council needs to dispose of assets and use the receipts to fund borrowing. The Council also intends to use a proportion of capital receipts specifically to transform services so that recurrent costs can be removed from the budget.

15. Risk Management

The Council continues to implement and embed an effective risk management framework and appropriate risk appetite to ensure that it is better placed to manage its performance; achieve its corporate objectives; and provide an enhanced level of service and outcomes.

Management of risk is an integral part of financial resilience and planning and must be embedded in all that we do. To enable the Council to monitor its financial resilience it needs to regularly assess its risks across all activities. The aim is to ensure that where risks have been identified that relate to financial resilience, planning and management these are being mitigated, monitored and reported on a regular basis. The Council's Risk Management Policy and Strategy outlines the approach to be taken across the organisation at all levels, from corporate to project risks.

In this constantly evolving environment, with a need to continually adapt internal organisation to meet legal requirements, economic challenges, urban changes, demographic and social changes, it is possible for managers and decision makers to miss risks that may arise suddenly or unexpectedly. The Council aims to use its risk management framework to help protect against this and the Corporate Leadership Team and Committees regularly review the Council's strategic risks and give assurance on the effectiveness of risk management through the Council's Audit and Risk Management Committee.

Operationally risk management is integrated into service planning, project management and decision making to ensure that:

- Risks are recognised and responded to appropriately throughout business management and decision-making lifecycles.
- Risk activity is focused on the delivery of key organisational objectives.

- Risk registers are critically examined and refreshed throughout the year.

The Corporate Risk Register (CRR), aligned to the themes of the Wirral Plan, is reviewed and updated regularly with risks flowing up and down from the Directorate Risk Registers for mitigation and management. The Corporate Leadership Team and respective committees review existing risks as well as identifying new and emerging risks with the potential to affect the delivery of the Council's objectives.

Wirral recognises that in pursuit of its objectives and outcomes that it may choose to accept an increased degree of risk. Where the Council chooses to accept an increased level of risk it will do so, subject always to ensuring that the potential benefits and threats are fully understood and that sensible measures to mitigate risk are established.

In 2021/22 a number of risks have had significant impacts on other strategic risks and on the council as a whole. COVID 19 has continued to create financial and service pressures at an unprecedented level and continues to be an area of high risk and uncertainty, with potentially long running and as yet unknown impacts. The risks associated with recent EU exit remain are actively managed as the impact continues to be felt across the Council. These risks are being monitored, reviewed and reported regularly to the Audit and Risk Management Committee and P&R Committee.

The CRR currently features several risks linked to the financial resilience of the Council, and general reserves are focused on the Council's potential exposure to risk. In addition, a risk register for the MTFP has been developed and will be maintained and reviewed over the lifetime of the plan.

As covered in other areas of the Reserves Strategy, financial risk is managed for example by estimating variations, demand led budgets, provisions in the Capital Strategy, limits within the Treasury Management Strategy. Financial and budgetary matters are reported regularly to the Audit and Risk Management Committee for oversight.

Appendix 4. provides a summary of the risks in the current Corporate Risk Register.

16. Asset Management Strategy

The Council's [Asset Management Strategy](#) was approved by Cabinet. It is currently being reviewed and refreshed and once finalised will be considered by Policy & Resources Committee. The strategy focuses on the rationalisation of the Council's estate, and this will generate capital receipts for future capital programmes. The strategy has five themes all linked to the Wirral Plan and these are:

1. Place shaping – working together we will create a Borough where people want to live, work and do business and this is done through regeneration, town rejuvenation and investment
2. Asset policy and strategy – works in conjunction with other strategies to ensure we achieve optimum efficiency from our resources and will contribute to the Wirral Plan and Estates.
3. One Wirral Public Estate – we are working to deliver value from our property estate through the Wirral Partnership collaborative working by streamlining the estate, asset transfer to communities to deliver the right service at the right time at the right level of value for money.
4. Financial Efficiency – we will achieve the maximum value possible from our land and building assets through revenue saving and income generation.
5. Managing the Corporate Portfolio – Working to maximise the effective use of our estate, developing new buildings that are well designed and meet service needs, providing economic growth and job creation.

Appendix 1. Treasury Management Strategy

Treasury risk management at the Authority is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2017 Edition (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year.

Investments held for service purposes or for commercial profit are considered in a different report, the Investment Strategy.

This report fulfils the Authority's legal obligation under the Local government Act 2003 to have regard to the CIPFA Code.

Wirral Council defines its treasury management activities as:

"The management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

The Council will create and maintain, as the cornerstones for effective treasury management:

- A Treasury Management Policy Statement (see Appendix 1, stating the policies, objectives and approach to risk management of its treasury management activities.
- Suitable Treasury Management Practices (TMPs), setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

Treasury Management is about the management of risk. The Council is responsible for its treasury decisions and activity. No treasury management activity is without risk.

As per the requirements of the Prudential Code, the Authority has adopted the CIPFA Treasury Management Code of Practice. All treasury activity will comply with relevant statute, guidance and accounting standards.

Adoption of this Treasury Management Strategy Statement approves the following:

- Treasury Management Strategy for 2022/23.
- Treasury Management Policy Statement
- Treasury Management Prudential Indicators for 2022/23.

ECONOMIC BACKGROUND

The Economy: The ongoing impact on the UK from coronavirus, together with higher inflation, the likelihood of higher interest rates, and the country's trade position post-Brexit, will be major influences on the Authority's treasury management strategy for 2022/23.

The Bank of England (BoE) increased Bank Rate to 0.25% in December 2021 while maintaining its Quantitative Easing programme at £895 billion. The Monetary Policy Committee (MPC) voted 8-1 in favour of raising rates, and unanimously to maintain the asset purchase programme. Prior to the emergence of the Omicron coronavirus variant, the Bank also considered the UK economy to be evolving in line with expectations, however the increased uncertainty and risk to activity the new variant presents, the Bank revised down its estimates for Q4 GDP growth to 0.6% from 1.0%.

Inflation was projected to be higher than previously forecast, with CPI likely to remain above 5% throughout the winter and peak at 6% in April 2022. UK CPI for November 2021 registered 5.1% year on year, up from 4.2% in the previous month.

Gross domestic product (GDP) grew by 1.3% in the third calendar quarter of 2021 according to the initial estimate, compared to a gain of 5.5% q/q in the previous quarter, with the annual rate slowing to 6.6% from 23.6%. During the quarter activity measures were boosted by sectors that reopened following pandemic restrictions, suggesting that wider spending was flat.

Credit outlook: Credit Default Swaps (CDS) are instruments that can be used to gauge market perception of a bank's financial condition. They are financial derivatives that guarantee against risk, similar to an insurance policy. The greater the perceived risk, the higher the price of insurance. Since the start of 2021, relatively benign credit conditions have led to CDS prices for the larger UK banks to remain low and had steadily edged down throughout the year up until mid-November when the emergence of Omicron has caused them to rise modestly. However, the generally improved economic outlook during 2021 helped bank profitability and reduced the level of impairments many had made as provisions for bad loans. However, the relatively recent removal of coronavirus-related business support measures by the government means the full impact on bank balance sheets may not be known for some time.

Looking ahead, while there is still the chance of bank losses from bad loans as government and central bank support is removed, the institutions on the Authority's counterparty list are well-capitalised and general credit conditions across the sector are expected to remain benign. Duration limits for counterparties on the Authority's lending list are under regular review and will continue to reflect economic conditions and the credit outlook.

Interest rate forecast: The Authority's treasury management adviser Arlingclose is forecasting that Bank of England (BoE) Bank Rate will continue to rise in calendar Q1 2022 to subdue inflationary pressures and the perceived desire by the BoE to move away from emergency levels of interest rates. Investors continue to price in multiple rises in Bank Rate over the next forecast horizon, and Arlingclose believes that although interest rates will rise again, the increases will not be to the extent predicted

by financial markets. In the near-term, the risks around Arlingclose’s central case are to the upside while over the medium-term the risks become more balanced.

Gilt yields are expected to remain broadly at current levels over the medium-term, with the 5, 10 and 20 year gilt yields expected to average around 0.65%, 0.90%, and 1.15% respectively. The risks around for short and medium-term yields are initially to the upside but shifts lower later, while for long-term yields the risk is to the upside. However, as ever there will almost certainly be short-term volatility due to economic and political uncertainty and events.

A more detailed economic and interest rate forecast provided by Arlingclose is attached at Appendix 5.

CAPITAL FINANCING REQUIREMENT

The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Authority’s strategy will be to minimise and delay external borrowing where possible, through the utilisation of investment balances, sometimes known as internal borrowing.

The Authority’s current level of debt and investments are set out in Appendix 2.

CIPFA’s Prudential Code of Practice recommends that the Authority’s total debt should be lower than its highest forecast CFR over the next three years.

The forecast movement in the CFR in coming years is one of the Prudential Indicators (PIs). The movement in actual external debt and usable reserves combine to identify the Authority’s borrowing requirement and potential investment strategy in the current and future years.

Table 1: Balance Sheet Summary Analysis

	31-Mar-22 Estimate £m	31-Mar-23 Estimate £m	31-Mar-24 Estimate £m	31-Mar-25 Estimate £m
Total Capital Financing Requirement (CFR)	390	430	440	430
Less: Other Long Term Liabilities	-34	-31	-28	-25
Loans CFR	356	399	412	405
Less: Existing Profile of Long Term Borrowing	-156	-151	-149	-143
Internal Borrowing	200	248	263	262
Less Usable Reserves	-64	-64	-67	-67
New Borrowing Requirement	136	184	196	195

Table 1 shows that the capital expenditure plans of the Authority over the next three years cannot be funded entirely from other sources and external borrowing will be

required. Useable reserves are subject to review as part of the Medium-Term Financial Strategy.

BORROWING STRATEGY

The Authority as at 31st December 2021 held £164 million of longer-term loans, a decrease of £6 million from March 2021, as part of its strategy for funding previous years' capital programmes. The balance sheet forecast in table 1 shows that in theory the Authority could need to borrow up to £136 million in 2022/23. The Authority may also borrow additional sums to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing as per the Capital Strategy.

Objectives: The Authority's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required. The flexibility to renegotiate loans should the Authority's long-term plans change is a secondary objective.

Strategy: Given the significant pressures on local government funding, the Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead.

By doing so, the Authority is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal and/or short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. The Authority's Treasury Management advisors will assist the Authority with this 'cost of carry' and breakeven analysis. Its output may determine whether the Authority borrows additional sums at long-term fixed rates in 2022/23 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

The Authority has previously raised a proportion of its long-term borrowing from the Public Works Loan Board (PWLB). The Authority will consider long-term loans from other sources including banks, pensions and local authorities, and will investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield

Alternatively, the Authority may arrange forward starting loans where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

In addition, the Authority may borrow short-term to cover unexpected cash flow shortages.

The approved sources of long term and short-term borrowing are:

- HM Treasury's PWLB lending facility (formerly the Public Works Loan Board)
- Any other UK public sector body
- Any institution approved for investments
- any other bank or building society authorised to operate in the UK
- UK public and private sector pension funds (with the exception of Merseyside Pension Fund)
- Capital market bond investors
- UK Municipal Bonds Agency Plc and other special purpose companies created to enable joint local authority bond issues

In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- Leasing
- Hire purchase
- Private Finance Initiative
- Sale and leaseback

UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It issues bonds on the capital markets and lends the proceeds to local authorities. This is a more complicated source of finance than the PWLB for two reasons: borrowing authorities may be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to for any reason and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to Council.

Short-term and variable rate loans

As the cost of carry remains high there is a greater reliance upon shorter dated and variable rate borrowing. This type of borrowing injects volatility into the debt portfolio in terms of interest rate risk but is counterbalanced by its affordability and alignment of borrowing costs with investment returns. Financial derivatives may also be used to manage this interest rate risk. The Authority's exposure to shorter dated and variable rate borrowing is kept under regular review.

LOBOs

The Authority has £101m of exposure to LOBO loans (Lender's Option Borrower's Option) of which £96m of these can be called within 2022/23. A LOBO is called when the lender exercises its rights to amend the interest rate on the loan at which point the borrower can accept the revised terms or reject them and repay the loan at no additional cost. LOBO loans present a potential refinancing risk to the Authority since the decision to call a LOBO is entirely at the lender's discretion. This refinancing risk is mitigated by the low interest rate climate, which has now been in existence for a number of years.

Any LOBOs called will be discussed with our Treasury Management advisors prior to acceptance of any revised terms. If a lender proposes to exercise their right to amend the interest rate of the loan, the default position will be the repayment of the LOBO without penalty i.e., the revised terms will not be accepted. Should the possibility arise of a LOBO being refinanced, for example by replacing the loan with a new loan arrangement, then the approach detailed below will be adopted.

Debt Rescheduling

The Authority's debt portfolio can be restructured by prematurely repaying loans and refinancing them on similar or different terms to achieve a reduction in risk and/or savings in interest costs.

The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Authority may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall saving or reduction in risk. The rationale for undertaking debt rescheduling would be one or more of the following:

- Savings in risk adjusted interest costs
- Rebalancing the interest rate structure of the debt portfolio
- Changing the maturity profile of the debt portfolio

Borrowing and rescheduling activity will be reported to the Policy & Resources Committee in the Annual Treasury Management Report and the regular treasury management reports.

TREASURY INVESTMENT STRATEGY

The Authority holds invested funds, representing income received in advance of expenditure plus balances and reserves held. As at 31st December 2021, the Authority held £34 million of treasury investments. In the past 12 months, the Authority's treasury investment balance has ranged between £19 and £79 million. Investment balances were higher than usual during January 2021 and April 2021 due to cash received from central government in response to the COVID-19 pandemic. As this cash was utilised investment levels reduced to an average £41 million between June 2021 and December 2021. A similar range in investment level is expected in the forthcoming year, depending on the levels of grant received and the payment profiles.

Objectives: The CIPFA Code requires the Authority to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Authority will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested. The Authority is facing severe funding pressures over future years and therefore any

potential opportunities to increase income generation via investments, whilst adhering to CIPFA guidance, will be assessed for viability.

The Authority and its advisors continually assess economic and market conditions for signs of credit or market distress that might adversely affect the Authority.

Negative Interest Rates: The COVID-19 pandemic has increased the risk that the Bank of England will set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. Since investments cannot pay negative income, negative rates will be applied by reducing the value of investments. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.

Strategy: Given the increasing risk and very low returns from short-term unsecured bank investments, the Authority aims to further diversify into more secure and/or higher yielding asset classes during 2022/23. This is especially the case for funds that are available for longer-term investment. The majority of the Authority's surplus cash is currently invested in short-term unsecured bank deposits and money market funds.

The Authority may invest its surplus funds with any of the counterparties shown in Appendix 3, subject to the cash and time limits shown.

Business models: Under the IFRS 9 accounting standard, the accounting for certain investments depends on the Authority's "business model" for managing them. The Authority aims to achieve value from its internally managed treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

Banks and Building Societies Unsecured Investments: Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

Secured Investments: Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.

Government: Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Government are deemed to be zero

credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.

3.49 Inter-authority investment and borrowing is a major source of local government financing with over £9 billion of active short term inter-authority loans reported nationally at 30th September 2021. The Council has not invested any funds with other local authorities since 2017 and no amounts remain outstanding. The treasury management team have utilised other options such as money market funds to place short term funds which have paid slightly higher rates. The inter-authority interest rate is not set by the individual local authority but by the market on the day and therefore no local authority has any influence over what rate it can charge. As with all lending, this purpose is for cash flow purposes and the funds cannot be used for day to day expenditure. The benefit of investing cashflows is that any interest the authority does make goes into the general budget that does support day to day expenditure.

Corporates: Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be made either following an external credit assessment or as part of a diversified pool in order to spread the risk widely.

Registered Providers (unsecured): Loans to, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

Money Market Funds: Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Authority will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.

Strategic Pooled Funds: Bond, equity and property funds offer enhanced returns over the longer-term but are more volatile in the short term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.

Real estate investment trusts (REITs): Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.

Operational bank accounts: The Authority may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments but are still subject to the risk of a bank bail-in, and balances will therefore be minimised as part of daily Treasury Management procedures. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Authority maintaining operational continuity.

Other investments: The Authority may also invest cash with other organisations, for example by making loans to small businesses. Because of the higher perceived risk of unrated businesses, such investments may provide considerably higher rates of return. They will however only be made following a favourable external credit assessment.

Risk Assessment and Credit Ratings: Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. The credit rating agencies in current use are listed in the Treasury Management Practices document. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

Where a credit rating agency announces that a rating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it may fall below the approved rating criteria, then only investments that can be withdrawn (on the next working day) will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

Other Information on the Security of Investments: The Authority understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support and reports in the quality financial press and analysis and advice from the Authority's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2020, this is not generally reflected immediately in credit ratings, but can be seen in other market measures. In these circumstances, the Authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with

prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority's cash balances, then the surplus will be deposited with the UK Government, via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause investment returns to fall but will protect the principal sum invested.

Investment Limits: In order that the risk to the Authority's finances is further minimised in the case of a single default, a group of entities under the same ownership or a group of funds under the same management will be treated as a single organisation for limit purposes. Limits will also be placed on fund managers, investments in brokers' nominee accounts and foreign countries as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country since the risk is diversified over many countries. Group Investment can be found in Appendix 3.

When calculating counterparty limits, the investment portfolio may be grossed up to include amounts that are being utilised by the Authority in lieu of borrowing (internally borrowed), as per the Authority's external advisor.

Liquidity management: The Authority uses cash flow forecasting to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Authority being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Authority's medium-term financial plan and cash flow forecast. The Authority will spread its liquid cash over providers (e.g., bank accounts and money market funds) to ensure that access to cash is maintained in the event of operational difficulties at any one provider.

The Section 151 Officer, under delegated powers, will undertake the most appropriate form of investments in keeping with the investment objectives, income and risk management requirements. Decisions taken on the core investment portfolio will be reported to Committee meetings.

Environmental, Social and Governance (ESG): The Council's approach towards responsible investment, sustainability, its impact on society and the environment, as well as other ethical and good governance considerations. These factors can collectively be termed 'ESG'. Integrating ESG will allow the Council to deliver on key goals and also improve the long-term resilience of the balance sheet, particularly as it is now increasingly clear that there are financial benefits to be gained in the long-term from recognising the impact of climate change, efficient energy consumption, sustainable resources, inclusion, diversity, equality and strong corporate governance. A summary of the key ESG consideration is included in Appendix 6 to this report.

OTHER ITEMS REQUIRED BY CIPFA TO BE INCLUDED IN THE TREASURY MANAGEMENT STRATEGY

Financial Derivatives: Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g., interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g., LOBO loans and callable deposits). The general power of competence in Section 1 of the Localism Act 2011 removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e., those that are not embedded into a loan or investment). The CIPFA Code requires authorities to clearly detail their policy on the use of derivatives in the annual strategy.

The Authority will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Authority is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be considered when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria, assessed using the appropriate credit rating for derivative exposures. An allowance for credit risk calculated using the methodology in the Treasury Management Practices document will count against the counterparty credit limit and the relevant foreign country limit.

In line with the CIPFA Code, the Authority will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.

Markets in Financial Instruments Directive: The Authority has opted up to professional client with its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Authority's treasury management activities, the Chief Financial Officer believes this to be the most appropriate status.

Investment Advisors: The Authority continues to utilise an independent treasury advisor to provide the following services:

- Credit advice
- Investment advice
- Technical advice
- Economic & interest rate forecasts
- Workshops and training events

A competitive tendering exercise was completed to appoint an advisor for an initial period spanning April 2021 to March 2024, with the option to extend for a further two years. The successful bid came from Arlingclose Ltd.

The Treasury Management Team within the Accountancy Services monitor the quality of the service provided.

INTEREST RATE FORECAST

The economic interest rate forecast provided by the Authority's treasury management advisor is attached at Appendix 5. The Authority will reappraise its strategies from time to time in response to evolving economic, political and financial events.

POLICY ON DELEGATION

The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Policy and Resources Committee, and for the execution and administration of treasury management decisions to the Director of Resources who will act in accordance with the Council's Strategy Statement, Treasury Management Practices (TMPs) and CIPFA's Standard of Professional Practice on Treasury Management.

On a day-to-day basis the Treasury Management Team within Finance undertake the treasury management activities.

Decisions on short term investments and short-term borrowings may be made on behalf of the Section 151 Officer by the Senior Finance Business Partner with the responsibility for investments or any other members of that team who are empowered to agree deals subject to their conforming to the Authority's Treasury Management Strategy and policies outlined in this report.

A list of the current Authorised Signatories for Treasury Management activity, as designated by the Director of Finance & Investment, is included in Appendix 7.

Decisions on long term investments or long-term borrowings (i.e., for periods greater than one year) may be made on behalf of the Section 151 Officer by the Senior Finance Business Partner (or equivalent) or the Finance Business Partner (or equivalent) on the Treasury Management function and will be reported to Committee.

All officers will act in accordance with the policies contained within this document.

PERFORMANCE MONITORING AND REPORTING

The Council will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close in the form prescribed in its TMPs.

The Council will produce an Outturn Report on its treasury activity no later than 30 September after the financial year end.

APPENDIX 1

TREASURY MANAGEMENT POLICY STATEMENT

1. Introduction and background

- 1.1 The Council adopts the key recommendations of CIPFA's Treasury Management in the Public Services: Code of Practice (the Code), as described in Section 5 of the Code.
- 1.2 Accordingly, the Council will create and maintain, as the cornerstones for effective treasury management: -
 - A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities.
 - Suitable treasury management practices (TMPs), setting out the way the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.
- 1.3 The Council (i.e., full Council) will receive reports on its treasury management policies, practices and activities including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs.
- 1.4 The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to Committee, and for the execution and administration of treasury management decisions to the Section 151 Officer who will act in accordance with the Council's Strategy Statement, Treasury Management Practices (TMPs) and CIPFA's Standard of Professional Practice on Treasury Management.

2. Policies and objectives of treasury management activities

- 2.1 The Council defines its treasury management activities as:

“The management of the Council's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”
- 2.2 This Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management

activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

- 2.3 This Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.
- 2.4 The Council's borrowing will be affordable, sustainable and prudent and consideration will be given to the management of interest rate risk and refinancing risk. The source from which the borrowing is taken and the type of borrowing should allow the Council transparency and control over its debt.
- 2.5 The Council's primary objective in relation to investments remains the security of capital. The liquidity or accessibility of the Authority's investments followed by the yield earned on investments remain important but are secondary considerations.

APPENDIX 2

EXISTING INVESTMENT & DEBT PORTFOLIO POSITION

	Current Portfolio as at 31 Dec 21 £m
External Borrowing (Long & Short Term)	
Public Works Loan Board	17.8
Local Authorities Temporary Loans	22.0
LOBO Loans	100.5
Other Loans	45.5
Total External Borrowing *	185.8
Other Liabilities	
Private Finance Initiative	35.8
Total Other Long-Term Liabilities	35.8
Total External Debt	221.6
Treasury Investments:	
Banks & Building Societies	6.9
Community Interest Companies	1.8
Money Market Funds	6.9
Green Energy Bond	1.5
<i>Strategic Pooled Funds:</i>	
Royal London	1.0
Public Sector Social Investment Fund	10.0
Payden Sterling Reserve	4.0
Columbia Threadneedle	1.0
CCLA Property Fund	1.0
Total Investments	34.1

*£17.8 million of the £185.8 million of external borrowing relates to transferred debt from the former Merseyside County Council. Wirral administers this debt on behalf of the following other Authorities who make annual repayments towards this liability:

- Knowsley Council
- Liverpool City Council
- Sefton Council
- St Helens Council
- Merseyside Fire and Rescue Service
- Merseyside Police
- Merseyside Recycling & Waste Authority
- Merseytravel

- APPENDIX 3

APPROVED INVESTMENT COUNTERPARTIES

Investment Limits

Sector	Time limit	Counterparty limit	Sector limit
The UK Government	50 years	Unlimited	n/a
Local authorities & other government entities	25 years	£10m	Unlimited
Secured investments *	25 years	£10m	Unlimited
Banks (unsecured) *	13 months	£5m	Unlimited
Building societies (unsecured) *	13 months	£5m	£10m
Registered providers (unsecured) *	5 years	£5m	£25m
Money market funds *	n/a	£10m	Unlimited
Strategic pooled funds	n/a	£10m	£50m
Real estate investment trusts	n/a	£10m	£25m
Other investments *	5 years	£5m	£10m

* Minimum credit rating: Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than A-. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be considered.

For entities without published credit ratings, investments may be made where external advice indicates the entity to be of sound credit quality.

Additional investment limits

Any group of pooled funds under the same management	£25m per manager
Negotiable instruments held in a broker's nominee account	£25m per broker
Foreign countries	£10m per country

APPENDIX 4

TREASURY MANAGEMENT PRUDENTIAL INDICATORS

2022/2023

1. Background

The Authority measures and manages its exposures to treasury management risks using the following indicators.

Treasury Management Indicators

1. Security

The Authority has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

Credit risk indicator	Target
Portfolio average credit rating	A

2. Liquidity

The Authority has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount it can borrow each quarter without giving prior notice.

Liquidity risk indicator	Target
Total sum borrowed in past 3 months without prior notice	£10m

3. Maturity Structure of Borrowing

This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing will be:

Maturity Structure of Borrowing	Lower Limit	Upper Limit
	2022/23	2022/23
	%	%
Under 12 Months	0	90
12 Months and within 24 months	0	75
24 Months and within 5 years	0	75
5 years and within 10 years	0	75
10 years and over	0	100

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment, including LOBO loans, many of which have repayment options every six months.

4. Principal Sums Invested for Periods Longer Than a Year

The Council has placed an upper limit for principal sums invested for periods longer than a year. This limit is to contain exposure to the possibility of loss that may arise as a result of the Council having to seek early repayment of the sums invested.

Price risk indicator	2022/23	2023/24	2024/25
Limit on principal invested beyond year end	£50m	£30m	£30m

APPENDIX 5

The Arlingclose Economic and Interest Rate Outlook - December 2021

Underlying assumptions:

- The global recovery from the pandemic has entered a more challenging phase. The resurgence in demand has led to the expected rise in inflationary pressure, but disrupted factors of supply are amplifying the effects, increasing the likelihood of lower growth rates ahead. The advent of the Omicron variant of coronavirus is affecting activity and is also a reminder of the potential downside risks.
- Despite relatively buoyant activity survey data, official GDP data indicates that growth was weakening into Q4 2021. Other data, however, suggested continued momentum, particularly for November. Retail sales volumes rose 1.4%, PMIs increased, and the labour market continued to strengthen. The end of furlough did not appear to have had a significant impact on unemployment. Wage growth is elevated.
- The CPI inflation rate rose to 5.1% for November and will rise higher in the near term. While the transitory factors affecting inflation are expected to unwind over time, policymakers' concern is persistent medium term price pressure.
- These factors prompted the MPC to raise Bank Rate to 0.25% at the December meeting. Short term interest rate expectations remain elevated.
- The outlook, however, appears weaker. Household spending faces pressures from a combination of higher prices and tax rises. In the immediate term, the Omicron variant has already affected growth – Q4 and Q1 activity could be weak at best.
- Longer-term government bond yields remain relatively low despite the more hawkish signals from the BoE and the Federal Reserve. Investors are concerned that significant policy tightening in the near term will slow growth and prompt the need for looser policy

later. Geo-political and coronavirus risks are also driving safe haven buying. The result is a much flatter yield curve, as short-term yields rise even as long-term yields fall.

- The rise in Bank Rate despite the Omicron variant signals that the MPC will act to bring inflation down whatever the environment. It has also made clear its intentions to tighten policy further. While the economic outlook will be challenging, the signals from policymakers suggest their preference is to tighten policy unless data indicates a more severe slowdown.

Forecast:

- The MPC will want to build on the strong message it delivered this month by tightening policy despite Omicron uncertainty.
- Arlingclose therefore expects Bank Rate to rise to 0.50% in Q1 2022, but then remain there. Risks to the forecast are initially weighted to the upside but becoming more balanced over time. The Arlingclose central forecast remains below the market forward curve.
- Gilt yields will remain broadly flat from current levels. Yields have fallen sharply at the longer end of the yield curve, but expectations of a rise in Bank Rate have maintained short term gilt yields at higher levels.
- Easing expectations for Bank Rate over time could prompt the yield curve to steepen, as investors build in higher inflation expectations.
- The risks around the gilt yield forecasts vary. The risk for short- and medium-term yields is initially on the upside but shifts lower later. The risk for long-term yields is weighted to the upside.

	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
	%	%		%	%	%	%	%	%	%	%	%	%
Official Bank Rate													
Upside Risk	0.00	0.00	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Downside Risk	0.00	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
3 Month Money Market Rate													
Upside Risk	0.05	0.05	0.25	0.35	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	0.25	0.55	0.55	0.60	0.60	0.60	0.60	0.65	0.65	0.65	0.65	0.65	0.65
Downside Risk	0.00	-0.25	-0.25	-0.30	-0.30	-0.30	-0.30	-0.35	-0.35	-0.35	-0.35	-0.35	-0.35
5 Year Gilt Rate													
Upside Risk	0.00	0.35	0.45	0.55	0.55	0.55	0.55	0.55	0.55	0.50	0.50	0.45	0.45
Arlingclose Central Case	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.65	0.70	0.75	0.75
Downside Risk	-0.10	-0.20	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.30	-0.35	-0.40	-0.40
10 Year Gilt Rate													
Upside Risk	0.10	0.25	0.35	0.40	0.45	0.50	0.50	0.50	0.50	0.50	0.55	0.55	0.55
Arlingclose Central Case	0.80	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.90	0.90	0.95	0.95
Downside Risk	-0.10	-0.25	-0.30	-0.35	-0.35	-0.35	-0.35	-0.35	-0.35	-0.40	-0.40	-0.40	-0.40
20 Year Gilt Rate													
Upside Risk	0.30	0.40	0.45	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	1.00	1.05	1.10	1.10	1.10	1.10	1.15	1.15	1.15	1.20	1.20	1.20	1.20
Downside Risk	-0.15	-0.30	-0.35	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.45	-0.45	-0.45	-0.45
50 Year Gilt Rate													
Upside Risk	0.25	0.30	0.40	0.45	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	0.70	0.75	0.80	0.85	0.90	0.95	1.00	1.05	1.05	1.10	1.10	1.15	1.15
Downside Risk	-0.15	-0.30	-0.35	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.45	-0.45	-0.45	-0.45

APPENDIX 6

Environmental, Social and Governance (ESG) Considerations

Outside of financial risks, it is increasingly evident that there are also key non-financial risks with financial consequences over the longer-term for the Council. In particular

- **Environmental risks:** Climate change has continued to become an increasingly evident problem, with extreme weather events rising and temperatures increasingly on a global basis. Coupled with the depletion of natural resources and the negative feedback loop created by hydrocarbon pollution, there are growing concerns about the environment and the potential financial impact on societies, economies and businesses.
- **Social risks:** Inequality, diversity and inclusion are becoming more important considerations. The unequal recovery since the last financial crisis coupled with financial pressures on public sector balance sheets have led to a growing divergence of outcomes and concerns about parts of society being systematically left behind. There is also increased scrutiny from a range of stakeholders. For the Council, there is also a vested interest in protecting and minimising the most vulnerable in society.
- **Governance risks:** Governance covers the rights and responsibilities of the senior management of companies, institutions and counterparties, in particular its structures, corporate values and accountability processes. The proper treatment of employees, ensuring an ethical approach to supply chains, paying

living wages, how counterparties ensure that management is acting in the best

interests of all stakeholders – these are all clear areas of focus that if poorly managed, can lead to reputational and financial consequences for the Council's

portfolio in the long-term.

The Council's objective is to recognise all these risks, to mitigate them where possible

and thereby improve the security of its portfolios and balance sheet in the long-term.

Within these risks, the Council has identified climate change as a long-term, material

and systemic financial risk with the potential to significantly impact the treasury portfolio, the capital strategy and the Council's financial resilience over time. The

Council has declared a Climate Emergency already in response to this, and further, in

respect of its investments, will seek to:

- Minimise exposure to counterparties and investments heavily impacted by climate change risk.
- Increase exposure to sectors, counterparties and investments, such as renewables, whose activities aid the transition to a lower carbon world and economy.
- Contribute meaningfully to an improved economically sustainable future locally and nationally, without sacrificing security

The Council will incorporate ESG issues into its analysis and decision-making processes

when considering the treasury portfolio and capital investments. The Council will seek

to use data and analysis where available to determine the type and materiality of relevant issues for counterparties.

ESG Risk Appetite

It is important to note that risk will always exist in some measure and cannot be removed in its entirety. Additionally, in order to realise investment and commercial gains, it is unavoidable for some measure of risk to exist.

Therefore, risks need to be considered both in terms of potential threats to the Council and positive opportunities.

The risk appetite will be considered annually and monitored on an ongoing basis by senior management and external advisors.

In general, the Council seeks to minimise its exposure to risks that are unwanted and

unrewarded. Of relevance to ESG, the Council is exposed to a range of risks across its

balance sheet and portfolios:

Environmental risks related to the environmental impact of the Council's strategy and investments.

- Social risks related to the social impact of the Council's strategy and investments.
- Governance risks related to ensuring that prudence and careful consideration sit at the heart of the Council's decision-making, augmented by quality independent advice and appropriate checks and balances.

Within these, the Council's appetite is as follows:

Risk	Appetite
Environmental	No appetite for environmentally negative risks. Moderate to high

	<p>appetite for projects and investments that reduce environmental risks and promote sustainability. Always subject to full due diligence and subsequent monitoring of risks and key appropriate metrics.</p>
Social	<p>Low appetite for social risks, especially in the local region. Moderate appetite for projects and investments that reduce social risk. Always subject to full due diligence and subsequent monitoring of risks and key appropriate metrics.</p>
Governance	<p>No appetite for investments and initiatives that are not accompanied by careful due diligence and an assessment of the transaction versus the Council's resources, funding needs, cashflow requirements, ESG risk preferences and broader goals. All subject to ongoing monitoring of risks and key relevant metrics to manage the Council's exposure and respond to any emerging issues. Depth and frequency of monitoring should be proportional to the complexity and capital at risk for the Council.</p>

APPENDIX 7

AUTHORISED SIGNATORIES

The following officers are authorised to make payments, either via the Council's online banking system or by signing cheques, and issue other instructions relating to Treasury Management transactions on behalf of Wirral Borough Council:

- Director of Resources – Shaer Halewood
- Assistant Director of Finance & Investment – Daniel Kirwan
- Senior Finance Manager – Peter Molyneux
- Senior Finance Manager – Diane Grisdale
- Senior Finance Manager – Mark Goulding
- Senior Finance Manager – Christopher Kelly

This list can be amended at the discretion of the Director of Resources, should the need arise due to operational requirements.

Appendix 2. Investment strategy

Background Information

The Authority invests its money for three broad purposes:

- there is surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as **treasury management investments**),
- to support local public services by lending to or buying shares in other organisations (**service investments**), and
- to earn investment income (known as **commercial investments** where this is the main purpose)

This investment strategy report meets the requirements of statutory guidance issued by the Government in January 2018 and focuses on the second and third of these categories. DLUHC have acknowledged the increase in commercial activities local authorities are engaged in. The revised guidance requires local authorities to clearly define their approaches and risk appetite for such activity and to gain approval from Council on an annual basis.

A separate report covering the Treasury Management Strategy will also be produced that fulfils the Authority's legal obligation under the Local Government Act 2003 to have regard to both the Chartered Institute of Public Finance and Accountancy (CIPFA) Code and the DLUHC guidance.

A Commercial Strategy was approved by Cabinet on 26th November 2018. This strategy takes a commercial approach to service design, management, and decisions, encouraging innovation whilst optimising assets and services to exploit opportunities to generate income surplus for reinvestment, and reduce costs.

Treasury Management Investments

The Authority typically receives its income in cash (e.g., from taxes and grants) before it pays for its expenditure in cash (e.g., through payroll and invoices). It also holds reserves for future expenditure and collects local taxes on behalf of other local authorities and Central Government. These activities, plus the timing of borrowing decisions, may lead to a cash flow surplus which is invested in accordance with guidance from CIPFA. The daily balance of treasury management investments is expected to fluctuate between £20m and £50m during the 2022/23 financial year.

Wirral Council defines its treasury management activities as:

“the management of the organisation’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

Contribution: The contribution that these investments make to the objectives of the Authority is to support effective treasury management activities. Investment returns contribute towards funding services, whilst reduced borrowing costs allow resources to be allocated elsewhere.

Further details: Full details of the Authority’s policies and its plan for 2022/23 for treasury management investments are covered in a separate document, the Treasury Management Strategy.

Service Investments: Loans

Contribution: The Council lends money to its subsidiaries e.g., Edsential Community Interest Company (by way of a credit facility), and local businesses to support local public services and stimulate local economic growth.

Security: The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. Appropriate due diligence is undertaken on loan applications and collateral sought to offset risk. To further limit this risk and ensure that total exposure to service loans remains proportionate to the size of the Authority, upper limits on the outstanding loans to each category of borrower have been set as per the table below. Loans should be self-financing with returns covering financing and administrative costs plus any return.

Table 1: Loans for service purposes.

Category of borrower	31.03.2022 Estimated			2022/23
	Balance Owing £000	Loss allowance £000	Estimated Net figure in accounts £000	Approved Limit £000
Subsidiaries	2,607	2,607	0	10,000
Local businesses	350	350	0	10,000
TOTAL	2,957	2,957	0	20,000

Accounting standards require the Authority to set aside a loss allowance (where appropriate) for loans, reflecting the likelihood of non-payment. The figures for loans in the Authority's Statement of Accounts are shown net of this loss allowance. However, the Authority makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments.

Risk assessment: The Authority assesses the risk of loss before entering and whilst holding service loans. If in the future the authority actively markets itself as a provider of finance, it would need to assess the market that it would be competing in e.g., other local authorities and financial institutions. Prior to offering any loan facility, the following factors are considered:

- Financial appraisal based on evidence obtained from credit agencies.
- Independent external advisor appointed in conjunction with procurement.
- Analysis of business plans.
- Appropriate interest rate calculation, including potential state aid implications; and
- The availability of any securities/collateral.

Service Investments: Shares

Contribution: The Council can invest in the shares of its subsidiaries, its suppliers, and local businesses to support local public services and stimulate local economic growth. At present there are no such investments in place.

Security: One of the risks of investing in shares is that they fall in value meaning that the initial outlay may not be recovered. In order to limit this risk, upper limits on the sum invested in each category will be determined as the need arises.

Risk assessment: The Authority will assess the risk of loss before entering and whilst holding share.

Liquidity: The maximum period for non-subsidiaries which funds may prudently be committed would initially be 12 months, but this would be subject to an ongoing review to best avoid the likelihood of capital losses.

Non-specified Investments: Shares are the only investment type that the Authority has identified that meets the definition of a non-specified investment in the government guidance. The limits on share investments will therefore also be the Authority's upper limits on non-specified investments. The Authority has not adopted any procedures for determining further categories of non-specified investment since none are likely to meet the definition covered by this requirement.

Commercial Investments: Property

Contribution: DLUHC defines property to be an investment if it is held primarily or partially to generate a profit. The Council invests in local commercial and residential property, with profits generated spent on local public services. Although there is increased national focus on property, councils have a long history of owning investment properties. Wirral's portfolio includes industrial estates, commercial and leisure properties.

Table 2: Property held for investment purposes

Property	Actual	31.3.2022 Estimate	
	Purchase cost	Gains or (losses)	Estimated Value in accounts
	£000	£000	£000
Europa Boulevard	8,400	(2,450)	5,950
Vue Cinema	6,800	(3,150)	3,650
Other Investment Properties	9,286	147	9,433

TOTAL	24,486	(5,453)	19,033
--------------	---------------	----------------	---------------

The estimated values in the table above, specifically Europa Boulevard and Vue Cinema, represent the latest valuations as per the Statement of Accounts (as at 31.03.2021), and reflect the specific circumstances at that time, directly attributable to pressures arising due to the COVID-19 pandemic. These valuations are to be reviewed again this year and the prevailing market conditions factored in.

It is prudent to note that whilst these properties are held as investment properties in the Council's asset register, the properties were not acquired specifically for income generation. Most of these investment assets are owned for historic reasons, but subsequent acquisitions (Europa Boulevard and Vue Cinema) are linked to regeneration opportunities.

Discussions with real estate services and investment firm, CBRE, have taken place with the aim of commencing a review of the existing properties held by the Council. This will result in a rolling review of council assets, the outcomes from which will be supported by property disposal and investment strategies, which evidence due consideration of the recommendations contained within the CIPFA/DLUHC Local Government Finance Review (November 2021).

The Council's 'Strategic Asset Management Plan' sets out how the council will make the best use of its buildings and land in the future. This will be linked to future property purchase or consideration.

The Council is currently engaged in a joint venture agreement with Muse Developments to create the Wirral Growth Company. The anticipated benefits to the Authority of this agreement are inward investment, regeneration, job creation, and income generation. These growth priorities are reflected within the Wirral Plan 2021-2026, which highlights ambitions to drive forward sustainable economic growth.

Security: In accordance with government guidance, the Authority considers a property investment to be secure if its accounting valuation is at or higher than its purchase cost including taxes and transaction costs.

Where value in the accounts is at or above purchase cost: an annual fair value assessment of the Authority's investment property portfolio is undertaken, and the underlying assets provide security for capital investment. Should the 2021/22 year-end accounts preparation and audit process value these properties significantly below their purchase cost, then an updated investment strategy will be presented to full council detailing the impact of the loss on the security of investments and any revenue consequences arising therefrom.

Where value in accounts is below purchase cost: the fair value of the Authority's investment property portfolio is no longer sufficient to provide

security against loss, and in these circumstances the Authority will take mitigating actions to protect the capital invested.

Risk assessment: The Authority assesses the risk of loss before entering and whilst holding property investments.

Liquidity: Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice and can take a considerable period to sell in certain market conditions.

Loan Commitments and Financial Guarantees

Although not strictly counted as investments, since no money has exchanged hands yet, loan commitments and financial guarantees carry similar risks to the Authority and are included here for completeness.

The Authority has committed itself to make available a credit facility of £2 million to Edsential Community Interest Co. To date £1.75 million has been advanced. Under the terms of the existing agreement Edsential has until March 2026 to call upon the balance. Interest is earned by the Council on any sums advanced and is charged at an appropriate market rate.

In addition to the credit facility of £2m, a request for financial assistance was made to the two shareholders of Edsential - Wirral Council, and Cheshire West and Chester Council, to assist Edsential manage their financial pressures because of the COVID-19 pandemic. Both shareholders agreed to provide an additional £857k to Edsential (£1.74m total). Wirral Council agreed to provide the funding at a meeting of Shareholder Board in October 2021. It should be noted that this loan is separate from the credit facility, and as such, has individual terms and conditions.

Proportionality

The table below shows the extent to which the expenditure planned to meet the service delivery objectives and/or place making role of the Authority is dependent on achieving the expected net profit from investments over the lifecycle of the Medium-Term Financial Plan. It is important to note, that the Authority plans to reinvest any profit earned on investment activity into regeneration initiatives. Regular budget monitoring and review of income to be achieved will highlight if expected net profit is in any doubt and if so that corrective budgetary action needs to be taken to minimise any potential impact on services.

Table 3: Proportionality of Investments

	2021/22 Forecast £000	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000
Gross service expenditure	587,000	588,000	593,000	595,000

Investment income	2,000	2,000	2,000	3,000
Proportion	0.34%	0.34%	0.34%	0.51%

The proportion is the investment income divided by the gross service expenditure.

Borrowing in Advance of Need

Government guidance is that local authorities must not borrow more than, or in advance of their needs, solely to profit from the investment of the extra sums borrowed. The Authority may, from time to time, borrow in advance of need, where this is expected to provide the best long-term value for money. Since amounts borrowed will be invested until spent, the Authority is aware that it will be exposed to the risk of loss of the borrowed sums, and the risk that investment and borrowing interest rates may change in the intervening period. At present, any borrowing arrangements in place have been made solely to meet cashflow requirements, and not to profit from the investment of the extra sums borrowed. Furthermore, all borrowing is undertaken once an analysis of approved lending counterparties has taken place. These risks will be managed as part of the Authority's overall management of its treasury risks, in addition to the consideration of the recommendations contained within the CIPFA/DLUHC Local Government Finance Review (November 2021).

Capacity, Skills and Culture

Elected members and statutory officers: The Council has a dedicated 'Policy & Resources Committee' to review key financial matters. The Committee meets regularly with officer support from the Director of Resources to review and approve reports; raise questions; and receive briefings on latest developments. Financial training has been provided to all Members to aid decision making. Regular reporting and discussion of financial matters occurs with frequent meetings of the Policy and Resources Finance Sub-Committee via weekly workshops and with the Strategic Leadership Team. Formal reporting is provided to Council via the Policy and Resources Committee and to the Policy and Services committees. Reports undergo extensive review to ensure content is detailed and appropriate for the circumstance, and relevant implications have been identified. As part of the External Assurance Reviews commissioned by DLUHC, the newly established Independent Panel also review and comment on reports in advance of Policy and Resources Committee.

Decisions which have a financial impact must be approved by the Director of Resources (Section 151 Officer) or one of their authorised officers. Finance Officers are members of appropriate professional bodies such as the Chartered Institute of Public Finance and Accountancy (or equivalent). Membership requires officers undergo continuous professional development and are subject to compliance with the regulatory frameworks laid down by the professional institute. Officers are supported by properly regulated advisors and have access to the latest guidance and best practice. Strategies and policies are approved to provide a framework for investment decisions to be made within.

Commercial agreements: Commercial agreements require initial approval from the Director of Resources. Governance arrangements include oversight from the Investment and Change Board (ICB), chaired by the Director of Resources. ICB membership includes senior officers from a range of disciplines including legal services. Decisions are also subject to member approval with governance arrangements in place to ensure reports contain appropriate detail to enable decisions to be made. Where appropriate, external advice will be sought from experienced and suitably qualified experts.

Corporate governance: The Director of Resources has statutory responsibility for overseeing the Council's financial affairs and ensuring that robust controls are in place. The Director is supported by officers within and without the directorate. The Investment and Change Board assists with ensuring governance and oversight is in place. At member level there is a Policy & Resources Committee with responsibility for financial matters. The Council maintains appropriate risk registers and an Internal Audit function is maintained to provide appropriate challenge and review.

[Investment Indicators](#)

The Authority has set the following quantitative indicators to allow elected members and the public to assess the Authority's total risk exposure as a result of its investment decisions.

Total risk exposure: The first indicator shows the Authority's total exposure to potential investment losses. This includes amounts the Authority is contractually committed to lend but have yet to be drawn down and guarantees the Authority has issued over third-party loans.

Table 4: Total investment exposure

Total investment exposure	31.03.2021 Actual £000	31.03.2022 Forecast £000	31.03.2023 Forecast £000
Treasury management investments	47,833	30,000	30,000
Service investments: Loans	1,325	2,607	2,607
Commercial investments: Property	19,033	19,033	19,033
TOTAL INVESTMENTS	68,191	51,640	51,640
Commitments to lend	1,025	250	250
Guarantees issued on loans	0	5,330	5,330
TOTAL EXPOSURE	69,216	57,220	57,220

How investments are funded: Government guidance is that these indicators should include how investments are funded. Since the Authority does not normally associate particular assets with particular liabilities, this guidance is difficult to comply with. However, the following investments could be described as being funded by borrowing. The remainder of the Authority's investments are funded by usable reserves and income received in advance of expenditure.

Table 5: Investments funded by borrowing

Investments funded by borrowing	31.03.2021 Actual	31.03.2022 Forecast	31.03.2023 Forecast
Service investments: Loans	1,325	2,607	2,607
Commercial investments: Property	19,033	19,033	19,033
TOTAL FUNDED BY BORROWING	20,358	21,640	21,640

Rate of return received: This indicator shows the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested. Note that due to the

complex local government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred.

Table 6: Investment rate of return (net of all costs)

Investments net rate of return	2020/21 Actual %	2021/22 Forecast %	2022/23 Forecast %
Treasury management investments	0.85	0.43	0.43
Service investments: Loans	7.39	3.20	4.03
Commercial investments: Property	7.09	9.11	8.66
ALL INVESTMENTS	2.72	3.76	3.65

Appendix 3. Capital Financing Strategy

Background Information

This capital strategy report gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability.

Decisions made this year on capital and treasury management will have financial consequences for the Authority for many years into the future. They are, therefore, subject to both a national regulatory and local policy framework, summarised in this report.

Capital Expenditure and Financing

Capital expenditure is where the Council spends money on assets, such as property or vehicles that will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets. The Council has some limited discretion on what counts as capital expenditure, for example assets costing below £10,000 are not capitalised and are charged to revenue in year.

Comparative expenditure figures are shown below and as can be seen in 2022/23, the Council is planning capital expenditure of £113.8 million.

Table 1: Prudential Indicator: Estimates of Capital Expenditure

	2020/21 Actual	2021/22 Forecast	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
	£000	£000	£000	£000	£000
Capital Expenditure	46,465	71,924	113,788	54,791	11,890
Total	46,465	71,924	113,788	54,791	11,890

In 2022/23 a change in the accounting for leases and Private Finance Initiative (PFI) will be introduced. Any impact on the figures quoted above will be reported and revised indicators set.

Table 2: Significant Schemes included in the 2022/23 Capital Programme

Scheme	£000
Maritime Knowledge Hub	10,650
School Condition Allocation (SCA)	7,520
Future High Streets - Birkenhead	7,133
Enerprise Resource Planning (ERP)	5,735
Extra Care Housing	4,967
Health & Safety - Condition Surveys	3,606
West Kirby Flood alleviation	3,339
Future High Streets - New Ferry	2,685
Parks Machinery	2,635
Strategic Acquisition Fund	2,619

A summary of the planned Capital expenditure, by Directorate is as follows:

Table 3: Planned Directorate Capital Expenditure

	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
Directorate	£000	£000	£000
Adult Care and Health	7,025	1,120	-
Children, Families & Education	10,865	2,500	2,500
Corporate Schemes	3,780	-	-
Neighbourhoods	18,648	3,234	-
Regeneration & Place	66,411	45,437	9,390
Resources	7,059	2,500	-
Total	113,788	54,791	11,890

An extensive and long-term capital programme is the key to prevention, better run services and a reduced revenue commitment over time. Significant investment in assets will enable those assets to be used more efficiently and effectively and where there is a need, to generate a revenue return to support the revenue budget.

Capital planning is one of the main drivers in future cost avoidance and there are schemes within the programme where initial investment from the Council

will lead to reduced demand on the revenue budget, examples of which include the following:

- Telecare & Telehealth Ecosystem - With a population with more complex needs there is an opportunity to explore how we can support people to remain independent at an earlier stage and for longer with smart technology. Investing early on in things like smart homes this will not only see a reduction in reactive revenue costs in future years but will provide an opportunity for people to remain independent for longer.
- Enterprise Resource Planning (ERP) System – the replacement of critical business systems with a smarter integrated solution that will not only improve the operational effectiveness of the Authority but will also help rationalise multiple contracts with different suppliers and produce budgetary savings in the process.

Capital funding is a key deliverable to regenerating the borough over the next decade. The Council’s partnership with Wirral Growth Company will see significant investment right across the borough that will enable revenue income to be received that will replace lost grant funding and enable vital services to continue to be provided. As developments start to take shape, further income will be realised from new homes and new businesses in council tax and business rates which in turn will be re-invested to grow the local economy.

All capital expenditure must be financed, either from external sources (government grants and other contributions), the Council’s own resources (revenue, reserves, capital receipts and business rates growth generated within the Enterprise Zone) or debt (borrowing, leasing and Private Finance Initiative). The planned financing of the above expenditure is as follows:

Table 4: Capital Financing

	2020/21 Actual	2021/22 Forecast	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
	£000	£000	£000	£000	£000
External Sources - Grants	20,270	30,101	56,471	28,011	4,580
Own Resources - Capital Receipts, Revenue contributions	882	2,124	3,727	-	-
Debt - Borrowing	25,313	39,699	53,590	26,780	7,310
Total	46,465	71,924	113,788	54,791	11,890

Debt is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as minimum revenue provision (MRP) repayments. Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance. The latest planned MRP repayments and use of capital receipts are as follows:

Table 5: Replacement of Debt Financing

	2020/21 Actual	2021/22 Forecast	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
	£000	£000	£000	£000	£000
Minimum Revenue Provision	6,716	7,517	9,738	11,972	12,928
Capital Receipts - General Fund	784	2,124	3,580	-	-
Capital Receipts - MRDF	4,469	4,469	4,469	4,469	4,469
Total	11,969	14,110	17,787	16,441	17,397

*MRDF – Merseyside Residual Debt Fund which is due to be repaid in 2025/26.

The Council's full Minimum Revenue Provision Statement is included at Appendix 1.

The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP repayments and capital receipts used to replace debt. The CFR is expected to increase by £39.4 million during 2022/23. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows:

Table 6 Prudential Indicator: Estimates of Capital Financing Requirement

	31/3/2021 Actual	31/3/2022 Forecast	31/3/2023 Estimate	31/3/2024 Estimate	31/3/2025 Estimate
	£000	£000	£000	£000	£000
Opening CFR	348,521	362,648	390,361	429,744	440,083
Debt Funded Capital Expenditure	25,312	39,699	53,590	26,780	7,310
Repayment of Debt	- 11,185	- 11,986	- 14,207	- 16,441	- 17,397
Closing CFR	362,648	390,361	429,744	440,083	429,996

In 2022/23 a change in the accounting for leases and Private Finance Initiative (PFI) will be introduced. Consequently, further assets and liabilities may be brought onto the Council's balance sheet and impact on the figures quoted above will be reported and revised indicators set.

Capital Bidding Process

As part of the overall budget process departments are given the opportunity to put forward new schemes that will be considered for inclusion in the capital programme. A business case submission form has been devised and refined to include:

- The scope of the project
- Benefits, objectives and strategic alignment
- Potential constraints and mitigations
- Timescales
- Financial Implications including any ongoing revenue requirement
- Monitoring and evaluation

New capital requests are prioritised for schemes relating to the following:

- Essential Health and Safety/Disability Discrimination Act schemes.
- Invest to save schemes, including those developed with the intention of avoiding future cost pressures.
- Those considered to be of a strategic nature, as agreed with the Investment and Change Board.
- Those that support the Council's Climate Emergency Action Plan following the declaration of a Climate Emergency by the Council in May 2019
- Schemes that reflect Council priorities that could have wider economic benefits that link in with the Wirral Plan.
- Where external grant funding becomes available to fully fund schemes.

Governance

Investment and Change Board (ICB) – The ICB acts as the portfolio board for the Council's overall investment in change and the benefits delivered. Chaired by the Director of Resources / Section 151 Officer, its membership is made up of Senior Responsible Owners of the Council's major strategic programmes. ICB reviews the business cases for potential projects as well as monitoring approved projects through implementation.

Regeneration & Place Programme Board – This Board has been set up to provide oversight of all regeneration Programmes that fall within scope of the Regeneration & Place Directorate including Wirral Growth Company, Wirral Waters, Local Plan and Strategic Transport. The Regeneration & Place Board is key to managing the interdependencies of these programmes to

ensure alignment. The Board should review 'place-based' business cases before they are taken to ICB.

Technical Design Authority (TDA) – Chaired by the Head of Business Change the TDA acts as the gateway for all IT hardware and software proposals to ensure coherence with the digital strategy and Council's target operating model. The TDA reports to ICB.

An overall summary of the various recommendations from ICB is then produced for consideration by the Strategic Leadership Team (SLT) of Chief Officers. This provides the opportunity for any comment/amendment and strategic input prior to a final report being prepared for Members' consideration at Policy & Resources Committee for eventual consideration by and formal approval by full Council.

Capital bids can be submitted throughout the financial year for consideration, rather than just having one fixed programme at the start of the year. This enables the Council to react to changing service requirements or incidents as they occur. Likewise, this flexibility in bid submissions allows for the possibility of new bids or supplementary bids, should the resource requirements of an existing bid change after inception. There may also be new opportunities for the Council to bid for external resource e.g., grants that become apparent during the year and the Council needs to be able to react to such potential.

Full details of the Council's capital programme are presented in a separate report to this Policy & Resources Committee and Council.

Regular monitoring of the capital programme is undertaken by the finance department in liaison with the officers responsible for delivery of the capital projects. This information is presented monthly to the Investment & Change Board and is formally reported to Policy & Resources Committee and Council on a quarterly basis. This quarterly report also includes any new requests for funding that may have been reviewed by the Investment & Change Board.

Asset Management

To ensure that capital assets continue to be of long-term use, the Council has an asset management strategy in development building on its 2020 Asset Vision. The strategy will set the high-level framework for managing Wirral's Public Sector land and property for the future. It is being developed to guide the collective strategic asset decisions of all partners and seeks to maximise efficiencies through a collaborative approach to the use and management of the whole asset portfolio.

The strategy centres on the continual corporate review the Wirral estate of assets with the aims of:

- explore every opportunity to reduce asset and related costs
- streamlining processes
- improving asset performance
- generate income by adopting a commercial-minded approach to running Council business
- alignment with the significant regeneration plans for the Borough
- investment in the Council estate to produce social/environmental gain
- flexibility of asset use as service delivery requirements evolve

Such asset flexibility has been applied throughout the COVID-19 pandemic, as the Council has successfully utilised various sites across the Borough such as in Bromborough and Bebington as part of its emergency response with partner organisations

The Authority will continue to work with partner organisations to share and develop assets to deliver strategic goals and objectives around business, people and the environment, these include Wirral Chamber of Commerce, private investors, community and friends' groups and other public bodies such as Higher Education, NHS, Police, Fire and Ambulance.

Examples of this sharing of resources to provide improved effective service provision include a co-location project to deliver community police stations from Council premises and a successful Multi-Agency Safeguarding Hub operates from a former municipal office with benefits being felt across the partnership. Future plans include sharing accommodation space with health partners.

The Asset Strategy Model:

This consists of the following elements:

- All assets are managed strategically.
- Supports economic growth.
- Supports service delivery.
- A modern commercial business.
- Supports communities and partners.
- Provides value for money.
- Assets are flexible and adaptable.

Asset Disposals

When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt. In accordance with the original Capital Receipts flexibilities introduced by the Government capital receipts generated between 1 April 2016 and 31 March 2022 can be used to support expenditure that is 'Transformational' in nature. In a press release published on 10th February 2021, The Department for Levelling Up, Housing and Communities (DLUHC) announced that there is to be a 3-year extension period to this flexibility from 2022/23 onwards.

Repayments of capital grants, loans and investments also generate capital receipts. The Council plans to receive £3.58 million of capital receipts in the coming financial year as follows:

Table 7: Capital Receipts Generated

	2020/21 Actual £000	2021/22 Forecast £000	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000
Asset Sales	1,326	1,650	3,080	TBC	TBC
Loans Repaid & Right To Buy	135	500	500	TBC	TBC
Total	1,461	2,150	3,580	-	-

TBC - To be confirmed.

The Council's Flexible Use of Capital Receipts Policy is attached at Appendix 2.

Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Council's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Council is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.

As a consequence of decisions to approve past capital programmes, the Council currently has £186 million borrowing at an average interest rate of 5.7% and £34 million treasury investments (as at 31 December 2021).

Borrowing Strategy

The Council's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Council therefore seeks to strike a balance between low cost short-term loans (currently available at around 0.25%) and long-term fixed rate loans where the future cost is known but higher (currently 1.5% to 2.5%).

Projected levels of the Council's total outstanding debt (which comprises borrowing, PFI liabilities, leases and transferred debt from local government reorganisation are shown below, compared with the capital financing requirement (see above).

Table 8: Prudential Indicator: Gross Debt and the Capital Financing Requirement

	31/3/2021 Actual £m	31/3/2022 Forecast £m	31/3/2023 Estimate £m	31/3/2024 Estimate £m	31/3/2025 Estimate £m
Debt	291.8	265.9	310.8	333.4	330.3
Capital Financing Requirement	362.6	390.4	429.7	440.1	430.0

Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen from table 8, the Council expects to comply with this in the medium term.

Affordable Borrowing Limit

The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year and to keep it under review. In line with statutory guidance, a lower “operational boundary” is also set as a warning level should debt approach the limit.

Table 9: Prudential Indicators: Authorised limit and operational boundary for external debt

	2021/22 Limit £m	2022/23 Limit £m	2023/24 Limit £m	2024/25 Limit £m
Authorised Limit - Borrowing	481	479	486	455
Authorised Limit - PFI and Leases	60	57	54	51
Authorised Limit - Total External Debt	541	536	540	506
Operational Boundary - Borrowing	471	469	476	445
Operational Boundary - PFI and Leases	55	52	49	46
Operational Boundary - Total External Debt	526	521	525	491

Further details on borrowing can be found in the treasury management strategy statement.

Treasury Investment Strategy

Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.

The Authority's policy on treasury investments is to prioritise security and liquidity over yield, that is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in bonds, shares and property, to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Authority may request its money back at short notice.

Further details on treasury investments can be found in the treasury management strategy statement.

Treasury Risk Management

The effective management and control of risk are prime objectives of the Authority's treasury management activities. The treasury management strategy therefore sets out various indicators and limits to constrain the risk of unexpected losses and details the extent to which financial derivatives may be used to manage treasury risks.

Treasury Governance

The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to Policy & Resources Committee, and for the execution and administration of treasury management decisions to the Director of Resources who will act in accordance with the Council's Strategy Statement, Treasury Management Practices (TMPs) and CIPFA's Standard of Professional Practice on Treasury Management.

Further details on the "Policy of Delegation" can be found in the treasury management strategy statement.

The Council will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and

plan in advance of the year, a mid-year review and an annual report after its close in the form prescribed in its TMPs.

Investments for Services Purposes

The Council lends money to its subsidiaries e.g., Edsential Community Interest Co. (by way of a credit facility) and local businesses to support local public services and stimulate local economic growth. Loans should be self-financing with returns covering financing and administrative costs plus any return.

Governance of Investments for Service Purposes

The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. Appropriate due diligence is undertaken on loan applications and collateral sought to offset risk. In order to further limit this risk and ensure that total exposure to service loans remains proportionate to the size of the organisation, upper limits on the outstanding loans to each category of borrower have been set. Any such investment must meet the criteria and limits laid down in the Investment Strategy. Most loans and shares are capital expenditure and purchases will therefore also be approved as part of the capital programme.

Further details about these types of investments can be found in the Investment Strategy Statement.

Commercial Activities

The Council can invest in local commercial and residential property with the intention of making a profit that will be spent on local public services. Although there is increased national focus on property, councils have a long history of owning investment properties. Wirral's portfolio includes industrial estates, commercial and leisure properties. Total commercial investments are currently valued at £19.90million, with the largest being Europa Boulevard.

Governance of Commercial Activities

The Strategic Asset Management Plan sets out how the Council will make the best use of its buildings and land in the future. This will be linked to future property purchase for consideration.

In accordance with government guidance, the Authority considers a property investment to be secure if its accounting valuation is at or higher than its purchase cost including taxes and transaction costs.

The Authority assesses the risk of loss before entering into and whilst holding property investments and has appropriate credit control arrangements in place to recover overdue repayments.

Property and most other commercial investments are also capital expenditure and purchases will therefore also be approved as part of the capital programme.

Further details about commercial activities can be found in the Investment Strategy Statement.

Liabilities

In addition to the forecast debt of £330 million detailed above, the Council is committed to making future payments to cover its pension fund deficit (valued at £531.8 million at 31 March 2021). Actuarial valuations are carried out every three years. Contributions are set with a view to targeting the Fund's solvency. The most recent valuation was carried out as at 31 March 2019, which showed a surplus of assets against liabilities of £90 million as at that date, equivalent to a funding level of 101%.

Revenue Budget Implications

Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP repayments are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e., the amount funded from Council Tax, business rates and general government grants.

Table 10: Prudential Indicator: Proportion of financing costs to net revenue stream

	2021/22 Forecast	2022/23 Estimate	2023/24 Estimate	2023/24 Estimate
Financing Costs (£m)	17.3	20.3	23.1	24.2
Proportion of net revenue stream	5.26%	6.19%	7.03%	7.38%

Sustainability

Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 50 years into the future.

The agreed Capital Programme includes projects costed at current year prices with many subject to a subsequent tender process which may lead to variance in the final cost. In some areas, the design brief may not yet be finalised, again giving rise to potential price variance. This is a known risk and can be managed through phasing or reduction in specification.

In assessing the robustness of the Capital Programme, the risk of being unable to fund variations outside of the Programme is minimal mainly due to the phasing of projects. If necessary, the Council can choose to freeze parts

of the Programme throughout the year to ensure spend is kept within the agreed budget.

The re-profiling and slippage from previous years is fully funded but increases the pressure to deliver the anticipated 2022/23 Programme. Any such delays will impact on the delivery of the intended outcomes of capital schemes.

Knowledge and Skills

The structure of the Council ensures that professionally qualified and experienced staff are in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Director of Resources is a qualified accountant. The Council pays for junior staff to study towards relevant professional qualifications including CIPFA, RICS.

Where Council staff do not have the knowledge and skills required use is made of external advisers and consultants that are specialists in their field. The Council currently employs Arlingclose Limited as treasury management advisers, Avison Young as property consultants, Lambert Smith Hampton for property valuations/appraisals/disposals and external legal firms and Counsel as legal consultants. This approach is more cost effective than employing such staff directly and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.

2022/23 MINIMUM REVENUE PROVISION (MRP) STATEMENT

- 1.1 Where the Authority finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Authority to have regard to the former Department for Levelling Up Housing Communities (DLUHC) Guidance on Minimum Revenue Provision most recently issued in 2018.
- 1.2 The broad aim of the former DLUHC Guidance is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.
- 1.3 The former DLUHC Guidance requires the Authority to approve an Annual MRP Statement each year and recommends a number of options for calculating a prudent amount of MRP. The following statement incorporates options recommended in the Guidance as well as locally determined prudent methods.

- 1.4 For capital expenditure incurred before 1st April 2008, and for supported capital expenditure incurred on or after that date, MRP will be determined by charging the expenditure based on the expected useful life of the relevant assets using an annuity method, (Option 3 in England and Wales).
- 1.5 For unsupported capital expenditure incurred after 31st March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant asset or as the principal repayment on an annuity with an annual interest rate equal to the average relevant PWLB rate for the year of expenditure, starting in the year after the expenditure has been incurred.
- 1.6 For assets acquired by finance leases or the Private Finance Initiative and for the transferred debt from Merseyside County Council, MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability.
- 1.7 Where former operating leases have been brought onto the balance sheet on 1st April 2022 due to the adoption of the IFRS 16 Leases accounting standard, and the asset values have been adjusted for accruals, prepayments, premiums and/or discounts, then the annual MRP charges will be adjusted so that the total charge to revenue remains unaffected by the new standard.
- 1.8 The Council, if it considers it prudent for a particular financial year, will set aside capital receipts to be offset by the matching MRP liability amount.
- 1.9 For capital expenditure loans to third parties that are repaid in annual or more frequent instalments of principal, the Council will make nil MRP, but will instead apply the capital receipts arising from principal repayments to reduce the capital financing requirement instead. In years where there is no principal repayment, MRP will be charged in accordance with the MRP policy for the assets funded by the loan, including where appropriate, delaying MRP until the year after the assets become operational. While this is not one of the options in the DLUHC Guidance, it is thought to be a prudent approach since it ensures that the capital expenditure incurred on the loan is fully funded over the life of the assets.
- 2.0 Capital expenditure incurred during 2022/23 will not be subject to an MRP charge until 2023/24.

- 2.1 The MRP Statement will be submitted to Council before the start of the financial year. If it is ever proposed to vary the terms of the original MRP Statement during the year, a revised statement should be put to Council at that time.

Based on the Authority's estimate of its Capital Financing Requirement on 31st March 2022, the budget for MRP has been set as follows:

	31.03.2022 Estimated CFR £m	2022/23 Estimated MRP £m
Supported Capital Expenditure	170.07	2.82
Unsupported Capital Expenditure	166.00	5.87
Finance leases and Private Finance Initiative	34.45	3.19
Transferred debt	19.85	4.96
Use of Prior Year Overpayments	-	-2.63
Total General Fund	390.36	14.21

- 2.1 In earlier years, the Authority has made overpayments of MRP that are available to reduce the revenue charges in later years. It is planned to draw down £2.6m of this in 2022/23.

MRP Overpayments	£m
Actual Balance 31.03.2021	21.04
Drawdown 2021/22	-2.63
Expected Balance 31.03.2022	18.41
Drawdown 2022/23	-2.63
Expected Balance 31.03.2023	15.78

APPENDIX 2

Flexible Use of Capital Receipts Strategy 2022/23

Introduction

As part of the November 2015 Spending Review, the Government announced that it would introduce flexibility for the period of the Spending Review for local authorities to use capital receipts from the sale of non-housing assets to fund the revenue costs of service reform and transformation. Guidance on the use of this flexibility was issued in March 2016 which applies to the financial years 2016/17 through to 2019/20.

In the Provisional Local Government Settlement 2018/19 (announced 19 December 2017) the Government confirmed that the flexibility to use capital receipts to help meet the revenue costs of transformation will be extended for a further 3 years to April 2022.

In a press release published on 10th February 2021, the DLUHC announced that there is to be a 3-year extension period to this flexibility from 2022/23 onwards.

The Guidance requires local authorities to prepare, publish and maintain a Flexible Use of Capital Receipts Strategy. This document constitutes the Wirral Council Strategy.

The Guidance

The Guidance issued by the Secretary of State under section 15(1)(a) of the Local Government Act 2003 specified that;

- Local authorities will only be able to use capital receipts from the sale of property, plant and equipment received in the years in which this flexibility is offered. Following the Provisional Settlement announcement 19 December 2017, the period of offer is 1st April 2016 to 31st March 2022. They may not use their existing stock of capital receipts to finance the revenue costs of reform.
- Local authorities cannot borrow to finance the revenue costs of the service reforms.
- The expenditure for which the flexibility can be applied should be the up-front (set up or implementation) costs that will generate future ongoing savings and/or transform service delivery to reduce costs or to improve the quality of service delivery in future years. The ongoing revenue costs of the new processes or arrangements cannot be classified as qualifying expenditure.
- In using the flexibility, the Council will have due regard to the requirements of the Prudential Code, the CIPFA Local Authority Accounting Code of Practice and the current edition of the Treasury Management in Public Services Code of Practice.

The Guidance provides a definition of expenditure which qualifies to be funded from the capital receipts flexibility. Qualifying expenditure is expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners.

There are a wide range of projects that could generate qualifying expenditure. The key determining criteria to use when deciding whether expenditure can be funded by the capital receipts flexibility is that it is forecast to generate ongoing savings to an authority's net service expenditure. Within the above definition, it is for individual local authorities to decide whether or not a project qualifies for the flexibility.

Revised guidance will be issued in the near future regarding these flexibilities and conditions attached to the type of expenditure deemed appropriate.

The Council's Proposals

The Council intends to use the capital receipts flexibility to fund or part fund the following project:

Service Transformation Programme – Examples of suitable projects to which Capital receipts may be applied include:

- Funding the cost of service reconfiguration, restructuring or rationalisation (staff or non-staff), where this leads to ongoing efficiency savings or service transformation.
- Driving a digital approach to the delivery of more efficient public services and how the public interacts with constituent authorities where possible.

The expected receipts to be allocated to this project are set out in the table below.

	2021/22	2022/23
	£m	£m
Service Transformation Programme	2.124	3.580

The Prudential Code

The Council will have due regard to the requirements of the Prudential Code and the impact on its prudential indicators from implementing the proposed project. The capital expenditure prudential indicators will be amended and approved as appropriate.

The Council will also have due regard to the Local Authority Accounting Code of Practice when determining and including the entries required from undertaking and funding this project within the Council's Statement of Accounts.

Monitoring the Strategy

The strategy will be monitored throughout the financial year and may be updated and replaced as proposals are developed and expenditure is incurred.

Appendix 4. Risk Register

Wirral Council Plan 2021-26 Thematic Priorities	Risk Ref.	Risk Description
A thriving and inclusive economy, creating jobs and opportunities for all.	CRR 01	Development and Implementation of the Local Plan 2022-2037 Failure to ensure the Council's arrangements for the consultation, publication and implementation of the Local Plan resulting in intervention, a loss of control over future development and missed opportunities to promote economic growth.
	CRR 02	Regeneration Programme The failure of the major regeneration projects to deliver the anticipated benefits undermines the Council's budgetary position, its economic growth aspirations and public and investor confidence in the authority.
A clean-energy, sustainable borough, leading the way in tackling the environment crisis.	CRR 03	Climate Emergency Response Failure to respond effectively and proportionately to develop plans/adaptations that may lead to legal challenge, financial damage, reputation damage, increased costs, lack of resilience
Safe and pleasant communities that our residents are proud of. Healthy and active lives for all, with the right care, at the right time.	CRR 04	Response to a Crisis/Disruptive Incident (both internal and external) Failure to maintain effective response arrangements and plans (and incorporate COVID-19 measures) to react to a disruptive event leaves the Council unable to respond quickly and effectively to an incident, resulting in a major failure in service delivery
	CRR 05	Ongoing COVID-19 Response - Planning and Increased Cases/Winter Plans Failure to use intelligence effectively leads to an inability to respond effectively to a local outbreak resulting in continuing or wider restrictions, increased infection and mortality rate increases, longer term health risks, key council services unavailable, people (staff and public) at risk, increased costs, government intervention and loss of trust/support
	CRR 06	Partnership Working Inability to take advantage of collaborative opportunities locally and nationally, limiting improvement in economic conditions for the community and the Council's funding position
	CRR 07	Significant Safeguarding Incident The Council and its partners do not effectively manage their relevant
	CRR 08	Quality & Demand Management in Health and Care Services Failure to improve the quality of health and care services, anticipate demand particularly in the winter period leaving the Council exposed to increased financial pressures in relation to meeting social care assessed need.
	CRR 09	Health Inequalities Failure to understand and manage health inequalities leads to increased costs, earlier involvement with and pressure on services and long-term issues for the community

Wirral Council Plan 2021-26 Thematic Priorities	Risk Ref.	Risk Description
Brighter futures for all regardless of their background.	CRR 10	Education - School Sufficiency and Placements Failure to secure appropriate and balanced school sufficiency (too many/too few places) impacting on the financial viability of education institutions and resulting in children not able to be educated within their local community, declining performance and poor educational outcomes for children
	CRR 11	SEND Failure to appropriately and effectively identify, assess, meet the need and improves outcomes for children and young people with Special Educational Needs and Disabilities resulting in a statement of action from Ofsted, poor school inspection outcomes, children do not reach their full potential and reputational damage for Children's Services and the Council
	CRR 12	Preventative Activity in Health and Care Services Insufficient time and resource for preventative and upstream activity mean that outcomes for vulnerable people do not improve, resulting in demand for reactive services not reducing, or increasing.
	CRR 13	Impact of COVID on Education Impact of COVID on educational outcomes leads to increasing gap between the borough's disadvantaged children and non-disadvantaged children, poorer long term outcomes for some of the most vulnerable children

Wirral Council Plan 2021-26 Thematic Priorities	Risk Ref.	Risk Description
We will be ambitious, professional, customer-focused and accountable	CRR 14	Capitalisation Directive Failure to obtain agreement from MHCLG to progress the Council's request for exceptional financial support in respect of the financial impact of COVID-19, in the form of a capitalisation directive, and obtain requisite approval by HM Treasury (HMT) leads to financial remedial measures that could include: •setting an emergency budget •issuing a s. 114 notice •Government intervention
	CRR 15	Financial Resilience/Management Failure to effectively plan/manage the Council budget and funding leads to poor decisions on service reductions, unplanned efficiencies and in year overspends, resulting in the withdrawal of Council services to communities, government intervention, S114 declaration.
	CRR 16	Non-Compliance with Policies and Procedures Non-compliance with corporate policies and procedures across disciplines such as HR, finance, information, procurement, health & safety, put the reputation of the Council and the health and safety of our staff and residents at risk, and may lead to legal challenge, financial penalty and ultimately loss of life.
	CRR 17	Cultural Change for an Effective and Efficient Organisation Failure to maintain the cultural changes necessary (due to insufficient capacity or expertise, cultural resistance from staff) leads to difficulties in developing an efficient, effective and long-term financially sustainable organisation resulting in ineffective engagement with partners, unable to deliver on the ambition of the Wirral Plan, perpetuating inefficiencies and preventing required outcomes for the community.
	CRR 18	Effective Governance Failure to maintain effective corporate governance could result in poor decision-making, malpractice and breach of legislation, leading to regulatory intervention and significant cost, both in financial terms and to the reputation of the Council
	CRR 19	Health & Safety Management Failure of officers, members or contractors to develop, test or sufficiently adhere to health and safety / compliance policies and procedures leads to an incident or exposure resulting in harm to employees / Members / members of the public, legal challenge and reputational damage
	CRR 20	Cyber Security IT security is insufficient to deter, detect and prevent unauthorised access (internal and external) to IT systems, resulting in loss of data and disruption to Council services.
	CRR 21	Information Management Failure to comply with relevant data and information management legislation which may lead to loss or breach of personal data creating security or reputational risk.
	CRR 22	Digital Infrastructure Quality of Digital infrastructure and systems prevents council from offering/transforming to digital first services, lack of management information/timeliness of data resulting in poor decisions and increased costs.

Appendix 5. Reserve Strategy

1. Executive Summary

- 1.1 Wirral Council is maintaining adequate reserves for two main purposes:
 1. To protect against risk, and;
 2. To support investment
- 1.2 This strategy reflects how these two purposes are intrinsically linked as financial risks will reduce through appropriate investment in schemes that will generate sustainable returns.
- 1.3 At present the risks associated with overall changes in Local Government funding, and the need to invest now to realise returns in the medium term, increase the need to hold reserves in the short term. The Reserves Strategy presents information about the requirements to maintain financial reserves and provides statements on the types of reserves and current and predicted balances.
- 1.4 The Strategy is revised annually, in line with the process to determine the Council's Budget and sets out a clear purpose for the holding of reserves, using risk assessments and setting out principles for the management of balances in the medium term.
- 1.5 This draft strategy represents the latest position, following a review of the balances previously held, to ensure they meet the needs of Wirral Council. Additional detailed analysis of trends within the Council's finances will be provided in the Council's Value for Money report demonstrating the sound financial position of the Council.

Shaer Halewood

Director of Resources and Section 151 Officer

2. Types of Reserves

When reviewing medium term financial plans and preparing annual budgets the Council considers the establishment and maintenance of reserves. Two types of Revenue Reserves will be held:

2.1 General Reserves

This represents the non-ring-fenced balance of Council funds. There are two main purposes of general reserves: firstly, to operate as a working balance to help manage the impact of uneven cash flows and avoid unnecessary temporary borrowing; and secondly to provide a contingency to cushion the impact of emerging events or genuine emergencies. The target level of reserves retained will be risk based. General Reserves must be adequate and will increase and decrease as follows:

2.2 Increasing General Reserves

- Planned repayment as set out in the Medium-Term Financial Strategy, usually to recover to an adequate level in relation to a detailed risk assessment, or to prepare in advance for future risks or investment.
- Allocation of an operating surplus at the close of the financial year.

2.3 Decreasing General Reserves

- Planned draw-down of reserves to create investment, and to counteract the possibility of over-taxing in any financial year.
- Allocation of an operating deficit at the close of the financial year.

2.4 Earmarked Reserves

These provide a means of building up funds, for use in a later financial year, to meet known or predicted policy initiatives. Discipline is required around setting up and maintaining earmarked reserves and this Strategy sets out the Council's approach to this. Earmarked reserves will increase through decisions of the Council and will decrease as they are spent on specific intended purposes.

2.5 Assessing the Adequacy of Reserves

2.5.1 In order to assess the adequacy of unallocated general reserves when setting the budget, the Section 151 Officer will take account of the strategic, operational and financial risks facing the Authority.

2.5.2 The Council will therefore adopt formal risk management processes. The Audit Commission Codes of Audit Practice make it clear that it is the responsibility of the audited body to identify and address its operational and financial risks, and to develop and implement proper arrangements to manage them, including adequate and effective systems of internal control.

- 2.5.3 The financial risks will be assessed in the context of the Authority's overall approach to risk management. There is a requirement for local authorities to include an Annual Statement of Governance with the Statement of Accounts.
- 2.5.4 The Section 151 Officer ensures that the Authority has put in place effective arrangements for internal audit of the control environment and systems of internal control, as required by professional standards.
- 2.5.5 Setting the level of general reserves is just one of several related decisions in the formulation of the Medium-Term Financial Strategy and the budget for a particular year. Account will also be taken of the key financial assumptions underpinning the budget alongside a consideration of the Authority's financial management arrangements.
- 2.5.6 Below we have set out the significant budget assumptions that are relevant when considering the adequacy of reserves, in addition to the issue of cashflow. These factors can only be assessed properly at a local level. A considerable degree of professional judgment is required. The Section 151 Officer may choose to express advice on the level of balances in cash and / or as a percentage of budget (to aid understanding), so long as that advice is tailored to the circumstances of the Authority for that particular year.

Advice will be set in the context of the Authority's process to manage medium term financial stability and not focus on short term considerations, although balancing the annual budget by drawing on general reserves may be a legitimate short-term option. However, where reserves are to be deployed to finance recurrent expenditure, this should be made explicit and will occur only to stimulate the local economy through investment and not to regularly support such costs. Advice will be given on the adequacy of reserves over the lifetime of the Medium-Term Financial Strategy.

The current guidance requires the purpose, usage and the basis of transactions of earmarked reserves to be identified clearly. A review of the levels of earmarked reserves will be undertaken as part of quarterly revenue reporting and the annual budget preparation.

2.5.7 Budget assumptions

Key budget assumptions

1. The treatment of inflation and interest rates
2. Estimates on pay inflation
3. Estimates on funding increases i.e., Council Tax and social care precepts
4. Estimates of the level and timing of capital receipts
5. The treatment of demand led pressures
6. The treatment of planned efficiency savings / productivity gains
7. The financial risks inherent in any significant new funding partnerships, major outsourcing arrangements, regeneration projects or major capital developments

8. The availability of other funds to deal with major contingencies and the adequacy of provisions
9. Level of subsidy of non-statutory services

Financial resilience, governance and financial standing

10. The overall financial standing of the Authority (including level of borrowing, debt outstanding and council tax collection rates)
11. The Authority's track record in budget and financial management including the robustness of the medium-term plans
12. The Authority's capacity to manage in-year budget pressures
13. The strength of the financial information and reporting arrangements
14. The Authority's virement and end of year procedures in relation to budget under / overspends at authority and service level
15. The adequacy of the Authority's insurance arrangements to cover major unforeseen risks

2.6 General Fund Reserves (Revenue)

The purpose of general reserves is to minimise the possible financial impacts to the Authority from:

- Emergencies
- In-year emerging financial issues
- Reacting to investment opportunities

2.6.1 The Finance Procedure Rules set the parameters for the use of general reserves. The in-year use of general reserves requires Council approval and must not be used for any level of recurring spending unless that spending will be included in revenue budgets in the following financial year or a suitable payback period is agreed in advance. In all cases the use of reserves should be approved by the Section 151 Officer.

2.6.2 General Fund Opening Balances

The 2021/22 Budget anticipated that the Council would hold general reserves of £10.68m (3.2% of net revenue budget).

Following a review of the risk assessed minimum level requirement general reserves will remain at £10.68m at 31st March 2022. It is anticipated that the Council will hold general reserves at a minimum between of £10.68m and £17.8m by 2027, as calculated in the table below. This is based on achieving a general fund balance of between 3.2% and 5% of net revenue budget by 2027 and assumes the proposed £0.44m surplus in 2022/23 is transferred to the general fund.

	Forecast closing 2022/23	Forecast closing 2023/24	Forecast closing 2024/25	Forecast closing 2025/26	Forecast closing 2026/27
	£m	£m	£m	£m	£m
General Reserves	13.62	14.86	16.31	17.74	18.12
Earmarked Reserves	51.17	51.17	51.17	51.17	51.17
Total Reserves	64.78	66.02	67.48	68.90	69.29

2.6.3 Estimated Movement in Reserves (2021/22 onwards)

2.6.4 The table below summarises the current estimated movements in general reserves from 2022 to 2027.

2.6.5 The level of reserves needed is assessed each year according to the risks facing the Authority. During 2019 CIPFA published a financial management code designed to support the Local Government sector as it faces continued financial challenge, the Code recognises ‘that using the financial reserves to finance a deficit or to avoid difficult decisions around spending cuts provides temporary relief but is not sustainable in the long term.’

2.6.6 This guidance from CIPFA follows the National Audit Office (NAO) report on financial sustainability in local authorities. This indicated that there is a heightened risk of more Council’s over the coming years falling into special measures as a result of not reconciling the pressure on budgets as has been the case for Wirral and the support from DLUHC for both 2020/21 and 2021/22. The reserves position will continue to be monitored and reviewed during 2022/23 to ensure the risk range remains between £64m and £69m, with the strategy being to increase them over the next five years to £69m which is approximately 20% of net revenue budget. This is due to a cumulative impact of the overall increase in the size of the budget and the ability to make accurate predictions for later years without indications from government of future settlements.

2.6.7 The level at which reserves are set for 2021/22, reflects the aim of Wirral Council to match the Risk Assessed Minimum Level, ensuring reserves are adequate, and provide sufficient flexibility to manage short term cashflow

2.7 General Fund Reserves Risk Assessment

2.7.1 The risks facing each local area will vary. In the case of Wirral, the impact of rising demand for services, the economic climate, Brexit, emerging Government policies (particularly in relation to business rates), and pressure on public services to reduce overall expenditure are relevant, and these present the potential for significant emerging risk.

2.7.2 The minimum target level of reserves is being quantified by a detailed risk assessment. This approach allows the Council to take account of local circumstances and the impact of economic forecasts. Where specific financial liability has not been established, or where outcomes from emerging

pressures cannot be detailed, the Council will assume an appropriate level of risk. This reduces the possibility that the Council will be exposed to excessive financial pressure in a single year thereby smoothing the impact on our residents.

2.7.3 Risks will be categorised, and potential values applied to them. This presents the potential exposure to financial risk. The assessment will look at risk areas and the level of reserves Wirral Council should retain to mitigate those risks. In each case the value of the risk retained will be calculated as a percentage of the potential impact. The percentage is based on the likelihood of the risk actually achieving that total impact in any year. Changes to the Local Government financial settlement may create funding deficits, and the medium-term strategy of the Council has been produced to deliver a balanced budget in future years however there is risk associated with this. Risks associated with this are for example:

- The capacity of the organisation to deliver proposed growth or achieve the proposed level of savings entirely.
- Potential underachievement of cost reduction targets following consultation processes.
- Demand for services rising above estimated trends.
- Changes to Government settlements.
- Some savings targets may need to be re-phased or revised following more detailed appraisal or consultation work.
- Regeneration schemes place demand on revenue that is unplanned.
- Maintained schools are predicting significant deficit budget positions in their three-year forecasts as a result of staffing costs and special educational needs costs increasing at a faster rate than funding.
- It is also possible that a number of events could happen in a single year and the Council could be exposed to new unidentified risks.

Risks will be included and managed using the following basic principles:

1. The risk may impact within the medium term.
2. Risks are potential one-off events
3. Mitigating actions will be in place to minimise the potential requirement for financial support.
4. If a risk becomes 100% likely it will be included within appropriate Revenue Budget estimates.
5. Emerging risks will be addressed from in-year surplus or virement before any request to allocate general reserves.

2.7.4 Adequacy of General Fund Reserves

The Local Government Finance Act 1988 and 1992 and the Local Government Act 2003 emphasises the importance of sound and effective financial management in England and Wales by the statutory duty of the Section 151 Officer to report to the authority, at the time the budget is considered and the council tax set, on the robustness of the budget estimates and the adequacy of financial reserves.

CIPFA and the Local Authority Accounting Panel consider that local authorities should establish reserves including the level of those reserves based on the advice of their Section 151 Officer. There is no statutory or recommended minimum level of reserves as they are established by the Section 151 Officer making judgements on such matters taking into account all the relevant known and expected local circumstances. Imposing a statutory minimum would therefore be against the promotion of local autonomy and would conflict with the financial freedoms offered to local authorities. The Secretary of State in England has reserve powers to specify in regulations a statutory minimum level of reserves that will be used if authorities fail to remedy deficiencies or run down reserves against the advice of the Section 151 Officer. The Government has undertaken to apply this only to individual authorities in the circumstances where an authority does not act prudently and disregards the advice of its Section 151 Officer.

2.8 Earmarked Reserves

2.8.1 The purpose of an earmarked reserve is:

- To prevent an uneven impact from policy options, by allowing balances to be set aside for future year expenditure.
- To set aside amounts for projects which extend beyond one year.

2.8.2 Once Earmarked reserves have been established by Wirral Council it is the responsibility of Chief Officers, in consultation with the Section 151 Officer, to ensure balances are spent in line with their purpose. The table below shows the most commonly established earmarked reserves and the rationale behind why such reserves are created and maintained.

2.8.3 For each earmarked reserve held by the Council there will be a clear protocol setting out:

- the purpose of the reserve;
- how and when the reserve can be used;
- procedures for the reserve's management and control; and
- a process and timescale for review of the reserve to ensure continuing relevance and adequacy.

2.8.4 When establishing reserves, the Council will ensure that it complies with the Code of Practice on Local Authority Accounting in the United Kingdom and in particular the need to distinguish between reserves and provisions. The protocol for Wirral Council earmarked reserves is set out below. The Section 151 Officer will monitor adherence to these protocols. Details of each reserve will be held to demonstrate compliance with the protocols.

2.8.5 Earmarked Reserves will be:

- Approved by Full Council, on recommendation by the Section 151 Officer;
- Supported by a business case;
- Reserves are sub classified into ringfenced and non-ring fenced; and
- All are reviewed at least annually.

2.8.6 Services may also carry forward balances in accordance with Financial Procedure Rules. Earmarked reserves have the effect of transferring the tax burden across financial years as current taxpayers' funds are being used to support future years' spending. It is therefore recommended that Wirral Council's earmarked reserves are subject to annual review, at least as part of the budget setting process and year-end to ensure that they are still appropriate, relevant and adequate for the intended purpose.

2.8.7 The 2021/22 position on earmarked reserves are reported in the quarterly to P&R Committee. All reserves will be subject to revised business cases to ensure that only the required levels are carried over into 2022/23. At 1st April 2022, it is anticipated that balances on existing earmarked reserves held by the Council will be circa £51m. The table above under General Fund Reserves shows the position of the estimated future cumulative reserves.

2.9 Capital Reserves

Capital receipts received in-year are fully applied to finance the capital programme. A small amount of capital receipts are held in reserve to cover future commitments where receipts are to be used flexibly to fund transformational projects. Where revenue contributions are used to finance capital expenditure these will be held in reserve until such time as the expenditure is incurred.

2.10 Reserve Conclusion

- 2.10.1 Overall, Wirral Council is establishing reserves that allow any unexpected costs to be mitigated where possible and this can only be done by increasing the General Fund Reserves and ensuring Earmarked Reserves are required and reviewed annually. The Council is aiming to grow its reserves to build bolster its need for greater financial resilience whilst retaining flexibility to support services and reduce the burden on the taxpayer.
- 2.10.2 This approach can be supported during the medium term based on recent performance against budget. This recognises local issues and allows the Section 151 Officer to report favourably on the adequacy of reserves. The maintenance of protocols around the use of balances improves control and increases openness in financial reporting and management. This approach assists with financial planning and increases understanding of the Council's financial position. Reserves' positions will continue to be reviewed throughout the financial year.

Appendix 6. Strategies

1. <https://www.wirral.gov.uk/parking-roads-and-travel/transport-policy/wirral-traffic-network-management-plan>
2. <https://www.wirral.gov.uk/parking-roads-and-travel/roads-and-pavements/road-maintenance/managing-wirral%E2%80%99s-road-infrastructure>
3. [Internal Audit Strategy 2021](#)
4. [Risk Management Policy 2017](#)
5. [Library Strategy 2020-25](#)
6. [All Age Disability Strategy](#)
7. [Wirral Homelessness Strategy](#)
8. [Community Safety Strategy](#)

Appendix 12 – Budget proposal changes since January 2022

	22-23 Position at P&R 17 Jan 22 (£m)	22-23 Revised Position (£m)	Change (£m)
Known Pressures:			
Neighbourhood Services			
Waste Levy	2.66	0.00	-2.66
Regeneration & Place			
Merseytravel	1.99	0.39	-1.59
Resources			
Changes to Investment risk	1.00	0.00	-1.00
Corporate			
General Fund Balances	1.00	0.00	-1.00
Contingency reserve for PYE (15% of total)	0.00	3.00	3.00
Leisure Demand Management Provision	0.00	0.50	0.50
Reserve to smooth 23/24 increase in waste levy	0.00	0.60	0.60
Energy	2.46	2.72	0.26
Total Known Pressures:	9.11	7.22	-1.89
Savings Proposals:			
Law & Governance			
Removal of individual ward member budgets	-0.25	-0.18	0.07
Neighbourhood Services			
Floral pavilion - plans to reduce subsidy	-0.40	-0.35	0.05
Suspension of Climate Emergency Initiatives	-0.25	-0.13	0.13
The Closure Public Conveniences	-0.14	-0.05	0.09
Significant cessation of maintenance in parks	-0.53	0.00	0.53
50% Reduction in School Crossing Patrols Service	-0.10	0.00	0.10
Standardisation of Residents Parking Permits	-0.11	0.00	0.11
Resources			
Removal of Treasury pressures	-1.00	0.00	1.00
Total Savings Proposals:	-2.78	-0.71	2.07

This page is intentionally left blank



POLICY AND RESOURCES COMMITTEE

Tuesday, 15 February 2022

REPORT TITLE:	CAPITAL PROGRAMME 2022-27
REPORT OF:	DIRECTOR OF RESOURCES (S151 OFFICER)

REPORT SUMMARY

This report provides Committee with the draft Capital Programme 2022/27 for consideration and referral to Council for approval. It also includes information regarding the revenue implications of this Programme and an update on the latest forecast for capital receipts.

The 2022/27 Capital Programme represents a combination of schemes originally approved as part of the 2021/26 Programme, updated through the Capital Monitoring reports in 2021/22 and new bids for inclusion as detailed in this report.

This matter affects all Wards within the Borough.

The decisions in this report are key decisions.

RECOMMENDATION/S

The Policy and Resources Committee is requested to recommend to Council:

- (1) the approval of the new bids as detailed in Appendix 2 to this report requiring £8.963 million borrowing for inclusion in the Capital Programme.
- (2) the approval of any new bids supported by grant funding do not commence until written confirmation has been received from the granting authority.
- (3) the approval of the Capital Programme 2022/27 (as detailed in Appendix 3 to this report).
- (4) request director of resources to present updates on the capital programme in accordance with the agreed capital monitoring arrangements.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 The purpose of the Capital Programme is to transform the way it operates in the medium to long term by taking opportunities from investment in digitalisation, assistive technology and a modern and efficient asset portfolio. This will enable the Council to prioritise and effectively deliver capital investment that contributes to the achievement of Council objectives.
- 1.2 Links to the revenue budget ensure that revenue funding is provided to meet the financing costs, and any running costs, as a result of the Capital Programme investment.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 For a scheme to be included in the Capital Programme it must be supported by a Business Case which includes consideration of alternative options and has been reviewed by the Investment & Change Board (ICB)

3.0 BACKGROUND INFORMATION

CAPITAL STRATEGY

- 3.1 The Capital Strategy is a key document that sets out the Council's medium to long term ambition. As the Medium-Term Financial Strategy sets out the plans for revenue, the capital strategy describes the strategic plan for economic growth, digitalisation and the use of assets and how these will support the Council to achieve its objectives.
- 3.2 An extensive and long-term capital programme is the key to prevention, better run services and a reduced revenue commitment over time. Significant investment in assets will enable those assets to be used more efficiently and effectively in the delivery of services and may, as a beneficial by-product, generate a revenue return to support the revenue budget.
- 3.3 The way the Council transacts with staff, residents and business has changed and will continue to do so at pace over coming years. The use of I.T presents an opportunity for staff to work in different ways and from anywhere to be able to reach-out to customers when it is convenient for them. Not all our customers are able to transact with the Council during normal business hours but investing in technology to enable them to do this whenever suits them provides for a more enhanced customer journey and to transact with the Council only once, to a satisfactory conclusion.
- 3.4 The Council's 'Digital, Data and Technology' strategy is written and will shortly be going through the Council's strategy approval process. The strategy provides the framework for the transformation of processes through Digitalisation and Automation, modernisation of the Customer Experience, and

improvements in our Data Analytics. The 'Digital, Data and Technology' strategy also focussed on increasing digital inclusion across the borough

- 3.5 Capital planning is one of the main drivers in future cost avoidance. With a population with more complex needs there is an opportunity to explore how we can support people to remain independent at an earlier stage and for longer with smart technology. By using insight and intelligence we can predict with more certainty where capital funding can be targeted to support those to support themselves. By investing early on in things like smart homes this will not only see a reduction in reactive revenue costs in future years but will provide an opportunity for people to remain independent for longer.
- 3.6 Over the term of the last Capital Strategy there has been significant investment in regeneration to support economic growth. The strategic acquisitions programme has enabled the Council to acquire key sites in the Borough to support the longer-term ambition for economic growth and housing. Capital funding is a key deliverable to regenerating the borough over the next decade. The Council's partnership with Wirral Growth Company will see significant investment right across the borough that will enable revenue income to be received that will replace lost grant funding and enable vital services to continue to be provided. As developments start to take shape, further income will be realised from new homes and new businesses in council tax and business rates which in turn will be re-invested to grow the local economy. Capital funding is the catalyst to making this happen.
- 3.7 The Capital Strategy does not stand alone. It is intrinsically linked to a suite of other documents which together will enable the achievement of the Council's long-term strategic ambition. These are:
- The Strategic Asset Management Plan which sets out how the Council and its partners will make the best use of its buildings and land in the future. This will be linked to future property purchase or consideration.
 - The Economic Strategy sets out the ambition for growing a strong economy in the Borough in conjunction with support from the Liverpool City Region. The strategy was approved by the Economy Regeneration & Development Committee on the 22 November 2021.
 - The Treasury Management Strategy which is concerned with keeping sufficient but not excessive cash available to meet the Council's spending needs, while managing the risks involved.
 - The Commercial Strategy means ensuring that everything we do inside and outside the Council is done with a commercial mindset that will ensure we either generate a financial return or can demonstrate value for money in all activities.
 - The Medium-Term Financial Strategy in supporting the Council to remain financial sustainable by investing in cost saving and income generating projects to avoid high-cost reactive activity in future years

INVESTMENT AND CHANGE BOARD (ICB)

- 3.8 The role of the ICB is to ensure alignment of investments against corporate priorities giving due consideration to risk. Amongst its functions are:
- the development, monitoring and review of the capital investment appraisal system, providing guidance when bids are submitted.
 - To assess, recommend, acceptance or rejection of capital bids in accordance with the above appraisal system.
 - Ensure that all bids for capital funding are aligned to Wirral Council strategies and the Wirral Plan.

CAPITAL PROGRAMME

- 3.9 The Capital Programme details the schemes being undertaken over the medium term which help the Council achieve its objectives. It is aligned to the Wirral Plan and Medium-Term Financial Strategy. It is reviewed, updated and considered by Council each year as part of the annual budget setting process.
- 3.10 Government announcements may include grant support for specific themes, but other investment is based upon affordability. Additional grant funding may be announced during the year. The inclusion of any schemes funded from new grant notifications will be reported through the capital monitoring process.
- 3.11 In accordance with the original Capital Receipts flexibilities introduced by the Government capital receipts generated between 1 April 2016 and 31 March 2022 can be used to support expenditure that is 'Transformational' in nature. In a press release published on 10th February 2021, Government announced that there is to be a 3-year extension period to this flexibility from 2022/23 onwards.
- 3.12 It is assumed that new bids requiring Council funding will be financed from borrowing, enabling capital receipts to be used in funding further transformation projects which have a benefit to the revenue budget.

NEW SUBMISSIONS

- 3.13 Each scheme should be supported by a business case which enables an assessment to be undertaken to ensure that it is either targeted to Council priority areas or fulfils statutory obligations. Individual bids have been scrutinised by the ICB for review. Schemes that are deemed suitable for progression are then sent on to Policy & Resources Committee before Council for full formal approval as per the requirements of the Council constitution.
- 3.14 Due to the restricted financial environment within which the Council must operate, ICB decide whether a proposed capital bid meets certain criteria if it is to progress to Committee. This assessment considers whether the bid is for essential health and safety works, does the bid present an 'invest to save'

opportunity, or is the scheme of significant strategic importance to the Authority.

- 3.15 Wherever financially viable, a bidding department is instructed that the cost of financing the Capital investment is to be met from either their existing revenue budgets or via additional income/cost savings that result from the investment. This approach re-emphasises a key factor that Capital investment is not 'free money'. Any borrowing incurred as a result of Capital expenditure is ultimately repaid via the revenue budget.
- 3.16 Capital bids can be submitted throughout the financial year for consideration, rather than just having one fixed programme at the start of the year. This enables the Council to better react to changing service requirements or incidents as they occur. Likewise, this flexibility in bid submissions allows for the possibility of new bids or supplementary bids, should the resource requirements of an existing bid change after inception. There may also be new opportunities for the Council to bid for external resource e.g., grants that become apparent during the year and the Council needs to be able to react to such potential.
- 3.17 As a consequence of adopting this flexible approach to allowing and assessing bids, the Capital Programme will evolve further as the financial year progresses. This will include new schemes that require funding in the current year as well as potentially funding in future years, along with schemes that then may require re-profiling in terms of their projected expenditure and timing.
- 3.18 The new capital submissions are included within Appendix 1 to this report.

2022/27 CAPITAL PROGRAMME

- 3.19 In forecasting a 5-year Programme it is recognised that there are many variables and factors that will impact on future requirements. The Programme will be subject to regular review to ensure the most effective use of resources whilst providing the opportunity to update agreed schemes, bring forward deferred schemes as necessary and add any new schemes which will arise as new funding is identified and delivery plans are developed along with Council partners.
- 3.20 The 2022/27 Capital Programme represents a combination of:
 - a) Schemes approved as part of the 2021/26 Programme and updated through the Capital Monitoring reports in 2021/22. The table below reflects the Quarter 3 position 2021/22.

Table 1: Capital Programme (per Quarter 3 21/22 Monitoring Report)

Analysis of Capital Programme	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000
Adult Care & Health	1,085	7,025	1,120	-
Children, Families & Education	5,965	10,172	2,500	2,500
Corporate Schemes	9,126	2,930	-	-
Neighbourhoods	19,690	16,512	3,234	-
Regeneration & Place	33,585	47,117	39,336	7,310
Resources	2,473	4,559	-	-
Total Expenditure	71,924	88,315	46,190	9,810
Financing				
Borrowing	39,699	47,611	24,015	7,310
Capital Receipts	2,124	2,930	-	-
Grants	30,101	37,627	22,175	2,500
Revenue/Reserve Contribution	-	147	-	-
Total Financing	71,924	88,315	46,190	9,810

- b) New bids for consideration at this meeting. The emphasis has been to ensure that the bids support the delivery of the Wirral Plan and the priorities within. Appendix 1 to this report provides a brief description of each scheme. Appendix 2 to this report provides details of the borrowing requirement and revenue implications of funding each scheme.

Table 2: New bids for inclusion in the Programme

Service Area	2022/23	2023/24	2024/25	2025/26	2026/27
	£000	£000	£000	£000	£000
Children, Families & Education	693	-	-	-	-
Corporate Schemes	200	-	-	-	-
Neighbourhoods	286	-	-	-	-
Regeneration & Place	4,199	265	-	-	-
Resources	2,500	2,500	-	-	-
Total	7,878	2,765	-	-	-

Note – there are fewer bids to be considered at this meeting compared to in previous years as the bid submission process has been amended to allow bid submission throughout the year, rather than at one deadline for inclusion in this programme setting report. See 3.16 – 3.17 above. A number of new bids are seeking Council approval via the Quarter 3 2021/22 Capital Monitoring report. This would allow works on successful bids to commence in 2021/22 rather than having to wait for 2022/23.

- 3.21 The proposed Capital Programme combines Tables 1 and 2 together with an estimate for continued grant to be received for Schools Modernisation of £2.5 million through to 2026/27 and also the inclusion of grant funding as stated in

3.30. Included in the estimate of 2023/24 is the potential for a food waste scheme, although at this time this scheme is deferred pending a full review once complete full details will be presented for approval. The level of capital receipts to be utilised in 2022/23 has increased by £0.65 million from the Quarter 3 2021/22 forecast. The detail of the programme can be found in Appendix 3 to this report.

Table 3: Proposed Capital Programme 2022/27

Analysis of Capital Programme	2022/23	2023/24	2024/25	2025/26	2026/27
	£000	£000	£000	£000	£000
Adult Care & Health	7,025	1,120	-	-	-
Children, Families & Education	10,865	2,500	2,500	2,500	2,500
Corporate Schemes	3,780	-	-	-	-
Neighbourhoods	18,648	3,234	-	-	-
Regeneration & Place Resources	66,411	45,437	9,390	-	-
	7,059	2,500	-	-	-
Total Expenditure	113,788	54,791	11,890	2,500	2,500
Financing					
Borrowing	53,590	26,780	7,310	-	-
Capital Receipts	3,580	-	-	-	-
Grants	56,471	28,011	4,580	2,500	2,500
Revenue/Reserve Contributions	147	-	-	-	-
Total Financing	113,788	54,791	11,890	2,500	2,500

3.22 Within the Council's Medium Term Financial Strategy (MTFS) a forecast is used to estimate the potential Capital programme over the next five years and its associated potential impact on revenue budgets. Rather than just focus on the programme that has been approved by Members, the estimate uses the average Capital expenditure over a five year period to forecast activity in years 3-5 of the period, in this instance from 2024/25 onwards. This estimate is for modelling purposes only, should the Authority continue to invest in Capital scheme as it has done in recent years and financed in a similar fashion.

Table 4: MTFS Estimated Capital Programme 2022/27

Estimate of Capital Programme

	2022/23	2023/24	2024/25	2025/26	2026/27
	£000	£000	£000	£000	£000
Total Expenditure	113,788	54,791	40,000	36,000	32,400

Financing

Borrowing	53,590	26,780	25,000	22,500	20,250
Capital Receipts	3,580	-	-	-	-
Grants	56,471	28,011	15,000	13,500	12,150
Revenue/Reserve Contributions	147	-	-	-	-
Total Financing	113,788	54,791	40,000	36,000	32,400

CAPITAL RECEIPTS

- 3.23 Capital receipts at 1 April 2021 were £1.19 million. Table 5 assumes the proposed spend in Table 3 is agreed. Longer term projections can be updated as and when more information becomes available e.g., the interaction with Wirral Growth Company.
- 3.24 In accordance with the original Capital Receipts flexibilities introduced by the Government capital receipts generated between 1 April 2016 and 31 March 2022 can be used to support expenditure that is 'Transformational' in nature. In a press release published on 10th February 2021, the DLUHC announced that there is to be a 3-year extension period to this flexibility from 2022/23 onwards. Revised guidance will be issued in the near future regarding these flexibilities and conditions attached to the type of expenditure deemed appropriate.
- 3.25 The Council's asset portfolio is constantly under review in order to highlight those assets that Members may wish to consider for disposal, a critical decision given that funding for any Transformation Programmes is reliant upon the generation of capital receipts.

Table 5: Projected Capital Receipts position

	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
Opening Capital Receipts Reserve	1,190	1,216	1,216	1,216	1,216	1,216
Anticipated receipts	2,150	3,580	0	0	0	0
Required to fund Transformational schemes & EVR	(2,124)	(3,580)	0	0	0	0
Required to fund capital programme	0	0	0	0	0	0
Closing Balance	1,216	1,216	1,216	1,216	1,216	1,216

The opening Receipts Reserve balance of £1.19m is ringfenced due to the sale of school playing field sites, per the Department for Education. The estimated value of receipts to be achieved and their utilisation, for later years are still to be determined but will be updated through the Capital monitoring procedures.

GRANT FUNDING

- 3.26 Wherever possible the Authority will continue to seek grant funding to either replace a known borrowing requirement or to enable Capital schemes to take place or be continued. In the event of any notable grant awards being achieved in the future, the relevant schemes will be introduced into the capital programme via the regular monitoring reports.
- 3.27 The Council has been offered two significant funding allocations, both in respect of 'Levelling Up' funds. Until such time as to when the Authority formally signs up to receive these allocations, these amounts will not be considered as part of the Capital programme. As stated above, progress on these funding streams will be reported via the regular monitoring reports.
- 3.28 On 27 October 2021, the Council received notification of the outcome of its submission to the first round of the Department of Levelling Up, Housing and Communities (DLUHC) Levelling Up Fund (LUF). This announcement set out that the Council had received its full requested allocation of £19,648,873 for a package of projects at Woodside.
- 3.29 The Liverpool City Region Combined Authority (LCRCA) has also received notification that it has been successful in its application to the Levelling Up Fund for £37,520,000, for a package of strategic transport infrastructure projects across the City Region, including projects as part of the Central Birkenhead Gateway. The Wirral allocation of the City Region LUF is £9,700,900.

- 3.30 On 15th July 2021, the Council received notification of the outcome of a submission it had made to MHCLG's (now DLUHC) Town Deal Programme. This announcement set out that the Council had been invited to enter into a Town Deal for Birkenhead, up to a value of £25,000,000, for capital regeneration projects that will create jobs and building a stronger and more resilient local economy. This 'in principle' award is offered subject to the successful completion and approval of businesses cases for the projects included in the bid submission. Both the Council and DLUHC have agreed the Heads of Terms.
- 3.31 The Council as administrator of the Town Deal programme has now received from DLUHC £1,250,000 which is 5% of the total Town Deal award. This grant is being disbursed to the 8 projects within the Town Deal programme to enable development of the business cases. If business cases are approved, DLUHC have advised that the first tranche of funding to commence delivery of the projects will be available in Summer 2022.

MEMBER CAPITAL POT

- 3.32 Policy and Resources Committee 28th July 2021 asked for a proposal to be worked up allowing a percentage of the capital receipts being reinvested into some form of community fund to benefit the wards where assets were disposed of (See Appendix 4).
- 3.33 The above has been superseded by the outcome of the assurance reports which recommended that capital receipts are used firstly to fund the cost of the capitalisation Directive.
- 3.34 Informal discussion with party leaders found there was no unanimity in support, approach or operation of a capital pot. Examples being flat rate versus deprivation basis for allocation basis and or individual asset sale proceeds being reflected in allocation to local areas being another area of divergent views.
- 3.35 Limitations of capital use i.e., for asset creation or enhancement at a minimum value of £10,000 make the application of a pot difficult. Similar type spend of could be amalgamated where items are below £10,000.
- 3.36 Additional governance and administrative arrangements would be required for decision making.
- 3.37 Were a pot to be created, given the issues with capital receipts it would require funding from borrowing which would attract a revenue financing cost (determined by the asset life of the related spend).
- 3.38 For the above reasons no allocation has currently been assumed in the 2022/23 programme.

4.0 FINANCIAL IMPLICATIONS

- 4.1 The proposed 2022/27 Capital Programme is a combination of the currently approved Capital Programme, new bids and estimated Children’s grant. As the Programme stands this will require up to £87.7 million unsupported borrowing from 2022/23 to 2026/27.
- 4.2 The revenue borrowing costs associated with any re-profiled schemes had already been included in the previous budget assumptions and therefore do not represent an additional requirement.
- 4.3 The expenditure and funding of the Capital Programme are linked to Treasury Management. With the low interest available for investments the policy of temporary borrowing from positive internal cash flows has been continued. This policy, and the re-profiling of the Programme, defers the need for external borrowing delivering in-year savings but is not sustainable in the medium term. Where advantageous short-term borrowing will be used to fund the programme.
- 4.4 The revenue impact of the additional borrowing required to fund all the new bids, including those that it is proposed to defer, is:

Table 6 Additional financing costs to fund new bids

	2022/23	2023/24	2024/25	2025/26	2026/27
	£000	£000	£000	£000	£000
Additional revenue cost	120	591	835	844	854

- 4.5 It is estimated that these costs will peak in 2029/30 at £0.882 million reflecting the fact that the principal repayment associated with debt (the Minimum Revenue Provision) increases over the expected life of the asset funded from borrowing.
- 4.6 Where a proposed bid includes the generation of additional income or cost saving as a result of the investment, a budget virement will be sought to the Treasury Management budget to offset the Capital repayments made via the revenue budget.
- 4.7 These projections might change during the year and the Programme and related Prudential Indicators will be updated accordingly.

5.0 LEGAL IMPLICATIONS

- 5.1 There are no legal issues arising directly from this report, should any such issues arise during an individual scheme, then these matters will be addressed.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

6.1 The Programme is about investment into the Council assets so does include schemes relating to IT and assets.

7.0 RELEVANT RISKS

7.1 The Programme will not be delivered as projected. This could see individual schemes progressing ahead of, or being behind, the projected timetable. The regular monitoring and reporting of the Programme allows action to be taken to manage the financial position.

7.2 Capital receipts are below the level estimated. Regular reporting to ICB on progress of asset disposals allows the Capital Programme to be reviewed should this eventuality arise.

7.3 Interest rates increase to a level greater than budgeted for. Regular monitoring of economic forecasts should assist in determining the best time to borrow to fund the Programme.

7.4 In terms of individual scheme specific risks, these are identified as part of the original business case application and any potential risks to deliverability should be flagged as part of the ongoing scheme review process.

8.0 ENGAGEMENT/CONSULTATION

8.1 There has been no specific consultation with regards to this report. In terms of the delivery of schemes consultation will take place as part of the scheme development and implementation.

9.0 EQUALITY IMPLICATIONS

9.1 There are none arising directly from this report as they will be identified as each scheme is progressed. Individual schemes within the Programme will have a direct impact upon groups for example the Aids and Adaptations investment within Regeneration. Associated actions may need an Equality Impact Assessment and these will be done at the earliest possible time.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

10.1 Capital bids are welcomed that support the Council's Climate Emergency Plan that was compiled following the declaration of a Climate Emergency by the Council in May 2019. Within the Capital programme there are elements within the projects that positively contribute to environmental issues such as 'The Tree Strategy' and 'The Urban Tree Challenge'.

11.0 COMMUNITY WEALTH IMPLICATIONS

- 11.1 The Community Wealth Building Strategy is a key part of how the Authority will tackle economic, social and health inequalities across the borough and make a major contribution to improving the economic, social and health outcomes on the Wirral. Schemes contained within the Capital programme include several regeneration projects that look to improve the economic outlook for the borough, including job creation, training facilities and enhanced transport links. The Community Wealth Building implications are reported for each scheme separately to the relevant policy and service committee
- 11.2 The programme also includes projects that focus on environmental initiatives such as energy efficient buildings, sustainable and green travel infrastructure, energy efficient street lighting, urban tree planting etc.

REPORT AUTHOR: Gary Mitchell
 Senior Finance Business Partner
 telephone: 0151 666 3418
 email: garymitchell@wirral.gov.uk

APPENDICES

- Appendix 1 – Capital Bids for the 2022/27 Capital Programme
 Appendix 2 – Financial Summary of Capital Bids
 Appendix 3 – Proposed Capital Programme 2022/23 to 2026/27.
 Appendix 4 – Member Capitol Pot Proposal

BACKGROUND PAPERS

- Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the UK 2020/21.
 Local Government Act 2003 and subsequent amendments.
 Local Government (Capital Finance and Accounting) Regulations 2008.
 Accounts and Audit (England) Regulations 2015.

SUBJECT HISTORY

Council Meeting	Date
Budget Council – 2021/26 Capital Programme	1 st March 2021
Budget Council - 2021/22 Capital Financing Strategy	1 st March 2021
P&R Committee - 2020/21 Capital Outturn Report	30 th June 2021
P&R Committee – 2021/22 Capital Monitoring Q1	1 st September 2021
P&R Committee – 2021/22 Capital Monitoring Q2	10 th November 2021

APPENDIX 1

Capital Bids for the 2022/27 Capital Programme

Enterprise Resource Planning - Top up (Funding Required £5.000m)

Application for a 'top up' to the existing scheme which was initially approved at £10m. This was for the SmartBusiness Project to replace the 1Business Finance system (Oracle R11) and HR/Payroll Platform (Zellis ResourceLink) with a Cloud based Enterprise Resource Planning (ERP) solution.

In January 2021, due to unforeseen circumstances (urgent upgrade required for ResourceLink as on-prem solution support was being withdrawn), it was decided at the SmartBusiness Project Board that resource capacity would be insufficient to deliver the HR/Payroll at that time, therefore, a two phased approach was required. Phase 1 Finance to Oracle Cloud Fusion, 21/22, Phase 2 HR/Payroll to Oracle Human Capital Management (HCM). As a result, the £10m was revised down to £4.9m. This reduced budget was approved by Members as part of the revised programme back in Q3 20/21.

At a recent meeting of the Project Board, it was agreed to proceed with Phase 2 element of the project, the Hr/Payroll. It is now necessary to reinstate the original capital allocation to cover the cost of that implementation.

Wirral Tennis & Sports Centre (Funding Required £1.364m)

The proposed project is to redevelop the facility to meet the needs required for the local community to increase the amount of physical activity they undertake, contributing to better health and social outcomes for them.

This is a project developed using local intelligence and industry data. The new provision required includes soft and adventure play, café, gymnastics, studio and health space, new reception area and fitness space.

The total funding for the scheme is £2.540m. £1.176m is to be vired from two existing approved schemes:

1. Soft play areas – leisure £410k
2. Wirral Tennis facility upgrade £766k

Children's System Development - Top up (Funding Required £0.693m)

Application for 'top up' to existing approved capital scheme.

Further resource and capacity are required to ensure that the EYEs/SEND Project can be completed to the required standard.

It has been ascertained, following meetings with other Local Authorities who have already implemented EYEs, that Wirral will require substantially greater resource if we want to complete the major elements of the EYEs/SEND Project within timescale.

Woodchurch 3G Astroturf Pitch & Pavilion (Funding Required £0.600m)

Wirral's Playing Pitch Strategy and Local Football Facilities Plan have highlighted the lack of Artificial Grass Pitch provision required to meet the level of demand presented by our Football Communities. This is backed by both Sport England, Cheshire FA and the Football Foundation.

Wirral has embarked on a journey to tackle this issue by partnering with the organisations mentioned, in order to secure the financial and developmental support needed to build appropriate facilities in appropriate places.

Over the last 18 months the Football Foundation, as the main funder, has earmarked Wirral Council as a 'Beacon Authority' due to the way the partnership and projects have been developed. Meetings are held regularly at all levels of seniority within Wirral and the Football Foundation. There is a real will to see these projects develop.

Woodchurch specifically, will see a supersized 3G pitch and supporting pavilion building...a one of its kind development across the country and a flagship project for Wirral Council.

The project in its entirety is expected to cost approximately £1.600m, with £1.000m of that funding being secured from external sources (Football Foundation).

The project is subject to planning permission.

Birkenhead Town Centre Master planning & Housing Delivery (Funding Required £0.400m)

This project involves critical enabling work to:

- Enable the further comprehensive detailed master planning of Birkenhead Town Centre and Grange Road West.
- Engage appropriate specialist advice in relation to urgent delivery of key regeneration projects including key residential projects at Europa Boulevard Phase 1, St Werburgh's.
- Undertake a strategic review of the future development of the town centre area in light of emerging changes to the Council's regeneration delivery arrangements.
- Establishing an implementation/delivery strategy for the future redevelopment/regeneration of the town centre.

Wirral Tennis & Sports 3G Pitch (Funding Required £0.240m)

Wirral's Playing Pitch Strategy and Local Football Facilities Plan have highlighted the lack of Artificial Grass Pitch provision required to meet the level of demand presented by our Football Communities. This is backed by both Sport England, Cheshire FA and the Football Foundation.

Wirral has embarked on a journey to tackle this issue by partnering with the organisations mentioned, in order to secure the financial and developmental support needed to build appropriate facilities in appropriate places.

Over the last 18 months the Football Foundation, as the main funder, has earmarked Wirral Council as a 'Beacon Authority' due to the way the partnership and projects have been developed. Meetings are held regularly at all levels of seniority within Wirral and the Football Foundation. There is a real will to see these projects develop.

Wirral Tennis and Sports Centre specifically, will see a standard full size 3G pitch and supporting car park.

The project in its entirety is expected to cost approximately £1.000m, with £0.760m of that funding being secured from external sources (Football Foundation).

The project is subject to planning permission.

Capitalisation of Legal Salaries (Funding Required £0.200m)

This capitalisation of staff costs involves critical work to support the delivery of the Regeneration Programme, which includes £108m of secured capital funding that requires a staff structure to ensure that the capital funding is spent as detailed in the Grant Offer letters.

There is the likelihood that further external capital funding will be secured which will require resource and capacity to deliver.

Ashton Park Lake (Funding Required £0.147m)

The project is to see the de-silting and dredging of the Lake at Ashton Park. The Lake is a key asset and a part of the tourist attractions of West Kirby. The state of the Lake is seen as a threat to the retention of the prestigious Green Flag Award for the Park.

The Lake was last dredged over 20 years ago and has been filling up with debris and silt. Without this project, the Lake will continue to silt up. The Friends of Ashton Park and the Model Boat Club are key partners within Ashton Park and are keen to see the Lake restored.

As a Council attraction it provides revenue to a number of other areas within the authority and supports the local economy as a visitor attraction. If these works are not undertaken consideration will need to be given to the options set out in section 3 of the bid, including the loss of the lake and its wildlife.

Liscard Town Centre Delivery (Funding Required £0.100m)

Liscard Town Centre is an important retail centre which has seen limited investment in recent years and now suffers from above average vacancy rates, poor environmental quality, vandalism and anti-social behaviour and a limited leisure and cultural offer and night-time economy.

The Liscard Neighbourhood Framework was approved as the regeneration strategy for Liscard at the 22 November 2021 meeting of Economy, Regeneration & Development Committee (Minute 8 refers).

The Council has recently been successful in its application for £80,000 of pre-development funding from the Liverpool City Region Combined Authority (LCRCA), to support work on a delivery strategy for Liscard. The LCRCA funding requires evidence of match funding.

West Kirby Masterplan (Funding Required £0.080m)

In line with the objectives of the Wirral Plan completion of a Neighbourhood Framework and masterplan for West Kirby will enable the Council to complete a review of land holdings and assess options for the improvement of the Concourse. This work on the Concourse could achieve the following benefits

- Potential capital receipts from the sale of surplus land
- Potential saving of holding revenue costs arising in the event of voids
- Potential saving of maintenance and improvement costs to existing buildings

It is urgently required to prevent inappropriate piecemeal development via a submitted planning application for residential development on the Fire Station Site which will prejudice the potential comprehensive improvement of the Concourse area in particular.

Funds to be re-purposed from the Birkenhead Delivery Fund

Plymyard Cemetery Roadways (Funding Required £0.075m)

The roadways and pathways within Plymyard cemetery are unsafe. Over a period of time the surfaces have been worn away, contain large potholes and in some places are irregular, uneven and too narrow. The cemetery site, which is constantly expanding and gaining increasingly more visitors per year, has now expanded into sections of the site where the roadway is too narrow for cars to drive down safely.

In addition, the Council has recently sold the Cemetery Lodge, with the access route for vehicles being through the cemetery.

Work is required to address these issues.

Funds to be re-purposed from the Health & Safety – Condition Surveys

Essential Health & Safety - Wirral Country Park (Funding Required £0.064m)

Increased footfall has caused erosion and compaction of unconsolidated (non-tarmacked) paths where the loose material now has potholes, undefined edging and

other trip hazards. Fencing has been damaged by visitors to create new access routes and maintain social distancing and in places this has resulted in erosion where grass has been trampled.

These issues are outside of 'normal wear and tear' and require investment in order address the significant risks to the public and to support access to the park. In the last few months there have been three claims against Wirral Council for poor access at Wirral Country Park.

Funds to be re-purposed from the Health & Safety – Condition Surveys

APPENDIX 2

Financial Summary of Capital Bids

Description	Borrowing Required £000	Revenue Cost 2022/23 £000	Revenue Cost 2023/24 £000	Revenue Cost 2024/25 £000	Revenue Cost 2025/26 £000	Revenue Cost 2026/27 £000
Enterprise Resource Planning - Top up	5,000	50	335	573	580	587
Wirral Tennis & Sports Centre	1,364	27	61	62	63	63
Childrens System Development - Top up	693	14	109	110	112	113
Woodchurch 3G Astro turf Pitch & Pavilion	600	12	27	27	28	28
Birkenhead Town Centre Masterplanning & Housing Delivery	400	3	9	12	12	13
Wirral Tennis & Sports 3G Pitch	240	5	27	28	28	28
Capitalisation of Legal Salaries	200	4	6	6	6	7
Ashton Park Lake	147	3	12	12	12	12
Liscard Town Centre Delivery	100	2	3	3	3	3
West Kirby Masterplan	80	1	2	2	2	2
Plymyard Cemetery Roadways	75	2	5	5	5	5
Essential Health & Safety - Wirral Country Park	64	1	2	2	2	2
Total	8,963	124	600	844	853	864

Notes to Appendix 2:

The estimated revenue costs factor in both the repayment of capital, via the Minimum Revenue Provision and the estimated interest cost associated with the borrowing required.

Revenue costs will increase year on year due to the nature of the Minimum Revenue Repayment (MRP) repayment calculation, which is based on an annuity repayment profile.

Where a proposed bid includes the generation of additional income or cost saving as a result of the investment, a budget virement will be sought to the Treasury Management budget to offset the Capital repayments made via the revenue budget.

APPENDIX 3

Proposed Capital Programme 2022/23 to 2026/27

In Summary:

Analysis of Capital Programme	2022/23	2023/24	2024/25	2025/26	2026/27
	£000	£000	£000	£000	£000
Adult Care & Health	7,025	1,120	-	-	-
Children, Families & Education	10,865	2,500	2,500	2,500	2,500
Corporate Schemes	3,780	-	-	-	-
Neighbourhoods	18,648	3,234	-	-	-
Regeneration & Place	66,411	45,437	9,390	-	-
Resources	7,059	2,500	-	-	-
Total Expenditure	113,788	54,791	11,890	2,500	2,500
Financing					
Borrowing	53,590	26,780	7,310	-	-
Capital Receipts	3,580	-	-	-	-
Grants	56,471	28,011	4,580	2,500	2,500
Revenue/Reserve Contributions	147	-	-	-	-
Total Financing	113,788	54,791	11,890	2,500	2,500

In Detail:

	2022/23	2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000
Adult Care and Health					
Better Care Fund (Disabled Facilities Grant)	433				
Extra Care Housing	4,967				
Liquidlogic - Early Intervention & Prevention	125				
Telecare & Telehealth Ecosystem	1,500	1,120			
Total Adult Care and Health	7,025	1,120	0	0	0
Children, Families & Education					
Basic Needs	388				
Children's System Development	1,096				
School Condition Allocation (SCA)	7,520	2,500	2,500	2,500	2,500
Family support	157				
High Needs Provision Capital	120				
PFI	52				
School remodelling and additional classrooms (School Place F	437				
Special Educational Needs & Disabilities	829				
Transforming Care - Therapeutic Short Breaks	266				
Total Children, Families & Education	10,865	2,500	2,500	2,500	2,500
Corporate Schemes					
Capitalisation of Legal Salaries	200				
Transformational Capitalisation	3,580				
Total Corporate Schemes	3,780	0	0	0	0

	2022/23	2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000
Neighbourhoods					
Ashton Park Lake	147				
Beach Cleaning - Replacement of equipment	94				
Birkenhead Park World Heritage Project Team	85				
Bridges excluding Dock Bridge	143				
Cemetery Extension & Improvements (Frankby)	100				
Coastal Defence - Meols Feasibility Study	70				
Combined Authority Transport Plan (CATP)	1,000				
Coronation Park Sustainable Drainage	190				
Dock Bridges replacement	200				
Essential H&S Access Improvements @ Wirral Country Park	64				
Fitness Equipment	4				
Food Waste		3,200			
Future Golf - Project 1.1	340				
Highways Asset Management System	56				
Moreton Sandbrook Drainage	415				
New Ferry Rangers Community Clubhouse	1,042				
Parks Machinery	2,635				
Parks Vehicles	1071				
People's Pool Feasibility Study	67				

	2022/23	2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000
Neighbourhoods (continued)					
Play Area Improvements	233				
Plymyard Cemetery Roadways	75				
Plymyard Playing Field	147				
Street Lighting -Illuminated Lighting and Signage	182				
Tree Strategy	57	34			
Urban Tree Challenge Fund	299				
West Kirby Flood alleviation	7,174				
Williamson Art Gallery Catalogue	38				
Wirral Country Park Car Park Surfacing	40				
Wirral Tennis Centre - 3G Pitch	1,000				
Woodchurch Rd Drainage	80				
Woodchurch Sports Pavillion	1,600				
Total Neighbourhoods	18,648	3,234	0	0	0
Regeneration & Place					
Active Travel Tranche 1	90				
Active Travel Tranche 2	1,500				
Aids, Adaptations and Disabled Facility Grants	1,600				
Arrowe Country Park - New Machine Shed & Wash Bay	186				
Arrowe Country Park Depot: Re-Surfacing, Material Bays	40				
Bebington Oval Facility Upgrade	701				

	2022/23	2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000
Regeneration & Place (continued)					
Birkenhead Park Event Infrastructure	164				
Birkenhead Regeneration Delivery Fund	1,350				
Birkenhead Regeneration Framework	85				
Birkenhead Town Centre Masterplanning & Housing Delivery	135	265			
Capitalisation of Regen Salaries	1,600				
Castleway & Leasowe Early Years	1,170				
Central Park Compound	0				
Clearance of Land Schemes	380				
Connecting Wirral Waters: Detailed Design	550				
Consolidated Library Works Fund	290				
Depot Welfare Improvements	230				
Empty Property Grant Scheme	310	310	310		
Energy efficient buildings	900				
Floral Pavilion	175				
Future High Streets - Birkenhead	7,133	14,130			
Future High Streets - New Ferry	2,685				
Health & Safety - Condition Surveys	3,467	2,500	2,500		
Heswall Day Centre	127				
Housing Infrastructure Fund Marginal Viability (Northbank)	40				
Hoyle Golf works depot demolish and replace	54				
Leasowe Leisure Centre/Evolutions	1,720				

	2022/23	2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000
Regeneration & Place (continued)					
Leisure Capital Improvement Programme	660				
Lever Sports Pavilion	80				
Liscard Town Centre Delivery	100				
Major Infrastructure Development & Strategic Transport Forwar	262				
Maritime Knowledge Hub	10,650	10,650			
Moreton Youth Club & Library	980				
New Ferry Regeneration Strategic Acquisitions	320	118			
Office Quarter Building Fit-Out	660	4,613			
Parks and Countryside (Equalities Act)	430				
Pool Covers	72				
Soft Play Areas Leisure Centres	410				
Strategic Acquisition Fund	2,619	1,800			
Sustainable Urban Development - Leasowe to Seacombe Corridor	991				
Transport Advisory Group Business Case-A41 Corridor North	215				
Town Deal Fund - Birkenhead	17,084	5,836	2,080		
West Kirby Concourse/Guinea Gap Reception upgrade / improve	351				
West Kirby Masterplan	70	10			
Wirral Tennis & Sports Centre	1,364				
Wirral Tennis Centre - Facility Upgrade	766				
Wirral Waters Investment Fund	1,645	5,205	4,500		
Total Regeneration & Place	66,411	45,437	9,390	0	0

	2022/23	2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000
Resources					
Creative & Digital Team - specialist software and hardware	15				
Customer Experience Improvements Project	856				
Enerprise Resource Planning (ERP)	5,735	2,500			
Replacement of ITSM	331				
Upgrade of WIFI Network	122				
Total Resources	7,059	2,500	0	0	0
TOTAL PROGRAMME	113,788	54,791	11,890	2,500	2,500

APPENDIX 4

Member Capital Pot Proposal

- 1.1 Policy and Resources Committee 28th July 2021 asked for a proposal to be worked up allowing a percentage of the capital receipts being reinvested into some form of community fund to benefit the wards where assets were disposed of.
- 1.2 A number of discussions were held with party leaders to ascertain views. There was no unanimity in terms of an approach. Issues raised were:
 - Support for a member capital pot. This was welcomed by most but there was also a view that the resources would be best allocated against Council priorities and not by localised member decisions
 - Link to Asset Sales: Differences as to how to allocate with most stating that an allocation linked to individual assets would lead to distortion and 'winners and losers' with some wards having few assets to dispose of.
 - Allocation methodology: Differences as to whether a flat amount should be allocated per area or whether other factors such as deprivation should drive the amount allocated.
 - Area basis: Views were expressed that any allocation could be on a constituency wide basis to enable a n adequate allocation amount although others thought wards or 'neighbourhoods' could be used.
 - Value of allocation: Views ranged from a percentage of up to 10% of asset values with a to be agreed ceiling to a maximum of £50,000 per constituency per year.
 - Decision making for scheme allocation. Ranging from use bespoke process and scoring involving officers and members to use of corporate capital programme criteria per paragraph 3.9.
- 1.3 Since work commenced on this proposal the assurance review has been undertaken reported a number of recommendations in respect of capital receipts
 - Review its capital programme and ensure that it has identified realistic capital programme pressures in 2023-26 so that it can assess the overall impact on Council borrowing.
 - Dispose of sufficient assets to obviate the longer-term need for borrowing under the capital direction.
 - Note that capital receipts being generated on the operational portfolio from the 10 properties identified in the Asset Consolidation and Staff Relocation Programme are being re-directed to the funding of the new Birkenhead Commercial District development.

- 1.4 Capital Receipts are also required to aid the financing the 2021/22 revenue budget for transformation activity.
- 1.5 Capital can only be used for asset creation or enhancement with a deminimis value of value of £10,000. It is possible for similar types of expenditure to be treated as a programme of activity which could assist lower values being brought together. These items though would need to be similar in nature and a clear narrative would be required to explain.
- 1.6 Given the low values involved it is unlikely that capital items would be of a strategic nature. A mechanism would be required to priorities bids and deal with any over subscription against funds.

Conclusions

- 2.1 Given the issues described above including the assurance report recommendations it would be extremely difficult to allocate monies from capital receipts to a member pot.
- 2.2 In discussions with Leaders there was no unanimity regarding creation of a pot, the basis funds should be allocated upon, size of pot or prioritisation method.
- 2.3 Should the above be resolved; any pot would require a system to be devised outside of the existing capital prioritisation arrangements to administer the arrangements.
- 2.4 If capital receipts are not available as a source, the pot would require funding from general Council borrowing. This would add to revenue pressures through financing costs. The exact impact would be dependent upon the asset life relating to the incurred expenditure.
- 2.5 A flat rate annual £50,000 per constituency funded from borrowing would add £200,000 to the capital programme. Administrative arrangements would require determining for assessing and agreeing bids. This may have political issues where members from different parties are involved in the same geographical area.
- 2.6 A flat rate approach would not gain full support but would make allocation of overall budget simpler. The other issues would remain.
- 2.7 For the above reasons, no allocation has been made in the 2022/23 capital programme for this purpose.
- 2.8 If any members wanted to add schemes to the capital programme, this can still be done via the relevant officer who will submit a bid through the agreed process.

This page is intentionally left blank



POLICY AND RESOURCES COMMITTEE

Tuesday, 15 February 2022

REPORT TITLE:	CAPITAL FINANCING STRATEGY 2022/23
REPORT OF:	DIRECTOR OF RESOURCES (S151 OFFICER)

REPORT SUMMARY

The Authority's treasury management activity is underpinned the Chartered Institute of Public Finance and Accountancy (CIPFA) 2017 Code of Practice on Treasury Management ("the Code"), in which there is the requirement for Council to approve an annual Capital Strategy. This report fulfils the Authority's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

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

RECOMMENDATION/S

The Policy & Resources Committee is requested to recommend to Council: -

- (1) the approval of the Capital Strategy for 2022/23.
- (2) the approval of the associated Prudential Indicators to be adopted.
- (3) the approval of the Council's Minimum Revenue Provision policy.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 In order to demonstrate that the Council takes capital expenditure and investment decisions in line with service objectives and properly takes account of value for money, prudence, sustainability and affordability the Council should have in place a capital strategy that sets out the longer-term context in which capital expenditure and investment decisions are made. It should give due consideration to both risk and reward and the impact on the achievement of priority outcomes.
- 1.2 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 (SI 2008/414) also places a duty on local authorities to make a prudent provision for debt redemption. Guidance on Minimum Revenue Provision has been issued by the Secretary of State and local authorities are required to “have regard” to such Guidance under section 21(1A) of the Local Government Act 2003.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 CIPFA’s 2017 Code of Practice on Treasury Management requires the production of annual Capital strategy. The accompanying 2022/27 Capital programme has implications on the levels of borrowing being forecast within this report and resultant prudential indicators. Production of an annual strategy is standard practice however should it become appropriate to amend any key elements of this strategy during the period covered, a revised report will be produced.

3.0 BACKGROUND INFORMATION

- 3.1 This capital strategy report gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability.
- 3.2 Decisions made this year on capital and treasury management will have financial consequences for the Authority for many years into the future. They are, therefore, subject to both a national regulatory and local policy framework, summarised in this report.

CAPITAL EXPENDITURE AND FINANCING

- 3.3 Capital expenditure is where the Council spends money on assets, such as property or vehicles that will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets. The Council has some limited discretion on what counts as capital expenditure, for example assets costing below £10,000 are not capitalised and are charged to revenue in year.

Comparative expenditure figures are shown below and as can be seen in 2022/23, the Council is planning capital expenditure of £113.8 million.

Table 1: Prudential Indicator: Estimates of Capital Expenditure

	2020/21 Actual	2021/22 Forecast	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
	£000	£000	£000	£000	£000
Capital Expenditure	46,465	71,924	113,788	54,791	11,890
Total	46,465	71,924	113,788	54,791	11,890

In 2022/23 a change in the accounting for leases and Private Finance Initiative (PFI) will be introduced. Any impact on the figures quoted above will be reported and revised indicators set.

Table 2: Significant Schemes included in the 2022/23 Capital Programme

Scheme	£000
Maritime Knowledge Hub	10,650
School Condition Allocation (SCA)	7,520
Future High Streets - Birkenhead	7,133
Enerprise Resource Planning (ERP)	5,735
Extra Care Housing	4,967
Health & Safety - Condition Surveys	3,606
West Kirby Flood alleviation	3,339
Future High Streets - New Ferry	2,685
Parks Machinery	2,635
Strategic Acquisition Fund	2,619

3.4 A summary of the planned Capital expenditure, by Directorate is as follows:

Table 3: Planned Directorate Capital Expenditure

	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
Directorate	£000	£000	£000
Adult Care and Health	7,025	1,120	-
Children, Families & Education	10,865	2,500	2,500
Corporate Schemes	3,780	-	-
Neighbourhoods	18,648	3,234	-
Regeneration & Place	66,411	45,437	9,390
Resources	7,059	2,500	-
Total	113,788	54,791	11,890

3.5 An extensive and long-term capital programme is the key to prevention, better run services and a reduced revenue commitment over time. Significant investment in assets will enable those assets to be used more efficiently and effectively and where there is a need, to generate a revenue return to support the revenue budget.

3.6 Capital planning is one of the main drivers in future cost avoidance and there are schemes within the programme where initial investment from the Council will lead to reduced demand on the revenue budget, examples of which include the following:

- Telecare & Telehealth Ecosystem - With a population with more complex needs there is an opportunity to explore how we can support people to remain independent at an earlier stage and for longer with smart technology. Investing early on in things like smart homes this will not only see a reduction in reactive revenue costs in future years but will provide an opportunity for people to remain independent for longer.
- Enterprise Resource Planning (ERP) System – the replacement of critical business systems with a smarter integrated solution that will not only improve the operational effectiveness of the Authority but will also help rationalise multiple contracts with different suppliers and produce budgetary savings in the process.

3.7 Capital funding is a key deliverable to regenerating the borough over the next decade. The Council’s partnership with Wirral Growth Company will see significant investment right across the borough that will enable revenue income to be received that will replace lost grant funding and enable vital services to continue to be provided. As developments start to take shape, further income will be realised from new homes and new businesses in council tax and business rates which in turn will be re-invested to grow the local economy.

3.8 All capital expenditure must be financed, either from external sources (government grants and other contributions), the Council’s own resources (revenue, reserves, capital receipts and business rates growth generated within the Enterprise Zone) or debt (borrowing, leasing and Private Finance Initiative). The planned financing of the above expenditure is as follows:

Table 4: Capital Financing

	2020/21 Actual	2021/22 Forecast	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
	£000	£000	£000	£000	£000
External Sources - Grants	20,270	30,101	56,471	28,011	4,580
Own Resources - Capital Receipts, Revenue contributions	882	2,124	3,727	-	-
Debt - Borrowing	25,313	39,699	53,590	26,780	7,310
Total	46,465	71,924	113,788	54,791	11,890

3.9 Debt is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as minimum revenue provision (MRP) repayments. Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance. The latest planned MRP repayments and use of capital receipts are as follows:

Table 5: Replacement of Debt Financing

	2020/21 Actual	2021/22 Forecast	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
	£000	£000	£000	£000	£000
Minimum Revenue Provision	6,716	7,517	9,738	11,972	12,928
Capital Receipts - General Fund	784	2,124	3,580	-	-
Capital Receipts - MRDF	4,469	4,469	4,469	4,469	4,469
Total	11,969	14,110	17,787	16,441	17,397

*MRDF – Merseyside Residual Debt Fund which is due to be repaid in 2025/26.

The Council's full Minimum Revenue Provision Statement is included at Appendix 1.

- 3.10 The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP repayments and capital receipts used to replace debt. The CFR is expected to increase by £39.4 million during 2022/23. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows:

Table 6 Prudential Indicator: Estimates of Capital Financing Requirement

	31/3/2021 Actual	31/3/2022 Forecast	31/3/2023 Estimate	31/3/2024 Estimate	31/3/2025 Estimate
	£000	£000	£000	£000	£000
Opening CFR	348,521	362,648	390,361	429,744	440,083
Debt Funded Capital Expenditure	25,312	39,699	53,590	26,780	7,310
Repayment of Debt	- 11,185	- 11,986	- 14,207	- 16,441	- 17,397
Closing CFR	362,648	390,361	429,744	440,083	429,996

In 2022/23 a change in the accounting for leases and Private Finance Initiative (PFI) will be introduced. Consequently, further assets and liabilities may be brought onto the Council's balance sheet and impact on the figures quoted above will be reported and revised indicators set.

Capital Bidding Process

- 3.11 As part of the overall budget process departments are given the opportunity to put forward new schemes that will be considered for inclusion in the capital programme. A business case submission form has been devised and refined to include:
- The scope of the project
 - Benefits, objectives and strategic alignment
 - Potential constraints and mitigations
 - Timescales
 - Financial Implications including any ongoing revenue requirement
 - Monitoring and evaluation
- 3.12 New capital requests are prioritised for schemes relating to the following:

- Essential Health and Safety/Disability Discrimination Act schemes.
- Invest to save schemes, including those developed with the intention of avoiding future cost pressures.
- Those considered to be of a strategic nature, as agreed with the Investment and Change Board.
- Those that support the Council's Climate Emergency Action Plan following the declaration of a Climate Emergency by the Council in May 2019
- Schemes that reflect Council priorities that could have wider economic benefits that link in with the Wirral Plan.
- Where external grant funding becomes available to fully fund schemes.

Governance

- 3.13 **Investment and Change Board (ICB)** – The ICB acts as the portfolio board for the Council's overall investment in change and the benefits delivered. Chaired by the Director of Resources / Section 151 Officer, its membership is made up of Senior Responsible Owners of the Council's major strategic programmes. ICB reviews the business cases for potential projects as well as monitoring approved projects through implementation.
- 3.14 **Regeneration & Place Programme Board** – This Board has been set up to provide oversight of all regeneration Programmes that fall within scope of the Regeneration & Place Directorate including Wirral Growth Company, Wirral Waters, Local Plan and Strategic Transport. The Regeneration & Place Board is key to managing the interdependencies of these programmes to ensure alignment. The Board should review 'place-based' business cases before they are taken to ICB.
- 3.15 **Technical Design Authority (TDA)** – Chaired by the Head of Business Change the TDA acts as the gateway for all IT hardware and software proposals to ensure coherence with the digital strategy and Council's target operating model. The TDA reports to ICB.
- 3.16 An overall summary of the various recommendations from ICB is then produced for consideration by the Strategic Leadership Team (SLT) of Chief Officers. This provides the opportunity for any comment/amendment and strategic input prior to a final report being prepared for Members' consideration at Policy & Resources Committee for eventual consideration by and formal approval by full Council.
- 3.17 Capital bids can be submitted throughout the financial year for consideration, rather than just having one fixed programme at the start of the year. This enables to Council to react to changing service requirements or incidents as they occur. Likewise, this flexibility in bid submissions allows for the possibility of new bids or supplementary bids, should the resource requirements of an existing bid change after inception. There may also be new opportunities for the Council to bid for external resource e.g., grants that become apparent during the year and the Council needs to be able to react to such potential.
- 3.18 Full details of the Council's capital programme are presented in a separate report to this Policy & Resources Committee and Council.

- 3.19 Regular monitoring of the capital programme is undertaken by the finance department in liaison with the officers responsible for delivery of the capital projects. This information is presented monthly to the Investment & Change Board and is formally reported to Policy & Resources Committee and Council on a quarterly basis. This quarterly report also includes any new requests for funding that may have been reviewed by the Investment & Change Board.

Asset Management

- 3.20 To ensure that capital assets continue to be of long-term use, the Council has an asset management strategy in development building on its 2020 Asset Vision. The strategy will set the high-level framework for managing Wirral's Public Sector land and property for the future. It is being developed to guide the collective strategic asset decisions of all partners and seeks to maximise efficiencies through a collaborative approach to the use and management of the whole asset portfolio.
- 3.21 The strategy centres on the continual corporate review the Wirral estate of assets with the aims of:
- explore every opportunity to reduce asset and related costs
 - streamlining processes
 - improving asset performance
 - generate income by adopting a commercial-minded approach to running Council business
 - alignment with the significant regeneration plans for the Borough
 - investment in the Council estate to produce social/environmental gain
 - flexibility of asset use as service delivery requirements evolve
- 3.22 Such asset flexibility has been applied throughout the COVID-19 pandemic, as the Council has successfully utilised various sites across the Borough such as in Bromborough and Bebington as part of its emergency response with partner organisations.
- 3.23 The Authority will continue to work with partner organisations to share and develop assets to deliver strategic goals and objectives around business, people and the environment, these include Wirral Chamber of Commerce, private investors, community and friends' groups and other public bodies such as Higher Education, NHS, Police, Fire and Ambulance.
- 3.24 Examples of this sharing of resources to provide improved effective service provision include a co-location project to deliver community police stations from Council premises and a successful Multi-Agency Safeguarding Hub operates from a former municipal office with benefits being felt across the partnership. Future plans include sharing accommodation space with health partners.

The Asset Strategy Model:

This consists of the following elements:

- All assets are managed strategically.

- Supports economic growth.
- Supports service delivery.
- A modern commercial business.
- Supports communities and partners.
- Provides value for money.
- Assets are flexible and adaptable.

3.25 Asset Disposals

All Council assets will be reviewed to assess which are not essential to the delivery of Council services with a view to disposal where appropriate. If an asset is sold then the proceeds, known as capital receipts, can be spent on new assets or to repay debt. In accordance with the original Capital Receipts flexibilities introduced by the Government capital receipts generated between 1 April 2016 and 31 March 2022 can be used to support expenditure that is 'Transformational' in nature. In a press release published on 10th February 2021, The Department for Levelling Up, Housing and Communities (DLUHC) announced that there is to be a 3-year extension period to this flexibility from 2022/23 onwards. Repayments of capital grants, loans and investments also generate capital receipts. The Council plans to receive £3.58 million of capital receipts in the coming financial year as follows:

Table 7: Capital Receipts Generated

	2020/21 Actual £000	2021/22 Forecast £000	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000
Asset Sales	1,326	1,650	3,080	TBC	TBC
Loans Repaid & Right To Buy	135	500	500	TBC	TBC
Total	1,461	2,150	3,580	-	-

TBC - To be confirmed.

3.26 The Council's Flexible Use of Capital Receipts Policy is attached at Appendix 2.

Treasury Management

3.27 Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Council's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Council is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.

3.28 As a consequence of decisions to approve past capital programmes, the Council currently has £186 million borrowing at an average interest rate of 5.7% and £34 million treasury investments (as at 31 December 2021).

Borrowing Strategy

- 3.29 The Council's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Council therefore seeks to strike a balance between low cost short-term loans (currently available at around 0.25%) and long-term fixed rate loans where the future cost is known but higher (currently 1.5% to 2.5%).
- 3.30 Projected levels of the Council's total outstanding debt (which comprises borrowing, PFI liabilities, leases and transferred debt from local government reorganisation) are shown below, compared with the capital financing requirement (see above).

Table 8: Prudential Indicator: Gross Debt and the Capital Financing Requirement

	31/3/2021 Actual £m	31/3/2022 Forecast £m	31/3/2023 Estimate £m	31/3/2024 Estimate £m	31/3/2025 Estimate £m
Debt	291.8	265.9	310.8	333.4	330.3
Capital Financing Requirement	362.6	390.4	429.7	440.1	430.0

- 3.31 Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen from table 8, the Council expects to comply with this in the medium term.

Affordable Borrowing Limit

- 3.32 The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year and to keep it under review. In line with statutory guidance, a lower "operational boundary" is also set as a warning level should debt approach the limit.

Table 9: Prudential Indicators: Authorised limit and operational boundary for external debt

	2021/22 Limit £m	2022/23 Limit £m	2023/24 Limit £m	2024/25 Limit £m
Authorised Limit - Borrowing	481	479	486	455
Authorised Limit - PFI and Leases	60	57	54	51
Authorised Limit - Total External Debt	541	536	540	506
Operational Boundary - Borrowing	471	469	476	445
Operational Boundary - PFI and Leases	55	52	49	46
Operational Boundary - Total External Debt	526	521	525	491

- 3.33 Further details on borrowing can be found in the treasury management strategy statement.

Treasury Investment Strategy

- 3.34 Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.
- 3.35 The Authority's policy on treasury investments is to prioritise security and liquidity over yield, that is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in bonds, shares and property, to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Authority may request its money back at short notice.
- 3.36 Further details on treasury investments can be found in the treasury management strategy statement.

Treasury Risk Management

- 3.37 The effective management and control of risk are prime objectives of the Authority's treasury management activities. The treasury management strategy therefore sets out various indicators and limits to constrain the risk of unexpected losses and details the extent to which financial derivatives may be used to manage treasury risks.

Treasury Governance

- 3.38 The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to Policy & Resources Committee, and for the execution and administration of treasury management decisions to the Director of Resources who will act in accordance with the Council's Strategy Statement, Treasury Management Practices (TMPs) and CIPFA's Standard of Professional Practice on Treasury Management.
- 3.39 Further details on the "Policy of Delegation" can be found in the treasury management strategy statement.
- 3.40 The Council will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close in the form prescribed in its TMPs.

Investments for Services Purposes

- 3.41 The Council lends money to its subsidiaries e.g., Edsential Community Interest Co. (by way of a credit facility) and local businesses to support local public services and stimulate local economic growth. Loans should be self-financing with returns covering financing and administrative costs plus any return.

Governance of Investments for Service Purposes

- 3.42 The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. Appropriate due diligence is undertaken on loan applications and collateral sought to offset risk. In order to further limit this risk and ensure that total exposure to service loans remains proportionate to the size of the organisation, upper limits on the outstanding loans to each category of borrower have been set. Any such investment must meet the criteria and limits laid down in the Investment Strategy. Most loans and shares are capital expenditure and purchases will therefore also be approved as part of the capital programme.
- 3.43 Further details about these types of investments can be found in the Investment Strategy Statement.

Commercial Activities

- 3.44 The Council can invest in local commercial and residential property with the intention of making a profit that will be spent on local public services. Although there is increased national focus on property, councils have a long history of owning investment properties. Wirral's portfolio includes industrial estates, commercial and leisure properties. Total commercial investments are currently valued at £19.90million, with the largest being Europa Boulevard.

Governance of Commercial Activities

- 3.45 The Strategic Asset Management Plan sets out how the Council will make the best use of its buildings and land in the future. This will be linked to future property purchase for consideration.
- 3.46 In accordance with government guidance, the Authority considers a property investment to be secure if its accounting valuation is at or higher than its purchase cost including taxes and transaction costs.
- 3.47 The Authority assesses the risk of loss before entering into and whilst holding property investments and has appropriate credit control arrangements in place to recover overdue repayments.
- 3.48 Property and most other commercial investments are also capital expenditure and purchases will therefore also be approved as part of the capital programme.
- 3.49 Further details about commercial activities can be found in the Investment Strategy Statement.

Liabilities

- 3.50 In addition to the forecast debt of £330 million detailed above, the Council is committed to making future payments to cover its pension fund deficit (valued at £531.8 million at 31 March 2021). Actuarial valuations are carried out every three years. Contributions are set with a view to targeting the Fund's solvency. The most recent valuation was carried out as at 31 March 2019, which showed a surplus of

assets against liabilities of £90 million as at that date, equivalent to a funding level of 101%.

Revenue Budget Implications

- 3.51 Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP repayments are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e., the amount funded from Council Tax, business rates and general government grants.

Table 10: Prudential Indicator: Proportion of financing costs to net revenue stream

	2021/22 Forecast	2022/23 Estimate	2023/24 Estimate	2023/24 Estimate
Financing Costs (£m)	17.3	20.3	23.1	24.2
Proportion of net revenue stream	5.26%	6.19%	7.03%	7.38%

Sustainability

- 3.52 Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 50 years into the future.
- 3.53 The agreed Capital Programme includes projects costed at current year prices with many subject to a subsequent tender process which may lead to variance in the final cost. In some areas, the design brief may not yet be finalised, again giving rise to potential price variance. This is a known risk and can be managed through phasing or reduction in specification.
- 3.54 In assessing the robustness of the Capital Programme, the risk of being unable to fund variations outside of the Programme is minimal mainly due to the phasing of projects. If necessary, the Council can choose to freeze parts of the Programme throughout the year to ensure spend is kept within the agreed budget.
- 3.55 The re-profiling and slippage from previous years is fully funded but increases the pressure to deliver the anticipated 2022/23 Programme. Any such delays will impact on the delivery of the intended outcomes of capital schemes.

Knowledge and Skills

- 3.56 The structure of the Council ensures that professionally qualified and experienced staff are in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Director of Resources is a qualified accountant. The Council pays for junior staff to study towards relevant professional qualifications including CIPFA, RICS.
- 3.57 Where Council staff do not have the knowledge and skills required use is made of external advisers and consultants that are specialists in their field. The Council currently employs Arlingclose Limited as treasury management advisers, Avison Young as property consultants, Lambert Smith Hampton for property

valuations/appraisals/disposals and external legal firms and Counsel as legal consultants. This approach is more cost effective than employing such staff directly and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.

4.0 FINANCIAL IMPLICATIONS

4.1 This report is focussed on providing clarity on the Capital financing strategy, and although there are financial implications to the delivery of this strategy, there are none directly arising from this report.

5.0 LEGAL IMPLICATIONS

5.1 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 (SI 2008/414) also places a duty on local authorities to make a prudent provision for debt redemption. Guidance on Minimum Revenue Provision has been issued by the Secretary of State and local authorities are required to “have regard” to such Guidance under section 21(1A) of the Local Government Act 2003.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

6.1 There are none arising directly from this report.

7.0 RELEVANT RISKS

7.1 The Council is responsible for treasury, investment and expenditure decisions and activity and none of these are without risk. The successful identification, monitoring and control of risk are important, the main risks and mitigations are:

Risk	Mitigation
Loss of expertise from the Council's in-house resource	Working knowledge of operations and technical issues are shared by the resource pool on a regular basis
The fair value of the Authority's investment property portfolio is no longer sufficient to provide security against loss	That there is suitable diversification of investment within the property portfolio to retain a suitable level of overall security
The cost of borrowing increases at a rate higher than estimated leads to increased revenue pressure and/or curtailment of the capital programme	That the borrowing profile is balanced both in terms of loan maturity and also in terms of the nature of the interest rate of the loan portfolio (fixed rate and variable interest rate debt)
The programme does not deliver the outcomes as intended	The programme is subject to regular monitoring processes and reporting cycles for updates
Council issues S114 notice	Should the Council encounter difficulties in obtaining borrowing

	following a S114 notice, the Authority has access to borrow from the PWLB as a lender of last resort. Any such borrowing would be subject to higher rates of interest.
--	--

8.0 ENGAGEMENT/CONSULTATION

8.1 There has been no specific consultation with regards to this report.

9.0 EQUALITY IMPLICATIONS

9.1 There are none arising directly from this report. The business case assessment process is currently under review. An Equality Impact Assessment (EIA) consideration may be incorporated into the future business case assessment process. Associated actions may need an EIA and these will be done at the earliest possible time.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

10.1 Capital bids for investment are welcomed that support the Council's Climate Emergency Plan that was compiled following the declaration of a Climate Emergency by the Council in May 2019.

11.0 COMMUNITY WEALTH IMPLICATIONS

11.1 The Community Wealth Building Strategy is a key part of how the Authority will tackle economic, social and health inequalities across the borough and make a major contribution to improving the economic, social and health outcomes on the Wirral. Schemes contained within the Capital programme include several regeneration projects that look to improve the economic outlook for the borough, including job creation, training facilities and enhanced transport links. The Community Wealth Building implications are reported for each scheme separately to the relevant policy and service committee

11.2 The programme also includes projects that focus on environmental initiatives such as energy efficient buildings, sustainable and green travel infrastructure, energy efficient street lighting, urban tree planting etc.

REPORT AUTHOR: Gary Mitchell
Senior Finance Business Partner
Telephone 0151 666 3418
Email garymitchell@wirral.gov.uk

APPENDICES

Appendix 1 – The Minimum Revenue Provision (MRP) Statement

Appendix 2 – Flexible Use of Capital Receipts Strategy 2022/23

BACKGROUND PAPERS

CIPFA's Standard of Professional Practice on Treasury Management.
Treasury Management Strategy Statement 2022/23
Investment Strategy Statement 2022/23

SUBJECT HISTORY

Council Meeting	Date
Capital monitoring reports presented to Policy & Resources Committee	Various
19/20 Capital Programme & Strategy – Council	4 March 2019
20/21 Capital Programme & Strategy – Council	2 March 2020
21/22 Capital Programme & Strategy – Council	1 March 2021

APPENDIX 1

2022/23 MINIMUM REVENUE PROVISION (MRP) STATEMENT

- 1.1 Where the Authority finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Authority to have regard to the former Ministry for Housing, Communities and Local Government's (MHCLG) Guidance on Minimum Revenue Provision most recently issued in 2018.
- 1.2 The broad aim of the former MHCLG Guidance is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.
- 1.3 The former MHCLG Guidance requires the Authority to approve an Annual MRP Statement each year and recommends a number of options for calculating a prudent amount of MRP. The following statement incorporates options recommended in the Guidance as well as locally determined prudent methods.
- 1.4 For capital expenditure incurred before 1st April 2008, and for supported capital expenditure incurred on or after that date, MRP will be determined by charging the expenditure based on the expected useful life of the relevant assets using an annuity method, (Option 3 in England and Wales).
- 1.5 For unsupported capital expenditure incurred after 31st March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant asset or as the principal repayment on an annuity with an annual interest rate equal to the average relevant PWLB rate for the year of expenditure, starting in the year after the expenditure has been incurred.
- 1.6 For assets acquired by finance leases or the Private Finance Initiative and for the transferred debt from Merseyside County Council, MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability.
- 1.7 Where former operating leases have been brought onto the balance sheet on 1st April 2022 due to the adoption of the IFRS 16 Leases accounting standard, and the asset values have been adjusted for accruals, prepayments, premiums and/or discounts, then the annual MRP charges will be adjusted so that the total charge to revenue remains unaffected by the new standard.
- 1.8 The Council, if it considers it prudent for a particular financial year, will set aside capital receipts to be offset by the matching MRP liability amount.
- 1.9 For capital expenditure loans to third parties that are repaid in annual or more frequent instalments of principal, the Council will make nil MRP, but will instead apply the capital receipts arising from principal repayments to reduce the capital

financing requirement instead. In years where there is no principal repayment, MRP will be charged in accordance with the MRP policy for the assets funded by the loan, including where appropriate, delaying MRP until the year after the assets become operational. While this is not one of the options in the MHCLG Guidance, it is thought to be a prudent approach since it ensures that the capital expenditure incurred on the loan is fully funded over the life of the assets.

- 2.0 Capital expenditure incurred during 2022/23 will not be subject to an MRP charge until 2023/24.
- 2.1 The MRP Statement will be submitted to Council before the start of the financial year. If it is ever proposed to vary the terms of the original MRP Statement during the year, a revised statement should be put to Council at that time.

Based on the Authority's estimate of its Capital Financing Requirement on 31st March 2022, the budget for MRP has been set as follows:

	31.03.2022 Estimated CFR £m	2022/23 Estimated MRP £m
Supported Capital Expenditure	170.07	2.82
Unsupported Capital Expenditure	166.00	5.87
Finance leases and Private Finance Initiative	34.45	3.19
Transferred debt	19.85	4.96
Use of Prior Year Overpayments	-	-2.63
Total General Fund	390.36	14.21

- 2.1 In earlier years, the Authority has made overpayments of MRP that are available to reduce the revenue charges in later years. It is planned to draw down £2.6m of this in 2022/23.

MRP Overpayments	£m
Actual Balance 31.03.2021	21.04
Drawdown 2021/22	-2.63
Expected Balance 31.03.2022	18.41
Drawdown 2022/23	-2.63
Expected Balance 31.03.2023	15.78

APPENDIX 2

Flexible Use of Capital Receipts Strategy 2022/23

Introduction

As part of the November 2015 Spending Review, the Government announced that it would introduce flexibility for the period of the Spending Review for local authorities to use capital receipts from the sale of non-housing assets to fund the revenue costs of service reform and transformation. Guidance on the use of this flexibility was issued in March 2016 which applies to the financial years 2016/17 through to 2019/20.

In the Provisional Local Government Settlement 2018/19 (announced 19 December 2017) the Government confirmed that the flexibility to use capital receipts to help meet the revenue costs of transformation will be extended for a further 3 years to April 2022.

In a press release published on 10th February 2021, the MHCLG announced that there is to be a 3-year extension period to this flexibility from 2022/23 onwards.

The Guidance requires local authorities to prepare, publish and maintain a Flexible Use of Capital Receipts Strategy. This document constitutes the Wirral Council Strategy.

The Guidance

The Guidance issued by the Secretary of State under section 15(1)(a) of the Local Government Act 2003 specified that;

- Local authorities will only be able to use capital receipts from the sale of property, plant and equipment received in the years in which this flexibility is offered. Following the Provisional Settlement announcement 19 December 2017, the period of offer is 1st April 2016 to 31st March 2022. They may not use their existing stock of capital receipts to finance the revenue costs of reform.
- Local authorities cannot borrow to finance the revenue costs of the service reforms.
- The expenditure for which the flexibility can be applied should be the up-front (set up or implementation) costs that will generate future ongoing savings and/or transform service delivery to reduce costs or to improve the quality of service delivery in future years. The ongoing revenue costs of the new processes or arrangements cannot be classified as qualifying expenditure.
- In using the flexibility, the Council will have due regard to the requirements of the Prudential Code, the CIPFA Local Authority Accounting Code of Practice and the current edition of the Treasury Management in Public Services Code of Practice.

The Guidance provides a definition of expenditure which qualifies to be funded from the capital receipts flexibility. Qualifying expenditure is expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that

reduces costs or demand for services in future years for any of the public sector delivery partners.

There are a wide range of projects that could generate qualifying expenditure. The key determining criteria to use when deciding whether expenditure can be funded by the capital receipts flexibility is that it is forecast to generate ongoing savings to an authority's net service expenditure. Within the above definition, it is for individual local authorities to decide whether or not a project qualifies for the flexibility.

Revised guidance will be issued in the near future regarding these flexibilities and conditions attached to the type of expenditure deemed appropriate.

The Council's Proposals

The Council intends to use the capital receipts flexibility to fund or part fund the following project:

Service Transformation Programme – Examples of suitable projects to which Capital receipts may be applied include:

- Funding the cost of service reconfiguration, restructuring or rationalisation (staff or non-staff), where this leads to ongoing efficiency savings or service transformation.
- Driving a digital approach to the delivery of more efficient public services and how the public interacts with constituent authorities where possible.

The expected receipts to be allocated to this project are set out in the table below.

	2021/22	2022/23
	£m	£m
Service Transformation Programme	2.124	3.580

The Prudential Code

The Council will have due regard to the requirements of the Prudential Code and the impact on its prudential indicators from implementing the proposed project. The capital expenditure prudential indicators will be amended and approved as appropriate.

The Council will also have due regard to the Local Authority Accounting Code of Practice when determining and including the entries required from undertaking and funding this project within the Council's Statement of Accounts.

Monitoring the Strategy

The strategy will be monitored throughout the financial year and may be updated and replaced as proposals are developed and expenditure is incurred.

This page is intentionally left blank



POLICY AND RESOURCES COMMITTEE

Tuesday, 15 February 2022

REPORT TITLE:	TREASURY MANAGEMENT STRATEGY 2022/23
REPORT OF:	DIRECTOR OF RESOURCES (S151 OFFICER)

REPORT SUMMARY

The Authority’s treasury management activity is underpinned by the Chartered Institute of Public Finance and Accountancy (CIPFA) 2017 Code of Practice on Treasury Management (“the Code”), which requires the production of annual Treasury Management Indicators and a Treasury Management Strategy Statement on likely financing and investment activity. The Code also recommends that Members are informed of treasury management activities at least twice a year.

This report fulfils the Authority’s legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code. It does not cover the requirements of the 2018 Department for Levelling Up, Housing and Communities (DLUHC) Investment Guidance, which mostly refers to non-treasury investments and is the subject of a separate report.

This matter affects all Wards within the Borough.

The decisions in this report are key decisions.

RECOMMENDATIONS

The Policy & Resources Committee is requested to recommend to Council: -

- (1) the approval of the Treasury Management and Investment Strategy for 2022/2023.
- (2) the approval of the Treasury Management Indicators.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 The Chartered Institute of Public Finance and Accountancy's Code of Practice for Treasury Management in Public Services (the "CIPFA TM Code") requires local authorities to determine the Treasury Management Strategy Statement (TMSS) on an annual basis. The TMSS no longer incorporates the Investment Strategy as required under the DLUHC's Investment Guidance, which mostly refers to non-treasury investments. Investments held for service purposes or for commercial profit are considered in a different report, the Investment Strategy.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 CIPFA's 2017 Code of Practice on Treasury Management requires the production of annual Treasury Management Indicators and a Treasury Management Strategy Statement on likely financing and investment activity. The accompanying 2022/27 Capital Programme impacts on the levels of borrowing being forecast within this report. An annual strategy is standard practice, but should it become appropriate to amend any key elements of this strategy during the period covered, a revised report will be produced.

3.0 BACKGROUND INFORMATION

- 3.1 Treasury risk management at the Authority is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2017 Edition (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year.
- 3.2 Investments held for service purposes or for commercial profit are considered in a different report, the Investment Strategy.
- 3.3 This report fulfils the Authority's legal obligation under the Local government Act 2003 to have regard to the CIPFA Code.
- 3.4 Wirral Council defines its treasury management activities as:

"The management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

- 3.5 The Council will create and maintain, as the cornerstones for effective treasury management:
- A Treasury Management Policy Statement (see Appendix 1, stating the policies, objectives and approach to risk management of its treasury management activities).

- Suitable Treasury Management Practices (TMPs), setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.
- 3.6 Treasury Management is about the management of risk. The Council is responsible for its treasury decisions and activity. No treasury management activity is without risk.
- 3.7 As per the requirements of the Prudential Code, the Authority has adopted the CIPFA Treasury Management Code of Practice. All treasury activity will comply with relevant statute, guidance and accounting standards.
- 3.8 Adoption of this Treasury Management Strategy Statement approves the following:
- Treasury Management Strategy for 2022/23.
 - Treasury Management Policy Statement
 - Treasury Management Prudential Indicators for 2022/23.

ECONOMIC BACKGROUND

- 3.9 **The Economy:** The ongoing impact on the UK from coronavirus, together with higher inflation, the likelihood of higher interest rates, and the country's trade position post-Brexit, will be major influences on the Authority's treasury management strategy for 2022/23.
- 3.10 The Bank of England (BoE) increased Bank Rate to 0.25% in December 2021 while maintaining its Quantitative Easing programme at £895 billion. The Monetary Policy Committee (MPC) voted 8-1 in favour of raising rates, and unanimously to maintain the asset purchase programme. Prior to the emergence of the Omicron coronavirus variant, the Bank also considered the UK economy to be evolving in line with expectations, however the increased uncertainty and risk to activity the new variant presents, the Bank revised down its estimates for Q4 GDP growth to 0.6% from 1.0%.
- 3.11 Inflation was projected to be higher than previously forecast, with CPI likely to remain above 5% throughout the winter and peak at 6% in April 2022. UK CPI for November 2021 registered 5.1% year on year, up from 4.2% in the previous month.
- 3.12 Gross domestic product (GDP) grew by 1.3% in the third calendar quarter of 2021 according to the initial estimate, compared to a gain of 5.5% q/q in the previous quarter, with the annual rate slowing to 6.6% from 23.6%. During the quarter activity measures were boosted by sectors that reopened following pandemic restrictions, suggesting that wider spending was flat.
- 3.13 **Credit outlook:** Credit Default Swaps (CDS) are instruments that can be used to gauge market perception of a bank's financial condition. They are financial derivatives that guarantee against risk, similar to an insurance policy. The greater the perceived risk, the higher the price of insurance. Since the start of 2021, relatively benign credit conditions have led to CDS prices for the larger UK banks to remain low and had steadily edged down throughout the year up until mid-November when

the emergence of Omicron has caused them to rise modestly. However, the generally improved economic outlook during 2021 helped bank profitability and reduced the level of impairments many had made as provisions for bad loans. However, the relatively recent removal of coronavirus-related business support measures by the government means the full impact on bank balance sheets may not be known for some time.

- 3.14 Looking ahead, while there is still the chance of bank losses from bad loans as government and central bank support is removed, the institutions on the Authority's counterparty list are well-capitalised and general credit conditions across the sector are expected to remain benign. Duration limits for counterparties on the Authority's lending list are under regular review and will continue to reflect economic conditions and the credit outlook.
- 3.15 **Interest rate forecast:** The Authority's treasury management adviser Arlingclose is forecasting that Bank of England (BoE) Bank Rate will continue to rise in calendar Q1 2022 to subdue inflationary pressures and the perceived desire by the BoE to move away from emergency levels of interest rates. Investors continue to price in multiple rises in Bank Rate over the next forecast horizon, and Arlingclose believes that although interest rates will rise again, the increases will not be to the extent predicted by financial markets. In the near-term, the risks around Arlingclose's central case are to the upside while over the medium-term the risks become more balanced.
- 3.16 Gilt yields are expected to remain broadly at current levels over the medium-term, with the 5, 10 and 20 year gilt yields expected to average around 0.65%, 0.90%, and 1.15% respectively. The risks around for short and medium-term yields are initially to the upside but shifts lower later, while for long-term yields the risk is to the upside. However, as ever there will almost certainly be short-term volatility due to economic and political uncertainty and events.
- 3.17 A more detailed economic and interest rate forecast provided by Arlingclose is attached at Appendix 5.

CAPITAL FINANCING REQUIREMENT

- 3.18 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Authority's strategy will be to minimise and delay external borrowing where possible, through the utilisation of investment balances, sometimes known as internal borrowing.
- 3.19 The Authority's current level of debt and investments are set out in Appendix 2.
- 3.20 CIPFA's Prudential Code of Practice recommends that the Authority's total debt should be lower than its highest forecast CFR over the next three years.
- 3.21 The forecast movement in the CFR in coming years is one of the Prudential Indicators (PIs). The movement in actual external debt and usable reserves combine to identify the Authority's borrowing requirement and potential investment strategy in the current and future years.

Table 1: Balance Sheet Summary Analysis

	31-Mar-22 Estimate £m	31-Mar-23 Estimate £m	31-Mar-24 Estimate £m	31-Mar-25 Estimate £m
Total Capital Financing Requirement (CFR)	390	430	440	430
Less: Other Long Term Liabilities	-34	-31	-28	-25
Loans CFR	356	399	412	405
Less: Existing Profile of Long Term Borrowing	-156	-151	-149	-143
Internal Borrowing	200	248	263	262
Less Usable Reserves	-64	-64	-67	-67
New Borrowing Requirement	136	184	196	195

- 3.22 Table 1 shows that the capital expenditure plans of the Authority over the next three years cannot be funded entirely from other sources and external borrowing will be required. Useable reserves are subject to review as part of the Medium-Term Financial Strategy.

BORROWING STRATEGY

- 3.23 The Authority as at 31st December 2021 held £164 million of longer-term loans, a decrease of £6 million from March 2021, as part of its strategy for funding previous years' capital programmes. The balance sheet forecast in table 1 shows that in theory the Authority could need to borrow up to £136 million in 2022/23. The Authority may also borrow additional sums to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing as per the Capital Strategy.
- 3.24 **Objectives:** The Authority's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required. The flexibility to renegotiate loans should the Authority's long-term plans change is a secondary objective.
- 3.25 **Strategy:** Given the significant pressures on local government funding, the Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead.
- 3.26 By doing so, the Authority is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal and/or short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. The Authority's Treasury Management advisors will assist the Authority with this 'cost of carry' and breakeven analysis. Its output

may determine whether the Authority borrows additional sums at long-term fixed rates in 2022/23 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

- 3.27 The Authority has previously raised a proportion of its long-term borrowing from the Public Works Loan Board (PWLB). The Authority will consider long-term loans from other sources including banks, pensions and local authorities, and will investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield.
- 3.28 Alternatively, the Authority may arrange forward starting loans where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.
- 3.29 In addition, the Authority may borrow short-term to cover unexpected cash flow shortages.
- 3.30 The approved sources of long term and short-term borrowing are:
- HM Treasury's PWLB lending facility (formerly the Public Works Loan Board)
 - Any other UK public sector body
 - Any institution approved for investments
 - any other bank or building society authorised to operate in the UK
 - UK public and private sector pension funds (with the exception of Merseyside Pension Fund)
 - Capital market bond investors
 - UK Municipal Bonds Agency Plc and other special purpose companies created to enable joint local authority bond issues
- 3.31 In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:
- Leasing
 - Hire purchase
 - Private Finance Initiative
 - Sale and leaseback
- 3.32 UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It issues bonds on the capital markets and lends the proceeds to local authorities. This is a more complicated source of finance than the PWLB for two reasons: borrowing authorities may be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to for any reason and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to Council.

Short-term and variable rate loans

- 3.33 As the cost of carry remains high there is a greater reliance upon shorter dated and variable rate borrowing. This type of borrowing injects volatility into the debt portfolio in terms of interest rate risk but is counterbalanced by its affordability and alignment of borrowing costs with investment returns. Financial derivatives may also be used to manage this interest rate risk. The Authority's exposure to shorter dated and variable rate borrowing is kept under regular review.

LOBOs

- 3.34 The Authority has £101m of exposure to LOBO loans (Lender's Option Borrower's Option) of which £96m of these can be called within 2022/23. A LOBO is called when the lender exercises its rights to amend the interest rate on the loan at which point the borrower can accept the revised terms or reject them and repay the loan at no additional cost. LOBO loans present a potential refinancing risk to the Authority since the decision to call a LOBO is entirely at the lender's discretion. This refinancing risk is mitigated by the low interest rate climate, which has now been in existence for a number of years.
- 3.35 Any LOBOs called will be discussed with our Treasury Management advisors prior to acceptance of any revised terms. If a lender proposes to exercise their right to amend the interest rate of the loan, the default position will be the repayment of the LOBO without penalty i.e., the revised terms will not be accepted. Should the possibility arise of a LOBO being refinanced, for example by replacing the loan with a new loan arrangement, then the approach detailed below will be adopted.

Debt Rescheduling

- 3.36 The Authority's debt portfolio can be restructured by prematurely repaying loans and refinancing them on similar or different terms to achieve a reduction in risk and/or savings in interest costs.
- 3.37 The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Authority may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall saving or reduction in risk. The rationale for undertaking debt rescheduling would be one or more of the following:
- Savings in risk adjusted interest costs
 - Rebalancing the interest rate structure of the debt portfolio
 - Changing the maturity profile of the debt portfolio
- 3.38 Borrowing and rescheduling activity will be reported to the Policy & Resources Committee in the Annual Treasury Management Report and the regular treasury management reports.

TREASURY INVESTMENT STRATEGY

- 3.39 The Authority holds invested funds, representing income received in advance of expenditure plus balances and reserves held. As at 31st December 2021, the Authority held £34 million of treasury investments. In the past 12 months, the Authority's treasury investment balance has ranged between £19 and £79 million. Investment balances were higher than usual during January 2021 and April 2021 due to cash received from central government in response to the COVID-19 pandemic. As this cash was utilised investment levels reduced to an average £41 million between June 2021 and December 2021. A similar range in investment level is expected in the forthcoming year, depending on the levels of grant received and the payment profiles.
- 3.40 **Objectives:** The CIPFA Code requires the Authority to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Authority will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested. The Authority is facing severe funding pressures over future years and therefore any potential opportunities to increase income generation via investments, whilst adhering to CIPFA guidance, will be assessed for viability.
- 3.41 The Authority and its advisors continually assess economic and market conditions for signs of credit or market distress that might adversely affect the Authority.
- 3.42 **Negative Interest Rates:** The COVID-19 pandemic has increased the risk that the Bank of England will set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. Since investments cannot pay negative income, negative rates will be applied by reducing the value of investments. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.
- 3.43 **Strategy:** Given the increasing risk and very low returns from short-term unsecured bank investments, the Authority aims to further diversify into more secure and/or higher yielding asset classes during 2022/23. This is especially the case for funds that are available for longer-term investment. The majority of the Authority's surplus cash is currently invested in short-term unsecured bank deposits and money market funds.
- 3.44 The Authority may invest its surplus funds with any of the counterparties shown in Appendix 3, subject to the cash and time limits shown.
- 3.45 **Business models:** Under the IFRS 9 accounting standard, the accounting for certain investments depends on the Authority's "business model" for managing them. The Authority aims to achieve value from its internally managed treasury investments by a business model of collecting the contractual cash flows and therefore, where other

criteria are also met, these investments will continue to be accounted for at amortised cost.

- 3.46 **Banks and Building Societies Unsecured Investments:** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.
- 3.47 **Secured Investments:** Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.
- 3.48 **Government:** Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.
- 3.49 Inter-authority investment and borrowing is a major source of local government financing with over £9 billion of active short term inter-authority loans reported nationally at 30th September 2021. The Council has not invested any funds with other local authorities since 2017 and no amounts remain outstanding. The treasury management team have utilised other options such as money market funds to place short term funds which have paid slightly higher rates. The inter-authority interest rate is not set by the individual local authority but by the market on the day and therefore no local authority has any influence over what rate it can charge. As with all lending, this purpose is for cash flow purposes and the funds cannot be used for day to day expenditure. The benefit of investing cashflows is that any interest the authority does make goes into the general budget that does support day to day expenditure.
- 3.50 **Corporates:** Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be made either following an external credit assessment or as part of a diversified pool in order to spread the risk widely.
- 3.51 **Registered Providers (unsecured):** Loans to, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

- 3.52 **Money Market Funds:** Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Authority will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.
- 3.53 **Strategic Pooled Funds:** Bond, equity and property funds offer enhanced returns over the longer-term but are more volatile in the short term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.
- 3.54 **Real estate investment trusts (REITs):** Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.
- 3.55 **Operational bank accounts:** The Authority may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments but are still subject to the risk of a bank bail-in, and balances will therefore be minimised as part of daily Treasury Management procedures. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Authority maintaining operational continuity.
- 3.56 **Other investments:** The Authority may also invest cash with other organisations, for example by making loans to small businesses. Because of the higher perceived risk of unrated businesses, such investments may provide considerably higher rates of return. They will however only be made following a favourable external credit assessment.
- 3.57 **Risk Assessment and Credit Ratings:** Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. The credit rating agencies in current use are listed in the Treasury Management Practices document. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:
- no new investments will be made,
 - existing investments that can be recalled or sold at no cost will be, and
 - full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

- 3.58 Where a credit rating agency announces that a rating is on review for possible downgrade (also known as “rating watch negative” or “credit watch negative”) so that it may fall below the approved rating criteria, then only investments that can be withdrawn (on the next working day) will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.
- 3.59 **Other Information on the Security of Investments:** The Authority understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support and reports in the quality financial press and analysis and advice from the Authority’s treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.
- 3.60 When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2020, this is not generally reflected immediately in credit ratings, but can be seen in other market measures. In these circumstances, the Authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority’s cash balances, then the surplus will be deposited with the UK Government, via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause investment returns to fall but will protect the principal sum invested.
- 3.61 **Investment Limits:** In order that the risk to the Authority’s finances is further minimised in the case of a single default, a group of entities under the same ownership or a group of funds under the same management will be treated as a single organisation for limit purposes. Limits will also be placed on fund managers, investments in brokers’ nominee accounts and foreign countries as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country since the risk is diversified over many countries. Group Investment can be found in Appendix 3.
- 3.62 When calculating counterparty limits, the investment portfolio may be grossed up to include amounts that are being utilised by the Authority in lieu of borrowing (internally borrowed), as per the Authority’s external advisor.
- 3.63 **Liquidity management:** The Authority uses cash flow forecasting to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Authority being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Authority’s medium-term financial plan and cash flow forecast. The Authority will spread its liquid cash over providers (e.g., bank accounts and money market funds) to ensure that access to cash is maintained in the event of operational difficulties at any one provider.

- 3.64 The Section 151 Officer, under delegated powers, will undertake the most appropriate form of investments in keeping with the investment objectives, income and risk management requirements. Decisions taken on the core investment portfolio will be reported to Committee meetings.
- 3.65 **Environmental, Social and Governance (ESG):** The Council's approach towards responsible investment, sustainability, its impact on society and the environment, as well as other ethical and good governance considerations. These factors can collectively be termed 'ESG'. Integrating ESG will allow the Council to deliver on key goals and also improve the long-term resilience of the balance sheet, particularly as it is now increasingly clear that there are financial benefits to be gained in the long-term from recognising the impact of climate change, efficient energy consumption, sustainable resources, inclusion, diversity, equality and strong corporate governance. A summary of the key ESG consideration is included in Appendix 6 to this report.

OTHER ITEMS REQUIRED BY CIPFA TO BE INCLUDED IN THE TREASURY MANAGEMENT STRATEGY

- 3.66 **Financial Derivatives:** Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g., interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g., LOBO loans and callable deposits). The general power of competence in Section 1 of the Localism Act 2011 removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e., those that are not embedded into a loan or investment). The CIPFA Code requires authorities to clearly detail their policy on the use of derivatives in the annual strategy.
- 3.67 The Authority will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Authority is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be considered when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.
- 3.68 Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria, assessed using the appropriate credit rating for derivative exposures. An allowance for credit risk calculated using the methodology in the Treasury Management Practices document will count against the counterparty credit limit and the relevant foreign country limit.
- 3.69 In line with the CIPFA Code, the Authority will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.
- 3.70 **Markets in Financial Instruments Directive:** The Authority has opted up to professional client with its providers of financial services, including advisers, banks,

brokers and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Authority's treasury management activities, the Chief Financial Officer believes this to be the most appropriate status.

3.71 **Investment Advisors:** The Authority continues to utilise an independent treasury advisor to provide the following services:

- Credit advice
- Investment advice
- Technical advice
- Economic & interest rate forecasts
- Workshops and training events

A competitive tendering exercise was completed to appoint an advisor for an initial period spanning April 2021 to March 2024, with the option to extend for a further two years. The successful bid came from Arlingclose Ltd.

The Treasury Management Team within the Accountancy Services monitor the quality of the service provided.

INTEREST RATE FORECAST

3.72 The economic interest rate forecast provided by the Authority's treasury management advisor is attached at Appendix 5. The Authority will reappraise its strategies from time to time in response to evolving economic, political and financial events.

POLICY ON DELEGATION

3.73 The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Policy and Resources Committee, and for the execution and administration of treasury management decisions to the Director of Resources who will act in accordance with the Council's Strategy Statement, Treasury Management Practices (TMPs) and CIPFA's Standard of Professional Practice on Treasury Management.

3.74 On a day-to-day basis the Treasury Management Team within Finance undertake the treasury management activities.

3.75 Decisions on short term investments and short-term borrowings may be made on behalf of the Section 151 Officer by the Senior Finance Business Partner with the responsibility for investments or any other members of that team who are empowered to agree deals subject to their conforming to the Authority's Treasury Management Strategy and policies outlined in this report.

3.76 A list of the current Authorised Signatories for Treasury Management activity, as designated by the Director of Finance & Investment, is included in Appendix 7.

- 3.77 Decisions on long term investments or long-term borrowings (i.e., for periods greater than one year) may be made on behalf of the Section 151 Officer by the Senior Finance Business Partner (or equivalent) or the Finance Business Partner (or equivalent) on the Treasury Management function and will be reported to Committee.
- 3.78 All officers will act in accordance with the policies contained within this document.

PERFORMANCE MONITORING AND REPORTING

- 3.79 The Council will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close in the form prescribed in its TMPs.
- 3.80 The Council will produce an Outturn Report on its treasury activity no later than 30 September after the financial year end.

4.0 FINANCIAL IMPLICATIONS

- 4.1 Approval and implementation of this strategy will limit financial risks while helping to minimise financing costs and maximise investment returns.
- 4.2 If the Council fails to set a balanced budget as a result of the significant financial pressures, a Section 114 notice may be issued by the Section 151 Officer. Should this action be required, this would impede upon the Authority's ability to borrow funds.

5.0 LEGAL IMPLICATIONS

- 5.1 The DLUHC Guidance is issued by the Secretary of State under section 15(1)(a) of the Local Government Act 2003. Under that section local authorities are required to "have regard" to "such guidance as the Secretary of State may issue". The Council has adopted the requirement of the DLUHC to produce a Treasury Management Strategy. The Council would be putting its financial standing at risk, as well as failing to meet the requirements of the Local Government Act 2003, if it failed to follow the revised Treasury Management Code and the associated guidance. The Council has adopted the CIPFA Code of Practice on Treasury Management. This requires the annual production of a Treasury Management Strategy Statement, which this report fulfils and the reporting of treasury management activities at least twice a year.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

- 6.1 There are none arising out of this report.

7.0 RELEVANT RISKS

- 7.1 The Council is responsible for treasury decisions and activity and none of these decisions are without risk. The successful identification, monitoring and control of risk are important and the main risks and mitigations are:

Risk	Mitigation
Fluctuations in interest rate levels	That the borrowing and investment profiles are balanced both in terms of maturity (utilising short- and long-term instruments) and also in terms of the nature of the interest rate of the portfolio (fixed rate and variable interest rate products)
Exposure to inflation	That wherever possible investments are into at inflation equalling levels of interest. This depends entirely on the nature and purpose of the proposed investment.
Legal and Regulatory Risk	That appropriate legal advice is sought on new opportunities to ensure adherence to relevant legislation and regulation.
Credit and Counterparty Risk (Security of investments).	That any potential counterparty is subjected to suitable due diligence to ascertain appropriateness for investment and investment criteria
Council issues S114 notice	Should the Council encounter difficulties in obtaining borrowing following a S114 notice, the Authority has access to borrow from the PWLB as a lender of last resort. Any such borrowing would be subject to higher rates of interest.

8.0 ENGAGEMENT/CONSULTATION

8.1 This strategy report has been written in consultation with the Council's external treasury management advisors, Arlingclose Ltd, in accordance with best practice. There has also been consultation with Camdor Global Advisors in respect to the 'ESG' considerations outlined in Appendix 6 to this report. There are no implications for partner organisations arising out of this report.

9.0 EQUALITY IMPLICATIONS

9.1 There are none arising directly from this report.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

10.1 As part of future investment strategy, consideration will be given to potential opportunities to invest in environmentally focussed instruments or organisations. 'Ethical, Social and Governance' (ESG) investment criteria will be considered and, where viable in adherence to the policies laid out in this strategy, will only be entered

into following satisfactory assessment of the instrument and/or organisation. An example of such investment are the holdings in the Public Sector Social Impact Fund and the Green Energy Bond.

11.0 COMMUNITY WEALTH IMPLICATIONS

- 11.1 The Community Wealth Building Strategy is a key part of how the Authority will tackle economic, social and health inequalities across the borough and make a major contribution to improving the economic, social and health outcomes on the Wirral. As mentioned within 10.1 of this report, ‘ESG’ criteria will be considered in investment decision. The Public Sector Social Impact Fund “offers local authorities an opportunity to improve Public Sector cash flows and quality of life for their constituents. Cash flow is improved by pooling capital and knowledge while creating and investing in long lasting social impact UK projects.”
- 11.2 Also contained within this strategy are the Council considerations in respect to borrowing. This borrowing requirement would occur as a result of financing the ongoing capital programme. Schemes contained within the Capital programme include several regeneration projects that look to improve the economic outlook for the borough, including job creation, training facilities and enhanced transport links. The Community Wealth Building implications are reported for each scheme separately to the relevant policy and service committee

REPORT AUTHOR: Gary Mitchell
 Senior Finance Business Partner
 telephone: 0151 666 3418
 email: garymitchell@wirral.gov.uk

APPENDICES

1. Treasury Management Policy Statement
2. Existing Investment and Debt Portfolio Position
3. Approved Investment Counterparties
4. Treasury Management Indicators 2022/23 – 2024/25
5. Interest Rate Outlook
6. Environmental, Social and Governance Considerations
7. Authorised Signatories

BACKGROUND PAPERS

CIPFA Code of Practice on Treasury Management

SUBJECT HISTORY

Council Meeting	Date
Treasury Management Strategy 2021-22	1 st March 2021
Treasury Management Annual Report 20-21	28 th July 2021
Treasury Management Mid-Year Report 21-22	10 th November 2021

APPENDIX 1

TREASURY MANAGEMENT POLICY STATEMENT

1. Introduction and background

- 1.1 The Council adopts the key recommendations of CIPFA's Treasury Management in the Public Services: Code of Practice (the Code), as described in Section 5 of the Code.
- 1.2 Accordingly, the Council will create and maintain, as the cornerstones for effective treasury management: -
 - A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities.
 - Suitable treasury management practices (TMPs), setting out the way the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.
- 1.3 The Council (i.e., full Council) will receive reports on its treasury management policies, practices and activities including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs.
- 1.4 The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to Committee, and for the execution and administration of treasury management decisions to the Section 151 Officer who will act in accordance with the Council's Strategy Statement, Treasury Management Practices (TMPs) and CIPFA's Standard of Professional Practice on Treasury Management.

2. Policies and objectives of treasury management activities

- 2.1 The Council defines its treasury management activities as:

“The management of the Council's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”
- 2.2 This Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.
- 2.3 This Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.

- 2.4 The Council's borrowing will be affordable, sustainable and prudent and consideration will be given to the management of interest rate risk and refinancing risk. The source from which the borrowing is taken and the type of borrowing should allow the Council transparency and control over its debt.
- 2.5 The Council's primary objective in relation to investments remains the security of capital. The liquidity or accessibility of the Authority's investments followed by the yield earned on investments remain important but are secondary considerations.

APPENDIX 2

EXISTING INVESTMENT & DEBT PORTFOLIO POSITION

	Current Portfolio as at 31 Dec 21 £m
External Borrowing (Long & Short Term)	
Public Works Loan Board	17.8
Local Authorities Temporary Loans	22.0
LOBO Loans	100.5
Other Loans	45.5
Total External Borrowing *	185.8
Other Liabilities	
Private Finance Initiative	35.8
Total Other Long-Term Liabilities	35.8
Total External Debt	221.6
Treasury Investments:	
Banks & Building Societies	6.9
Community Interest Companies	1.8
Money Market Funds	6.9
Green Energy Bond	1.5
<i>Strategic Pooled Funds:</i>	
Royal London	1.0
Public Sector Social Investment Fund	10.0
Payden Sterling Reserve	4.0
Columbia Threadneedle	1.0
CCLA Property Fund	1.0
Total Investments	34.1

*£17.8 million of the £185.8 million of external borrowing relates to transferred debt from the former Merseyside County Council. Wirral administers this debt on behalf of the following other Authorities who make annual repayments towards this liability:

- Knowsley Council
- Liverpool City Council
- Sefton Council
- St Helens Council
- Merseyside Fire and Rescue Service
- Merseyside Police
- Merseyside Recycling & Waste Authority
- Merseytravel

APPENDIX 3

APPROVED INVESTMENT COUNTERPARTIES

Investment Limits

Sector	Time limit	Counterparty limit	Sector limit
The UK Government	50 years	Unlimited	n/a
Local authorities & other government entities	25 years	£10m	Unlimited
Secured investments *	25 years	£10m	Unlimited
Banks (unsecured) *	13 months	£5m	Unlimited
Building societies (unsecured) *	13 months	£5m	£10m
Registered providers (unsecured) *	5 years	£5m	£25m
Money market funds *	n/a	£10m	Unlimited
Strategic pooled funds	n/a	£10m	£50m
Real estate investment trusts	n/a	£10m	£25m
Other investments *	5 years	£5m	£10m

* Minimum credit rating: Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than A-. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be considered.

For entities without published credit ratings, investments may be made where external advice indicates the entity to be of sound credit quality.

Additional investment limits

Any group of pooled funds under the same management	£25m per manager
Negotiable instruments held in a broker's nominee account	£25m per broker
Foreign countries	£10m per country

APPENDIX 4

TREASURY MANAGEMENT PRUDENTIAL INDICATORS 2022/2023

1. Background

The Authority measures and manages its exposures to treasury management risks using the following indicators.

Treasury Management Indicators

1. Security

The Authority has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

Credit risk indicator	Target
Portfolio average credit rating	A

2. Liquidity

The Authority has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount it can borrow each quarter without giving prior notice.

Liquidity risk indicator	Target
Total sum borrowed in past 3 months without prior notice	£10m

3. Maturity Structure of Borrowing

This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing will be:

Maturity Structure of Borrowing	Lower Limit	Upper Limit
	2022/23	2022/23
	%	%
Under 12 Months	0	90
12 Months and within 24 months	0	75
24 Months and within 5 years	0	75
5 years and within 10 years	0	75
10 years and over	0	100

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment, including LOBO loans, many of which have repayment options every six months.

4. Principal Sums Invested for Periods Longer Than a Year

The Council has placed an upper limit for principal sums invested for periods longer than a year. This limit is to contain exposure to the possibility of loss that may arise as a result of the Council having to seek early repayment of the sums invested.

Price risk indicator	2022/23	2023/24	2024/25
Limit on principal invested beyond year end	£50m	£30m	£30m

APPENDIX 5

The Arlingclose Economic and Interest Rate Outlook - December 2021

Underlying assumptions:

- The global recovery from the pandemic has entered a more challenging phase. The resurgence in demand has led to the expected rise in inflationary pressure, but disrupted factors of supply are amplifying the effects, increasing the likelihood of lower growth rates ahead. The advent of the Omicron variant of coronavirus is affecting activity and is also a reminder of the potential downside risks.
- Despite relatively buoyant activity survey data, official GDP data indicates that growth was weakening into Q4 2021. Other data, however, suggested continued momentum, particularly for November. Retail sales volumes rose 1.4%, PMIs increased, and the labour market continued to strengthen. The end of furlough did not appear to have had a significant impact on unemployment. Wage growth is elevated.
- The CPI inflation rate rose to 5.1% for November and will rise higher in the near term. While the transitory factors affecting inflation are expected to unwind over time, policymakers' concern is persistent medium term price pressure.
- These factors prompted the MPC to raise Bank Rate to 0.25% at the December meeting. Short term interest rate expectations remain elevated.
- The outlook, however, appears weaker. Household spending faces pressures from a combination of higher prices and tax rises. In the immediate term, the Omicron variant has already affected growth – Q4 and Q1 activity could be weak at best.
- Longer-term government bond yields remain relatively low despite the more hawkish signals from the BoE and the Federal Reserve. Investors are concerned that significant policy tightening in the near term will slow growth and prompt the need for looser policy later. Geo-political and coronavirus risks are also driving safe haven buying. The result is a much flatter yield curve, as short-term yields rise even as long-term yields fall.
- The rise in Bank Rate despite the Omicron variant signals that the MPC will act to bring inflation down whatever the environment. It has also made clear its intentions to tighten policy further. While the economic outlook will be challenging, the signals from policymakers suggest their preference is to tighten policy unless data indicates a more severe slowdown.

Forecast:

- The MPC will want to build on the strong message it delivered this month by tightening policy despite Omicron uncertainty.
- Arlingclose therefore expects Bank Rate to rise to 0.50% in Q1 2022, but then remain there. Risks to the forecast are initially weighted to the upside but becoming more balanced over time. The Arlingclose central forecast remains below the market forward curve.
- Gilt yields will remain broadly flat from current levels. Yields have fallen sharply at the longer end of the yield curve, but expectations of a rise in Bank Rate have maintained short term gilt yields at higher levels.
- Easing expectations for Bank Rate over time could prompt the yield curve to steepen, as investors build in higher inflation expectations.
- The risks around the gilt yield forecasts vary. The risk for short- and medium-term yields is initially on the upside but shifts lower later. The risk for long-term yields is weighted to the upside.

	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
	%	%		%	%	%	%	%	%	%	%	%	%
Official Bank Rate													
Upside Risk	0.00	0.00	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Downside Risk	0.00	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
3 Month Money Market Rate													
Upside Risk	0.05	0.05	0.25	0.35	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	0.25	0.55	0.55	0.60	0.60	0.60	0.60	0.65	0.65	0.65	0.65	0.65	0.65
Downside Risk	0.00	-0.25	-0.25	-0.30	-0.30	-0.30	-0.30	-0.35	-0.35	-0.35	-0.35	-0.35	-0.35
5 Year Gilt Rate													
Upside Risk	0.00	0.35	0.45	0.55	0.55	0.55	0.55	0.55	0.55	0.50	0.50	0.45	0.45
Arlingclose Central Case	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.65	0.70	0.75	0.75
Downside Risk	-0.10	-0.20	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.30	-0.35	-0.40	-0.40
10 Year Gilt Rate													
Upside Risk	0.10	0.25	0.35	0.40	0.45	0.50	0.50	0.50	0.50	0.50	0.55	0.55	0.55
Arlingclose Central Case	0.80	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.90	0.90	0.95	0.95
Downside Risk	-0.10	-0.25	-0.30	-0.35	-0.35	-0.35	-0.35	-0.35	-0.35	-0.40	-0.40	-0.40	-0.40
20 Year Gilt Rate													
Upside Risk	0.30	0.40	0.45	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	1.00	1.05	1.10	1.10	1.10	1.10	1.15	1.15	1.15	1.20	1.20	1.20	1.20
Downside Risk	-0.15	-0.30	-0.35	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.45	-0.45	-0.45	-0.45
50 Year Gilt Rate													
Upside Risk	0.25	0.30	0.40	0.45	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	0.70	0.75	0.80	0.85	0.90	0.95	1.00	1.05	1.05	1.10	1.10	1.15	1.15
Downside Risk	-0.15	-0.30	-0.35	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.45	-0.45	-0.45	-0.45

APPENDIX 6

Environmental, Social and Governance (ESG) Considerations

Outside of financial risks, it is increasingly evident that there are also key non-financial risks with financial consequences over the longer-term for the Council. In particular

- **Environmental risks:** Climate change has continued to become an increasingly evident problem, with extreme weather events rising and temperatures increasingly on a global basis. Coupled with the depletion of natural resources and the negative feedback loop created by hydrocarbon pollution, there are growing concerns about the environment and the potential financial impact on societies, economies and businesses.
- **Social risks:** Inequality, diversity and inclusion are becoming more important considerations. The unequal recovery since the last financial crisis coupled with financial pressures on public sector balance sheets have led to a growing divergence of outcomes and concerns about parts of society being systematically left behind. There is also increased scrutiny from a range of stakeholders. For the Council, there is also a vested interest in protecting and minimising the most vulnerable in society.
- **Governance risks:** Governance covers the rights and responsibilities of the senior management of companies, institutions and counterparties, in particular its structures, corporate values and accountability processes. The proper treatment of employees, ensuring an ethical approach to supply chains, paying living wages, how counterparties ensure that management is acting in the best interests of all stakeholders – these are all clear areas of focus that if poorly managed, can lead to reputational and financial consequences for the Council's portfolio in the long-term.

The Council's objective is to recognise all these risks, to mitigate them where possible and thereby improve the security of its portfolios and balance sheet in the long-term.

Within these risks, the Council has identified climate change as a long-term, material and systemic financial risk with the potential to significantly impact the treasury portfolio, the capital strategy and the Council's financial resilience over time. The Council has declared a Climate Emergency already in response to this, and further, in respect of its investments, will seek to:

- Minimise exposure to counterparties and investments heavily impacted by climate change risk.
- Increase exposure to sectors, counterparties and investments, such as renewables, whose activities aid the transition to a lower carbon world and economy.
- Contribute meaningfully to an improved economically sustainable future locally and nationally, without sacrificing security

The Council will incorporate ESG issues into its analysis and decision-making processes when considering the treasury portfolio and capital investments. The Council will seek to use data and analysis where available to determine the type and materiality of relevant issues for counterparties.

ESG Risk Appetite

It is important to note that risk will always exist in some measure and cannot be removed in its entirety. Additionally, in order to realise investment and commercial gains, it is unavoidable for some measure of risk to exist.

Therefore, risks need to be considered both in terms of potential threats to the Council and positive opportunities.

The risk appetite will be considered annually and monitored on an ongoing basis by senior management and external advisors.

In general, the Council seeks to minimise its exposure to risks that are unwanted and unrewarded. Of relevance to ESG, the Council is exposed to a range of risks across its balance sheet and portfolios:

Environmental risks related to the environmental impact of the Council's strategy and investments.

- Social risks related to the social impact of the Council's strategy and investments.
- Governance risks related to ensuring that prudence and careful consideration sit at the heart of the Council's decision-making, augmented by quality independent advice and appropriate checks and balances.

Within these, the Council's appetite is as follows:

Risk	Appetite
Environmental	No appetite for environmentally negative risks. Moderate to high appetite for projects and investments that reduce environmental risks and promote sustainability. Always subject to full due diligence and subsequent monitoring of risks and key appropriate metrics.
Social	Low appetite for social risks, especially in the local region. Moderate appetite for projects and investments that reduce social risk. Always subject to full due diligence and subsequent monitoring of risks and key appropriate metrics.
Governance	No appetite for investments and initiatives that are not accompanied by careful due diligence and an assessment of the transaction versus the Council's resources, funding needs, cashflow requirements, ESG risk preferences and broader goals. All subject to ongoing monitoring of risks and key relevant metrics to manage the Council's

	exposure and respond to any emerging issues. Depth and frequency of monitoring should be proportional to the complexity and capital at risk for the Council.
--	--

APPENDIX 7

AUTHORISED SIGNATORIES

The following officers are authorised to make payments, either via the Council's online banking system or by signing cheques, and issue other instructions relating to Treasury Management transactions on behalf of Wirral Borough Council:

Director of Resources – Shaer Halewood

Assistant Director of Finance & Investment – Daniel Kirwan

Senior Finance Manager – Peter Molyneux

Senior Finance Manager – Diane Grisdale

Senior Finance Manager – Mark Goulding

Senior Finance Manager – Christopher Kelly

This list can be amended at the discretion of the Director of Resources, should the need arise due to operational requirements.

This page is intentionally left blank



POLICY AND RESOURCES COMMITTEE

Tuesday, 15 February 2022

REPORT TITLE:	INVESTMENT STRATEGY 2022/23
REPORT OF:	DIRECTOR OF RESOURCES (S151 OFFICER)

REPORT SUMMARY

In February 2018, the former Ministry for Housing, Communities and Local Government (MHCLG), (now Department for Levelling Up, Housing and Communities (DLUHC)) published updated 'Guidance on Local Government Investments'. The previous edition covered only Treasury Management investments. In recent years local authorities have had an increasing focus on commercial activities including but not exclusive to property. Such activity has the potential to bring both increased returns and increased positive and negative risk. The revised Guidance on Local Authority Investments requires that a separate Investment Strategy focusing on non-treasury investments is produced and approved annually by Council.

This report fulfils the requirement of the DLUHC to produce an investment strategy that covers non-treasury activities.

This matter affects all Wards within the Borough.

The decisions in this report are key decisions.

RECOMMENDATIONS

The Policy and Resources Committee is requested to recommend to Council the approval of the Investment Strategy for 2022/2023 which includes potential investment in the following activity areas:

1. Commercial Property
2. Service Investments: Loans
3. Service Investment: Shares (non-currently held)
4. Loan Commitments and Financial Guarantees

SUPPORTING INFORMATION

1.0 REASON FOR RECOMMENDATIONS

- 1.1 To fulfil the requirement of the DLUHC to produce an investment strategy that covers non-treasury activities.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 This report fulfils the requirement of the DLUHC to produce an investment strategy that covers non-treasury activities. Should the Council not produce a strategy this would conflict against DLUHC guidance. The guidance on investments is issued under section 15(1) of the 2003 Local Government Act and authorities are therefore required to have regard to it. An annual strategy is standard practice and should it become appropriate to amend any key elements of this strategy during the period covered, a revised report will be produced.

3.0 BACKGROUND INFORMATION

- 3.1 The Authority invests its money for three broad purposes:
- there is surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as **treasury management investments**),
 - to support local public services by lending to or buying shares in other organisations (**service investments**), and
 - to earn investment income (known as **commercial investments** where this is the main purpose)
- 3.2 This investment strategy report meets the requirements of statutory guidance issued by the Government in January 2018 and focuses on the second and third of these categories. DLUHC have acknowledged the increase in commercial activities local authorities are engaged in. The revised guidance requires local authorities to clearly define their approaches and risk appetite for such activity and to gain approval from Council on an annual basis.
- 3.3 A separate report covering the Treasury Management Strategy will also be produced that fulfils the Authority's legal obligation under the Local Government Act 2003 to have regard to both the Chartered Institute of Public Finance and Accountancy (CIPFA) Code and the DLUHC guidance.
- 3.4 A Commercial Strategy was approved by Cabinet on 26th November 2018. This strategy takes a commercial approach to service design, management, and decisions, encouraging innovation whilst optimising assets and services to exploit opportunities to generate income surplus for reinvestment, and reduce costs.

Treasury Management Investments

- 3.5 The Authority typically receives its income in cash (e.g., from taxes and grants) before it pays for its expenditure in cash (e.g., through payroll and invoices). It also holds reserves for future expenditure and collects local taxes on behalf of other local authorities and Central Government. These activities, plus the timing of borrowing decisions, may lead to a cash flow surplus which is invested in accordance with guidance from CIPFA. The daily balance of treasury management investments is expected to fluctuate between £20m and £50m during the 2022/23 financial year.
- 3.6 Wirral Council defines its treasury management activities as:
- “the management of the organisation’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”*
- 3.7 **Contribution:** The contribution that these investments make to the objectives of the Authority is to support effective treasury management activities. Investment returns contribute towards funding services, whilst reduced borrowing costs allow resources to be allocated elsewhere.
- 3.8 **Further details:** Full details of the Authority’s policies and its plan for 2022/23 for treasury management investments are covered in a separate document, the Treasury Management Strategy.

Service Investments: Loans

- 3.9 **Contribution:** The Council lends money to its subsidiaries e.g., Edsential Community Interest Company (by way of a credit facility), and local businesses to support local public services and stimulate local economic growth.
- 3.10 **Security:** The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. Appropriate due diligence is undertaken on loan applications and collateral sought to offset risk. To further limit this risk and ensure that total exposure to service loans remains proportionate to the size of the Authority, upper limits on the outstanding loans to each category of borrower have been set as per the table below. Loans should be self-financing with returns covering financing and administrative costs plus any return.

Table 1: Loans for service purposes.

Category of borrower	31.03.2022 Estimated			2022/23
	Balance Owing £000	Loss allowance £000	Estimated Net figure in accounts £000	Approved Limit £000
Subsidiaries	2,607	2,607	0	10,000
Local businesses	350	350	0	10,000
TOTAL	2,957	2,957	0	20,000

- 3.11 Accounting standards require the Authority to set aside a loss allowance (where appropriate) for loans, reflecting the likelihood of non-payment. The figures for loans in the Authority's Statement of Accounts are shown net of this loss allowance. However, the Authority makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments.
- 3.12 **Risk assessment:** The Authority assesses the risk of loss before entering and whilst holding service loans. If in the future the authority actively markets itself as a provider of finance, it would need to assess the market that it would be competing in e.g., other local authorities and financial institutions. Prior to offering any loan facility, the following factors are considered:
- Financial appraisal based on evidence obtained from credit agencies.
 - Independent external advisor appointed in conjunction with procurement.
 - Analysis of business plans.
 - Appropriate interest rate calculation, including potential state aid implications; and
 - The availability of any securities/collateral.

Service Investments: Shares

- 3.13 **Contribution:** The Council can invest in the shares of its subsidiaries, its suppliers, and local businesses to support local public services and stimulate local economic growth. At present there are no such investments in place.
- 3.14 **Security:** One of the risks of investing in shares is that they fall in value meaning that the initial outlay may not be recovered. In order to limit this risk, upper limits on the sum invested in each category will be determined as the need arises.
- 3.15 **Risk assessment:** The Authority will assess the risk of loss before entering and whilst holding shares by the approach referred to in paragraph 3.11.
- 3.16 **Liquidity:** The maximum period for non-subsidiaries which funds may prudently be committed would initially be 12 months, but this would be subject to an ongoing review to best avoid the likelihood of capital losses.
- 3.17 **Non-specified Investments:** Shares are the only investment type that the Authority has identified that meets the definition of a non-specified investment in the government guidance. The limits on share investments will therefore also be the Authority's upper limits on non-specified investments. The Authority has not adopted any procedures for determining further categories of non-specified investment since none are likely to meet the definition covered by this requirement.

Commercial Investments: Property

- 3.18 **Contribution:** DLUHC defines property to be an investment if it is held primarily or partially to generate a profit. The Council invests in local commercial and residential property, with profits generated spent on local public services. Although there is increased national focus on property, councils have a long history of owning investment properties. Wirral's portfolio includes industrial estates, commercial and leisure properties.

Table 2: Property held for investment purposes

Property	Actual	31.3.2022 Estimate	
	Purchase cost £000	Gains or (losses) £000	Estimated Value in accounts £000
Europa Boulevard	8,400	(2,450)	5,950
Vue Cinema	6,800	(3,150)	3,650
Other Investment Properties	9,286	147	9,433
TOTAL	24,486	(5,453)	19,033

- 3.19 The estimated values in the table above, specifically Europa Boulevard and Vue Cinema, represent the latest valuations as per the Statement of Accounts (as at 31.03.2021), and reflect the specific circumstances at that time, directly attributable to pressures arising due to the COVID-19 pandemic. These valuations are to be reviewed again this year and the prevailing market conditions factored in.
- 3.20 It is prudent to note that whilst these properties are held as investment properties in the Council's asset register, the properties were not acquired specifically for income generation. Most of these investment assets are owned for historic reasons, but subsequent acquisitions (Europa Boulevard and Vue Cinema) are linked to regeneration opportunities.
- 3.21 Discussions with real estate services and investment firm, CBRE, have taken place with the aim of commencing a review of the existing properties held by the Council. This will result in a rolling review of council assets, the outcomes from which will be supported by property disposal and investment strategies, which evidence due consideration of the recommendations contained within the CIPFA/DLUHC Local Government Finance Review (November 2021).
- 3.22 The Council's 'Strategic Asset Management Plan' sets out how the council will make the best use of its buildings and land in the future. This will be linked to future property purchase or consideration.
- 3.23 The Council is currently engaged in a joint venture agreement with Muse Developments to create the Wirral Growth Company. The anticipated benefits to the Authority of this agreement are inward investment, regeneration, job creation, and income generation. These growth priorities are reflected within the Wirral Plan 2021-2026, which highlights ambitions to drive forward sustainable economic growth.
- 3.24 **Security:** In accordance with government guidance, the Authority considers a property investment to be secure if its accounting valuation is at or higher than its purchase cost including taxes and transaction costs.
- 3.25 Where value in the accounts is at or above purchase cost: an annual fair value assessment of the Authority's investment property portfolio is undertaken, and the underlying assets provide security for capital investment. Should the 2021/22 year-end accounts preparation and audit process value these properties significantly below their purchase cost, then an updated investment strategy will be presented to

full council detailing the impact of the loss on the security of investments and any revenue consequences arising therefrom.

- 3.26 Where value in accounts is below purchase cost: the fair value of the Authority's investment property portfolio is no longer sufficient to provide security against loss, and in these circumstances the Authority will take mitigating actions to protect the capital invested.
- 3.27 **Risk assessment:** The Authority assesses the risk of loss before entering and whilst holding property investments. Refer to measures outlined in paragraph 3.11.
- 3.28 **Liquidity:** Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice and can take a considerable period to sell in certain market conditions.

Loan Commitments and Financial Guarantees

- 3.29 Although not strictly counted as investments, since no money has exchanged hands yet, loan commitments and financial guarantees carry similar risks to the Authority and are included here for completeness.
- 3.30 The Authority has committed itself to make available a credit facility of £2 million to Edsential Community Interest Co. To date £1.75 million has been advanced. Under the terms of the existing agreement Edsential has until March 2026 to call upon the balance. Interest is earned by the Council on any sums advanced and is charged at an appropriate market rate.
- 3.31 In addition to the credit facility of £2m, a request for financial assistance was made to the two shareholders of Edsential - Wirral Council, and Cheshire West and Chester Council, to assist Edsential manage their financial pressures because of the COVID-19 pandemic. Both shareholders agreed to provide an additional £857k to Edsential (£1.74m total). Wirral Council agreed to provide the funding at a meeting of Shareholder Board in October 2021. It should be noted that this loan is separate from the credit facility, and as such, has individual terms and conditions.

Proportionality

- 3.32 The table below shows the extent to which the expenditure planned to meet the service delivery objectives and/or place making role of the Authority is dependent on achieving the expected net profit from investments over the lifecycle of the Medium-Term Financial Plan. It is important to note, that the Authority plans to reinvest any profit earned on investment activity into regeneration initiatives. Regular budget monitoring and review of income to be achieved will highlight if expected net profit is in any doubt and if so that corrective budgetary action needs to be taken to minimise any potential impact on services.

Table 3: Proportionality of Investments

	2021/22 Forecast £000	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000
Gross service expenditure	587,000	588,000	593,000	595,000
Investment income	2,000	2,000	2,000	3,000
Proportion	0.34%	0.34%	0.34%	0.51%

The proportion is the investment income divided by the gross service expenditure.

Borrowing in Advance of Need

- 3.33 Government guidance is that local authorities must not borrow more than, or in advance of their needs, solely to profit from the investment of the extra sums borrowed. The Authority may, from time to time, borrow in advance of need, where this is expected to provide the best long-term value for money. Since amounts borrowed will be invested until spent, the Authority is aware that it will be exposed to the risk of loss of the borrowed sums, and the risk that investment and borrowing interest rates may change in the intervening period. At present, any borrowing arrangements in place have been made solely to meet cashflow requirements, and not to profit from the investment of the extra sums borrowed. Furthermore, all borrowing is undertaken once an analysis of approved lending counterparties has taken place. These risks will be managed as part of the Authority's overall management of its treasury risks, in addition to the consideration of the recommendations contained within the CIPFA/DLUHC Local Government Finance Review (November 2021).

Capacity, Skills and Culture

- 3.34 **Elected members and statutory officers:** The Council has a dedicated 'Policy & Resources Committee' to review key financial matters. The Committee meets regularly with officer support from the Director of Resources to review and approve reports; raise questions; and receive briefings on latest developments. Financial training has been provided to all Members to aid decision making. Regular reporting and discussion of financial matters occurs with frequent meetings of the Policy and Resources Finance Sub-Committee via weekly workshops and with the Strategic Leadership Team. Formal reporting is provided to Council via the Policy and Resources Committee and to the Policy and Services committees. Reports undergo extensive review to ensure content is detailed and appropriate for the circumstance, and relevant implications have been identified. As part of the External Assurance Reviews commissioned by DLUHC, the newly established Independent Panel also review and comment on reports in advance of Policy and Resources Committee.

- 3.35 Decisions which have a financial impact must be approved by the Director of Resources (Section 151 Officer) or one of their authorised officers. Finance Officers are members of appropriate professional bodies such as the Chartered Institute of Public Finance and Accountancy (or equivalent). Membership requires officers undergo continuous professional development and are subject to compliance with the regulatory frameworks laid down by the professional institute. Officers are supported by properly regulated advisors and have access to the latest guidance and best practice. Strategies and policies are approved to provide a framework for investment decisions to be made within.
- 3.36 **Commercial agreements:** Commercial agreements require initial approval from the Director of Resources. Governance arrangements include oversight from the Investment and Change Board (ICB), chaired by the Director of Resources. ICB membership includes senior officers from a range of disciplines including legal services. Decisions are also subject to member approval with governance arrangements in place to ensure reports contain appropriate detail to enable decisions to be made. Where appropriate, external advice will be sought from experienced and suitably qualified experts.
- 3.37 **Corporate governance:** The Director of Resources has statutory responsibility for overseeing the Council's financial affairs and ensuring that robust controls are in place. The Director is supported by officers within and without the directorate. The Investment and Change Board assists with ensuring governance and oversight is in place. At member level there is a Policy & Resources Committee with responsibility for financial matters. The Council maintains appropriate risk registers and an Internal Audit function is maintained to provide appropriate challenge and review.

Investment Indicators

- 3.38 The Authority has set the following quantitative indicators to allow elected members and the public to assess the Authority's total risk exposure as a result of its investment decisions.
- 3.39 **Total risk exposure:** The first indicator shows the Authority's total exposure to potential investment losses. This includes amounts the Authority is contractually committed to lend but have yet to be drawn down and guarantees the Authority has issued over third-party loans.

Table 4: Total investment exposure

Total investment exposure	31.03.2021 Actual £000	31.03.2022 Forecast £000	31.03.2023 Forecast £000
Treasury management investments	47,833	30,000	30,000
Service investments: Loans	1,325	2,607	2,607
Commercial investments: Property	19,033	19,033	19,033
TOTAL INVESTMENTS	68,191	51,640	51,640
Commitments to lend	1,025	250	250
Guarantees issued on loans	0	5,330	5,330
TOTAL EXPOSURE	69,216	57,220	57,220

- 3.40 **How investments are funded:** Government guidance is that these indicators should include how investments are funded. Since the Authority does not normally associate particular assets with particular liabilities, this guidance is difficult to comply with. However, the following investments could be described as being funded by borrowing. The remainder of the Authority’s investments are funded by usable reserves and income received in advance of expenditure.

Table 5: Investments funded by borrowing

Investments funded by borrowing	31.03.2021 Actual	31.03.2022 Forecast	31.03.2023 Forecast
Service investments: Loans	1,325	2,607	2,607
Commercial investments: Property	19,033	19,033	19,033
TOTAL FUNDED BY BORROWING	20,358	21,640	21,640

- 3.41 **Rate of return received:** This indicator shows the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested. Note that due to the complex local government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred.

Table 6: Investment rate of return (net of all costs)

Investments net rate of return	2020/21 Actual %	2021/22 Forecast %	2022/23 Forecast %
Treasury management investments	0.85	0.43	0.43
Service investments: Loans	7.39	3.20	4.03
Commercial investments: Property	7.09	9.11	8.66
ALL INVESTMENTS	2.72	3.76	3.65

4.0 FINANCIAL IMPLICATIONS

- 4.1 Approval and implementation of this strategy will limit financial risks, while helping to minimise financing costs and maximise investment returns.

5.0 LEGAL IMPLICATIONS

- 5.1 The Department for Levelling Up, Housing and Communities guidance is issued by the Secretary of State under section 15(1)(a) of the Local Government Act 2003. Under that section local authorities are required to “have regard” to “such guidance as the Secretary of State may issue”. The Council has adopted the requirement of the DLUHC to produce an investment strategy that covers non-treasury activities. This requires the annual production of Investment Indicators and an Investment Strategy Statement.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

- 6.1 There are none arising out of this report.

7.0 RELEVANT RISKS

7.1 The Council is responsible for investment decisions and activity and none of these decisions are without risk. The successful identification, monitoring and control of risk are important, and the main risks and mitigations are:

Risk	Mitigation
Fluctuations in interest rate levels	Borrowing and investment profiles are balanced both in terms of maturity (utilising short- and long-term instruments) and in terms of the nature of the interest rate of the portfolio (fixed rate and variable interest rate products).
Exposure to inflation	Wherever possible, investments are entered into at inflation equalling levels of interest. This depends entirely on the nature and purpose of the proposed investment.
Legal and Regulatory Risk	Appropriate legal advice is sought on new opportunities to ensure adherence to relevant legislation and regulation.
Credit and Counterparty Risk (Security of investments)	Any potential counterparty is subjected to suitable due diligence to ascertain appropriateness for investment and investment criteria.

8.0 ENGAGEMENT/CONSULTATION

8.1 There has been no consultation undertaken or proposed for this strategy report.

9.0 EQUALITY IMPLICATIONS

9.1 There are none arising directly from this report.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

10.1 As part of future investment strategy, consideration will be given to potential opportunities to invest in environmentally focussed instruments or organisations. 'Ethical, Social and Governance' (ESG) investment criteria will be considered and, where viable in adherence to the policies laid out in this strategy, will only be entered into following satisfactory assessment of the instrument and/or organisation.

11.0 COMMUNITY WEALTH IMPLICATIONS

11.1 There are none arising directly from this report.

REPORT AUTHOR: Christopher Crawford
Senior Finance Business Partner
email: christophercrawford@wirral.gov.uk

BACKGROUND PAPERS

International Financial Reporting Standards – IFRS9 Financial Instruments
Strategic Asset Management Plan
Department for Levelling Up, Housing and Communities Investment Guidance

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Investment Strategy Statement 2019-20	18 th February 2019
Investment Strategy Statement 2020-21	17 th February 2020
Investment Strategy Statement 2021-22	17 th February 2021

This page is intentionally left blank



POLICY AND RESOURCES COMMITTEE

Tuesday, 15th February 2022

REPORT TITLE:	PROCEDURE FOR BUDGET DECISION MEETING OF COUNCIL
REPORT OF:	DIRECTOR OF LAW AND GOVERNANCE

REPORT SUMMARY

To report on the assurance process in formulating the draft Council Budget and to recommend to Council a process for adoption at the Budget decision making meeting.

RECOMMENDATION/S

That the Committee recommend to Council that

1. For the duration of the extraordinary meeting of 28th February 2021 (Budget Council):
 - (a) the procedure attached as Appendix A be followed in respect of the meeting; and
 - (b) Council Standing Order 15.4 (timing of speeches) be suspended together with such other standing orders as may conflict with the Budget Council procedure or the Mayor's administration of the meeting, in such a manner as the Mayor in his or her absolute discretion dictates, to ensure the objective of Council setting a lawful budget and council tax requirement prevails.

SUPPORTING INFORMATION

1.0 REASON FOR RECOMMENDATION/S

- 1.1 The Council has a duty under Local Government Finance Act 1992 to set a lawful budget in a timely manner. Members have a fiduciary duty to council tax payers, to facilitate the setting of a lawful budget.
- 1.2 Where the Authority is making calculations in accordance with that duty, the Section 151 officer must report to it on:
- (a) the robustness of the estimates made for the purposes of the calculations; and
 - (b) the adequacy of the proposed financial reserves,
- in respect of which this report sets out the processes by which this is considered to be best achieved.
- 1.3 Failure to set a lawful budget in time may lead to a loss of revenue, significant additional administrative costs, as well as reputational damage. Failure to set a budget may lead to intervention from the Secretary of State under section 15 Local Government Act 1999.
- 1.4 Budget Council is an extraordinary meeting of full Council and, in order to meet the legal duties at that meeting to set a balanced and lawful budget within the time set by legislation, the meeting requires within it a process for additional flexibility and compromise, for which an alternate procedure to ordinary Council Standing Orders is set out as Appendix A.

2.0 OTHER OPTIONS CONSIDERED

A Budget Council debate can be run in accordance with ordinary standing orders. This will not provide the same level of flexibility and efficient administration of the meeting in this particular instance.

3.0 BACKGROUND INFORMATION

3.1 The Council Budget

Each year the Council must hold a budget decision meeting to agree its estimates of expenditure against which it can offset estimated income to then calculate the authority's council tax requirement. These estimates of expenditure, revenue and capital, are the Council's Budget, which can be summarised as a calculation of the aggregate of four factors in relation to the Council's expenditure for the year, namely:

- (i) the expenditure the authority estimates they will incur in the year in performing their functions and will charge to a revenue account for the year in accordance with proper practices,
- (ii) such allowance as the authority estimate will be appropriate for contingencies in relation to amounts to be charged or credited to a

revenue account for a year in accordance with proper practices, being aligned to various identified Council funds and budget heads,

- (iii) the financial reserves which the authority estimate it will be appropriate to raise in the year for meeting their estimated future expenditure, and
- (iv) such financial reserves as are sufficient to meet so much of the amount estimated by the authority to be a revenue account deficit for any earlier financial year as has not already been provided for.

3.2 Responsibilities for budget decision making

3.2.1 The Policy and Resources Committee is responsible for development of the Council's budget, including consultation on proposals for estimates of revenue and capital expenditure for the following financial year. It is the responsibility of the Committee and its members to then formulate a draft budget and to recommend that budget to a meeting of the Council to approve.

3.2.2 It is the responsibility of all Members of the Council as part of that Budget Council meeting to be held before 11th March to adopt a lawful and balanced budget.

3.2.3 This report sets out the recommended process for the final steps before and at the Council's budget decision meeting, for both Policy and Resources Committee and full Council to agree.

3.3 External Assurance Review

3.3.1 The External Assurance Review reports on Finance and Governance both commented on the process of making amendments to the budget during its first year of operation under the committee system.

3.3.2 The External Assurance Review - Finance Report from CIPFA commented in particular that "We are concerned that officers may seek to compromise too quickly with Members. There is a danger that officers appear to try to resolve the budget by less controversial solutions, that may not actually deliver the necessary saving or carry more inherent risk."

3.3.3 The Finance Report went on to state that "it will require members across all political parties to engage effectively with officers on the tough choices that they will need to make over the coming year to show leadership to address the considerable financial challenges that their council faces".

3.3.4 The Report sought that cross-party leadership be brought about an earlier stage by recommending that the Council "Establish a working group of the Executive Team and all Group Leaders to develop a robust Medium Term Financial Strategy and associated plans for a more fundamental reshaping of council budgets and service delivery to achieve a balanced budget."

3.3.5 Similarly the External Assurance Review – Governance Report by Mrs Ada Burns commented on the budget process in that "Members at a late stage of

the budget build rejected £2m of Officer proposals in favour of alternatives which might not be expected to have had the degree of rigour that would give the S151 Officer assurance". The Report went on, amongst other things, to recommend that the Council work to "assign authority to the Policy and Resources Committee in respect of financial recovery"

3.4 Budget Formulation and Assurance

- 3.4.1 As part of the response to the recommendation of the External Assurance Review that all Group Leaders engage constructively with the financial recovery plan, the Committee has established the Finance Sub-Committee, with responsibility for development of the Council's budget and operating as a working group and to provide a coordinating role across all other committees. This has taken a leading role in drawing together proposals from Committees, officers and Members and the public in drawing together the budget proposals.
- 3.4.2 The response to the commentary on the rigour of advice to Members in respect of budget proposals has been to add to the support given to challenge and assurance as to the adequacy of proposals in terms of whether the individual proposals are realistic, deliverable or affordable.
- 3.4.3 Proposals forming part of the draft budget have gone through a process of assessment to enable the s151 officer to be able to advise on their individual robustness and also their potential impact upon reserves. This is completed via an assessment process on a standard form or template. This is applied in this year equally to proposals submitted by officers or later by Members, either through the committee process or individually through political groups. This will go on to inform the overall statutory report on the robustness of the budget estimates and the adequacy of the financial reserves, to which Members are required to have regard.
- 3.4.4 A significant step in this process for the 2022/23 draft budget, to add additional rigour to the process, is that CIPFA has been engaged to give their opinion on the adequacy of the proposal templates to the s151 officer. In addition, the Council's Independent Panel will review the process.
- 3.4.5 This means that likely amendments to the budget proposals will have been discussed through the cross-party Finance Sub-Committee Working Group and will have been, and will have to be, submitted to the s151 officer at an earlier stage than otherwise might have been the case in previous years. Where insufficient time is allowed for full professional scrutiny of an amendment or further proposal, this will be reflected in the s151 officer's section 25 report to Council.
- 3.4.6 This process does not mean that advice on potential further proposals or amendments to the draft budget put forward to the s151 officer by a Member will not be held confidentially. To provide for exploration of all possible options, where requested, officer advice to a Member will not be shared with other Members (with the exception that any amendments received for an

elected Member who is part of a Group will be shared with the relevant Group Leader).

3.5 Late stage amendments and new ideas

3.5.1 Whilst there may not be enough time to provide assurance on the robustness of further proposals that come forward out of budget discussions at a late stage in the process of formulation of or consulting upon the draft budget, it does not mean that they should not be debated or discarded at this stage. Instead, they may be considered an important step in the development of the MTFP and the formulation and exploration of the following year's budget proposals.

3.5.2 Such proposals may be put forward informally or through the committee process in the coming year. Equally, if sufficiently advanced or expressed they may become a formal addition to the adoption of this year's Budget as a requirement for Committees or officers to explore and report upon. This may be done as part of the process of the Council decision making meeting set out below.

3.6 Budget Council Meeting

3.6.1 Once the draft budget has been agreed for recommendation to Council, the Council must meet and set a lawful budget by 11th March. This may require more than one meeting in the following manner, as set out in the Budget and Policy Framework Procedure Rules at Part 4(3) of the Council's Constitution.

Initial Full Council Meeting

Full Council will consider the Policy and Resources Committee's proposals for the Annual Budget and proposed level of Council Tax and may approve them on the basis of a simple majority of Elected Members present and voting.

The proposed Annual Budget (and Council Tax level) becomes the Council's decision and is effective immediately.

If the Annual Budget (and Council Tax level) proposed is not approved by Full Council it is referred back to the Policy and Resources Committee.

Full Council must identify the issue(s) that it wishes the Policy and Resources Committee to reconsider and the reasons for seeking such reconsideration.

Further Meeting of the Policy and Resources Committee

A further meeting of Policy and Resources Committee to consider the referral from Full Council will take place. The Committee will consider and respond to the referral from Full Council.

Final Meeting of the Council

The final meeting of Full Council will take place no later than 11 March in any year to enable the Authority's Council Tax Requirement to be determined by the requisite statutory deadlines.

- 3.6.2 Budget Council is also an extraordinary meeting of full Council and, in order to meet the legal duties at that meeting to set a balanced and lawful budget within the time set by legislation, the meeting requires within it a process for additional flexibility and compromise. To this end full Council will be requested to suspend ordinary Council Standing Orders and to follow an alternate procedure set out as **Appendix A** to this report.

4.0 FINANCIAL IMPLICATIONS

- 4.1 Delay in setting the Council Tax means a delay in collecting the Tax due not only to the Council, but also the precepting authorities.
- 4.2 The Council has a legal duty to provide a range of statutory services (such as refuse collection, homelessness prevention etc.) and is not absolved from its duty because of the late setting of the Tax. It also has to pay the monies due to the precepting authorities whether or not it collects any Council Tax.
- 4.3 Even if the Council sets the budget before the deadline but much later than the planned Budget Council Meeting, there is still likely to be some disruption to the administrative arrangements relating to the collection of Council Tax (such as printing, posting, delivery of demands) that have cost implications.

5.0 LEGAL IMPLICATIONS

- 5.1 Section 31A (11) of the Local Government Finance Act 1992 requires that the Council sets its budget before 11th March in the financial year preceding the one in respect of which the budget is set.
- 5.2 If the budget is set after that date, the Act's provisions state that the failure to set a budget within the deadline does not, in itself, invalidate the budget. Such delay, however, is likely to have significant financial, administrative and legal implications, including potential individual liability of any Member who contributed to the failure to set a budget.
- 5.3 Section 66 of the 1992 Act provides that failure to set a Council tax (or delay in setting a Council tax) shall not be challenged except by an application for judicial review. The Secretary of State and any other person with an interest or "standing" may apply for judicial review.
- 5.4 S.25 of the Local Government Act 2003 requires the Authority to have regard to the s.151 officer's report on the robustness of the proposed Budget and the adequacy of the proposed financial reserves when making decisions about the calculations in connection with which it is made.

5.5 The obligation to make a lawful budget each year is shared equally by each individual Member and in doing so Members owe a fiduciary duty to the Council Taxpayer.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

6.1 There are no additional resource requirements arising directly from this report, however, specific savings initiatives may impact staffing.

7.0 RELEVANT RISKS

7.1 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.

8.0 ENGAGEMENT/CONSULTATION

8.1 The process set out in Appendix A accords with the steps taken in previous years.

9.0 EQUALITY, CLIMATE AND OTHER IMPLICATIONS

9.1 There are no additional resource requirements arising directly from this report.

10.0 COMMUNITY WEALTH IMPLICATIONS

There are no community wealth implications arising directly out of this report.

REPORT AUTHOR: Philip McCourt
Director of Law and Governance

APPENDICES

Appendix A

BACKGROUND PAPERS & SUBJECT HISTORY

BUDGET DECISION COUNCIL 1st MARCH, 2021 PROCEDURE AND RULES

THE BUDGET DECISION MEETING OF COUNCIL

The recommendations of the Policy & Resources Committee will be proposed in respect of the agreement of the annual Budget, setting of the council tax requirement and related matters to the Council, which if seconded, will be debated by Full Council, in accordance with the provisions below and voted upon by a simple majority.

Any elected Member may put forward to the Council any amendments to the Policy & Resources Committee's budget proposal. Members should not put forward any proposal, however, that would mean setting an unlawful budget and they must take advice from officers to ensure their proposals are in order. To this end any amendments put forward must be evaluated by the Chief Finance Officer (s.151) and Monitoring Officer, or officers appointed by them for the purpose, to determine the service, financial and legal implications of implementing those proposals. The Chief Finance Officer will seek to give to the elected Member putting forward the amendment, and discuss with them where appropriate, the affect that those proposals will have on the robustness of the estimates made for the purposes of the Budget calculations and the adequacy of the proposed financial reserves (The Chief Finance Officer's duty to report to Council under s25 of the Local Government Act 2003).

The intended amendments to the Policy & Resources Committee's budget proposals are required to be submitted to the Chief Finance Officer by no later than **9 am five (5) calendar days before the Council Budget Setting Meeting**.

The amended proposals, once received by the Chief Finance Officer, will be held confidentially by officers and not shared with other political parties, with the exception that any amendments received for an elected Member who is part of a Group will be shared with the relevant Group Leader. All amended proposals will be considered by finance services officers by no later than **12 noon three (3) calendar days before the day of the Council meeting**, excluding the day of the meeting itself. The Chief Finance Officer and Monitoring Officer will confirm the legality and impact of all proposed amendments. Any that in the Monitoring Officer's opinion are unlawful shall be rejected.

All proposed amendments will be shared with all elected Members, by email, by the Chief Finance Officer by **5pm three (3) calendar days before the Council meeting**, excluding the day of the meeting itself.

Following a period for negotiation, any alterations to proposed amendments, will be allowed up to **9am on the day of the meeting**, provided they do not have substantial impact and are agreed with the Chief Finance Officer. By noon on the day of the Council meeting Democratic Services Officers will circulate copies of all remaining proposed amendments to all Members of the Council, by email, in case any have been withdrawn. At the Council meeting, the Mayor will refuse to accept any proposals for amendment that have not been through the above process and signed off as being a lawful proposal. Further, at the Council meeting, the Mayor will

refuse to accept any additional amendments or alterations unless it is with the consent of the Council and it can be ascertained from the relevant officers that they can be made subject to above procedure within a sufficiently short time.

Council Meeting

Budget Council is an extraordinary meeting of Council and, under Standing Order 3.2, the business to be conducted shall be restricted to the Budget matters contained in the summons.

The Mayor or Council is asked to agree that the Budget related motions or amendments are dealt with in one debate (under SO15.15 Joint Debates) to facilitate the setting of a lawful budget; a process that requires flexibility and compromise.

To that end, the Council will be asked to agree suspension of Council Standing Order 15.4 (timing of speeches) and such other standing orders as may conflict with this budget process or the Mayor's administration of the meeting, in such a manner as the Mayor in his or her absolute discretion dictates, to ensure the objective of Council setting a lawful budget and council tax requirement prevails.

Debate at Council

At the Council Budget Setting Meeting the Leader as Chair of Policy & Resources Committee (or in their absence the Vice-Chair), will speak to the minute and preceding report and will move the motion to propose the Council's annual Budget. The Leader will have 15 minutes maximum for their speech.

The Chair of Children, Young People & Education Committee will speak to the Schools' Budget element of the Policy & Resources Committee Budget Recommendations/Minute(s) will have 7 minutes maximum for their speech.

The proposals will need to be seconded and the Member seconding has 7 minutes available for this purpose, or where proposed alterations have been circulated, 10 minutes. The seconder may speak at the time of seconding or reserve their speech for later on in the debate.

The Leader of the next largest Group on the Council will have the right to speak first on the proposal, who may propose any amendment, which has been signed off by the Chief Finance Officer, and will have 15 minutes maximum for their speech. Any amendment will need to be seconded and the Member seconding the amendment has 7 minutes for this purpose and may make their speech at the time of seconding or reserve it for later in the debate on this amendment.

The Leader of the next largest Group will have the right to speak next on the earlier proposals put before Council, and may have 15 minutes to propose their own amendment provided it has been signed off by the Chief Finance Officer, which shall need to be seconded with the seconder having a maximum of 7 minutes for this purpose and the right to reserve their speech until later in the debate.

This process continues until the Leader of each Group and all Members who are not in a Group have had the opportunity to speak, and the budget and all proposed amendments have been proposed and seconded.

The matter is then open to one full debate from all Members of the Council. Each Member may speak only once on this item, other than those who have submitted the original proposal or an amendment who will later have a right of reply. Each speaker, other than as set out above, has a maximum of 3 minutes to speak.

The debate is managed by the Mayor who has control of the debate and may use their discretion to ensure the effective, efficient, fair and orderly conduct of the business. The Mayor's interpretation and their application of the standing orders and this process will be final.

At the end of the debate if any Member seconding a proposal (the substantive proposal or a proposed amendment) has reserved their seconder's speech to later in the debate, their speeches, of a maximum of 7 minutes will be taken in the reverse order in which the motions were proposed and seconded.

When the debate has concluded the Leader of the Council, and any Group Leader or Member not in a Group who has proposed an amendment, will have a right of reply. Each speaker will be taken in the reverse order in which the motions were proposed and seconded, with the Leader of the Council having the last right of reply on behalf of the Policy & Resources Committee. Any speaker with a right of reply has up to 5 minutes to respond.

When the debate has concluded, the Mayor will if he/she thinks fit, sum up the debate before putting the amendments to the vote. In doing so he/she may request the Chief Finance Officer to draw the attention of the meeting to any relevant factors.

The Mayor will then put the amendments to the vote in the order of the amendments proposed by the smallest Group Leader first, followed by the next largest etc. Each amendment will be voted on in turn, with a recorded vote being required to be taken on each amendment.

Some proposed amendments may impact on others and there may be inter-dependencies between them. For example, if one amendment is passed or lost it may result in others automatically being lost, whilst some amendments may have no impact on others and may stand alone regardless of the outcome of voting on other amendments. The Chief Finance Officer will advise accordingly and the Mayor may adjourn the meeting to facilitate the provision of that advice. Following the conclusion of the voting on the amendments, the Chief Finance Officer will confirm how the individual amendments that have been carried affect the Council Tax proposal as necessary.

There may be a need for a short adjournment to allow for the preparation of the Council Tax resolutions to reflect the budget proposals as amended/if amended to be circulated prior to the substantive vote.

Once the amendments have each been voted upon and determined, the Chief Finance Officer will clarify any amendments that have been agreed and how they affect the budget proposal. The Mayor will then put the substantive proposal (motion), as amended if they have been amended, to the Council for a vote. A recorded vote is required and will be included in the minutes.

If the budget proposal is accepted without amendment by Council, the Council may make a decision which has immediate effect.

If the budget is lost, the Council will be asked by the Mayor to adjourn and allow members of the Policy and Resources Committee to meet as a working group and return to the adjourned meeting with further proposals.

An adjourned meeting must make a lawful resolution before 11th March.

Exclusion of notices of motion and formal questions

Formal questions from Councillors and Notices of Motion shall not be received and considered and the respective Council Standing Orders 12 and 13 shall accordingly not apply.

For the avoidance of doubt, neither public questions may be asked nor statements or petitions be submitted (Council Standing Orders 10 and 11) and other reports will not be considered. Motions without notice may be moved (Council Standing Order 14 applies).

Speakers

With exception of right of reply, each speaker may speak only once. Speakers will be allocated the following time

The Leader of the Council speaking to the P&R's Budget Recommendation(s)/Minute(s)	15 minutes
The Chair of Children, Young People & Education Committee speaking to the Schools' Budget element of the P&R's Budget Recommendation(s)/Minute(s)	7 minutes
Seconder - May reserve right to speak later ^a	7 minutes
The Group Leader of the largest other political group speech in response and (if applicable) in proposing their respective Amendment (Alternative Budget Proposals)	15 minutes
Seconder (if applicable) speaking to their respective Alternative Budget Proposal(s) / Amendment - May reserve right to speak later ^b	7 minutes
Next largest Group – as above	15 minutes
Repeated for each Group in descending order of size	7 minutes
Other speakers – general debate	3 minutes
^b Seconder of amendments (if reserved right to speak) independent member/smallest group first - then next largest - repeated	7 minutes

^a The Secorder of the P&R Budget Recommendation(s) / Minutes(s)	7 minutes
The Group Leaders of the political groups right of reply independent member/smallest group first - then next largest Repeated for each Group in ascending order of size	5 minutes
<i>Move to the vote. Amendments in ascending order of size of Group, followed by substantive motion on proposals</i>	-

(For the avoidance of any doubt the times mentioned in the table above shall not affect the Mayor's discretion to permit a speaker to speak beyond the allotted time).