



Budget Council

Dear Councillor

You are hereby summoned to attend the Budget meeting of the Council to be held at **6.00 p.m. on Monday, 27 February 2023** in the Council Chamber, withing the Town Hall, Wallasey, to take into consideration and determine the following subjects:

Contact Officer: Dan Sharples
Tel: 0151 666 3791
e-mail: danielsharples@wirral.gov.uk
Website: <http://www.wirral.gov.uk>

Please note that public seating in the Council Chamber is limited to 50 people, therefore public attendance in the Chamber will be managed via a ticketed event. If you wish to book your place, please email committeeservices@wirral.gov.uk. You can register a place for up to two people. Additional seating will be available in Committee Room 1 where the webcast will be shown.

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>

AGENDA

1. DECLARATIONS OF INTEREST

Members of the Council are asked to consider whether they have any disclosable pecuniary interests and/or any other relevant interest, in connection with any matter to be debated or determined at this meeting and, if so, to declare it and state the nature of such interest.

2. CIVIC MAYOR'S ANNOUNCEMENTS

To receive the Civic Mayor's announcements and any apologies for absence.

3. PROCEDURE FOR BUDGET DECISION MEETING OF COUNCIL (PAGES 1-15)

The Council is requested to consider the recommendation from Policy and Resources Committee of 15 February, 2023, in respect of the procedure to be adopted for this extraordinary meeting of Council, as specified in appendix A to the report of the Director Law and Governance. Minute and report attached.

4. MATTERS REQUIRING APPROVAL OR CONSIDERATION BY THE COUNCIL

To consider recommendations and receive reports from Policy and Resources Committee meetings of 18 January and 15 February 2023.

A. COUNCIL TAX 2023/24 (TAX BASE, DISCOUNTS AND EXEMPTIONS AND LOCAL COUNCIL TAX REDUCTION SCHEME) (PAGES 17-34)

Minute with recommendations and report attached.

B. BUDGET AND MEDIUM TERM FINANCIAL STRATEGY 2023/24 (PAGES 35-181)

Minute with recommendations and report attached.

Further to Minute Item 94 of Policy and Resources Committee, and at the request of members of the Committee, the Section 151 Officer has included a further appendix 11 as part of the report.

Equality Impact Assessments have been completed for all budget proposals and can be found here: [Link](#)

C. CAPITAL MONITORING QUARTER 3 2022/23 (Pages 183-225)

Minute with recommendations and report attached.

D. CAPITAL PROGRAMME 2023-28 (Pages 227-251)

Minute with recommendations and report attached.

- E. (i) CAPITAL FINANCING STRATEGY 2023/24 (Pages 253-271)**
- (ii) TREASURY MANAGEMENT STRATEGY 2023/24 (Pages 273-305)**
- (iii) INVESTMENT STRATEGY 2023/24 (Pages 307-318)**

5. EXEMPT INFORMATION - EXCLUSION OF THE PRESS AND PUBLIC

RECOMMENDATION: That, under section 100 (A) (4) of the Local Government Act 1972, the public be excluded from the meeting during consideration of the following items of business on the grounds that

they involve the likely disclosure of exempt information as defined by paragraph 3 of Part I of Schedule 12A (as amended) to that Act. The Public Interest test has been applied and favours exclusion.

6. EXEMPT APPENDIX - BUDGET AND MEDIUM TERM FINANCIAL STRATEGY 2023/24

Full Council Responsibility for Functions

The full responsibility of functions for Full Council can be found at the end of this agenda.



Paul Satoor, Chief Executive

Audio/Visual Recording of Meetings

Everyone is welcome to record meetings of the Council and its Committees using non-disruptive methods. For particular meetings we may identify a 'designated area' for you to record from. If you have any questions about this please contact Committee and Civic Services (members of the press please contact the Press Office). Please note that the Chair of the meeting has the discretion to halt any recording for a number of reasons, including disruption caused by the filming or the nature of the business being conducted.

Persons making recordings are requested not to put undue restrictions on the material produced so that it can be reused and edited by all local people and organisations on a non-commercial basis.

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MINUTE EXTRACT

POLICY AND RESOURCES COMMITTEE

Wednesday, 15 February 2023

103 PROCEDURE FOR BUDGET DECISION MEETING OF COUNCIL

The Director of Law and Governance introduced a report on the assurance process in formulating the draft Council Budget with a recommendation to Council on a process for adoption at the Budget decision making meeting.

Resolved – That it be recommended to Council, that for the duration of the extraordinary meeting of 27th February 2023 (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.

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POLICY AND RESOURCES COMMITTEE
Wednesday 15th February 2023

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.

This report does not constitute a key decision.

RECOMMENDATION/S

That the Policy & Resources Committee recommend to Council that:

1. For the duration of the extraordinary meeting of 27th February 2023 (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

- 3.1.1 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 Independent Panel noted in their January 2023 letter, that both officers and Members have worked conscientiously with all parties to propose a legal and balanced budget for 2023/24. The Panel also noted that the draft budget required substantial use of earmarked reserves and recognised that with any budget that proposes reductions of such a very large scale, it presents risks.

3.3.2 The nature of the risks noted by the Panel were as follows:

- **Use of reserves** - The forecast level of unallocated general reserve at 31 March 2022 is £13.1m. This is a low level of general unallocated reserve and below the level of the council's own target of £17m and the level recommended by the council's external auditor in their 2021/22 Audit report. The use of reserves is identified as supporting further budget phases in future years. If fully utilised, this will reduce the amount of available unallocated reserves to £3m. This means that MTFs will also have to provide resources to continue to build the level of General Reserves to an acceptable level adding further pressure to the need to identify savings.
- **Closure of Non statutory leisure provision** - The second risk is that £4.4m of the tranche 2 and 3 savings are entirely dependent upon the council choosing to close all non-statutory leisure provision. Clearly this will not be politically acceptable and therefore any savings arising from

these proposals will reduce according to the level of closures that members agree. The actual figure will need to be determined with haste in order that the budget can be balanced, and the necessary service changes put in place.

- **Application of a vacancy factor and other adjustments to the pay budget** - Whilst this is a reasonable approach to adopt in the recent past, the vacancy factor has been utilised to balance off in year over spends. This means that Directorates need to ensure that staff spending from 1 April 2023 including on agency staffing is both rigorously monitored and enforced.
- **Council tax levels be raised to the legal maximum** - The panel was mindful that this is an acutely political decision but also notes that by raising the council tax this will in itself improve the budget position for 2024/25 and subsequent years.

The Panel concluded as follows:

“In short, the Independent Assurance Panel accepts that officers have now presented to members options that will enable a balanced and legal budget to be set although we are very concerned that it adds to the pressures that will need to be addressed in the MTFs. As such we are reassured that the budget setting process has been undertaken diligently. As stated earlier we do recognise the greater complexity and the longer time taken to get to the position given a council in no overall control and operation of the committee system. However, some of the tranche 3 savings introduce additional risks to the actual delivery of a balanced budget during the year and results in a level of useable reserves which falls below the council’s own target. The new council, once elected, will need therefore to prioritise MTFs and resolving outstanding budgetary issues.”

3.4 Budget Formulation and Assurance

- 3.4.1 As part of the response to the recommendations of the External Assurance Review that all Group Leaders engage constructively with the financial recovery plan, the Policy and Resources Committee established the Group Leaders Budget Working Group, 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 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 Amendments and new ideas received outside of the proposed Budget Council timeline
- 3.5.1 There may not be enough time to provide assurance on the robustness of further proposals that come forward out of budget discussions. However, such proposals can be considered an important step in the development of the MTFP and the formulation and exploration of the following year's budget proposals.
- 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, by exception, 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 Working Group Meeting of the Policy and Resources Committee

A further working group 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 Council, through its extraordinary budget setting Council meeting 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 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 As this is a report about the budget process and not the budget content, there are no direct equality implications arising from this report.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

- 10.1 There are no direct climate implications arising from this report.

11.0 COMMUNITY WEALTH IMPLICATIONS

There are no community wealth implications arising directly out of this report.

REPORT AUTHOR: Jill Travers
Director of Law and Governance

APPENDICES

Appendix A

BACKGROUND PAPERS

BUDGET DECISION COUNCIL 28 FEBRUARY 2022 PROCEDURE AND RULES

BUDGET DECISION COUNCIL 1 MARCH, 2021 PROCEDURE AND RULES

TERMS OF REFERENCE

This report is being considered by the Policy & Resources Committee in accordance with Section A of its Terms of Reference, to “formulate, co-ordinate and implement corporate policies and strategies and the medium-term financial plan (budget).”

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Budget Policy & Resources Committee	15 February 2022
Budget Policy & Resources Committee	17 February 2021

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 validated by the Chief Finance Officer 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. Any amendments not validated by the Chief Finance Officer to be reported back to the political groups by the Chief Finance Officer.

Following a period for negotiation by political groups, 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 Secunder of amendments (if reserved right to speak) independent member/smallest group first - then next largest - repeated	7 minutes
^a The Secunder 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).

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MINUTE EXTRACT

POLICY AND RESOURCES COMMITTEE

Wednesday, 18 January 2023

84 **COUNCIL TAX 2023/24 (TAX BASE, DISCOUNTS AND EXEMPTIONS AND LOCAL COUNCIL TAX REDUCTION SCHEME)**

The Head of Revenues & Benefits introduced the report of the Director of Finance, which brought together related issues regarding the proposed Council Tax Base for 2023/24 upon which the annual Council Tax levels would be set. The proposed Council Tax Discounts included Local Discounts, Exemptions, and the Local Council Tax Reduction Scheme which would be used during 2023/24.

It was reported that the recommended figure for 2023/24 was £95,585.07. Compared to the 2022/23 figure of £95,172.39, this was an increase of £412.67. The Council Tax Base had increased due to an increase in the number of properties, projected number of new builds and a reduction in the number of residents claiming a Council Tax Reduction. The numbers claiming support had continued to reduce over the past year.

Members discussed the merits of increased levels of Council Tax on empty properties and welcomed the continuation of local discounts for Women & Children's Aid and Care Leavers.

Resolved – That

(1) the figure of £95,585.07 as the Council Tax Base for 2023/24 be approved at an increase of £412.67 (0.43%) on last year's Council Tax Base.

(2) Council be recommended to approve:

(1) The level and award of each local discount for 2023/24 be as follows: -

Wirral Women's & Children's Aid

To continue to award Wirral Women & Children's Aid 100% discount. This remains unchanged from 2022/23.

Care Leaver's Discount

To award Care Leavers the requisite discount to reduce their Council Tax liability to zero until they are 25. This to remain unchanged from 2022/23.

Empty Property Discounts 2023/24

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 to remain unchanged from 2022/23, and to include an exception for properties requiring adaptations to meet the need of a disabled person who will be occupying the property as soon as the adaptations are complete and in addition awaiting renovations prior to being occupied by someone under Ukraine resettlement scheme.

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 2022/23, save for an exception from 1 April 2023 for properties that have restrictions placed upon them restricting the sale to a particular group (usually leasehold properties for the elderly which attract high service charges). An exception to be introduced to the Premium from 1 April 2023.

Council Tax Discretionary Hardship Relief Scheme

The Council Tax Discretionary Hardship Relief Scheme, approved by Cabinet in October 2013, to continue in its current format for 2023/24. The Scheme offers help and assistance in exceptional cases of hardship.

(2) Local Council Tax Reduction Scheme (LCTRS)

The current Local Council Tax Reduction Scheme to remain unchanged from 2022/23 apart from the following :

a. The scheme to be aligned to all the Department of Work and Pensions uprating's and changes for Housing Benefit and Universal Credit

b. There to be no loss of entitlement due to payments made under Homes for Ukraine Scheme (£350)

c. In response to the government announcement (Council Tax Support Fund) of the 23 December, an additional reduction of at least £25 where a liability in excess of this exists, for all recipients of Council Tax Support for 2023/24 at the time of annual billing.

d. Delegated authority be given to the Head of Revenues & Benefits in consultation with the Director of Finance and Leader of the Council to create a discretionary scheme based upon government guidance to utilise any remaining funding provided under the Council Tax Support Fund for 2023/24

(3) Changes to Empty Property Discounts 2024/25

To reduce the Empty Property Premium from 2024/25 to properties that have been empty for more than one year (Currently Two). So that the following apply:-

100% (200% Council Tax) for unfurnished properties empty for more than one year.

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

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

(4) Changes to the treatment of second homes (dwellings that are furnished but are not someone's sole or main residence)

From April 2024 the council to charge 100% (200% Council Tax) for any person with a second home within Wirral. Double the amount of council tax of a property occupied as someone's sole or main residence.

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POLICY AND RESURCE COMMITTEE**Wednesday 18 January 2023**

REPORT TITLE:	COUNCIL TAX 2023/24 (TAX BASE, DISCOUNTS AND EXEMPTIONS AND LOCAL COUNCIL TAX REDUCTION SCHEME)
REPORT OF:	DIRECTOR OF FINANCE

REPORT SUMMARY

This report brings together related issues regarding the proposed Council Tax Base for 2023/24 upon which the annual Council Tax levels will be set. This needs to be approved by the 31 January.

The proposed Council Tax Discounts including Local Discounts, Exemptions, and the Local Council Tax Reduction Scheme to be used during 2023/24. These need to be approved by Council by 11 March 2023.

The Wirral Plan 2021 - 2026 sets out the Council's vision to secure the best possible future for the Council's residents and covers the following five themes:

- A thriving and inclusive economy, creating jobs and opportunities for all;
- A clean-energy, sustainable borough, leading the way in tackling the environment crisis;
- Brighter futures for all regardless of their background;
- Safe and pleasant communities that our residents are proud of; and
- Healthy and active lives for all, with the right care, at the right time.

The proposals within this report align with the above themes by supporting some of the most vulnerable members of the community and providing a financial framework to assist with funding the Council's services.

The matter affects all Wards within the Borough.

This is a key decision.

RECOMMENDATIONS

Policy and Resources Committee is recommended to:

1. **approve the figure of 95,585.07 as the Council Tax Base for 2023/24. This is an increase of 412.67 (0.43%) on last year's Council Tax Base.**
2. **recommend to Council that**

(1) The level and award of each local discount for 2023/24 be as follows: -

Wirral Women's & Children's Aid

To continue to award Wirral Women & Children's Aid 100% discount. This remains unchanged from 2022/23.

Care Leaver's Discount

To award Care Leavers the requisite discount to reduce their Council Tax liability to zero until they are 25. This to remain unchanged from 2022/23.

Empty Property Discounts 2023/24

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 to remain unchanged from 2022/23, and to include an exception for properties requiring adaptations to meet the need of a disabled person who will be occupying the property as soon as the adaptations are complete and in addition awaiting renovations prior to being occupied by someone under Ukraine resettlement scheme

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 2022/23, save for an exception from 1 April 2023 for properties that have restrictions placed upon them restricting the sale to a particular group (usually leasehold properties for the elderly which attract high service charges). An exception to be introduced to the Premium from 1 April 2023.

Council Tax Discretionary Hardship Relief Scheme

The Council Tax Discretionary Hardship Relief Scheme, approved by Cabinet in October 2013, to continue in its current format for 2023/24. The Scheme offers help and assistance in exceptional cases of hardship.

(2) Local Council Tax Reduction Scheme (LCTRS)

The current Local Council Tax Reduction Scheme to remain unchanged from 2022/23 apart from the following

- a. The scheme to be aligned to all the Department of Work and Pensions uprating's and changes for Housing Benefit and Universal Credit
- b. There to be no loss of entitlement due to payments made under Homes for Ukraine Scheme (£350)

- c. In response to the government announcement (Council Tax Support Fund) of the 23 December, an additional reduction of at least £25 where a liability in excess of this exists, for all recipients of Council Tax Support for 2023/24 at the time of annual billing.
- d. Delegated authority be given to the Head of Revenues & Benefits in consultation with the Director of Finance and Leader of the Council to create a discretionary scheme based upon government guidance to utilise any remaining funding provided under the Council Tax Support Fund for 2023/24

(3) Changes to Empty Property Discounts 2024/25

To reduce the Empty Property Premium from 2024/25 to properties that have been empty for more than one year (Currently Two). So that the following apply:-

100% (200% Council Tax) for unfurnished properties empty for more than one year.
200% (300% Council Tax) for unfurnished properties empty more than five years.
300% (400% Council Tax) for unfurnished properties empty more than ten years.

(4) Changes to the treatment of second homes (dwellings that are furnished but are not someone's sole or main residence)

From April 2024 the council to charge 100% (200% Council Tax) for any person with a second home within Wirral. Double the amount of council tax of a property occupied as someone's sole or main residence.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 The Council must agree its Council Tax Base for 2023/24 between the 1 December 2022 and 31 January 2023.
- 1.2. The Council must determine annually it's Local Council Tax Reduction Scheme by the 11 March 2023.
- 1.3 The Council must decide on the level of Local Discounts and Exemptions by 31 March 2023.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 In respect of the Council Tax Base there a legal requirement that this must be set by 31 January each year, therefore no other option has been considered.
- 2.2. The Local Discounts, Exemptions and the Local Council Tax Reduction Scheme are reviewed annually and could be amended which would have a financial impact for the authority as set out in this report.

3.0 BACKGROUND INFORMATION

- 3.1 The Council has a statutory duty to take decisions each year regarding the administration of Council Tax which must be set by the 11 March each year.
- 3.2 In Accordance with The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 the Council is required to set its Council Tax Base annually in order to determine the appropriate number of properties to be considered for Wirral, the Preceptor Authorities (Police & Crime Commissioner and Fire & Rescue Services) and the Environment Agency (Flood Defence). The Council Tax Base has a direct impact on the Council Tax that will be levied for Wirral for 2023/24.
- 3.3 The Council Tax Base must be determined between the 1 December 2022 & 31 January 2023 and will be used to calculate the Council Tax charges for 2023/24.
- 3.4 The Tax Base calculation process is as follows; -
 - Calculate the number of properties on 30 November 2022 and adjust for changes due to demolitions and new builds up to 31 March 2024 which are then converted to a full year Band D equivalent. The council also adjust for discounts, exemptions and disabled relief and add 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 will be utilised in calculating the Council Tax charge for 2023/24.

3.5 Forecast properties per Council Tax band within Wirral based on information as at 30 November 2022: -

Table 1: Wirral Council Tax Bandings Forecast

Band	Value (£)	Properties 2022	Change	Properties 2023	Band %	Ratio
A	<40,000	60,867	431	61,298	40.36	6/9
B	40,001-52,000	32,880	84	32,964	21.70	7/9
C	52,001-68,000	27,760	0	27,760*	18.27	8/9
D	68,001-88,000	13,528	53	13,581	8.94	9/9
E	88,001-120,000	8,399	27	8,426	5.55	11/9
F	120,001-160,000	4,362	25	4,387	2.89	13/9
G	160,001-320,000	3,174	21	3,195	2.10	15/9
H	>320,000	278	1	279	0.18	18/9
Total		151,248	642	151,890	100%	

* The figure for Band C properties has not increased, It had been anticipated that developments would have been completed during the current year and were therefore included within last years estimated taxbase calculations.

3.6 The properties are converted to the Band D equivalent and adjusted for the Local Council Tax Reduction Scheme and other Council Tax Discounts, Exemptions and Disabled Relief and adjusted by the Collection Rate to give the Council Tax Base.

Table 2: Wirral Council Tax Band D calculation 2023/24

Band	Properties 2023	Changes due to LCTRS discounts, exemptions	Revised property equivalent	Ratio to Band D	Net Band D equivalent
A	61,298	(24,733.74)	36,564.26	6/9	24,376.17
B	32,964	(7,318.10)	25,645.90	7/9	19,946.81
C	27,760*	(3,933.59)	23,826.41	8/9	21,179.03
D	13,581	(1503.42)	12,077.58	9/9	12,077.58
E	8,426	(761.71)	7,664.29	11/9	9,367.47
F	4,387	(302.70)	4,084.30	13/9	5,899.54
G	3,195	(218.22)	2,976.78	15/9	4,961.30
H	279	(34.12)	244.88	18/9	489.76
Band A Disabled		(4.8)	73.60	5/9	40.90
Total	151,890	(38,800.8)	113,158.00		98,338.55
Assumed Collection Rate					x 97.20%
Adjusted Council Tax Base					95,585.07

- 3.7 The Collection Rate is calculated by adding the current expected in-year collection together with the amounts of arrears collected expressed as a percentage of the current net collectable debit.
- 3.8 Based on previous years' experience it is prudent to apply a collection rate of 97.2% for the forthcoming financial year. This is a slight downward adjustment of 0.1% to reflect the current economic climate. This will assure that any collection fund surplus/deficit is minimised. This has been reflected in the setting of the Council Tax Base.
- 3.9 The recommended figure for 2023/24 is 95,585.07. Compared to the 2022/23 figure of 95,172.39. This is an increase of 412.67. The Council Tax Base has increased due to an increase in the number of properties, projected number of new builds and a reduction in the number of residents claiming a Council Tax Reduction. The numbers claiming support have continued to reduce over the past year.
- 3.10 The level of Council Tax is confirmed at Budget Council which for 2023/24 is scheduled for 27 February 2023.

COUNCIL TAX LOCAL DISCOUNTS & EXEMPTIONS 2023/24

- 3.11 Local Discounts and Exemptions are subject to an annual review and impact directly upon the Council Tax income as the cost is fully met by the Council. From 1 April 2013 the Council adopted 0% discount levels for empty properties and properties undergoing construction, where previously they had been exempt for 6 and 12 months respectively thus receiving a 100% discount. This report reviews the levels of specific local discounts. Any amendment or granting of discount agreed as part of this report will come into force from 1 April 2023 unless stated otherwise.
- 3.12. Local Discounts can be granted under Section 13a of the Local Government Act 1992. The Local Government Finance Act 2012 introduced changes in national Council Tax discounts and exemptions. These were considered and adopted for 2013/14 by Cabinet on 24 January 2013 and cover the level of discount awarded on empty properties and the premium charged on long term empties. Wirral chose to maximise the amount payable in each category and must review its charges each year.

A LOCAL DISCOUNTS - LOCAL GOVERNMENT ACT 1992

- 3.13 Local Discounts, as used by Wirral, are granted under Section 13a of the Local Government Act 1992 and reviewed annually. Amounts detailed below.

Table 3: Local Government Act 1992 Local Discounts in Wirral

	£
Wirral Women & Children's Aid	7,000
Council Tax Discretionary Relief (Hardship)	50,000
Care Leaver's Discount	148,000
Total	205,000

Wirral Women & Children's Aid

- 3.14 Cabinet on 22 July 2004 awarded a local discount to Wirral Women's and Children's Aid, the discount leaving no Council Tax to pay, based on the valuable work undertaken at the premises. The circumstances have changed with an additional property being used, and the cost of the award has increase and is currently £7,000. It is recommended that this discount continues for 2023-24

Council Tax Discretionary Hardship Relief

- 3.15 Regulations allow that a discount can be granted to an individual in a case of extreme hardship, covered by the Council's Council Tax Discretionary Relief policy (minute 71, 10 October 2013) or alternatively a discount can be granted to all empty properties within a specific area, such as a clearance area. This can give more flexibility to the Council which has to fund any locally defined discounts. It is recommended that this discount continues for 2023-24.

Care Leaver's Discount

- 3.16 A local discount is currently awarded to Care Leavers removing the requirement to pay Council Tax from Care Leavers until they become 25. The discount is awarded after all other reliefs and discounts have been granted and recognises the financial burden that leaving care can cause. This remains unaltered from last year and the cost of the award is currently £ 148,000 an increase of £22,000 on last year. It is recommended that this discount continues for 2023-24

B DISCOUNTS & EXEMPTIONS - LOCAL GOVERNMENT ACT 2012

- 3.17 The Local Government Finance Act 2012 introduced changes in national Council Tax discounts and exemptions which gave the option to Local Authorities to exercise discretion in setting the level of discount on certain types of property. These were considered and adopted by Cabinet on 24 January 2013 (minute 166) for the 2013/14 financial year and have continued in subsequent years. Wirral chose to maximise the charges it raises by minimising the discount awarded, i.e., 0%.

Table 4: Local Government Act 2012 Empty Property Discounts

Income from minimising discounts	£
Empty properties –unoccupied/renovation (Discount C+D) = 0%	2,758,400
Empty property – premium of 100% (Council Tax charge 200%)	223,300
Empty property – premium of 200% (Council Tax charge 300%)	686,100
Empty property – premium of 300% (Council Tax charge 400%)	435,000
Total	4,102,800

Empty Properties Discount

- 3.18 The changes allowed by the 2012 Act covered charges made against empty property and second homes. In broad terms this removed the exempt classifications A and C and allowed Councils to define their own level of discounts re-categorising them as discounts C and D. The Regulations also allowed Councils to apply a premium on

properties that had been empty for more than two years and from 2020 those empty for over 5 years and from 2021 those empty over 10 years.

- 3.19 The Council chose to award 0% discount (Discount D) – full charge - on properties undergoing renovations which were previously entitled to a 12-month exemption, or 100% discount.
- 3.20 The Council chose to similarly award a 0% discount (Discount C) – full charge - on empty properties that had previously been exempt for the first six months that they were empty, or 100% discount.
- 3.21 The Council has previously chosen to use its powers to date to charge the maximum amount of Premium on properties that have been -
- empty for more than two years which is 100% (200% of the Council Tax payable)
 - empty for more than 5 years a 200% premium (300% of the Council Tax).
 - empty for over 10 year a 300% (400% of the Council Tax).

The aim is to encourage prompt property re-occupation and discourage properties being held empty by speculators waiting for an increase in values. To remove the Premiums would cost £1.344M in lost potential Council Tax income.

3.22 From 2024/25 the council can vary these charges as follows

- empty for more than one year which is 100% (200% of the Council Tax payable)
- empty for more than 5 years a 200% premium (300% of the Council Tax).
- empty for over 10 year a 300% (400% of the Council Tax).

This change will raise an additional £0.895M from 2024/25 based on current data.

3.23 The council currently charges the maximum allowed for properties that are furnished and not occupied as someone's sole or main residence. This is the equivalent of the full council tax (100%). From 2024/25 the council can increase this charge by 100% so that these properties will be liable to a council tax of 200% of the normal charge.

This change will potentially raise an additional £ 1.062M based on current numbers from 2024/25.

3.24 The changes detailed in 3.22 & 3.23 require a period of 12 months' notice before they can be implemented. This intervening time will be utilised to contact the owners of these affected properties.

3.25 An exception to the premium is allowed in circumstances prescribed within the regulations. Wirral also has the power to establish locally determined exceptions to the premium.

3.26 The council has such a discretionary exception under Section 11A Local Government Finance Act 1992 in specific circumstances. These exceptions arise from unforeseen consequences of the council's policy of the implementation of Council Tax Empty property charges under this Section.

3.27 The circumstance is where a property is empty only because the property requires adaptations to meet the needs of a disabled person who will be occupying the property as soon as the adaptations are completed. The person must have liability for an existing dwelling and therefore this measure will alleviate the need for a chargepayer to pay council tax on two properties whilst awaiting adaptations to be made to a dwelling to meet their specific needs.

In this strictly defined circumstance, no charge will be made. The adapted property must be eligible for a Band Reduction due to the Disabled adaptations once the property is occupied.

3.28 The circumstance is where a property is empty only because the property requires work to render the property ready for occupation where the people who will be occupying the property and liable to council tax are from the Ukraine and here under the Ukrainian Settlement Scheme. These properties have a zero charge when occupied.

3.29 A new exception to the premium is proposed for properties that have restrictions placed upon them that limit who a property can be sold to. This is aimed at properties that are solely for elderly residents and generally attract high service charges. These properties can be difficult to sell, and the levy of a premium can cause significant hardship to owners with limited means.

3.30 The cost of this measures will be monitored and reported annually as part of the Tax Base Setting process

3.31 The cost of the exemption implemented in 2022/23 for properties await adaptations was £2,000

C LOCAL COUNCIL TAX REDUCTION SCHEME

3.32 Central Government abolished Council Tax Benefit (CTB) on 31 March 2013 and tasked each administering Council to formulate an individual Local Scheme to replace it. At the same time Central Government reduced the grant they awarded to Councils for CTB by 10%. The Government also stated that any Local Council Tax Reduction Scheme devised should leave pensioners no worse off than they were under the 2012/13 CTB scheme. The option was also given to define vulnerable groups and offer the groups the same level of protection as pensioners. Wirral designated persons classed as disabled or with disabled children as vulnerable in 2013/14. The Scheme must be approved each year prior to the year it will be applied.

3.33 Having regard to the financial pressures the Council resolved, on 28 January 2013, that it could not find funding from its existing budgets to make up the shortfall caused by the governments changes and decided to pass on the reduction to Local Council Tax Reduction Scheme recipients. This resulted in non-vulnerable working age claimants paying a minimum of 22% of the Council Tax charge.

3.34 Cabinet agreed on the 4 November 2019 that this minimum amount be reduced from 22% to 12%. This has helped some of the poorest households in the borough.

- 3.35 On the 23 December 2022 the Government announced an additional Council Tax Support Scheme to reduce the council tax liability by £25 to residents in receipt of Council Tax Support. This scheme is funded by central government. Wirral's' draft allocation is £789k and will provide additional monies over and above the reduction of £25. The council will need to devise a discretionary scheme once modelling has been undertaken to allocate this remaining fund. This will be undertaken as part of the year end testing process. Given the time scales involved the Head of Revenues & Benefits in consultation with the Director of Finance and Leader of the Council will agree a discretionary scheme to ensure use of this remaining fund is maximised. Any scheme will be based upon government guidance and in all likelihood involve new recipients of council tax support during the coming financial year.
- 3.36 The Scheme, its impacts and costs are continually monitored and need to be annually reviewed and approved prior to the year it will be applied.

4.0 FINANCIAL IMPLICATIONS

- 4.1 The Council Tax Base is used to calculate Council Tax levels for 2023/24. Failure to comply with timescales could delay Council Tax bills with the potential to affect collection and cash-flow. On the assumption that the levels of support under the Local Council Tax Reduction Scheme and the Discounts and Exemptions are adopted the Council Tax Base will be increased by 0.43% from 2022/23.
- 4.2. For Local Discounts variations to the discount levels will either generate additional or less income. The cost of local discounts is met in full by the Council and do not impact upon the Council Tax Base. Any saving to the Council will result in an increase in the amount payable by the charge payer.

Table 5: Local Government Act 1992 Local Discounts

	£
Wirral Women & Children's Aid	7,000
Council Tax Discretionary Relief (Hardship)	50,000
Care Leaver's Discount	148,000
Total	205,000

Table 6: Local Government Act 2012 Empty Property Discounts/ Charges

Income from minimising discounts	£
Empty properties –unoccupied/renovation (Discount C+D) = 0%	2,758,400
Empty property – premium of 100% (200% Council Tax)	223,300
Empty property -premium of 200% (300% Council Tax)	686,100
Empty property -premium of 300% (400% Council Tax)	435,000
Total	4,102,800

- 4.3 The proposed changes to how Empty Properties are charged whilst awaiting Disabled adaptations will have a minimal impact as only one case has been identified to date, the cost of the additional relief will be monitored and reported annually.

5.0 LEGAL IMPLICATIONS

- 5.1 The legislation requiring this calculation is the Local Authorities (Calculation of Council Tax Base) Regulations 1992. This requires the Authority to set and declare the Tax Base it will use to calculate the Council Tax level between the 1 December and 31 January in the financial year preceding the tax.
- 5.2 The Local Government Finance Act 1992 as amended makes provision for the determination by Council of Local Discounts and the Local Council Tax Reduction Scheme in respect of Council Tax by 11 March

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

- 6.1 There are no IT, asset or specific staffing implications arising directly from this report.

7.0 RELEVANT RISKS

- 7.1 If the Council Tax Base figure is not declared by 31 January 2023 the Council and Preceptor Authorities will be unable to make considered budgetary decisions that could delay the Council Tax bills and income streams for 2023/24.
- 7.2. In respect of Local Discounts and Exemptions the changes made to domestic empty property charges are expected to generate over £4.103M of additional Council Tax charges. Any changes to the current level of discounts or reduction to the Empty Premium would see a reduction in Council Tax raised and the income lost would have to be replaced by an alternative income stream or a reduction in spending.
- 7.3 The Local Council Tax Reduction Scheme provides vital support to low-income families across the Borough. A scheme needs to be approved annually as part of the budget setting process.
- 7.4 The effect the current macro-economic situation adds uncertainty in terms of the number of people who will continue to be eligible for Council Tax Support in both the current and the future financial year, however it is not expected to have a detrimental impact on the Council Tax Base going forward.

8.0 ENGAGEMENT/CONSULTATION

- 8.1 No consultation is required in the calculation of the Tax Base. The Discount and Exemptions are proposed to be maintained at the previous year's level and no direct consultation has been undertaken on discount levels. The level of changes for discounts and exemptions were consulted upon in 2012/13 and no specific consultation has been undertaken as they are not proposed to be changed. A consultation did take place in 2019/20 on the changes to the Council Tax Reduction Scheme but the numbers who took part in the consultation were not sufficient for any meaningful data to be reported. However, there were no adverse comments.

9.0 EQUALITY IMPLICATIONS

- 9.1 There is no requirement for an Equality Impact Assessment in relation to the calculation of the council tax base.

- 9.2 The Equality Impact assessment for the Local Council Tax Reduction Scheme has been reviewed and is still appropriate. The link to the Equality Impact Assessment for the Local Council Tax Reduction Scheme is below.
<https://www.wirral.gov.uk/communities-and-neighbourhoods/equality-impact-assessments/equality-impact-assessments-2017/delivery>

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

- 10.1 There will be no measurable environmental impact.

11.0 COMMUNITY WEALTH IMPLICATIONS

- 11.1 The proposed Council Tax Discounts including Local Discounts, Exemptions, and the Local Council Tax Reduction Scheme to be used during 2023/24 will contribute significantly to developing a prosperous, inclusive economy where local people can get good jobs and achieve their aspirations.
- 11.2 Wirral MBC will encourage our 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. We will also help develop the local economy by supporting and encouraging more community businesses and enable greater opportunities for local business to prosper and provide decent and fair employment.'

REPORT AUTHOR: **Michael Fisher**
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APPENDICES

None

BACKGROUND PAPERS

Local Government Finance Act 1992, 2003 and 2012.
Local Authorities (Calculation of Council Tax Base) Regulations 1992
Valuation Office Agency - Valuation List.
Welfare Reform Act 2012.
Council Tax Reduction Scheme (Default Scheme) (England) Regulations 2012 as updated.
Rating (Property in Common Occupation) & Council Tax (Empty Dwellings) Act 2018
Council Tax Information Letter 16/2022 Council Tax Support Fund Guidance

TERMS OF REFERENCE

This report is being considered by the Policy and Resources Committee in accordance with Section 1.2(a) of its Terms of Reference, to formulate, co-ordinate and implement corporate policies and strategies and the medium-term financial plan (budget). The report seeks a recommendation to Council in accordance with Part 3(A) of the Constitution as the setting of the Council's Council Tax requirement is a function reserved to Council.

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Cabinet	5 November 2019
Policy & Resources Committee	11 November 2020
Policy & Resources Committee	17 January 2022

MINUTE EXTRACT

POLICY AND RESOURCES COMMITTEE

Wednesday, 15 February 2023

94 BUDGET AND MEDIUM TERM FINANCIAL STRATEGY 2023/24

The Director of Finance introduced the report which set out the draft budget for 2023/24 as proposed by the Leader of the Council for approval by Policy and Resources Committee and onward recommendation to Council on 27 February 2023 to fulfil the legal obligation on Members of the Council to set a balanced and sustainable budget for 2023/24.

The Director of Finance outlined that the proposal left the Council with £13m of unearmarked reserves and that it was essential to rebuild those reserves as part of the Medium Term Financial Strategy in future years alongside close monitoring of the budget in-year to avoid overspends, particularly given the limited scope there was within the proposed budget to manage in-year pressures. It was further outlined that the final Local Government Settlement figure had now been arrived at with £135,000 additional funding which was proposed to be added to the reserves.

It was then moved by Councillor Jannette Williamson, seconded by Councillor Jean Robinson, that the officer recommendations as detailed in the report be approved, subject to the following addition to be referred to the Council meeting –

“That the additional funds of £135,000 arising from the final settlement are allocated as follows:

£41k be invested in specialist, complex investigation work to support Children’s social care cases where there are multiple victims or perpetrators.

£94k be invested by not taking the following four budget options that fall within the Environment, Climate Emergency and Transport Committee in respect of:

- The review of bulky waste (ERIC) collection service £10k
- The Environmental Health Service Review £40k
- The reduction in the recycling promotional budget £20k
- The reduction in Waste & Environmental Services budget £24k”

The Committee debated the motion at length with particular discussion taking place regarding the proposed 4.99% Council Tax increase and the number of other Local Authorities proposing a similar increase. Following questions by members, the Section 151 Officer confirmed that he was satisfied that sufficient allowances had been made for inflationary costs and that the proposals would enable a balanced and sustainable budget for 2023/24.

At 19:38pm, the Chair adjourned the meeting to enable discussion within Political Groups to take place on the proposal.

The Committee resumed at 19:47pm.

The motion was then put to the vote. It was –

Resolved (9:6) That –

- (1) Delegated authority be given to the Section 151 Officer, following consultation with the Chair and Group Spokespersons of the Policy & Resources Committee, to do anything necessary – including minor financial adjustments – to give effect to the proposals contained in this report and address any funding changes, if any.**
- (2) 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 below be noted:
Appendix 1 Budget Proposals
Appendix 2 Budget consultation
Appendix 3 Policy & Service Committee budget proposals feedback
Appendix 4 The Dedicated Schools Grant Schools Budget
Appendix 5 Provisional Council Tax Statutory Calculations
Appendix 6 Discretionary Rate Relief Policy
Appendix 7 Medium-Term Financial Strategy
Appendix 8 Budget proposal changes since January 2023
Appendix 9 Council Tax Base Calculation Process and Associated Background Information
Appendix 10 Budget Workshop Outcomes**
- (3) the measures being developed to moderate the impact of the present economic conditions on the Borough and the people who live and work in Wirral be noted, including the intention to carry forward a sum of £113,000 as part of financial year-end processes to assist the residents of the Borough in dealing with cost-of-living pressures.**
- (4) a Revenue Budget of £366.47m be recommended to Council, noting that the Section 151 Officer in liaison with the Monitoring Officer and Head of Paid Service may need to make adjustments to the Budget estimates before the preparation of final reports for Full Council on 27 February 2023.**
- (5) Accordingly it be recommended that Council:**
 - a) Approve the Medium-Term Financial Strategy (MTFS) set out as Appendix 7**
 - b) Approve increases to the Council's fees and charges equal to or above the annual Consumer Price Index reported by the Office for National Statistics in February 2023, unless either of the following conditions apply:
 - i. There is a statutory constraint that prevents such an increase,**
 - ii. The Council is operating in a market whereby such an increase would result in the Council being uncompetitive.****
 - c) Approve the Discretionary Rate Relief Policy for Business Rates for 2023/24 set out as Appendix 6.**

d) Approve that Unearmarked Reserves (General Fund Balances) is maintained at a figure not lower than £13.18m for the course of the 2023/24 financial year.

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 2023/24 Schools Budget of £337.017m

(6) (subject to a separate vote at Council) that Council:

a. Sets the Band D Council Tax at £1,798.48 for the Wirral Borough Council element of the Council Tax, representing a general increase of 2.99% and 2.00% ringfenced increase to Adult Social Care, and the Council Tax requirement for the Council's own purposes for 2023/24 of £171.9m as detailed in Appendix 5.

b. Note that the additional precepts from the Police & Crime Commissioner for Merseyside and the Merseyside Fire & Rescue 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.

(7) That the additional funds of £135,000 arising from the final settlement are allocated as follows:

£41k be invested in specialist, complex investigation work to support Children's social care cases where there are multiple victims or perpetrators.

£94k be invested by not taking the following four budget options that fall within the Environment, Climate Emergency and Transport Committee in respect of:

- The review of bulky waste (ERIC)collection service £10k**
- The Environmental Health Service Review £40k**
- The reduction in the recycling promotional budget £20k**
- The reduction in Waste & Environmental Services budget £24k**

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POLICY AND RESOURCES COMMITTEE**Wednesday, 15 February 2023**

REPORT TITLE:	2023/24 BUDGET AND MEDIUM-TERM FINANCIAL STRATEGY
REPORT OF:	DIRECTOR OF FINANCE (S151 OFFICER)

REPORT SUMMARY

In line with standard practice and based on the usual work and analysis undertaken by the Section 151 Officer, this report sets out the budget for the forthcoming year.

This draft budget is now proposed by the Leader of the Council for approval by the Policy and Resources Committee and onward recommendation to Council on 27 February 2023; at this meeting Members of the Council will be invited to support the draft budget to fulfil their legal obligation to set a balanced and sustainable budget for 2023/24.

The report presents the following financial aspects:

- details of the annual budget for 2023/24
- the key elements contributing towards the preparation of the Budget
- recommendations on the budget and council tax
- the Medium-Term Financial Strategy (MTFS), which incorporates the Medium-Term Financial Plan (MTFP) covering the period from 2023/24 to 2027/28.

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 will be reported through the Council's governance process for budget monitoring within the Committee system.

The 2023/24 budget has been compiled using the figures in the Provisional Local Government Finance Settlement for 2023/24 as the final settlement is expected to go before the House of Commons for approval after the publication date of this report, on 8 February 2023. Any changes to the final settlement that impact on the assumptions included within this report will be reported verbally to the Committee at the meeting.

The 2023/24 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 Assurance Panel convened to support the Council's financial recovery plan.

The budget proposals, which have been produced with the engagement of Policy & Resources Committee (most recently 18 January 2023) and other Service Committees during the last year, 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 necessarily extensive, covering complex information on a number of areas including:

- The Section 151 officer's report on the robustness of estimates for budget calculations
- The national context and local government funding
- Engagement with the Independent Assurance Panel
- The approach to formulating the Budget
- The Budget Proposals
- The Medium-Term Financial Strategy (MTFS) with Medium-Term Financial Plan (MTFP)
- Council Tax
- Business Rates
- Schools' Budgets
- Levies
- The Council's Financial Reserves

The report supports the delivery of the Wirral Plan as part of the process of delivering a balanced budget for all Council activity, and therefore all Wirral Plan aims and objectives, for 2023/24.

Appendix 10 of this report contains exempt information as defined in Schedule 12A of the Local Government Act 1972. It is in the public interest to exclude the press and public during consideration of these items under Paragraph 3 'information relating to financial or business affairs of any particular person (including the authority holding that information)'.

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

RECOMMENDATIONS

The Policy and Resources Committee is recommended to:

- 1) Delegate authority to the Section 151 Officer, following consultation with the Chair and Group Spokespersons of the Policy & Resources Committee, to do anything necessary – including minor financial adjustments – to give effect to the proposals contained in this report and address any funding changes, if any.
- 2) 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	Budget Proposals
Appendix 2	Budget consultation
Appendix 3	Policy & Service Committee budget proposals feedback
Appendix 4	The Dedicated Schools Grant Schools Budget
Appendix 5	Provisional Council Tax Statutory Calculations
Appendix 6	Discretionary Rate Relief Policy
Appendix 7	Medium-Term Financial Strategy
Appendix 8	Budget proposal changes since January 2023
Appendix 9	Council Tax Base Calculation Process and Associated Background Information
Appendix 10	Budget Workshop Outcomes

- 3) Note the measures being developed to moderate the impact of the present economic conditions on the Borough and the people who live and work in Wirral, including the intention to carry forward a sum of £113,000 as part of financial year-end processes to assist the residents of the Borough in dealing with cost-of-living pressures.
- 4) Recommend to Council a Revenue Budget of £366.47m, noting that the Section 151 Officer in liaison with the Monitoring Officer and Head of Paid Service may need to make adjustments to the Budget estimates before the preparation of final reports for Full Council on 27 February 2023.
- 5) Accordingly recommend that Council:
 - a) Approve the Medium-Term Financial Strategy (MTFS) set out as Appendix 7
 - b) Approve increases to the Council's fees and charges equal to or above the annual Consumer Price Index reported by the Office for National Statistics in February 2023, unless either of the following conditions apply:
 - i. There is a statutory constraint that prevents such an increase,
 - ii. The Council is operating in a market whereby such an increase would result in the Council being uncompetitive.
 - c) Approve the Discretionary Rate Relief Policy for Business Rates for 2023/24 set out as Appendix 6.
 - d) Approve that Unearmarked Reserves (General Fund Balances) is maintained at a figure not lower than £13.18m for the course of the 2023/24 financial year.
 - 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 2023/24 Schools Budget of £337.017m
- 6) Recommend (subject to a separate vote at Council) that Council:
 - a. Sets the Band D Council Tax at £1,798.48 for the Wirral Borough Council element of the Council Tax, representing a general increase of 2.99% and 2.00% ringfenced increase to Adult Social Care, and the Council Tax requirement for the Council's own purposes for 2023/24 of £171.9m as detailed in Appendix 5.
 - b. Notes that the additional precepts from the Police & Crime Commissioner for Merseyside and the Merseyside Fire & Rescue 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. Setting a budget, especially in the context of largely uncontrollable, macro-economic pressures, requires challenging decisions to ensure that a balanced position can be presented. Members have been engaged in the process through the work of the Policy and Service Committees and the Policy and Resources Budget Development Group, composed of Group Leaders.
- 1.2 Failure to set a balanced budget may lead to intervention from the Secretary of State under section 15 of the Local Government Act 1999. Failure to set a lawful budget by the required deadline will lead to a loss of revenue that is likely to be irrecoverable and incur significant additional costs and reputational damage. This report is to ensure that the Council has appropriate information to be able to set a lawful budget and to protect the Council, Customers and Members from the consequences of failing to take the necessary decisions.
- 1.3 The Medium-Term Financial Strategy (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.
- 1.4 In order to fulfil the aims of the MTFS, it is imperative that budget proposals are evidence based and achievable. In order to ensure that this is the case, rigorous review has been undertaken through:
- Directorate Management Teams (DMT)
 - Senior Leadership Team (SLT)
 - Internal Challenge Panels
 - Council Committees.
- 1.5 The Council has a legal responsibility to set a balanced budget, which sets out how financial resources are to be allocated and utilised. Previous reports to the Committee have highlighted the external challenges that have impacted on the 2023/24 budget setting process and have highlighted the extent of the financial challenge faced.
- 1.6 Policy and Resources Committee is required to recommend a Budget to the Council for its meeting on 27 February 2023. The Council has to set a budget for 2023/24 by 11 March by law. The issues detailed in this report support the recommendations to be in a position to recommend a Budget proposal.
- 1.7 The budget proposals for 2023/24 have been formulated via a rigorous review process and the Policy and Resources Budget Development Working Group (BDWG) have met on a weekly basis 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.

- 1.8 The budget proposals in this report stem from those presented to Policy & Resources Committee on 18 January 2023, however some of those items have been adjusted following consultation and further review. Details are provided as Appendix 8.
- 1.9 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 (Section 3.1).
- 1.10 The Medium-Term Financial Plan (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.
- 1.11 In making any amendments to the Draft Budget as currently presented, such amendments must be validated by the Section 151 Officer to confirm that, in line with his responsibilities under the Local Government Act 1972, such amendments do not impair the ability to set a lawfully balanced budget.
- 1.12 Should any amendment(s) compromise the Draft Budget in this regard the Committee must draw upon savings contained in Appendix 8, i.e. savings which have not so far been selected by the BDWG.
- 1.13 As part of the Budget development process it has been noted that certain steps could be taken in order to moderate the impact of the present economic conditions on the Borough and the people who live and work in Wirral. These measures include the following:
- a. Additional resources will be sought from the 2022/23 Budget to supplement budgets in 2023/24 that are designed to assist residents of the Borough in dealing with cost-of-living pressures. In the context of a potential overspend of £12.4m in 2022/23, a sum of £113,000 - allocated for supporting residents with fuel costs in the current financial year - is proposed to be carried forward as part of this Budget report in order to signal an intention to protect and supplement these resources, when possible.
 - b. Although the Council is confident that appropriate resources have been provided to meet the expected energy costs in 2023/24 this position will be kept under close review to explore whether savings from planning assumptions can be achieved in 2023/24 should prices fall.
 - c. A continuing review of senior appointments, vacancies, consultants, agency workers is underway in order to identify the prospect for further savings in 2023/24.
 - d. Operation of a voluntary redundancy scheme to minimise the impact on the workforce.
 - e. In support of the above, Wirral Council has led on the establishment of a redeployment protocol with local authorities in the Liverpool City Region. As the first such agreement of this kind each council has committed to use best endeavours to support the redeployment of staff from other councils within the Region. Our proactive approach in leading on this demonstrates our commitment to minimising the

impact of the budget position on our own workforce and, if needed, to support team members in finding other employment outside of the Council. The Council leadership is committed to establishing similar agreements with our other public sector partners.

2.0 OTHER OPTIONS CONSIDERED

2.1 The setting of a legal budget is a statutory requirement and therefore no other options have been considered.

3.0 BACKGROUND INFORMATION

3.1 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.

Summary and Background

3.1.1 *Under Section 25 of the Local Government Act 2003, the Authority's Chief Financial Officer (presently the Director of Finance 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, which is set out below, when making decisions in respect to the budget.*

3.1.2 *In expressing the opinion, the Director of Finance (S151 Officer) has considered the financial management and control frameworks that are in place, the budget assumptions, the financial risks facing the council and the level of reserves.*

3.1.3 *Section 25 of the Local Government Act 2003 concentrates primarily on the uncertainties within the forthcoming budget year, however longer-term uncertainties and increasing pressures on the Council's finances also inform the reserves balances for the medium-term.*

Financial Controls

3.1.4 *The Director of Finance has responsibility for ensuring that an effective system of internal control is maintained to provide an assessment of the current position across the whole General Fund and identifying areas for improvement where appropriate.*

3.1.5 *The Code of Practice for Financial Management (the FM Code) was introduced by CIPFA in November 2019. The Code clarifies how Chief Finance Officers should satisfy their statutory responsibility for good financial administration as required in section 151 of the Local Government Act 1972. Full compliance with the FM Code has been undertaken and reviewed at Audit and Risk Committee as part of the Statement of Accounts for 2021/22. An assessment of the Standards and the Councils compliance and each Standard was assessed against a Red, Amber or Green rating.*

Balancing the Shortfall

3.1.6 *The budget is capable of being balanced for 2023/24 and the forecast overspend in financial year 2022/23 has been contained and mitigated. The pressures existing in both financial years, which are significant, are largely due to external inflationary pressures over which the Council has no control.*

3.1.7 *In responding to this shortfall and delivering proposals for a balanced budget the Council has consulted on a wide suite of potential budget savings and has identified £28.44m which are used to balance the 2023/24 Budget. Of these, £5.01m are one-off in nature and £23.43m are recurring. The fact that that the greater proportion of savings are recurring is helpful in balancing the respective shortfalls in 2024/25 and beyond.*

3.1.8 *To form the budget for the 2023/24 financial year, and to give consideration across the medium-term to 2027/28, best estimates have been incorporated to determine the financial landscape, making allowances for anticipated and unavoidable pressures and future business plans as part of this process.*

Council Tax

3.1.9 *A further key component in balancing the Budget has been the officer recommendation for the agreement by Council of a below inflation increase in Council Tax and Adult Social Care Precept to an overall increase of 4.99%. It is of the utmost importance that this stream of funding is agreed in order to secure future streams of funding that will moderate cuts to key services in the future. If the 4.99% is reduced as part of resolution of an amendment laid before Policy & Resources Committee or before Council then it is advised that the amendment should propose adoption of further savings from the following sources, which have previously been considered as part of the annual budget setting process and are considered as deliverable:*

- a. *The closure of Leisure Service*
- b. *The closure of Libraries*
- c. *Reduction in Youth Services*
- d. *Cessation of Play Provision*
- e. *Reductions in Street Cleansing or Parks Maintenance.*

Amendment to the Budget

3.1.10 *Amendments that do not enable the budget to be lawfully balanced by taking realistic and deliverable savings will not be agreed by the Section 151 Officer and under these circumstances the budget cannot be lawfully agreed by Council.*

3.1.11 *Arising from the statutory responsibilities of the section 151 Officer it will not be acceptable for any replacement saving to draw further from the diminishing pool of Reserves held by the Council and which is already forecast to reduce markedly by 31 March 2024.*

Budget Assumptions

3.1.12 *The Section 151 Officer is satisfied that the Draft Budget has been based on the best available information and has used reasonable assumptions, the impact of which has been calculated using approaches and techniques commonly used within the Local Government sector.*

3.1.13 *In addition, a number of key processes have been in place and the Section 151 Officer is satisfied that:*

- *Existing and future expenditure pressures have been suitably estimated using financial monitoring reports and business insight for the current year.*
- *The senior members of the Finance Team and/or the Section 151 Officer have provided advice throughout the process.*
- *Detailed support has been provided to Service Managers in drafting business cases to define and confirm the availability of the savings identified.*

- *The relevant Policy and Services Committees have been consulted and briefed regarding savings in their respective areas.*
- *Policy and Resources (P&R) Committee and the P&R Finance Sub-Committee/Budget Development Working Group have been providing governance and leadership for the process.*
- *Challenge panels and budget surgeries have been held by the Chief Executive and Director of Finance.*
- *Support has been provided by the Independent Assurance Panel in reviewing progress against the improvement plan, critiquing the process and associated reports.*
- *There has been full engagement of the Senior Leadership Team and ownership of proposals to ensure a balanced budget position and how to manage down overspends.*
- *An effective financial monitoring process exists.*
- *A suitable governance and decision-making framework is in place that identifies, manages and monitors financial risks.*
- *Revenue and capital expenditure is differentiated along with appropriate sources of funding, including revenue implications of capital expenditure.*
- *Consultation in line with statutory requirements has been conducted with the Members, council tax payers and general public and other groups as required.*

Deliverability of Savings

3.1.14 As in financial year 2022/23, and as supported by the Independent Assurance Panel, resources have been set aside as a Contingent Sum to cover off the risk that the Council may encounter difficulties in delivering all of the £28.44m savings target in full during the financial year 2023/24. This is the largest saving target for many years in the history of the Borough and the existence of this sum is considered to be essential by the section 151 Officer.

Conclusion

3.1.15 It is the opinion of the Director of Finance (S151) that in their view the budget estimates are robust and satisfactory as required by the Local Government Act 2003; the level of reserves is at a minimum and will require replenishing. This statement is being made on the assumption that the proposed council tax funding increases by £8.88m (inclusive of additional properties, increase in Council Tax charge of 2.99% plus 2% precept for social care) for the budget year 2023/24.

3.1.16 Whilst the 2023/24 budget is balanced, there remains a gap between estimated spend and funding streams for 2024/25 onwards. Therefore, the council needs to maintain focus on financial sustainability to produce a balanced budget over the medium-term.

3.1.17 The risks identified will be proactively monitored and mitigating action taken as soon as reliable trends emerge. Budget monitoring reports are routinely presented to Members during the financial year and will set out the latest position and action being taken, where applicable. The control environment and associated processes in place are robust. Financial management has been reviewed and actions are in place to strengthen them.

3.1.18 *It is the opinion of the Director of Finance (S151) that the reserves require replenishment, full details of all the reserves held and their purpose are set out in the Medium-Term Financial Strategy.*

Impact of the National Context

- 3.2 In November 2022, 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 19 December 2022, in the form a one-year settlement for 2023/24.
- 3.3 The impact of the assumptions in the provisional settlement was reported to the Policy and Resources Committee on 18 January 2023. Consultation took place on the provisional settlement and closed on 16 January 2023. The final 2023/24 settlement is expected to be laid before the House of Commons for its approval 8 February 2023.

Engagement with the Independent Assurance Panel

- 3.4 The second and most recent update report of Wirral's Independent Assurance Panel (IAP) was presented to Policy and Resources Committee on 18 January 2023. The IAP was set up to oversee the Council's improvement in response to the external assurance review commissioned by the Department for Levelling Up, Housing and Communities (DLUHC) which was published in November 2021. The External Assurance Review was undertaken as a condition of the Council's request for exceptional finance support in 2020-21 and 2021-22.
- 3.5 The report presented in January, made note of the IAP's view that the council has made significant progress in its governance and that the budget setting process has been undertaken diligently.
- 3.6 In addition, it was set out that it was the IAP's view that it was essential that all political parties work together to deliver a balanced budget for 2023/24 and start to make the necessary service reductions before the pre-election period fully takes hold.

2023/24 Budget

- 3.7 On 18 January 2023, a range of proposals contributing to the 2023/24 draft Budget were published as part of the budget consultation process. The draft budget at that time presented the potential for a £7.2m surplus position for 2023/24 based on specific assumptions.
- 3.8 As the Final Local Government Finance Settlement was not published in advance of the compilation of this report, it 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.
- 3.9 The Draft Budget has been balanced against a backdrop of ongoing economic volatility arising from events at a national and international level. The Draft Budget has provided suitably for the impact of inflation and related financial risks on the Council's operations and strategic goals.

- 3.10 The rigorous process of review and challenge that has been delivered by the budget setting process ensures that the budget proposals included in this report have been fully scrutinised and are fit and proper in terms of readiness for decision-making.
- 3.11 Following the approval of the 2023/24 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 2023/24. 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.
- 3.12 The 2023/24 budget proposal is considered robust, although it is recognised that there are significant savings that need to be delivered – savings proposals 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 contingencies within the budget are considered sufficient to deal with unforeseen or uncertain items.
- 3.13 A rigorous process to monitor progress of savings delivery forms part of the standard budget monitoring process, which will continue in 2023/24.
- 3.14 The proposed budget for 2023/24 is summarised as follows:

	23-24 (£m, rounded)	23-24 (£m, rounded)
FUNDING		
Council Tax	-171.91	
Business Rates	-152.96	
Other	-41.59	
TOTAL FUNDING		-366.47
BUDGET REQUIREMENT		
Baseline	330.58	
Removal of one-off items from 22/23:	-2.69	
Baseline Restated		327.90
Total Pressure/ Investment		67.01
Saving Income and Efficiencies		
Increasing Business Efficiencies	-17.84	
Increasing Income	-2.00	
Changing how we fund or provide services	-8.60	
Total Savings Income and efficiencies:		-28.44
TOTAL BUDGET REQUIREMENT		366.47
REVISED BUDGET GAP / (SURPLUS)		0.00

Funding

- 3.15 The Council's main source of funding is made up of Income from Council Tax and Business Rates, with a number of lower value funding sources also contributing to matters as outlined in the table above. The provisional statutory calculation for Council Tax for 2023/24 is included within Appendix 5. The Business Rates calculations include business rate relief as set out in the Discretionary Rate Relief Policy included within Appendix 6. The total business rate funding is made up of:
- Business rate income and Section 31 grants of £93.72m
 - Government top-up grant of £59.24m, 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).
- 3.16 Other sources of funding include the Social Care grant of £32.14m, which includes an increase of £12.38m 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 2% on Council Tax bills; approximately £3.3m could be generated through the application of the precept, which has been factored into the budget assumptions.
- 3.17 Also included within the other sources of funding is:
- New Homes Bonus of £0.44m
 - Services Grant of £3.16m, which has been provided to support all services delivered by councils
 - Market Sustainability & Improvement Fund to enable improvements to be made to adult social care, £4.22m
 - Discharge Fund to ensure those people who need to draw on social care when they are discharged from hospital can leave as soon as possible, £2.7m.
 - The sum of the Local Council Tax Support Grant and the Collection Fund Deficit make up the balancing item of -£1.07m

Details of funding was provided in Appendix 2 of the report to this Committee of 18 January 2022.

Baseline Budget Requirement And Approach To Budget Setting

- 3.18 At its Budget Council on 28 February 2022, the budget for 2022/23 of £330.58m was approved. No permanent changes have been made to this position in-year and therefore this presents the starting position for the 2023/24 budget, which first required non-recurring components of the 2022/23 position to be reversed out.
- 3.19 The budget setting approach agreed by this Committee on 16 March 2022 facilitated significant early progress in developing proposals to bridge a forecast budget gap of £14.1m, with a suite of proposals presented from May 2022 totalling £13.2m (Tranche 1) that were subsequently brought to the relevant Policy and Services Committees for comment.
- 3.20 In June 2022, financial monitoring highlighted a range of in-year (2022/23) financial pressures resulting from emerging external, national and global circumstances. These financial challenges were noted as having a significant impact on:

- Contract inflation
- Reduced income
- Energy price increases
- Pay inflation.

3.21 The national economic picture worsened further, at an unprecedented rate, with record high inflation and rising energy costs affecting the economic outlook of the Council. The Senior Leadership Team formulated a revised approach to meeting the budget gap in the context of this worsening financial picture, which included:

- Completing a detailed review of all forecast 2023/24 assumed pressures,
- Completing a review of earmarked reserves,
- Identifying a second Tranche of budget policy options for 2023/24 to be brought forward at pace.

3.22 The Budget gap (prior to the allocation of any potential savings) was £49m by that point in the year. It was proposed that a package of Tranche 2 savings be brought forward and a further round of budget workshops scheduled with Policy Committees during October/November 2022.

3.23 It was illustrated at the Policy & Resources budget workshop in November 2022 that further budget proposals would be required in order to bridge the budget gap which had been revised down to £38m at that time due to revised assumptions on funding (following the Chancellor's autumn statement) and a review and challenge process on pressures; work therefore continued in December 2022 and January 2023 to develop Tranche 3 savings.

3.24 The budget gap was subsequently confirmed as £32.3m after application of the Provisional Finance Settlement in December 2022, which was reported to this Committee in January 2023 along with a suite of proposals (Tranches 1, 2 and 3) that could exceed the budget gap and present a budget surplus of £7.2m should they all be applied and delivered.

Budget Construction

3.25 A full list of the budget proposals to set a balanced budget for 2023/24 is included within Appendix 1.

3.26 The MTFS inclusive of the embedded MTFP (Appendix 7) provides further detail on the 2023/24 budget components.

Medium-Term Financial Strategy (MTFS)

3.27 The MTFS inclusive of the embedded MTFP (Appendix 7), is a key document in the Council's financial planning cycle. This document sets out the strategic financial approach that the Council will adopt in supporting delivery of the Wirral Plan and the matrix of other strategies and plans that support delivery of the improvements that the Borough is clearly expecting.

3.28 The MTFS, and other accompanying appendices to this report, explain how the Council will distribute its resources in this endeavour over the next five years. In order to deliver the Wirral Plan the Council will need to operate carefully within specific quantitative financial targets. These targets manifest themselves as budget limits within which the Council must deliver its services over the period of the MTFS.

- 3.29 There will be no room for overspends on the future journey and the Council needs to refresh its approach to operate highly disciplined financial management activities. By doing so, the Council will enhance prospects of attaining the far-reaching improvements to which its residents rightly aspire.
- 3.30 The MTFP component of the MTFS illustrates that a budget deficit will need to be bridged in future years based on current assumptions. The Council's Change Programme, Service Reviews and the forthcoming round of budget setting for 2024/25 will focus on delivering a balanced position with multi-year considerations in light of the position presented by the most recent iteration of the MTFP.

Capital Programme

- 3.31 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. The revenue impact of the Capital Programme will continue to be routinely monitored in order to ensure that no unmanageable financial pressures transpire.

Setting Council Tax Levels

- 3.32 Policy and Resources Committee agreed the Council Tax Base for use in 2023/24 on 18 January 2023. A summary of the calculation process and associated background information is provided at Appendix 9.
- 3.33 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 2023/24 is not excessive and that a Referendum is not necessary.
- 3.34 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 2023/24 with that for 2022/23 for the Council's basic amount of Council Tax and the Adult Social Care Precept. The provisional statutory calculations are contained in Appendix 5.
- 3.35 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 2023/24 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 2023/24 the Liverpool City Region Combined Authority (LCR CA) will continue to levy a precept for the LCR CA Mayoral precept.

Business rates

- 3.36 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, usually on a five-year cycle - the previous valuation list applied from 2017 (based on rateable values from 1 April 2015); the next revaluation will come into effect on 1 April 2023, based on rateable values from 1 April 2021.
- 3.37 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.
- 3.38 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.
- 3.39 Policy and Resources Committee are asked to approve the Discretionary Rate Relief Policy for Business Rates for 2023/24 - Appendix 6.
- 3.40 The deficit in 2023/24 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 2022/23 financial year together with a forecast for 2023/24 had to be submitted to the Government by 31 January 2023.
- 3.41 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

- 3.42 The detailed budget proposal for schools' budgets is provided in Appendix 4 and a summary is provided as follows:

	2023-24 Budget	£m
Schools Block		250.662
Central School Services Block		3.517
High Needs Block		60.958
Early Years Block		21.880
Total Expenditure		337.017
Funded by:		

DSG	335.344
Council (PFI Affordability Gap)	1.460
Contribution from DSG reserve	0.213
Total funding	337.017

Levies and Liverpool City Region Combined Authority

- 3.43 There is a statutory requirement to agree the levies for 2023/24 before 14 February 2023 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.
- 3.44 The Liverpool City Region Combined Authority considered the recommendation for its 2023/24 budget on 20 January 2023. The Transport Levy has increased by 2.95% for 2023/24, driven by higher energy costs, pay and general inflation pressures. Wirral's share of the costs increased by £0.58m to £23.04m.
- 3.45 The Merseyside Recycling & Waste Authority were scheduled to meet 11 February 2023 to agree the final Levy for 2023/24. The Levy set out for the Council is £17.7m, representing a small increase since 2022/23 of £0.04m.

Level of General Fund Balances and Earmarked Reserves

- 3.46 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, such as the Covid-19 pandemic, can be met without jeopardising the viability of the Council.
- 3.47 Grant Thornton, the Council's external auditors, have previously recommended that Wirral Council look to build on General Fund balances to improve the Council's financial resilience. This is addressed in the 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 (section 3.1 above) and the MTFs (Appendix 7).
- 3.48 The recommendation to maintain General Fund Balances at a figure not lower than £13.18m for the course of the 2023/24 represents approximately 4% of the Council's net revenue budget. A level which it is considered to facilitate medium term financial resilience would be at 5% – one of the principles of the MTFs is that by 2025/26 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.
- 3.49 A summary of reserves is provided in the MTFs (Appendix 7).

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 27 February 2023.
- 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 Financial implications of the 2023/24 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 27 February 2023 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 summary of responses provided are attached in Appendix 2 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 2023/24 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).
- 6.2 A number of the budget proposals have staffing implications. It is estimated that the overall number of posts to be reduced is approximately 125 full time equivalents. 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, with the aim being to minimise the number of instances as far as possible.

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 invention 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 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.
- 7.7 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 and General Fund Balances.
- 7.8 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 2023/24 budget at risk and may result in a balanced budget not being identified in time for the deadline of 11 March 2023.
- 7.9 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.

8.0 ENGAGEMENT/CONSULTATION

- 8.1 Initial consultation has taken place in respect of the priorities and views of the public in formulating the draft budget, as set out in this report. An update on the approach, methodology and findings was provided to this Committee in January.
- 8.2 Statutory budget consultation took place in January 2023 and details are provided in Appendix 2.
- 8.3 Policy and Services Committees reviewed and debated the draft 2023/24 budget publicly during January 2023. The feedback from the Committees is provided in Appendix 3 for the consideration of the Policy and Resources Committee in respect of the recommendations set out in this report.
- 8.4 The Policy and Resources Budget Development Working Group have met on a weekly basis during recent months to review budget proposals and assumptions.

- 8.5 The Council has engaged regularly with trade unions about the Council's financial position. 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.
- 9.5 The documents associated with this report may not be suitable to view for people with disabilities, users of assistive technology or mobile phone devices. Please contact committeeservices@wirral.gov.uk if you would like documents in an accessible format.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

- 10.1 The environment and climate implications have been considered within the individual savings proposals.
- 10.2 Setting a balanced budget puts the Council in a good position to be able to secure other necessary funding streams for future works to meet its net zero targets.

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.

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APPENDICES

Appendix 1	Budget Proposals
Appendix 2	Budget consultation
Appendix 3	Policy & Service Committee budget proposals feedback
Appendix 4	The Dedicated Schools Grant Schools Budget
Appendix 5	Provisional Council Tax Statutory Calculations
Appendix 6	Discretionary Rate Relief Policy
Appendix 7	Medium-Term Financial Strategy
Appendix 8	Budget proposal changes since January 2023
Appendix 9	Council Tax Base Calculation Process and Associated Background Information
Appendix 10	Budget Workshop Outcomes

BACKGROUND PAPERS

Pressure and Growth Proposals
 Savings and Income Proposals
 DLUHC External Assurance Reports
 CIPFA's Financial Management Code
 Wirral Economic Strategy
 Wirral's Local Plan
 Office for National Statistics – Consumer price inflation

TERMS OF REFERENCE

This report is being considered by the Policy and Resources Committee in accordance with Section 1.2(a) of its Terms of Reference, to formulate, co-ordinate and implement corporate policies and strategies and the medium-term financial plan (budget). The report seeks a recommendation to Council in accordance with Part 3(A) of the Constitution as the setting of the Council's Council Tax requirement is a function reserved to Council.

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Tourism, Communities, Culture & Leisure Committee	02 February 2023
Adult Social Care and Public Health Committee	31 January 2023
Environment, Climate Emergency and Transport Committee	30 January 2023
Economy Regeneration & Housing Committee	26 January 2023
Children, Young People & Education Committee	24 January 2023
Policy and Resources Committee	18 January 2023
Policy and Resources Committee	09 November 2022
Policy and Resources Committee	05 October 2022
Policy and Resources Committee	13 July 2022
Policy and Resources Committee	16 March 2022

BUDGET PROPOSAL

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SUMMARY:

Environment, Climate Emergency and Transport		
SAVING PROPOSALS		
Increasing Income	£365,000	
Increasing Business Efficiencies	£140,000	
Changing how we fund or provide services	£84,000	
	£589,000	
Tourism, Communities, Culture and Leisure		
Increasing Income	£70,000	
Increasing Business Efficiencies	£535,000	
Changing how we fund or provide services	£500,000	
	£1,105,000	
Children, Young People and Education		
Increasing Business Efficiencies	£2,325,000	
Changing how we fund or provide services	£1,855,000	
	£4,180,000	
Adult Social Care and Public Health		
Changing how we fund or provide services	£5,935,000	
	£5,935,000	
Economy, Regeneration and Housing		
Increasing Income	£362,000	
Increasing Business Efficiencies	£2,073,210	
Changing how we fund or provide services	£224,500	
	£2,659,710	
Policy and Resources		
Increasing Business Efficiencies	£12,770,000	
Increasing Income	£1,200,000	
	£13,970,000	
TOTAL	£28,438,710	

1. INTRODUCTION

1.1 This Appendix provides an overview of budget proposals to set a balanced budget for 2023-24.

1.2 The purpose of the budget and Medium-Term Financial Strategy is to set out how the council will use its funding to we do it to ensure the council is fit for purpose and able to meet the needs of residents and businesses of the borough, including ensuring the most vulnerable in our communities continue to be looked after.

1.3 The following sections of this Appendix detail, for each committee area, the individual budget proposals.

1.4 Within each area, budget saving proposals will be segmented into the following categories:

- **Increasing Business Efficiencies**

This approach will identify efficiency measures that will result in more effective ways in which services are currently provided and may include cost reduction.

- **Increasing Income**

The Council will look to identify areas where it can raise income through fees and charges.

- **Changing how we fund or provide services**

We aim to ensure that the right service reaches the right resident when and where they need it, for the best cost. This may mean changing how we fund or provide services so that we are able to reduce costs and maintain services by becoming more efficient and by doing things differently.

- **Reducing or stopping services**

Although all efforts will be made to keep service reduction to a minimum, the scale of the financial challenge means that not all reduction proposals can be avoided.

2.1 About the Services

Recent years have seen the Council place importance in its actions on playing its role in working towards a Sustainable Environment, committing to be net carbon neutral by 2023. This includes increased use of clean energy, pushing ahead with developing a sustainable borough that leads the way in its response to the climate emergency and is environmentally friendly.

This Committee is responsible for the environment, including parks and open spaces, highways management and infrastructure, coastal protection, flood defence, recycling and waste and all matters pertaining to climate emergency.

The Vision: We will work together towards a clean-energy sustainable borough, which leads the way in its response to the declared environment and climate emergency and is environmentally friendly.

To achieve a clean, sustainable borough for all, we aim to:

- Respond to the environment and climate change emergency.
- Protect our cherished local environment.
- Continue to improve street cleanliness.
- Support active travel networks.

To do this, we will deliver:

- The Environment and Climate Emergency Action Plan and the Cool2 Wirral Climate Change Strategy.
- The major LED lighting and traffic signals replacement schemes.
- Implementation of major capital infrastructure investments to support Wirral's highways and Wirral's cycling and walking programmes.
- Implementation of major capital infrastructure investments to support Wirral's highways Wirral's cycling and walking programme.
- The Tree, Woodland and Hedgerow Strategy.

2.2 Outcomes

Neighbourhood Services are leading the council's response to the declared environment & climate emergency and commitment to being net carbon zero by 2030. Outcomes will involve the transformation of the council's service provision and more sustainable ways of operation. As part of this the way in which environmental services are delivered will change to reflect alternative forms of energy, use of equipment and the sustainable management of the council's estate.

2.3 Environment, Climate Emergency and Transport Budget Proposals

THEME	OPTION	DESCRIPTION	SAVING
Increasing Income	Introduction of Electric Vehicle charging pilot scheme tariffs	Following a successful free pilot on 50 electric vehicle charging pouts on street lighting columns, the Council is introducing a tariff to cover its costs.	£10,000
	Review of vehicle crossing provision	The proposal is to review the popular discretionary service to provide vehicle crossings and introduce a more transparent pricing model. This will ensure full cost recovery to support the service.	£15,000
	Introduction of large format digital screen advertising	The Council plans to pursue with commercial partners the introduction of digital advertising screens in key gateway locations to generate an income.	£20,000
	Review of Cemeteries and Crematoria service income	A review of income within Cemeteries and Crematoriums will look to increase income targets sustainable for future years.	£100,000
	Review of Pest Control service income	This option will increase the income target within the pest control team of Environmental Services in line with the recent demand for the service.	£10,000
	Review of bulky waste (ERIC) collections	The Bulky Waste collection service (ERIC service) currently collects up to 6 items for £32 per slot, with 120 slots available per week. The proposal is to reduce the number of items to 4 for £32 and increase the number of bookable slots by 5 per day - 145 per week.	£10,000
	Introduction of catering facilities at football playing fields	This option would see income generated through placement of outdoor catering pods at Arrowe Park Playing Fields and Levers Playing Fields to serve high footfall football traffic. A capital investment would be required.	£20,000
	Expansion of the camping offer at Wirral Country Park	This option would look to generate income through expanding the councils camping offer at Wirral Country Park.	£10,000
	Introduction of Pet Memorial Garden	This option would see an income generated through the development of a pet memorial garden for Wirral residents to commemorate their domestic pets.	£10,000
	Reintroduction of Christmas Markets at Birkenhead Park	This option would seek to restart Christmas Markets at Birkenhead Park. This model would see units / pitches being offered to traders who would pay a fee.	£10,000
	Introduction of an environmental enforcement scheme	This option proposes a move back to enforcement action against increasing levels of environmental crime including littering, dog fouling and fly tipping. The enforcement action will be undertaken by a 3rd party through an enforcement contract and would generate an income.	£150,000
Increasing Business Efficiencies	Capitalise Staff costs on infrastructure projects	A number of staff can be charged against the Council's capital programme budget leading to corresponding savings in the Council's revenue budget.	£60,000
	Review of Tree Management service	A redesign of the tree management service that will generate efficiency through the reduction of a vacant post and the generation of new income.	£50,000

	Restructure of the transport fleet	This option will deliver efficiencies through transport fleet and equipment remodelling and the introduction of replacement, alternative fuelled vehicles, and equipment.	£30,000
Changing how we fund or provide services	Environmental Health Service Review	A redesign of the Environmental Health Service to reduce the level of non-statutory provision and a reduction in staff by 1.5 FTE fixed term roles and 1 FTE permanent role.	£40,000
	Reduction in recycling promotional budget	This reflects a permanent, partial reduction of the Waste Team's recycling promotional budget from 2023/24.	£20,000
	Reduction in Waste & Environment Services budget	This option will make saving through partial reductions to elements of the Waste and Environmental Services budget.	£24,000
		TOTAL	£589,000

3.1 About the Services

For many thousands of our residents, the thing which is most important to them is what they see when they open their front door. They want to live in a place which is free of anti-social behaviour and crime, and to be able to take an active role in making their community a better place to live. Our job is to help make this happen.

This Committee is responsible for community development and community services including libraries, cultural services & museums and leisure centres, for community safety and customer services. It is also responsible for public protection services including environmental health and trading standards.

The Vision: We will work together for safe and vibrant communities where our residents feel safe and are proud to live and raise their families.

To achieve safe and vibrant communities for all, we aim to:

- Work with our partner agencies to reduce crime and tackle anti-social behaviour.
- Tackle rough sleeping and homelessness.
- Deliver everyday neighbourhoods services to the best possible standard.

To do this, we will deliver:

- The design of a new neighbourhood's model
- A new fit for purpose libraries model and strategy
- A community safety strategy

3.2 Outcomes

Leisure, Libraries & One Stop Shops

Leisure Services will continue with its vision to provide expansive programmes of activity that address health inequalities and social outcomes for residents of Wirral through the development and reach of its service provision into the community through neighbourhood-based models. The service will transform to enable a lean working model which eliminates duplication and inefficiency within the service and where future operational models demonstrate a generic, resilient, corporately aligned, and more flexible workforce with new opportunities. It is essential that Leisure services continuously seek to review its position within the marketplace and establishes a sustainable, commercial offer that generates income for the service.

The Library Service will continue to implement its five-year strategic plan 2021-2026 to ensure a modern library service, that people value the most whilst delivering a sustainable service. In the last 2 years, Libraries the review and transformation programme has contributed extensively to the Council's budget savings through a programme of site rationalisation and significant voluntary reductions in staffing and assets. This work will continue through the forthcoming review of the service and measurement of outcomes to fulfil the aims and objectives of the strategy. The harmonisation of Libraries and Customer Contact services will evolve and transition to a

more digitally enabled and seamless approach to customer services with further opportunities to improve the Customer Experience, aligning this with how our customers prefer to interact with us and providing a resilient offer to residents. All services will also work is to identify opportunities within the new Asset Strategy and Corporate Property Board to identify and implement opportunities for co-location of services and elimination of excess costs through significantly improved processes for utility management in the face of cost of living and energy rises.

3.3 Tourism, Communities, Culture and Leisure Budget Proposals

THEME	OPTION	DESCRIPTION	SAVING
Increasing Income	Development of the events programme at Williamson Art Gallery	This option would look to generate income by developing the events programme at Williamson Art Gallery (weddings, formal dinners, birthday etc.). The option also includes savings from potential community asset transfer of the Transport Museum.	£70,000
Increasing Business Efficiencies	Review of current Neighbourhood Directorate assets/ buildings	This option would generate savings through a review of Neighbourhood Directorate assets, to identify properties/ buildings that could be considered for community asset transfer. There are currently no capital resources available from the Council in order to process CAT transfers.	£50,000
	Review of Neighbourhoods Staffing Structure	A re-structure in the Neighbourhoods Directorate that reflects a longer-term transformation plan to ensure the most efficient and cost-effective model of delivery.	£425,000
	Various underspends across Neighbourhoods	This option will generate savings through a one-off collation of underspent budget lines across the service.	£60,000
Changing how we fund or provide services	Leisure Centre service review	This saving option focuses on transformation of the service over 5-year period. The headline saving of £500k is for the first year's savings. This will focus on several key themes: energy efficiency measures, service restructures, contracts and commissioning arrangements and sales & marketing.	£500,000
		TOTAL	£1,105,000

4.1 About the Services

For most children and young people Wirral is a great place in which to live and grow up. They enjoy a happy and healthy life, live in caring families, go to good schools, live in comfortable homes, enjoy good health and have friendships that keep them safe and happy throughout their childhood. However, not all children and young people enjoy these positive experiences. Some children and young people need help from outside of their families and communities to gain the benefits most children and young people take for granted. It is all our responsibility to make Wirral a great place in which to grow up for all children and young people.

This Committee is responsible for education, social care services and health services to children and young people and exercises the functions of the Council as Local Education Authority.

The Vision: We will work together for brighter futures for our children, young people and their families by breaking the cycle of poor outcomes for all regardless of their background.

To achieve brighter futures for all, we aim to:

- Break the cycle of poor outcomes.
- Reduce educational attainment inequalities.
- Raise the aspirations of all our children and young people.

To do this, we will deliver:

- Targeted prevention and early intervention programmes.
- A transformational partnership accommodation programme.
- A fit for purpose school improvements and sufficiency strategy.
- Priorities and objectives of the SEND strategy.

4.2 Outcomes

A family's history should not and will not impact on the ambition of children in Wirral. We are focussed on breaking the cycle of poor outcomes and low ambition, raising the aspirations of every child in Wirral – regardless of where they live or their background. Our job is to encourage, inspire and enable families to bring up children in safe, happy, and secure environments.

4.3 Children, Young People and Education Budget Proposals

THEME	OPTION	DESCRIPTION	SAVING
Increasing Business Efficiencies	Reduction in Wirral's Looked After Children numbers	This saving reflects a reduction in Wirral's Looked After Children numbers as historic high levels align more with other authorities following practice improvements since 2019.	£410,000
	Reduction in Teacher's pension liabilities to the council	This saving reflects a reduction in Teacher's pension liabilities for the Council.	£190,000
	Review of Supporting Families funding and Early Help budgets	The proposal will involve investing the supporting families funding and Early help budgets effectively to reduce CIN and CP demand. The outlook is of increasing demand on frontline services as things return to normal post covid.	£1,121,000
	Review of contracts within Children's Services	A review will be undertaken to look at all contracts that are in place across Children's Services to explore where there are any efficiencies which can be achieved.	£250,000
	Review of council's contribution towards European Funded Send Inclusion Programme	This saving reflects the end of the Council's contribution towards a European Funded programme that will end at the end of 2022/23.	£220,000
	Reduction in financial support to Kingsway High School	Kingsway High School is being re-purposed for other educational uses and as such the occupier will pay the proportionate liability associated with the PFI deal, which will reduce costs and generate a financial saving.	£134,000
Changing how we fund or provide services	Reduction in contributions to the Regional Adoption Agency in line with the average number of referrals	This saving reflects a reduction in contributions to the Regional Adoption Agency in line with the average number of referrals reducing in recent years.	£100,000
	Increase the number of <i>children looked after</i> placed in family settings as opposed to higher cost residential settings	This proposal involves increasing the proportion of children placed in family settings and less in other settings such as residential and semi-independent settings. As family-based settings are lower cost than residential settings there is a cost reduction for the Council.	£1,100,000
	Remodelling of social care and early help	The proposal will involve the redesign and restructure of the Assessment and Intervention Service in Children and Families and the Family Matters service to provide one single service.	£655,000
		TOTAL	£4,180,000

5.1 About the Services

In Wirral we are working with partners across our system to enable the health and care system to be more resilient, preventative and to promote independence.

We aim to have High quality, responsive, preventative and personalised health and care services to contribute to improving our residents' lives enabling people to live their best lives and remaining active in their local communities.

We work to bring together the best of the local authority, adult social care providers, public health NHS and the community, voluntary faith and social enterprise sector to support people to live good lives, meet growing needs and expectations of those who draw on care and health services.

This Committee is responsible for those services under the remit of adult social care and as the lead Committee on matters relating to public health.

Our Vision: We will work together to provide happy, active and healthy lives for all, with the right care, at the right time to enable residents to live longer and healthier lives.

To achieve active and healthy lives for all, we aim to:

- Work collaboratively with our partner agencies to improve mental wellbeing.
- Encourage active living.
- Support people to live independently.
- Deliver Public Health services to improve wider detriments of health.
- Tackle health inequalities.

To do this in 2023 we will improve how effective our services are through:

- Targeted Health Inequalities strategy. Actions delivered as set out in our Health and Wellbeing Strategy.
- Providing additional places in Extra Care Housing
- Technological Solutions to help people keep safe at home
- Improved assessment and support planning through 3 conversations work
- A review of All Age Disability arrangements supporting young people
- Shared Lives Options
- Working closely across our Health and Care system including primary care to support people in their local Neighbourhoods.

5.2 Outcomes

- Greater independence for Wirral residents, evidenced by reduced cost of care, reduced residential placements and increased community support.
- Improved performance in supporting people home from hospital, minimising avoidable length of stays in hospital or community bed settings.
- Achieving levels of positive feedback from service users, such as those desired for from having service users co-produce day services improvements.

- Following the joint local area SEND inspection, demonstrate positive progress in areas requiring improvement as detailed in Wirral’s statement of action to Ofsted.
- Evidence that the directorate and the Care Improvement Team are working towards delivering quality improvements within the care sector.

5.3 Adult Social Care and Public Health Budget Proposals

THEME	OPTION	DESCRIPTION	SAVING
Changing how we fund or provide services	Review of all-age disability transition planning	This programme will focus on a review of practice and approaches to transition planning to better prepare young people with care and health needs for adulthood through tailored and more creative approaches to meeting care and support needs.	£1,000,000
	Review of services to support Independent Living	Demand Management initiative reviews are related to technology enabled care provision, increasing take up of Direct Payments as a cost-effective way to meet people’s needs, utilising an increased range of extra care and supported housing options.	£4,935,000
		TOTAL	£5,935,000

6.1 About the Services

Wirral Council has an ambitious regeneration programme for the borough and this includes a range of plans, projects and activities to ensure a prosperous, Inclusive Economy.

We are also working to help and support existing businesses to thrive and attracting inward investment - creating jobs and opportunities for all. In addition, we are supporting residents to be able to access employment opportunities as well as ensuring there are the homes for those who need them and are of a good design and standard.

This Committee is responsible for regeneration strategy and delivery, economic growth, culture and the visitor economy, planning policies and the Local Plan, development management and building control, asset management, strategic transport and housing.

The Vision: Wirral will be a place where people will live in sustainable, well-connected communities linking commerce and leisure, supported by an economy of flourishing business and growing work opportunities with access to good jobs.

To achieve a prosperous, inclusive economy for all, we aim to:

- Deliver regeneration, transport and growth ambitions.
- Create community wealth and social value.
- Create jobs and support local businesses.
- Develop quality, affordable sustainable homes.
- Meet the housing and support needs of our most vulnerable residents.

To do this, we will deliver:

- The Wirral Local Plan, addressing housing needs.
- Wirral's Economic Strategy for 2026.
- The Birkenhead 2040 Framework.
- Localised transport strategies, including active travel projects.
- Community Wealth Building ambitions.
- Priorities and objectives of the Homelessness strategy.
- Strategic Asset Management Policy

6.2 Outcomes

The range of services within the Regeneration and Place Department combine to support positive economic outcomes that deliver benefits to Wirral through attracting investment and securing regeneration thereby contributing to many of the Wirral Plan outcomes. This includes increasing job opportunities, improving skills, delivering community wealth, improving and increasing the housing offer and delivering positive health outcomes.

The savings that have been put forward are within the context of ensuring that the priorities set out below can be progressed:

- Ensure delivery of the Local Plan brownfield first strategy to protect Wirral’s green belt and to support the comprehensive regeneration of our communities.
- Continue to maximise external funding to deliver place-based regeneration and impact positively on Wirral Plan outcomes including increased job opportunities and reduced health inequalities.
- Work with partners from across the sectors to enable innovative and community-based approaches to regeneration.
- Ensure delivery of new homes and refurbishment of existing homes through clear strategic place making approaches.
- Deliver the Asset Strategy, including the corporate landlord model, to ensure we have an estate that contributes to our climate change priorities, facilitates effective service delivery with partners and across the sectors (ie co-location) and maximises investment income to the council.
- Implement the regeneration finance strategy to increase council tax and business rates and underpin the delivery of services.

6.3 Economy, Regeneration and Housing Budget Proposals

THEME	OPTION	DESCRIPTION	SAVING
Increasing Income	One off rental income for partial leasing of Cheshire Lines office space	The NHS CCG will be occupying some of the space in Cheshire Lines Building and paying a contribution towards the lease and running of costs. As the lease on Cheshire Lines is due to end in April 2024, this is a one year only income for 23-24.	£146,000
	Lease income from rental of floors 4 & 5 at Marris House	The Council had leased the 4th and 5th Floors of Marris House, with the break clause having been implemented and the lease terminated in July 22. Any make good work on the return of the lease have been met from the 22/23-part year saving on the lease costs. Full savings will be achievable for 23-24.	£136,000
	Increase eligible rechargeable costs for Building Control services	This option would generate income through increasing the eligible rechargeable costs in the areas of building control and housing services and is based on the assumptions on what can be recharged to fee income in the areas of building control, street names and numbering and land charges.	£80,000
Increasing Business Efficiencies	Review of Merseytravel levy budget	The Merseytravel levy is set by the Combined Authority, which includes any changes identified in the City Region population levels and demographics. This option will realise a saving through the financial difference between the budget set for the levy and the actual levy cost.	£122,000
	Capitalisation of salaries (Re-direction of qualifying salaries away from the council’s central budget	This proposal will include a change to re-direct qualifying salaries away from the council’s central budget. This will apply to staff within Assets division work on the school’s capital programme, which enhances and creates schools’ assets and is funded via grant.	£85,000

Increasing Business Efficiencies	Stand down and disposal of a number of council owned buildings	This option is a continuation of a project that was commissioned in 2019 to review the accommodation strategy of the Council. Savings will be made on the assumption that the buildings will all be empty, and functions “stood down” completed by 31 st March 2021 and disposed of no later than 31 st March 2023.	£672,000
	Standing down of Wallasey Town Hall for a 12-month period	In 2023/24, the North and South Annexes are being demolished and this will effectively put the Town Hall between two demolition sites for most of the year. This will have practical implications on the use of, and access to the building. Savings will therefore be realised through the standing down of Wallasey Town Hall for 2023/24.	£400,000
	Decommissioning of the Solar Campus site and relocation of teams.	This option will see a partial in-year saving through decommissioning of the Solar Campus and relocation of teams currently working from the facility. Full stand down savings will be realised in 24/25.	£5,000
	Redesign and review of contract commissioning for Economic Growth	This option will see savings made through the redesign of the specification for services completed prior to commissioning and the subsequent competitive price achieved through tendering.	£65,000
	Recharging of staff costs where eligible grant funding is in place for Economic Growth projects	This option will see a one-off saving of staff cost recovery from grant funding. This relates to eligible work across several regeneration programmes where a proportion of staffing costs can be recharge, including European Regional Development Fund, European Social Fund and Town Deal.	£71,500
	Recharging of staff costs where eligible grant funding is in place for Homes for Ukraine Resettlement Programme	This option will see a one-off saving of staff cost recovery from grant funding. This relates to eligible work undertaken for the Resettlement Programme associated with responding to the Homes for Ukraine.	£593,110
	Recharging of costs where eligible grant and fee income is rechargeable within Supported Housing services	This option would realise savings where grant and fee income are rechargeable. This includes eligible costs associated with Private Rented Sector Housing Licensing, the Healthy Homes service and works linked to the Disabled Facilities Grant.	£59,600
Changing how we fund or provide services	Re-provision of homeless accommodation and review of community alarm grant	This option is a follow on from savings implemented in 22/23 that can again be realised in 23/24 – this being re-provision of homeless accommodation and review of grant to current eligible customers for the community alarm/response services charges.	£137,000
	Review of Housing Support service and Fuel Poverty contract	This proposal will realise efficiencies by moving to a single low level floating housing support service, as well as a review of the Fuel Poverty contract.	£87,500
		TOTAL	£2,659,710

7. POLICY AND RESOURCES

7.1 About the Services

These services, sometimes referred to as the back office provide a key role in supporting all of the Council's front-line services. Whilst concentrated in the Finance, Resources and Law & Governance Directorates, they are also embedded across all Council Directorates.

In addition to the above this Committee is responsible for co-ordinating processes for the development of the Budget and Policy Framework, together with decision making on cross-cutting policies not part of the Policy Framework and decisions on resources concerning virements and purchase and sale of assets. The Committee is also responsible for a number of corporate functions, including employment of officers, company and asset ownership and overall performance and risk management in respect of the Council's delivery of functions as well as matters of urgency and review.

The main services include:

- Administration
- Business Support
- Communications
- Customer Services
- Contracts & Commissioning
- Democratic Services
- Digital
- Facilities
- Finance
- Human Resources/Organisation Development
- Payroll
- Legal
- Policy
- Performance
- Procurement
- Programme Management
- Project Support and Strategy

7.2 Outcomes

- The Council has a clearly defined vision and priorities that meet the needs of residents and the Borough.
- The Council is able to set a legal budget and remains compliant with the Local Government Financial Management Code.
- The Council fulfils its statutory duties, acts lawfully and ensures highest standards of governance and probity.
- The Council makes evidence based decisions in the best interests of the borough.
- Elected Members are effectively supported to carry out their roles.
- The Council communicates clearly and effectively with residents, communities and stakeholders.

- Council staff feel supported and are able to develop and deliver the best for our customers.
- The Council has a plan to modernise and transform to be as efficient and effective as it can be.

7.3 Policy and Resources Budget Proposals

THEME	OPTION	DESCRIPTION	SAVING
Increasing Business Efficiencies	Review of digital systems within the Revenue and Benefits service	This option will generate efficiencies through increased use of automation within Revenues & Benefits reducing the need for double keying and manual intervention from staff.	£100,000
	Review of current payroll functions	This option will realise saving through a review of the council's current payroll functions in order to reduce duplication and increase efficiencies.	£60,000
	Review of senior management structure	This option brings forward a package of senior management savings across the whole organisation to be achieved primarily through vacancy management.	£800,000
	Use of NNDR reserve - one off	Use of the residual sum of £3m to balance budget shortfall.	£3,000,000
	Insurance reserve - one off	Following a review of Insurance Reserves, a figure of £1m can be release on one off basis.	£1,000,000
	Reprice pay budgets at mid-point	To this point council pay budgets have been costed at highest spinal point. This adjustment re-costs pay budget at mid-point which is normal for the sector and appropriate of pay commitments of this council.	£2,800,000
	Apply vacancy factor to pay budgets	A vacancy factor has been calculated in detail for each directorate of the council.	£2,300,000
	Review of enabling (back office) services across the council	This option will bring forward a review of all enabling (back office) services across the whole organisation to identify economies of scale and opportunities for greater centralisation of these services.	£2,300,000
	Council wide budget adjustment	Adjust operational budgets applying a factor of tenth of 1%.	£340,000
	Corporate Office Restructure	This option will generate efficiencies and reduction in budget through a re-structure of the PA hub, which takes account of the changes in duties arising within this cohort since the move to remote and hybrid working. The review is inextricably linked with the review of the Chief Officer structure.	£70,000
Increasing Income	DSG contribution to statutory functions	This was a correction of the previous base estimate.	£1,200,000
		TOTAL	£13,970,000

BUDGET PROPOSAL CONSULTATIONS: FINDINGS

1.0 Background

The purpose of this report is to provide insight, analysis and update on budget consultation methods and outcomes as part of the 2023/ 2024 budget setting process.

Three levels of engagement were undertaken as part of the process. This included service specific consultations, a budget simulator and a statutory business/ stakeholder consultation.

2.0 SERVICE SPECIFIC CONSULTATIONS

where a proposal withdraws a benefit to users, there is an expectation of consultation beforehand. This was the case with budget proposals for Street Cleansing, Leisure Services, the Library Service, Parks and Countryside and Youth Services.

Findings of each consultation will be detailed in this report, and a link provided to the full, individual reports, which are held on the public facing 'Have Your Say' portal.

2.1 Methodology

The consultation was carried out between 8 December 2022 to 15 January 2023 (19 December to 22 January for Youth Services). The approach used was an on online public consultation through the 'Have your say' consultation portal at www.haveyoursay.wirral.gov.uk A budget consultation Hub was created within the platform which provided users with one single location through which to engage in individual service consultations and access a Budget Simulator tool <https://haveyoursay.wirral.gov.uk/hub-page/budget-2023-24>

An online questionnaire was provided for residents to engage with. Respondents were also able to complete paper copies at libraries and leisure centres, request paper copies or request help completing the questionnaire. There was also the opportunity to submit additional comments via a dedicated email address, which was published on the 'Have your say' website alongside the online tool.

2.2 Questionnaire

The consultation questionnaire was developed around understanding resident views on the options presented. To enable further understanding, and in-depth analysis, respondents were invited to provide free-text comments to expand on their ideas or concerns. Following closure of the consultation, the responses to each of the direct questions were collated and coded.

2.3 Interpretation of results

In terms of the results, it is important to note that:

- The public consultation is not representative of the overall population but provides information on the opinion of those residents who engaged.
- Free-text questions that offered respondents the option to provide written feedback could have covered multiple themes. Therefore, free-text responses were categorised using a coding system. The percentages given reflect the percentage of respondents who made the comment and as they may have made more than one comment, the total percentage may exceed 100%.

2.4 Analysis of respondents

Respondents to the online tools were provided with the option to provide demographic information about themselves. It must be noted that this is an option and that not all respondents included this information. This data allows the demographic results to be included in this report to enable analysis of the scope of responses and representation from different demographic groups.

2.5 Communication

To ensure the consultations were as accessible as possible, a social and digital sub campaign was carried out, which included regular messaging, targeted demographical and geographical communications, resident e-newsletters, and regular theme specific stories, linking with the narrative, and urging residents and stakeholders to take part in the consultation.

Communication channels included (but not limited to):

- Social media messaging across a variety of platforms.
- Dedicated email address (for comments, ideas, request for paper copies etc).
- Paper copies in libraries and leisure centres.
- WirralView news channel – article and links.
- Links and details in weekly Resident E-Newsletter.
- Digital and social links to the 'Have Your Say' Hub.
- Online redirection through local news platforms.
- Council website notices.
- Internal / Staff communications.
- Local media briefing/ media management.
- Member briefing.
- Sharing of links and paper copy locations with CVF sector.
- Word of mouth

2.6 Results

2.6.1 Street Cleansing

The questionnaire was responded to by 718 people. 409 responses came through the online portal, 309 paper copies were completed. No questions were mandatory so respondents could choose which questions to respond to.

Question 1: A move to a reactive model would see cleansing undertaken in response to service requests and in known hot spot/high demand locations only.

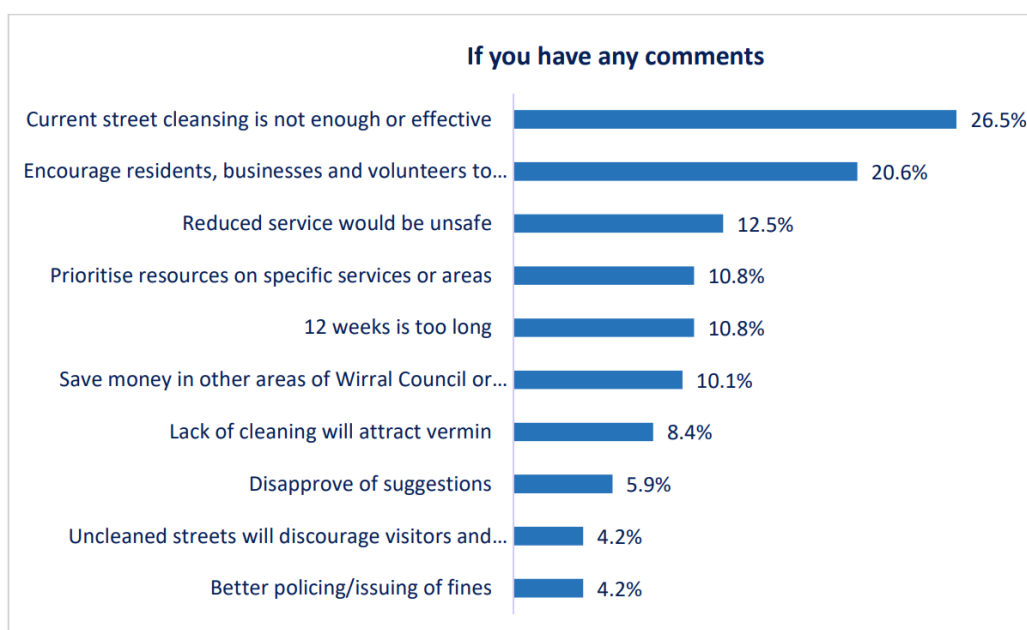
- 711 people answered this question.
- 61.2% of the responses were disagreed with the proposal (35.2% strongly disagree and 26.0% disagree) whilst 27.0% agreed with proposal (5.8% strongly agree and 21.2% agree). 11.8% neither agreed nor disagreed.

Question 2: A reduction in cleansing schedules would see a move from 4-weekly to 12-weekly cleansing schedules across the whole borough – but keeping the 4-weekly alleyway cleanse service.

- 709 people answered this question.
- 61.5% of the responses were disagreed with the proposal (24.8% strongly disagree and 36.7% disagree) whilst 26.7% agreed with proposal (5.2% strongly agree and 21.4% agree). 11.8% neither agreed nor disagreed.

Question 3: Additional Comments

- 287 people answered this free text question.
- Below are the top themes that emerged from the free-text comments as a percentage of the number of people who provided an answer to the question. As the percentage reflects the proportion of respondents who made the comment and that respondents may have made more than one comment in their answer, the total percentages may exceed 100%.



Direct Representations

- One direct representation was received from an individual. This can be found in the full findings report, housed on the HYS portal.

Demographics

The demographics results are summarised below. The same questions were included on the paper-copy questionnaires.

- Most respondents (89.8%) classed themselves as local residents. Next was employee of Wirral Council at 5.4%.
- In terms of age group profile, the most common age groups being 65-74 years (24.2%), followed by 55-64 years (22.9%) and 45-54 years (17.3%). 16-24 years only made up 1.3% of respondents.
- 57.2% of respondents identified as female and, 39.9% male. 2.5% preferring not to say and 0.4% preferring to use their own term.
- 85.3% of respondents were heterosexual, 1.6% were gay/ lesbian, 1.6% bisexual and 11.4% preferred not to say.
- 81.7% said they did not have a disability whilst 13.0% of respondents said that they had a disability, 5.3% preferred not to say.
- The majority (95.8%) of respondents identified as White – English, Welsh, Scottish, Northern Irish, British.

FULL REPORT: <https://haveyoursay.wirral.gov.uk/budget-2023-24-street-cleansing>

2.6.2 Parks and Countryside

The questionnaire was responded to by 977 people. 668 responses came through the online portal, 309 paper copies were completed. No questions were mandatory so respondents could choose which questions to respond to.

Question 1: A 50% reduction in the maintenance budget would mean stopping non-statutory works at a selection of parks across the parks and countryside services estate.

- 966 people answered this question.
- 81.0% of the responses were in disagreement with the proposal (55.0% strongly disagreed and 26.0% disagreed), whilst 11.0% agreed with the proposal (3.6% strongly agreed and 7.3% agreed). 8.1% neither agreed nor disagreed.

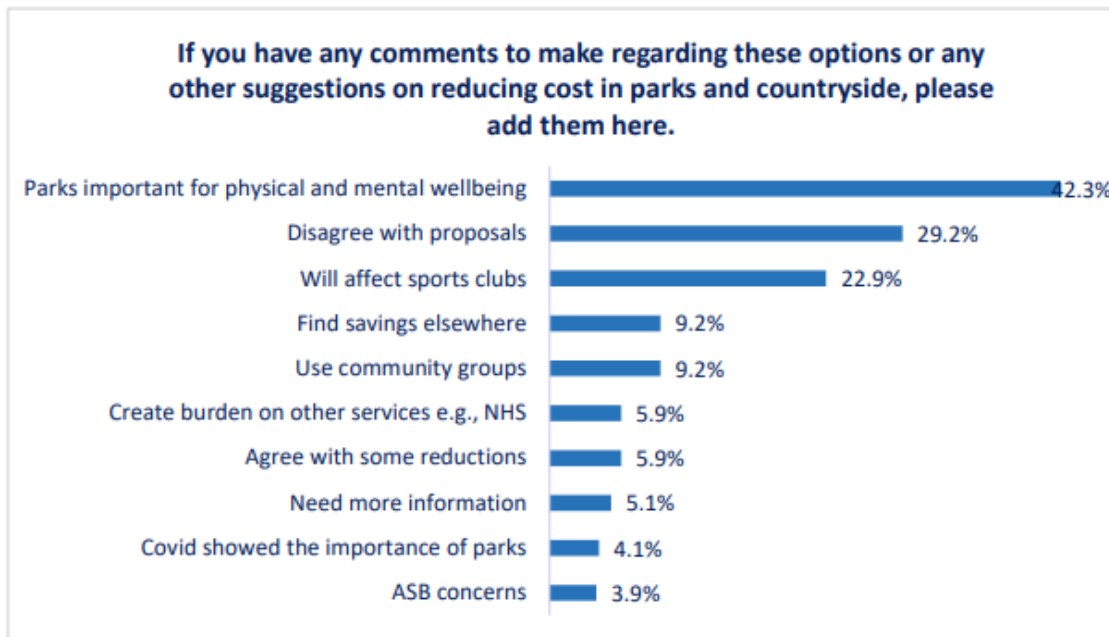
Question 2: A 25% reduction in the maintenance budget would mean stopping nonstatutory works at a smaller selection of parks across the parks and countryside services estate.

- 965 people answered this question.
- 67.7% of the responses were in disagreement with the proposal (46.7% strongly disagreed and 21.0% disagreed), whilst 21.1% agreed with the proposal (4.2% strongly agreed and 16.9% agreed). 11.1% neither agreed nor disagreed.

Question 3: Additional Comments

- 489 people answered this free text question.
- Below are the top themes that emerged from the free-text comments as a percentage of the number of people who provided an answer to the

question. As the percentage reflects the proportion of respondents who made the comment and that respondents may have made more than one comment in their answer, the total percentages may exceed 100%.



Direct Representations

Four direct representations were received from:

- Wirral and District Crown Green Bowling Association.
- Wirral Ladies Bowling Association.
- Joint Representation from Bebington Park Bowling Club, Cammell Laird Bowling Club and Bebington Ladies Bowling Club.
- Birkenhead and Wirral Ladies Bowling League.

Full details can be found in the report, housed on the HYS portal.

Demographics

The demographics results are summarised below. The same questions were included on the paper-copy questionnaires.

- Most respondents (87.6%) classed themselves as local residents. Next was member of a voluntary or community organisation at 5.5%.
- In terms of age group profile, the most common age groups being 65-74 years (26.8%), followed by 55-64 years (21.6%) and 45-54 years (16.6%). Under 24s only made up 1.6% of respondents.
- 49.5% of respondents identified as female and, 48.2% male. 2% preferring not to say and 0.3% preferring to use their own term.
- 86.2% of respondents were heterosexual, 1.1% were gay/ lesbian, 1.4% bisexual and 11.2% preferred not to say.
- 86.1% said they did not have a disability whilst 9% of respondents said that they had a disability, 4.9% preferred not to say.

- The majority (95.5%) of respondents identified as White – English, Welsh, Scottish, Northern Irish, British.

FULL REPORT: <https://haveyoursay.wirral.gov.uk/budget-2023-24-parks>

2.6.3 Leisure Services

The questionnaire was responded to by 804 people. 593 responses came through the online portal, 211 paper copies were completed. No questions were mandatory so respondents could choose which questions to respond to.

Question 1: The Council could consider discontinuing to provide Leisure Services.

- In response, the most common answer was 'Strongly disagree', supported by 74.4% of the 800 responses. In total, 87.9% of respondents were in disagreement with the statement, and 9.0% supported the statement.

Question 2: The Council could consider closing two pools In response to 'The Council could consider closing two pools.

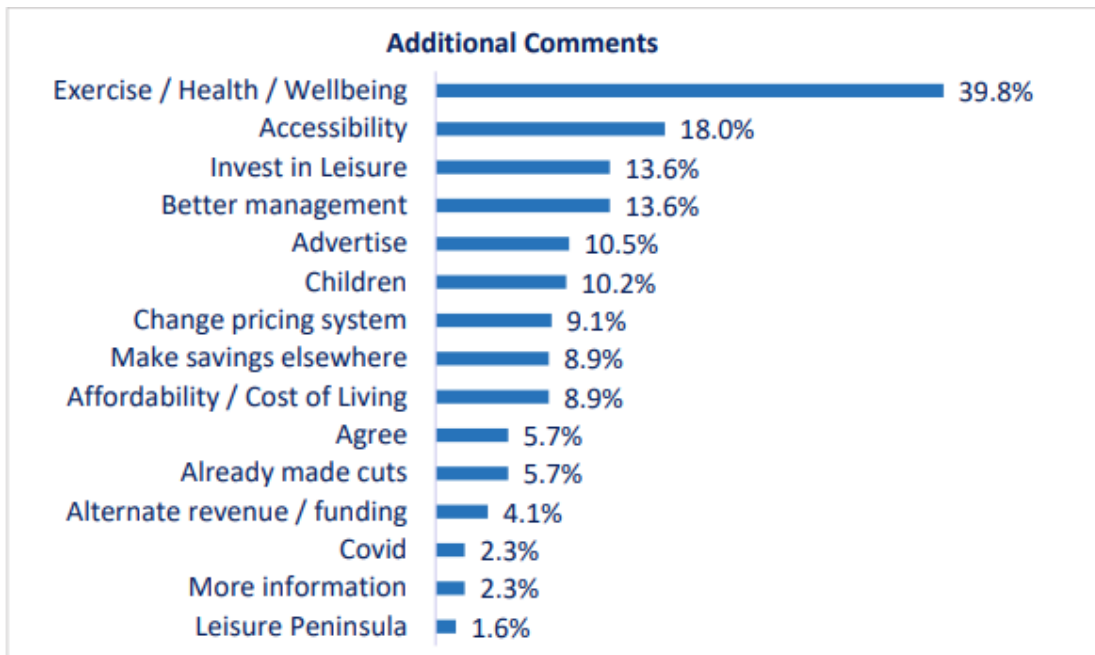
- In response, the most common answer was 'Strongly disagree', supported by 43.1% of the 796 responses. In total, 60.4% of respondents were in disagreement with the statement, and 30.9% supported the statement.

Question 3: The Council could consider reducing the overall number of Leisure Centres it manages and operates.

- In response, the most common answer was 'Strongly disagree', supported by 40.8% of the 801 responses. In total, 59.1% of respondents were in disagreement with the statement, and 31.8% were in agreement.

Question 4: Additional Comments

- 440 people answered this free text question.
- Below are the top themes that emerged from the free-text comments as a percentage of the number of people who provided an answer to the question. As the percentage reflects the proportion of respondents who made the comment and that respondents may have made more than one comment in their answer, the total percentages may exceed 100%.



Direct Representations

One direct representation was received from an individual. This can be found in the full findings report, housed on the HYS portal.

Demographics

The demographics results are summarised below. The same questions were included on the paper-copy questionnaires.

- Most respondents (88.1%) classed themselves as local residents. Next was member of an employee of Wirral Council at 6.5%.
- In terms of the age group profile, the most common age groups being 55-64 years (23.4%), followed by 65-74 years (22.5%) and 45-54 years (19.2%). Under 24's made up 1.3% of respondents.
- 56.9% of respondents identified as female and, 40.6% male. 2.3% preferring not to say and 0.3% preferring to use their own term.
- 85.9% of respondents were heterosexual, 1.3% were gay/ lesbian, 1.1% bisexual and 11.7% preferred not to say.
- 83% said they did not have a disability whilst 10.5% of respondents said that they had a disability, 6.4% preferred not to say.
- The majority (95.1%) of respondents identified as White – English, Welsh, Scottish, Northern Irish, British.

FULL REPORT: <https://haveyoursay.wirral.gov.uk/budget-2023-24-leisure-services>

2.6.4 Library Services

The questionnaire was responded to by 951 people. 745 responses came through the online portal, 206 paper copies were completed. No questions were mandatory so respondents could choose which questions to respond to.

Question 1: The Council could consider relocating Birkenhead Central and Wallasey Central libraries into other Council buildings, in the same area, that are not fully used.

- 943 people answered this question.
- 55.7% of the respondents were in disagreement with the proposal (42.5% strongly disagree and 13.1% disagree) whilst 38.0% were in agreement (17.2% strongly agree and 20.8% agree). 6.4% neither agreed nor disagreed.

Question 2: The Council could consider reducing the size of its library service

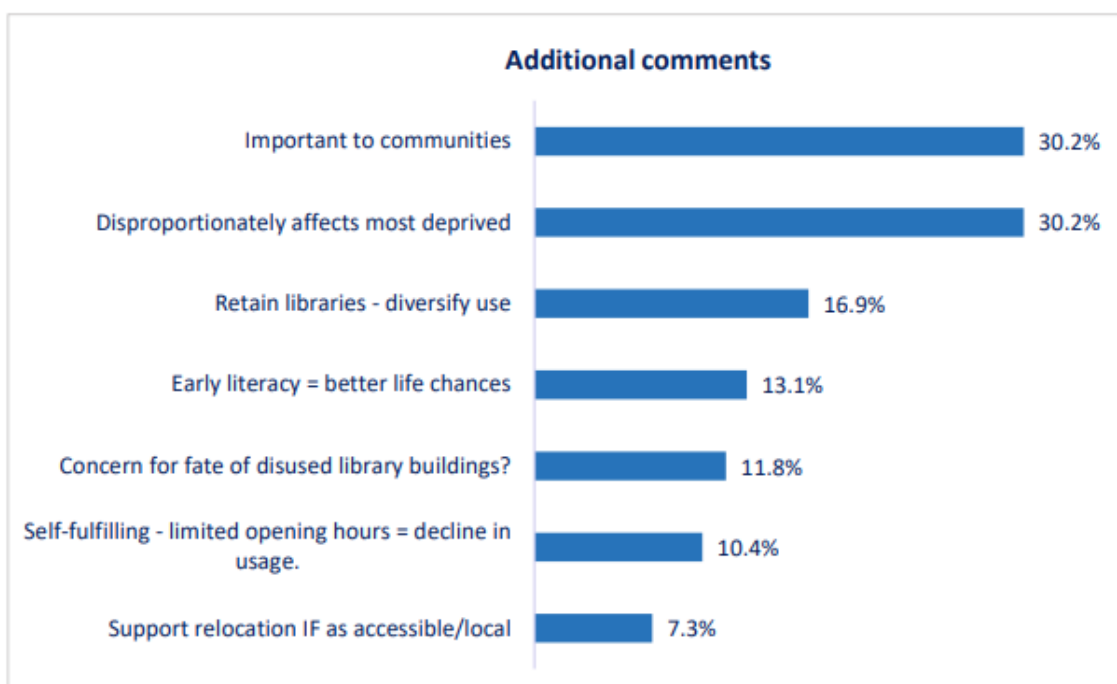
- 945 people answered this question.
- 64.7% of the responses were in disagreement with the proposal (45.5% strongly disagree and 19.2% disagree) whilst 28.1% were in agreement (10.9% strongly agree and 17.2% agree). 7.2% neither agreed nor disagreed.

Question 3: The Council could consider moving some of its library sites into other Council buildings reducing the overall number of library sites it currently provides

- 945 people answered this question.
- 57.9% of the responses were in disagreement with the proposal (40.2% strongly disagree and 17.7% disagree) whilst 33.2% were in agreement (13.8% strongly agree and 19.5% agree). 8.9% neither agreed nor disagreed.

Question 4: Additional Comments

- 287 people answered this free text question.
- Below are the top themes that emerged from the free-text comments as a percentage of the number of people who provided an answer to the question. As the percentage reflects the proportion of respondents who made the comment and that respondents may have made more than one comment in their answer, the total percentages may exceed 100%.



Direct Representations

Three direct representations were received from Library users. This can be found in the full findings report, housed on the HYS portal.

Demographics

The demographics results are summarised below. The same questions were included on the paper-copy questionnaires.

- Most respondents (87.7%) classed themselves as local residents. Next was member of an employee of Wirral Council at 5.8%.
- In terms of the age group profile, the most common age groups being 65-47 years (22.6%), followed by 55-64 years (22.2%) and 35-44 years (19.5%). Under 24 years only made up 1.6% of respondents.
- 63.7% of respondents identified as female and, 32.5% male. 3.5% preferring not to say and 0.3% preferring to use their own term.
- 82.6% of respondents were heterosexual, 1.3% were gay/ lesbian, 1.7% bisexual and 14.3% preferred not to say.
- 81.2% said they did not have a disability whilst 12.2% of respondents said that they had a disability, 6.6% preferred not to say.
- The majority (93.3%) of respondents identified as White – English, Welsh, Scottish, Northern Irish, British.

FULL REPORT: <https://haveyoursay.wirral.gov.uk/budget-2023-24-library-services>

2.6.4 Youth Services

The questionnaire was responded to by 2192 people. 252 responses came through the online portal, 1692 through Microsoft Forms and 248 paper copies were completed. No questions were mandatory so respondents could choose which questions to respond to.

Question 1: The Council could consider closing Pilgrim Street and delivering services other ways, such as an 'outreach' or 'pop-up' offer.

- 1744 people answered this question.
- 66.1% of the responses were in disagreement with the proposal (53.8% strongly disagree and 12.3% disagree) whilst 21.7% were in agreement with proposal (12.2% strongly agree and 9.5% agree). 12.3% neither agreed nor disagreed.

Question 2: The Council could consider reducing the budget used to support out of hours and weekend play schemes and explore the opportunities to work with voluntary and charity groups to provide alternative forms of activities and locations.

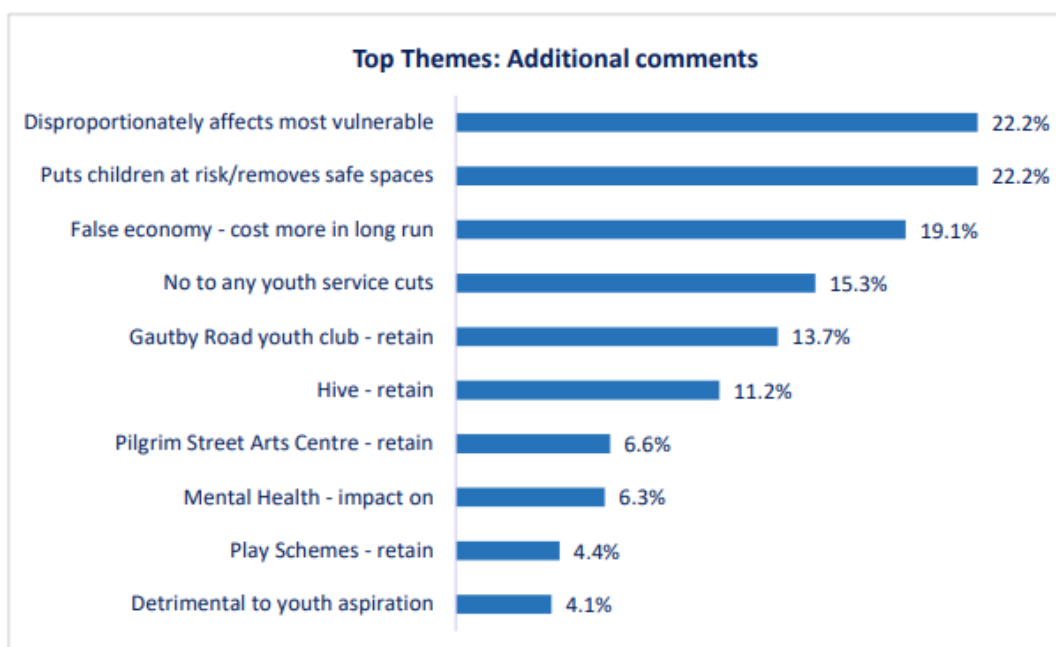
- 2097 people answered this question.
- 72.7% of the responses were in disagreement with the proposal (62.8% strongly disagree and 10.0% disagree) whilst 18.3% were in agreement with proposal (10.6% strongly agree and 7.7% agree). 9.0% neither agreed nor disagreed.

Question 3: The Council could consider more mobile and outreach services.

- 1824 people answered this question.
- 78.5% of the responses were in disagreement with the proposal (67.8% strongly disagree and 10.7% disagree) whilst 15.6% were in agreement with proposal (10.6% strongly agree and 5.0% agree). 6.0% neither agreed nor disagreed.

Question 4: Additional Comments

- 884 people answered this free text question.
- Below are the top themes that emerged from the free-text comments as a percentage of the number of people who provided an answer to the question. As the percentage reflects the proportion of respondents who made the comment and that respondents may have made more than one comment in their answer, the total percentages may exceed 100%.



Direct Representations

Two direct representations were received from individuals. This can be found in the full findings report, housed on the HYS portal.

FULL REPORT: <https://haveyoursay.wirral.gov.uk/budget-2023-24-youth-services>

3.0 BUDGET SIMULATOR

With a limited budget, and costs and demands for services increasing, the online budget simulator was introduced as a wider consultation tool to allow residents to have a go at balancing the council's budget by reducing or increasing service area spending where they felt was most appropriate, thus best reflecting their priorities.

3.1 Methodology

The budget simulator tool ran alongside the service specific consultations hosted within the consultation hub on the 'Have your say' platform.

<https://haveyoursay.wirral.gov.uk/hub-page/budget-2023-24>

The simulator was broken down into directorate areas, as well as a section for support services. Respondents were given a budget target, as well as details of the predicted budget gap. Using a sliding scale within each area, they were tasked with reducing or increasing spend within those areas in order to reduce the gap and set a balanced budget.

It is important to note that as the 23/24 budget was yet to be set at the time of the simulator going live, the figures used were indicative only.

3.2 Analysis of respondents

Respondents to the online tools were provided with the option to provide demographic information about themselves. It must be noted that this is an option and that not all respondents included this information.

3.3 Communication

To ensure that as many residents and user groups as possible were aware of the simulator tool, and had the opportunity to participate, communications dove-tailed with the service specific consultations (see section 2.5), with the additional layer of targeted engagement to the youth audience, older resident groups, CVF sector, key partners/ stakeholders and 'friends of' / user groups.

3.4 Results

In total, the simulator received 740 responses, 605 with demographics and 218 with comments.

Below is a breakdown of the average **expenditure** change for each slider, from original service allocated budget, and in order of resident priority (most important first).

DIRECTORATE/ AREA	SERVICE	EXPENDITURE DIFFERENCE
Children, Families & Education	Children's Social Care & Safeguarding	-9.16%
	Education & Special Educational Needs (SEN) Support	-11.72%
	Early Help & Prevention	-13.21%
Neighbourhood Services	Community Safety	-17.64%
	Highways and Infrastructure	-18.48%
Regeneration	Housing	-20.51%
Adult Social Care & Health	Adult Social Care	-20.81%

	commissioned services	
Neighbourhood Services	Parks & Environment	-22.87%
	Leisure, Libraries & Customer Engagement	-23.14%
Resources	Revenues & Benefits	-25.20%
Regeneration	Regeneration	-25.84%
Support Services	Support Services	-27.77%
Regeneration	Planning	-28.92%

3.5 Direct Representations

471 direct representations were received from individuals. These be found in the full findings report, housed on the HYS portal.

3.6 Demographics

- Most respondents classed themselves as local residents.
- The most common age group for simulator users was 45-54 years (26%), followed by 25-34 and 35-44 years (both 18%). 55-64 Age 75+ made up just 2% of respondents.
- 63% of respondents identified as male and, 31% male. 6% preferring not to say.
- 74% said they did not have a disability whilst 16% of respondents said that they had a disability, 10% preferred not to say.
- The majority (89%) of respondents identified as White – English, Welsh, Scottish, Northern Irish, British.

4.0 STATUTORY BUSINESS CONSULTATION

4.1 Methodology

The consultation was carried out between 22 January to 2 February 2023. The approach used was an on online consultation utilising the ‘Have your say’ engagement tool. Respondents were also provided with contact details to enable them to request information in another format or raise any queries.

4.2 Questionnaire

The consultation questionnaire was developed around getting feedback from the business community and kay partners/ stakeholders on the Council’s budget options.

The questionnaire was themed into questions about the budget options related to each of the areas with budget options covered by service committees:

- Environment Climate Emergency and Transport
- Tourism Communities Culture and Leisure
- Children, Families and Education
- Adult Care and Public Health
- Policy and Resources

4.3 Communication

Given that this element of consultation was closed to a specific cohort, communications were targeted and engagement predominantly digital.

A specific link to the consultation was created and, together with a narrative providing context relating to the budget setting process, was sent to the target audience via:

- e-business mailing list (held by communications dept.)
- Established direct channel to members of CVF Sector
- Via Chamber Mailing List
- e-mailing list of Wirral Partnership.

4.4 Results

The questionnaire was responded to by 271 people.

4.4.1 Environment, Climate Emergency and Transport

- **Following a pilot, the Council is planning to introduce an electric vehicle charging policy that will provide new charging points for electric vehicles generating a small income to the authority for re-investment.**
In response the most common answer was 'Agree', supported by 39.9% of the 268 responses. In total, 64.2%, of respondents were in agreement with the statement, and 19.8% were in disagreement.
- **The Council charges a fee to provide dropped kerbs outside people's houses to enable residents to access their drives. This option would look to increase that charge in order to ensure full cost recovery.**
In response the most common answer was 'Agree', supported by 38.1% of the 268 responses. In total, 65.7%, of respondents were in agreement with the statement, and 26.1% were in disagreement.
- **The Council plans to introduce large format, digital advertising screens in key locations and small format free standing units in shopping areas to be used for commercial advertising to generate additional income.**
In response the most common answer was 'Agree', supported by 36.8% of the 269 responses. In total, 53.5%, of respondents were in agreement with the statement, and 27.5% were in disagreement.
- **In order to ensure service sustainability, the Council will look to review income targets within the Cemeteries and Crematoriums service.**
In response the most common answer was 'Neither agree nor disagree', supported by 37.5% of the 267 responses. In total, 31.5%, of respondents were in agreement with the statement, and 31.1% were in disagreement.
- **The Bulky Waste collection service (ERIC service) currently collects up to 6 items for £32 per slot, with 120 slots available per week. The proposal is to**

reduce the number of items to 4 for £32 and increase the number of bookable slots by 5 per day - 145 per week.

In response the most common answer was 'Agree', supported by 42.4% of the 269 responses. In total, 68%, of respondents were in agreement with the statement, and 16% were in disagreement.

- **In line with the recent increase in demand for the Pest Control team within Environmental Services, an increase of the income targets is proposed.**

In response the most common answer was 'Agree', supported by 33.5% of the 269 responses. In total, 44.2%, of respondents were in agreement with the statement, and 26.4% were in disagreement.

- **The introduction of catering facilities at football playing fields would see income generated through placement of outdoor catering pods at Arrowe Park Playing Fields and Levers Playing Fields.**

In response the most common answer was 'Agree', supported by 45.5% of the 268 responses. In total, 70.9%, of respondents were in agreement with the statement, and 14.2% were in disagreement.

- **To meet increasing demand, it is proposed that additional income could be generated through expanding the councils camping offer at Wirral Country Park.**

In response the most common answer was 'Agree', supported by 45.1% of the 268 responses. In total, 75.4%, of respondents were in agreement with the statement, and 8.6% were in disagreement.

- **In order to generate additional income, the introduction of a Pet Memorial Garden for Wirral residents to commemorate their domestic pets has been proposed.**

In response the most common answer was 'Agree', supported by 41.3% of the 269 responses. In total, 67.7%, of respondents were in agreement with the statement, and 16.4% were in disagreement.

- **The reintroduction of Christmas Markets at Birkenhead Park would see units / pitches being offered to traders who would pay a fee, therefore generating an income.**

In response the most common answer was 'Agree', supported by 48.7% of the 269 responses. In total, 84.8%, of respondents were in agreement with the statement, and 6.3% were in disagreement.

- **In response to increasing levels of environmental crime including littering, dog fouling and fly tipping, a move back to it an environmental enforcement contract is proposed.**

In response the most common answer was 'Strongly agree', supported by 45.9% of the 268 responses. In total, 80.2%, of respondents were in agreement with the statement, and 10.1% were in disagreement.

- **The proposal to review the Tree Management service could generate efficiencies through the reduction of a vacant post and the generation of new income.**
 In response the most common answer was 'Agree', supported by 38.6% of the 267 responses. In total, 50.9%, of respondents were in agreement with the statement, and 10.9% were in disagreement.
- **Business efficiencies could be realised through a review of the Environmental Health service to reduce the level of non-statutory services provided to residents.**
 In response the most common answer was 'Neither agree nor disagree', supported by 44.6% of the 267 responses. In total, 28.1%, of respondents were in agreement with the statement, and 27.3% were in disagreement.
- **It is proposed that a reduction be made in the Councils recycling promotional budget in order to achieve expenditure savings.**
 In response the most common answer was 'Agree', supported by 33.1% of the 269 responses. In total, 48%, of respondents were in agreement with the statement, and 26% were in disagreement.
- **The Parks and Countryside budget is approximately £4m. £3m of this is for statutory provision. This option is to reduce the non-statutory element of the service by 50%.**
 In response the most common answer was 'Disagree', supported by 38.3% of the 269 responses. In total, 51.7%, of respondents were in disagreement with the statement, and 21.9% were in agreement.
- **This option proposes the reduction in regular service street cleansing provision across the borough in residential areas, with a move to a reactive cleansing model. Cleansing would be undertaken in response to service requests and known hot spot/high demand locations. The service could still respond to fly tipping instances and service litter bins.**
 In response the most common answer was 'Strongly disagree', supported by 33.2% of the 268 responses. In total, 65.3%, of respondents were in disagreement with the statement, and 24.3% were in agreement.

4.4.2 Tourism, Communities, Culture and Leisure

- **Within the Williamson Art Gallery are areas of possible event space. This option would look to generate income by developing the events programme in order to generate additional income.**
 In response the most common answer was 'Agree', supported by 54.1% of the 268 responses. In total, 88.4%, of respondents were in agreement with the statement, and 4.1% were in disagreement.

- **In order to generate savings, a review of assets held within the Neighbourhoods Directorate will be undertaken to identify properties/buildings that could be considered for community asset transfer.**
In response the most common answer was 'Agree', supported by 45.7% of the 267 responses. In total, 68.9%, of respondents were in agreement with the statement, and 12.7% were in disagreement.
- **Wirral currently has 15 library sites. Footfall at all libraries has reduced and has not recovered from pre-pandemic levels. This option proposes a reduction in the service down to 5 sites.**
In response the most common answer was 'Strongly disagree', supported by 25.7% of the 268 responses. In total, 48.1%, of respondents were in disagreement with the statement, and 38.1% were in agreement.
- **Wirral currently has 15 library sites. Footfall at all libraries has reduced and has not recovered from pre-pandemic levels. This option proposes a reduction in the service down to 5 sites as well as relocating Birkenhead and Wallasey sites into Birkenhead Town Hall and the Floral Pavilion.**
In response the most common answer was 'Strongly disagree', supported by 27.6% of the 268 responses. In total, 48.1%, of respondents were in disagreement with the statement, and 37.3% were in agreement.
- **This option proposes the relocation of Wirral's 2 central libraries in Birkenhead and Wallasey from the two, current, high-cost sites into Birkenhead Town Hall and the Floral Pavilion respectively to reduce overall library service building running costs.**
In response the most common answer was 'Agree', supported by 31.8% of the 267 responses. In total, 48.3%, of respondents were in agreement with the statement, and 32.6% were in disagreement.
- **A Leisure Centre service review would focus on transformation of the service over a 5-year period and include several key themes, such as energy efficiency measures, service restructures, contracts and commissioning arrangements and sales and marketing.**
In response the most common answer was 'Agree', supported by 46.6% of the 264 responses. In total, 61.7%, of respondents were in agreement with the statement, and 10.2% were in disagreement.
- **Savings could be made through incorporating the transformation of the Leisure service, along with the closure of one of the Council's Leisure Centres.**
In response the most common answer was 'Disagree', supported by 37.8% of the 267 responses. In total, 56.6%, of respondents were in disagreement with the statement, and 21% were in agreement.

- **The proposal of temporarily standing down of two council swimming pools has the potential to achieve savings in heating and running costs.**
In response the most common answer was 'Disagree', supported by 37.1% of the 267 responses. In total, 70%, of respondents were in disagreement with the statement, and 14.6% were in agreement.
- **A proposal to stop all Council leisure provision on the basis that it is a non-statutory, discretionary service that requires significant financial support from core Council budget would achieve considerable savings.**
In response the most common answer was 'Strongly disagree', supported by 45.7% of the 267 responses. In total, 80.1%, of respondents were in disagreement with the statement, and 10.1% were in agreement.

4.4.3 Children, Families and Education

- **A proposed review of Supporting Families funding and Early Help budgets is to be undertaken in order to find savings associated with demand.**
In response the most common answer was 'Neither agree nor disagree', supported by 30% of the 267 responses. In total, 40.1%, of respondents were in agreement with the statement, and 30% were in disagreement.
- **It is proposed that the Council reduce its contributions to the Regional Adoption Agency in line with the average number of referrals, which will therefore generate savings.**
In response the most common answer was 'Neither agree nor disagree', supported by 32.1% of the 268 responses. In total, 40.7%, of respondents were in agreement with the statement, and 27.2% were in disagreement.
- **The proposal to increase the number of children looked after placed in family settings and less in other settings such as residential and semi-independent settings would see a considerable cost reduction for the Council.**
In response the most common answer was 'Agree', supported by 45.3% of the 267 responses. In total, 64.4%, of respondents were in agreement with the statement, and 14.2% were in disagreement.
- **A proposal to remodel social care and early help to provide one single service would change how we provide these services and achieve savings.**
In response the most common answer was 'Agree', supported by 39.9% of the 268 responses. In total, 56.3%, of respondents were in agreement with the statement, and 16.8% were in disagreement.
- **Wirral currently has 3 of out of hours and weekend play schemes. This service, which employs 9 staff, supports child development and education through play and is non-statutory. Play services currently operate at: Leasowe Adventure Playground, Gautby Play Scheme, Beechwood Play**

scheme as they are targeted in areas of greatest need. The option would remove this service altogether.

In response the most common answer was 'Strongly disagree', supported by 39.6% of the 268 responses. In total, 70.1%, of respondents were in disagreement with the statement, and 15.3% were in agreement.

- **Wirral Youth Service offer includes a youth club provision in each of the 9 neighbourhoods, detached youth workers covering the borough, and an annual contribution to the Hive Youth Zone. This option would see the service being reduced to a statutory minimum provision.**

In response the most common answer was 'Strongly disagree', supported by 37.3% of the 268 responses. In total, 71.6%, of respondents were in disagreement with the statement, and 15.3% were in agreement.

- **Creative Youth Development employs 10 staff and delivers targeted packages of support to young people in crisis or with special educational needs and disabilities using a range of creative arts as therapeutic tools. The service is non-statutory, and options have been brought forward to reduce the service. This option would involve the service stopping altogether.**

In response the most common answer was 'Strongly disagree', supported by 43.3% of the 268 responses. In total, 75%, of respondents were in disagreement with the statement, and 14.6% were in agreement.

4.4.4 Adult Care and Public Health

- **A review of all-age disability transition will focus on planning to better prepare young people with care and health needs for adulthood through tailored and more creative approaches to meeting care and support needs. The review will seek efficiencies and therefore savings.**

In response the most common answer was 'Agree', supported by 43.2% of the 266 responses. In total, 53.4%, of respondents were in agreement with the statement, and 22.9% were in disagreement.

- **A review of services to support Independent Living, including technology enabled care provision, increasing take up of Direct Payments, utilising an increased range of extra care and supported housing options will deliver the required efficiency savings.**

In response the most common answer was 'Agree', supported by 43.3% of the 268 responses. In total, 55.6%, of respondents were in agreement with the statement, and 14.6% were in disagreement.

4.4.5 Economy, Regeneration and Housing

- **The option to increase eligible rechargeable costs for Building Control services would have the potential to generate additional income.**
In response the most common answer was 'Neither agree nor disagree', supported by 37.1% of the 267 responses. In total, 48.7%, of respondents were in agreement with the statement, and 14.2% were in disagreement.
- **A proposal to decommission the Solar Campus site and relocate teams currently working from the facility will see a partial in year saving, with full savings in 24/25.**
In response the most common answer was 'Agree', supported by 37.4% of the 265 responses. In total, 54.7%, of respondents were in agreement with the statement, and 13.2% were in disagreement.
- **In 2023/24, the North and South Annexes in Wallasey are being demolished and this will effectively put the Town Hall between two demolition sites for most of the year. This will have practical implications on the use of, and access to the building. Savings will therefore be realised through the standing down of Wallasey Town Hall for 2023/24.**
In response the most common answer was 'Agree', supported by 36.6% of the 268 responses. In total, 63.1%, of respondents were in agreement with the statement, and 12.7% were in disagreement.
- **This proposal could see savings made through re-provision of homeless accommodation and review of grants to current eligible customers for the community alarm/response services charges.**
In response the most common answer was 'Neither agree nor disagree', supported by 39% of the 267 responses. In total, 41.6%, of respondents were in agreement with the statement, and 19.5% were in disagreement.
- **A review of the Housing Support service and Fuel Poverty contract can be undertaken in order to increase efficiencies and realise savings.**
In response the most common answer was 'Agree', supported by 37.1% of the 264 responses. In total, 50.4%, of respondents were in agreement with the statement, and 19.3% were in disagreement.

4.4.6 Policy and Resources

- **The Council currently funds salaries for four full time trade union reps for UNISON. Funding was in place initially for three reps, but this was increased to a fourth, on a temporary basis, during the pandemic and been absorbed into the core budget. This option will realise a saving by returning to financially supporting just three full reps.**
In response the most common answer was 'Strongly agree', supported by 52.1% of the 267 responses. In total, 83.1%, of respondents were in agreement with the statement, and 9% were in disagreement.

- **A review of all enabling (back office) services across the whole organisation is proposed in order to identify economies of scale and opportunities for greater centralisation of these services.**

In response the most common answer was 'Strongly agree', supported by 37.1% of the 267 responses. In total, 73%, of respondents were in agreement with the statement, and 7.1% were in disagreement.

APPENDIX 3 – POLICY AND SERVICES COMMITTEES FEEDBACK

The Minutes of the Policy and Services Committee meetings held in January and February 2023 to consider the options presented to Policy and Resources Committee in January 2023, the feedback from the Budget Workshops held in Summer and Autumn 2022, and where applicable, the service specific consultation responses.

The Budget Workshop Outcomes are detailed in exempt Appendix 10.

24 January 2023	Children and Young People Education Committee	Budget Workshop Outcomes
2 February 2023	Children and Young People Education Committee Workshop	Outcome of the Public Consultation for Youth Services
26 January 2023	Economy, Regeneration and Housing Committee	Budget Workshop Outcomes
30 January 2023	Environment, Climate Emergency and Transport Committee	<ul style="list-style-type: none"> • Budget Workshop Outcomes • Outcome of the Public Consultation for Street Cleaning • Outcome of the Public Consultation for Park
31 January 2023	Adult Social Care and Public Health Committee	Budget Workshop Outcomes
2 February 2023	Tourism, Communities, Culture and Leisure Committee	<ul style="list-style-type: none"> • Budget Workshop Outcomes • Outcome of the Public Consultation for Leisure Services • Outcome of the Public Consultation for Library Services

MINUTE EXTRACT

CHILDREN, YOUNG PEOPLE AND EDUCATION COMMITTEE

Tuesday, 24 January 2023

57 BUDGET WORKSHOP OUTCOMES

The Director of Children, Families and Education introduced the report which enabled the Committee to consider feedback and outcomes from the Budget Workshops which had been held in recent months to facilitate discussion on the proposed budget options. The report also provided an update on the 2023/24 budget setting process with details on the most recent budget options, which were developed in response to the previously outlined budget position.

Members acknowledged the level of public support for play schemes and thanked those residents who had spoken at the beginning of the meeting. The Committee debated the Council's overall budgetary position and the level of funding required to operate the schemes. The Chair outlined concerns around discrepancies between users and the Council for the running costs of the schemes and their attendance levels.

On a motion by Councillor Kathy Hodson, seconded by Councillor Vida Wilson, it was –

Resolved (unanimously) – That

- (1) The Committee would oppose any attempts to close these play centres until adequate evidence on which to base a decision on the level of quality and provision has been provided.**
- (2) The Committee be invited to meet with the play schemes to learn more about their work, the issues they have faced, their relationship with the department and their communities.**
- (3) the Budget Workshop feedback and outcomes, as detailed appendices 2 and 3, be reported to Policy and Resources Committee for consideration.**
- (4) the latest budget information provided to Policy and Resources Committee in January 2023 be noted.**

CHILDREN, YOUNG PEOPLE AND EDUCATION COMMITTEE YOUTH SERVICES BUDGET CONSULTATION WORKSHOP OUTCOME

2 February 2023

This Budget Workshop was arranged to enable comments on the Budget 2023-24 Youth Services Budget Options Consultation Outcomes report to be fed to P&R, as the consultation had not concluded in time for consideration at Committee. The proposals look to find savings through reducing the current Youth Provision service offer.

The public consultation was held on the Youth Service Budget Options from 19 December 2022 to 22 January 2023 and allowed people to provide their view on the three questions proposed. Key themes emerging from the free text section of the questionnaire were that cuts to youth services would disproportionately affect the most vulnerable and disadvantaged children, reducing provisions in youth services would remove safe spaces for children, putting them at risk and cuts are a false economy which would cost more in the long run. Respondents highlighted that the cuts would lead to increases in costs associated with declining mental health and increased crime and anti-social behaviour.

Respondents strongly disagreed with question 1 that if Pilgrim Street was closed the service could be delivered by outreach or a “pop-up offer”. Further information on the broad range of services provided at Pilgrim Street will be provided by Officers and a visit for Members will be offered where they can speak to the Youth Service Leads. Officers confirmed that Pilgrim Street is open to all children and young people, not just looked after children.

Respondents strongly disagreed with question 2 that the Council could consider reducing the budget used to support out of hours and weekend play schemes and explore the opportunities to work with voluntary and charity groups to provide alternative forms of activities and location. Members requested further information on the potential impact on playscheme staffing numbers and the associated financial and cost implications and officers agreed to provide this.

Respondents also strongly disagreed with question 3 that the Council could consider more mobile and outreach services.

It was noted by Members that the savings proposals would need to be made equitably across different services and wards.

Members queried whether there was any flexibility in the budget savings as it was felt that some of the services offered by Children’s and Adults services are more crucial to save than some of the other Council services.

MINUTE EXTRACT

ECONOMY REGENERATION AND HOUSING COMMITTEE

Thursday 26 January 2023

57 BUDGET WORKSHOP OUTCOMES

The Director of Economy, Regeneration and Housing Committee introduced the report which enabled the Committee to consider feedback and outcomes from the Budget Workshops which had been held in recent months to facilitate discussion on the proposed budget options. The report also provided an update on the 2023/24 budget setting process with details on the most recent budget options, which were developed in response to the previously outlined budget position.

Members queried the Merseytravel Levy and asked if any representation was being made by the Council to the Liverpool City Region Combined Authority (LCRCA) regarding reduced train services. Officers assured Members that the budget setting process or the Merseytravel Levy was undertaken by the LCRCA and that representation was made by all 5 constituent Local Authorities.

Resolved – That

- (1) the Budget Workshop feedback and outcomes, as detailed appendices 2 and 3, be reported to Policy and Resources Committee for consideration.**
- (2) the latest budget information provided to Policy and Resources Committee in January 2023 be noted.**

MINUTE EXTRACT

ENVIRONMENT, CLIMATE EMERGENCY AND TRANSPORT COMMITTEE

Monday, 30 January 2023

59 BUDGET SETTING 2023/24

The Director of Neighbourhood Services introduced the report which allowed the Committee to consider feedback and outcomes from the Budget Workshops which had been held in recent months. The workshops enabled officer and member liaison on proposed budget options, to facilitate discussion and allow direction to be obtained on further analysis required. The Budget Workshops also provided an opportunity for alternative proposals to be considered.

Engagement with local residents and businesses had been undertaken as part of the budget setting process. The outcome of this consultation for Street Cleaning and Parks was included at Appendix 4 and 5 and would be presented to Policy and Resources Committee on 15 February 2023, alongside the outcomes of the other service-specific consultations.

Members acknowledged that the budget workshops were an opportunity to speak freely and work beyond political boundaries. The Chair noted that although no options had been rejected or agreed in these workshops, detailed comments were made which would be shared with Policy and Resources Committee.

Resolved – That

- (1) the Budget Workshop feedback and outcomes, as detailed in Appendices 2 & 3, be reported to Policy and Resources Committee for consideration.**
- (2) the latest budget information provided to Policy and Resources Committee in January be noted.**
- (3) the outcome of the public consultation for Street Cleaning and Parks as detailed in Appendix 4 & 5 to the report be noted.**

MINUTE EXTRACT

ADULT SOCIAL CARE AND PUBLIC HEALTH COMMITTEE

31 January 2023

78 BUDGET SETTING 2023-24

The Director of Care and Health introduced the report which summarised the outcomes of the recent budget workshops between Members and senior officers. The report also provided an update on the 2023/2024 budget setting process, including details of recently developed budget options.

Members requested an update on the Public Health grant as soon as it was readily available.

Resolved – That

- (1) The Budget Workshop feedback and outcomes, as detailed in Appendices 2 & 3, be agreed and reported to Policy and Resources Committee for consideration.**
- (2) The latest budget information provided to Policy and Resources Committee in January be noted.**

MINUTE EXTRACT

TOURISM COMMUNITIES, CULTURE AND LEISURE COMMITTEE

Thursday, 2 February 2023

60 BUDGET SETTING 2023/24

The Director of Neighbourhood Services introduced the report which enabled the Committee to consider feedback and outcomes from the Budget Workshops which had been held in recent months. The workshops enabled officer and member liaison on proposed budget options, to facilitate discussion and allow direction to be obtained on further analysis required. The Budget Workshops also provided an opportunity for alternative proposals to be considered.

Engagement with local residents and businesses had been undertaken as part of the budget setting process. The outcome of this consultation for Leisure and Library Services was included at Appendices 4 and 5 and would be presented to Policy and Resources Committee on 15 February 2023, alongside the outcomes of the other service-specific consultations.

The Chair thanked officers for their hard work in delivering the workshops and budget options and expressed that some options had been difficult to consider but acknowledged that officers had to bring a range of proposals to Members.

Resolved – That

- (1) the Budget Workshop feedback and outcomes, as detailed in Appendices 2 & 3, be reported to Policy and Resources Committee for consideration.**
- (2) the latest budget information provided to Policy and Resources Committee in January be noted.**
- (3) the outcome of the public consultation for Leisure and Library Services as detailed in Appendices 4 & 5 to the report be noted.**

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WIRRAL COUNCIL

SCHOOLS FORUM – 17th JANUARY 2023

REPORT OF THE DIRECTOR FOR CHILDREN, FAMILIES AND EDUCATION

SCHOOLS BUDGET 2023-24 AND 3-YEAR FORECAST

1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to outline the Schools Budget for 2023-24 so that Schools 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 £337.017m for Early Years, Maintained Schools, Academies, colleges, and providers for the financial year 2023-24.
- 1.2 In addition to the budget year, a forecast for the three financial years 2024-25, 2025-26 and 2026-27 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

- 2.1 The Schools Funding Allocations were issued by the Department for Education on 16th December 2022. 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 2.4% overall with every secondary school allocated at least £5,715 per pupil and every primary school allocated at least £4,405 per pupil.
 - local authorities will continue to set a Minimum Funding Guarantee in their local formulae, which for 2023-24 is between 0% and +0.5%.
 - Rolling the 2022-23 school supplementary grant into the schools NFF ensuring that this additional funding forms an on-going part of schools' core budgets.
 - 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 by £970m, or 10.6%, in 2023-24.
 - Early Years hourly rates paid to local authorities will increase by £0.06 for 2-year old's and £0.23 for 3&4-year olds.
 - Central schools services funding increased by 2.03% 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 2023-24 budget include:
- existing and on-going demand on services;
 - the High Needs strategy.

3.0 FINANCIAL IMPLICATIONS

3.1 The budget for 2023-24 is compiled from the base budget for 2022-23 approved by Council on 28th February 2022 and updated for the issues identified in this report. The total 2023-24 projected budget (DSG and council funded) is £337.017m and is summarised below along with the 3-year forecast. A detailed analysis of the 2023-24 budget changes is shown in Appendix 1 in addition to a comparison of the 2022-23, 2023-24 budgets and 3-year forecasts which is provided in Appendix 2.

Table 1: Budget for 2023-24 and 3-year forecast

	2023-24 Budget £m	2024-25 Forecast £m	2025-26 Forecast £m	2026-27 Forecast £m
Funding	336.804	348.357	358.603	371.980
Expenditure by funding block:				
Schools	250.662	257.790	263.887	272.939
Central Schools Service	3.517	3.474	3.447	3.433
High Needs	60.958	63.843	65.677	67.191
Early Years	21.880	22.704	23,661	24,619
Total expenditure	337.017	347.811	356.671	368.181
Contribution to/-from reserves	-0.213	0.546	1.932	3.798

3.2 The contribution to/-from reserves reflects the difference between the funding available and planned expenditure. 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

With the exception of the PFI affordability gap of £1.459m, which is funded from Council resources, the schools budget is funded by the DSG.

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 2023-24 indicates a £20.593m increase which is an overall increase of 6.52%. 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 2022-23 and 2023-24 and thus includes both maintained schools and academy school activity.

Table 2: Comparison of the gross block funding

DSG Block	2022-23 Gross Funding £m	2023-24 Gross Funding £m	Increase/ Reduction	
			£m	%
Schools	237.825	250.662	12.837	5.40%
Central School Services	2.120	2.058	-0.063	-2.95%
High Needs	54.284	60.744	6.460	11.90%
Early Years	21.530	22.889	1.359	6.31%
Total	315.760	336.353	20.593	6.52%

Please note that 2022-23 Schools block funding figure doesn't include the School Supplementary grant (£7.157m) – from 2023-24 funding previously distributed through this grant will be allocated through the Schools block NFF, i.e. included in the 2023-24 Schools block funding allocation.

- 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:

Table 3: Changes in pupil numbers

Pupil numbers	Primary schools	Secondary schools	All- through schools	Total
October 2021 census	25,049	18,093	1,027	44,169
October 2022 census	24,743	18,283	1,064	44,090
Increase/-decrease	-306	190	37	-79

- 4.1.4 Early Years funding is based on a combination of the January 2022 census and the estimated January 2023 census and thus is indicative at this time.
- 4.1.5 High Needs funding for 2023-24 includes a funding allocation of £2.316m announced on 16th December 2022 in addition to the recurring block funding.

4.2 Additional Grant for 2023-24

- 4.2.1 The 2022 Autumn Statement announced that the core schools budget will increase by £2 billion in the 2023 to 2024 financial year, over and above totals announced at the Spending Review 2021.
- 4.2.2 In the 2023 to 2024 financial year, mainstream schools will be allocated additional funding through the mainstream schools additional grant (MSAG) 2023 to 2024. This is in addition to schools' allocations through the schools national funding formula and the indicative allocation for Wirral schools is £8.532m. The school level allocation of this funding will be published in spring 2023.
- 4.2.3 Local authorities have also been allocated £400 million additional high needs funding for 2023 to 2024, on top of their high needs national funding formula allocations, and this is intended to reflect likely cost increases local authorities

and schools will face in the provision for children and young people with high needs.

The additional funding totals £2.316m and has been included in the 2023-24 budget as per paragraph 4.1.5 above.

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 2023-24 in line with the latest inflation forecasts.

4.3.2 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.

4.3.3 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 2023-24

5.1 Schools Block £250.662m

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 mainstream schools using the formula factor rates used in the NFF thus this is the basis on which funding will be allocated to individual schools.

5.1.1 Academies

Currently there are 15 secondary academies, 15 primary academies and 1 all-through academy schools with 2 further primary schools planned to be academised within 6 months. 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 2023-24 LAs can apply MFG of between 0% and plus 0.5% per pupil to protect schools from large formula changes. Following a consultation with all primary and secondary schools, School Forum in November 2022 supported a plus 0.5% Minimum Funding Guarantee for the 2023-24 mainstream schools funding formula.

5.2 Central School Services Block £2.058m

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 £60.744m

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.
- Resourced Provision (bases) which receive £6,000 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 £22.889m

- 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 2023-24, has increased by £0.06 for 2-year old's, and £0.23 for 3- and 4-year-old's.
- 5.4.2 The early years element of the funding currently allocated through the Teacher Pay and Pension Grant (TPPG) has been rolled in the Early Years National Funding Formula (EYNFF)
- 5.4.3 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% of the Early Years Block.
- 5.4.4 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 (DAF) and Early Years Pupil Premium (EYPP).
- 5.4.5 The national funding rate for EYPP and DAF will increase in 2023-24 by £0.02 and £28 respectively.

6.0 2023-24 BUDGET CHANGES

6.1 Individual Schools Budget

6.1.1 Primary, Secondary and Academy Budgets £12.837m increase

The significant changes within this area are as follows:

There is a net decrease in school rolls, which results in an overall budget decrease of £0.058m. There are 79 less pupils on roll in October 2022 compared to October 2021. Primary numbers have reduced by 300 to 25,132 (a 1.18% reduction) while Secondary numbers have increased by 221 to 18,958 (a 1.18% 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 £12.895m. This also includes any headroom which may arise if the funding allocated to schools from applying to the NFF is less than the overall funding available. For the purposes of the budget report £12.895m has been split proportionately between primary and secondary budgets.

6.1.2 High Needs Places £1.682m 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 139 places across special school, base and 6th Form/FE provision.

In 2022-23, a growth in demand was included in the special schools' budget as additional unallocated places. These places have been allocated to the special schools from September 22 and a further 51 places have been set aside for this purpose in the 2023-24 budget.

Base Project, a new resourced provision programme, has been set up in 2022-23 with 4 schools creating 37 temporary places.

6.1.3 Hospital School £0.134m increase

The increase reflects the change in the Hospital School element of the high needs block.

6.2 Early Years £1.697m increase

6.2.1 The early years budget is based on the predicted census numbers for January 23 (5 months for April to August 23) and January 24 (7 months for September 23 to March 24).

The January 22 census showed a falling roll for 3/4-year-olds compared to the January 21 census, mirroring a drop in birth rates for the related period. Further drop in numbers for the January 2023 and January 24 census are predicted based on the birth rates and the national population projections report by the Office for National Statistics. The numbers of the 2-year-old in January 2023 is anticipated to be increased as the birth rate for the related period was improved.

The budget and the DSG allocation can be revised, if necessary, once the January 23 census information becomes available.

The table below compares the pupil number information that has been used to inform the 2023-24 budget setting process.

Table 4: Early Years pupil numbers

Pupil numbers	Jan-21	Jan-22	Jan-23 (estimate)	Jan-24 (estimate)
2-year old's (PTE)	910	1,008	1,028	1,022
3/4-year old's Universal (PTE)	4,438	4,374	4,179	4,093
3/4-year old's Extended (PTE)	2,158	2,254	2,152	2,108

The budget for the demand element has increased by £0.513m compared with 2022-23 budget as the estimated pupil numbers used for the 2022-23 budget setting were lower than the January 22 census numbers.

6.2.2 As outlined above in paragraph 5.4.1 the hourly rates paid by ESFA to Wirral will increase by £0.06 for 2-year old's and £0.23 plus additional TPPG rate for 3&4-year-olds. This has generated an increase in the budget of £1.184m. 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 2023-24 funded by the Central Schools Services Block of DSG have decreased by £0.063m. The services delivered by these budgets are explained below along with the reasons for any changes to the budget for 2023-24.

- 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 £0.015m 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 2023-24 thus costs to be incurred reflect historic commitments and are expected to be reduced by £0.002m.
- 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 2023-24 budget has increased by £0.027m to reflect the costs announced by DfE in December 2022.
- Schools Forum - although this budget will not be fully utilised in 2022-23, it is expected that there will be fully return to face to face meetings during 2023-24 thus there has been no change to the budget for 2023-24.
- Contingency – this reflects the 'headroom' of £0.018m within the Central School Services Block for 2023-24.
- 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 2023-24. 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 15% which equates to a reduction of £0.095m. These proposed contributions are as follows:

Table 5: Contributions to combined budget

		22-23	23-24	Reduction	
		£m	£m	£m	%
School Improvement	Continued support for School Improvement Staff with permanent contracts	0.238	0.202	-0.036	-15%
LSCB	Contribution towards governance process for child protection	0.022	0.018	-0.003	-15%
School Intervention	Consultant Headteacher role supporting Primary & Secondary	0.098	0.083	-0.015	-15%

	education				
PFI (Support)	Contribution towards the asset management costs to support PFI schools	0.044	0.038	-0.007	-15%
PFI (CLC)	Contribution towards the building costs for closed City Learning Centres	0.049	0.042	-0.007	-15%
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	0.101	0.086	-0.015	-15%
Business Rates	Funding for continuing costs for VA Schools	0.077	0.065	-0.012	-15%
Governors Forum	Contribution towards the cost of maintaining the Forum	0.002	0.001	-0.001	-15%
Total		0.631	0.536	-0.095	-15%

- The PFI Affordability Gap budget is driven by the December RPI%. As this is not yet available, no change has been made to the 2023-24 budget at this time. The impact of the change in RPI% will be applied to the budget later in January 23 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 2023-24. Overall, DSG contributes £1.23m towards the cost of services that were previously funded from the ESG. In 2022-23 Forum agreed to de-delegate £0.5m on behalf of Maintained Primary, Secondary and Special Schools towards the full year costs of ESG General Duties.

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 the former General Duties of the Education Services Grant and School Improvement.

6.5 High Needs Pupils

6.5.1 Additional Resource £1.137m increase

The budget for Units of Resource has been increased by £1.423m to reflect the on-going increase in applications for assessment. An increase has been applied for Primary pupils (£1.354m) and Secondary pupils (£0.069).

The other budget in this area including the personal budget, interim education and inclusive practice are adjusted based on the demand in 2022-23.

6.5.2 Top-Ups £1.226m 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 £1.226m in line with the increase in places across special schools, resourced provision and 6th Form/FE provision as identified in the Individual Schools Budget section. As per paragraph 4.1.5 above, an additional one-off funding was announced by ESFA on 16th December 2022 and the amount allocated to Wirral is £2,315,773. The guidance indicates that the additional funding is for maintained special schools, special academies, pupil referral units and AP academies and 3.4% of their place funding plus the average top-up funding in financial year 2022-23 must be allocated to them. A provisional calculation shows that the funding to be distributed is £975,706, and the remaining has been utilised to address the overall growth in the budget.

A small increase in funding for Exceptional Need, which 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 £0.008m to reflect the forecast increase in staff costs.

6.5.3 Contingency £0.126m 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 £2.061m increase

The increase in the 2023-24 budget reflects the additional demand in places that was identified in Autumn 2022 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 2023-24 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 2024-25, 2025-26, but to increase in 2026-27 in line with local birth-rate statistics. 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 2024-25, 2025-26 and 2026-27 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 3/4-year old Pupil numbers are expected to increase from 2025-26 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

As reported in a separate report at this Forum meeting, the DSG reserve is expected to end 2022-23 with a cumulative deficit of £5.357m. The impact on the DSG reserve of the budget setting process reflects a worsening position for 2023-24 but then improving from 2024-25 onwards. The table below summarises this impact. The reserve balance across the 2023-24 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.

Table 6: Use of reserves

	2023-24 Budget £m	2024-25 Forecast £m	2025-26 Forecast £m	2026-27 Forecast £m
Surplus/-deficit b/fwd.	-5.357	-5.570	-5.024	-3.092
Contribution to/-from reserves	-0.213	0.546	1.932	3.798
Surplus/-deficit c/fwd.	-5.570	-5.024	-3.092	0.706

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 2023.
Will be approved by full Council as part of Budget Council on (check date)

10.0 RECOMMENDATIONS

- 10.1 That the views of Schools Forum are sought on the Schools Budget for 2023-24.
- 10.2 That in accordance with ESFA guidelines the Forum approves the reduced Contributions to Combined Budgets of £0.536m in 2023-24 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 2023.

Simone White
Director for Children, Families and Education

Appendix 1 - Schools Budget changes 2023-24

	£m	£m	£m
2022-23 Schools adjusted base budget			197.104
Add back Academy recoupment			119.052
2022-23 Gross Schools Budget			316.156
Budget changes:			
Individual Schools Budget			
Primary & Secondary:			
Net decrease in pupils on roll	-0.058	12.837	
Funding Formula elements	12.895		
High Needs:			
Special Schools places	1.489		
SEN Base places	0.079	1.682	
FE/6th Form places	0.114		
Hospital School	0.134	0.134	14.653
Early Years			
Early years demand		1.184	
Early years rate change		0.513	1.697
Central School Costs			
Admissions		0.015	
School Redundancy Costs		-0.002	
Licences & subscriptions		0.027	
Contingency		-0.008	
Combined budgets reduced contribution		-0.095	
PFI Affordability Gap		0	-0.063
High Needs Pupils			
Additional Resources:			
Units of resource	1.423		
Personal Budgets	-0.012		
Inclusive practice		1.137	
Interim Education	-0.200		
Staffing for Independent Setting	-0.074		
Top-ups:			
Top-ups	1.226		
Supplementary Funding 2022-23	-0.961	1.249	
Additional funding 2023-24	0.976		
Exceptional need	0.008		
Contingency		0.126	
Independent provision		2.061	4.573
Total Budget changes			20.860
2023-24 Gross Schools Budget			337.016
2023-24 Dedicated Schools Grant			335.344
2023-24 Call on reserve			0.213
2023-24 Net Schools Budget			1.459

Appendix 2 - Schools Budget 2023-24

	2022-23 Budget £	2022-23 Forecast (Nov-22) £	2023-24 Budget £	2024-25 Forecast £	2025-26 Forecast £	2026-27 Forecast £
Individual Schools Budget						
Primary	96,718,989	96,718,989	124,686,368	129,736,710	134,991,613	138,683,842
Secondary	22,291,955	22,291,955	125,975,398	128,052,798	128,895,401	134,254,888
Special	13,411,216	13,577,246	14,972,721	15,570,891	16,135,253	16,702,168
Wirral Hospitals School	1,589,422	1,589,422	1,728,663	1,814,396	1,903,662	1,997,354
SEN Bases	1,112,565	977,193	2,071,000	2,346,000	2,517,833	2,692,000
Sixth Form/Further Education	268,000	268,000	1,614,000	1,734,000	1,854,000	1,974,000
Growth and Falling Rolls Fund	131,378	131,378	0	0	0	0
Individual Schools Budget Total	135,523,525	135,554,183	271,048,150	279,254,796	286,297,763	296,304,252
Central School Costs						
Early Years	19,733,630	19,748,430	21,430,382	22,254,017	23,210,573	24,169,115
Admissions	388,009	372,540	402,604	411,799	421,270	431,025
School Redundancy Costs	76,000	76,567	74,000	72,000	70,000	68,000
Licenses and subscriptions	259,856	259,856	286,976	301,325	316,391	332,211
Schools Forum	10,600	2,500	10,600	10,600	10,600	10,600
Contingency	25,434	0	17,718	60,197	96,247	127,057
Contribution to combined budgets	630,450	630,450	535,883	428,706	342,965	274,372
PFI Affordability Gap	1,459,500	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	730,000
Costs delegated to/de-delegated from schools						
Library Service	183,783	183,783	0	0	0	0
Insurances	24,909	7,202	0	0	0	0
School Specific contingencies	31,245	31,245	0	0	0	0
Special Staff Costs	785,478	785,478	0	0	0	0
Behaviour Support	142,131	142,131	0	0	0	0
School Improvement	149,999	149,999	0	0	0	0
Retained duties de-delegated (ex-ESG)	502,098	502,098	0	0	0	0
High Needs Pupils						
Additional resources	9,665,491	10,698,229	10,802,569	10,662,239	10,946,567	10,491,195
SEN top-ups	16,936,469	17,502,152	18,185,525	19,012,739	19,880,919	20,868,394
High Needs contingency	561,104	929,226	687,205	752,699	779,736	806,774
Independent Special Schools	6,734,980	8,247,338	8,795,780	9,849,700	9,558,600	9,558,600
Home Tuition	364,166	364,166	364,166	364,166	364,166	364,166
Support for SEN	2,127,817	2,080,294	2,127,817	2,127,817	2,127,817	2,127,817
Special School Transport	58,200	58,200	58,200	58,200	58,200	58,200
Non-delegated school costs Total	41,847,719	45,212,955	44,538,543	46,301,689	47,162,979	47,707,912
Total Costs	197,104,874	200,515,568	337,017,075	347,810,501	356,671,315	368,181,279
Funding						
Dedicated School Grant	-195,355,485	-195,389,569	-335,344,289	-346,897,175	-357,143,534	-370,520,007
Contribution to/-from DSG Reserve	-289,889	-3,666,499	-213,286	546,174	1,931,719	3,798,228
Funding Total	-195,645,374	-199,056,068	-335,557,575	-346,351,001	-355,211,815	-366,721,779
Grand Total	1,459,500	1,459,500	1,459,500	1,459,500	1,459,500	1,459,500

Appendix 5 – Provisional Council Tax Statutory Calculations

The 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 18th January 2023 calculated the Council Tax Base 2023/24 for the whole of the properties in its area as 95,585.07 (Item T in the statutory formula).

That the following amounts be calculated and approved by the Council for the year 2023/24 in accordance with Sections 32-36 of the Local Government Finance Act 1992 (as amended) (“the Act”):

- a) £171,907,800 being the amount calculated in accordance with Section 31A (4) of the Act (amended) as the Council Tax Requirement for 2023/24 (item R in the statutory formula). This amount (D) is determined as being the difference between:
 - i) £895,392,500 this being the aggregate of the amounts 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) £723,484,700 this being the amount calculated in accordance with Section 31A (3) of the Act (as amended), i.e. the aggregate of the amounts of income, excluding the Council Tax Requirement, 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) £1,798.48 being the amount calculated in accordance with Section 31B (1) of the Act (amended) as the Basic Amount of Council Tax for 2023/24. 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 calculated for each valuation band in the area:

Wirral –Basic Amount of Council Tax per Valuation Band

A	B	C	D
£1,198.99	£1,398.82	£1,598.65	£1,798.48
E	F	G	H
£2,198.14	£2,597.81	£2,997.47	£3,596.96

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 2023/24 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 Settlement included provision for local authorities with social care responsibilities to increase the level of Council Tax by 2% for the Adult Social Care precept and by 2.99% for the Council element (an increase of 3% or above would require a Referendum, as per the Local Government Finance Settlement for 2023/24). Where Council Tax is increased at or above 5% a local referendum will be required. The overall proposed increase in the Wirral basic Council Tax is 4.99%, including a Council increase of 2.99%, and is therefore within the Settlement's ceilings.

Wirral –Basic Amount of Council Tax Comparison for Referendum

	2022/23	2023/24	Change	Change
	£	£	£	%
Band D	1,713.00	1,798.48	85.48	4.99

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
£12.67	£14.78	£16.89	£19.00
E	F	G	H
£23.22	£27.44	£31.67	£38.00

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 2023/24 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

PROVISIONAL

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Discretionary Rate Relief Policy

Wirral Council

2023/2024

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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 four 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 has been extended for one year as a result of the 2023 revaluation. 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 at 31st March 2025, unless extended further by legislation.
- 75% Relief for businesses in the Retail, Hospitality and Leisure sectors for 2022/23.
- Freeport, a 100% relief for qualifying businesses in the designated Liverpool City Region Freeport area

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 has 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 principle 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. At Autumn Statement 2022 the Chancellor announced that a new Supporting Small Business (SSB) relief scheme which will cap bill increases at £600 per year for any business losing eligibility for Small Business Rate Relief or Rural Rate Relief at the 2023 revaluation. The scheme also provides support for those previously eligible for the 2022/23 SSB scheme and facing large increases in 2023/24 but in those cases for one further year only.
- 8.2. The Council will make the award automatically without the completion of an application form.
- 8.3. Full details of the Local Authority Guidance can be found at <https://www.gov.uk/government/publications/business-rates-relief-2023-supporting-small-business-relief-local-authority-guidance>
- 8.4. 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.
- 8.5. 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. 2023/24 RETAIL, HOSPITALITY AND LEISURE BUSINESS RATES RELIEF SCHEME

10.1 At the Autumn Statement 2022 the Chancellor announced an updated business rates relief scheme for retail, hospitality, and leisure properties. The 2023/24 Retail, Hospitality and Leisure (RHL) relief scheme will provide eligible, occupied, retail, hospitality, and leisure properties with 75% relief, up to a cash cap of £110,000 per business.

10.2 Under the cash cap, no ratepayer can in any circumstances exceed the £110,000 cash cap across all of their hereditaments in England. Where a ratepayer has a qualifying connection with another ratepayer then those ratepayers should be considered as one ratepayer for the purposes of the cash caps.

10.3 The RHL relief scheme guidance provides local authorities with information about the intended operation and delivery of the policy.

10.4 Wirral Council will include details of the relief to be provided to eligible ratepayers for 2023/24 in their bills for the beginning of the 2023/24 billing cycle.

10.5 This is a temporary measure and only relates to rate liabilities for 2023/24 unless specifically extended and funded by central government.

10.6 We will continue to award reliefs based on the previous Extended Retail, Hospitality and Leisure Relief scheme for 2022/23 based on the government guidance until the 30 September 2023.

10.7 The value of discount will be as determined by the government and will be applied after mandatory reliefs and other discretionary reliefs funded by section 31 grants have been applied.

10.8 Where Wirral Council applies a locally funded relief, for instance a hardship fund, under section 47 this will be applied after the Retail Discount.

10.9 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 2023/24 under this scheme is:

a. For chargeable days from 1 April 2023 to 31 March 2024, 75% of the chargeable amount.

10.10 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.

10.11 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.

10.12 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

10.13 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.

10.14 Businesses have right to refuse the grant by completing the relevant form.

10.15 Full details of the guidance to determine eligibility can be found [HERE](#)

11 LIVERPOOL CITY REGION FREEPORT

11.1 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.

11.2 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.

11.3 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.

11.4 Approval of the Liverpool City Region Freeport Business Case was announced by Government on 10th January 2023 with arrangements to be finalised through a Memorandum of Understanding between Government, Billing Authorities, LCR Freeport Board and LCR Combined Authority and will be the subject of further reports to Members to consider.

11.5 The Eligibility Principles – Details which properties will benefit from the relief will be determined having reference to the Liverpool City Region Freeport governance arrangements and the Government’s “Freeports Business Rate Relief – Local Authority Guidance”. ([Government Guidance](#)).

12 SUBSIDY LIMITS

12.1 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.

12.2 Further guidance has been provided by the government and can accessed [HERE](#)

13 APPEALS

13.1 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.

13.2 Such a request should include the reasons for requesting the review and evidence in support of that request.

13.3 Such a request must be made within one calendar month of the date the original decision was issued.

13.4 The review will be carried out by officers of the Council who did not make the original decision.

14. INTEREST OF MEMBERS AND OFFICERS

14.1 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.

15. POLICY REVIEW

15.1 This policy will be reviewed on an annual basis and any amendments to the policy will be agreed by the Policy & Resources Committee.

15.2 The Council reserves the right to review and revise the policy at any time in response to new Government initiatives.

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Appendix 7 Medium Term Financial Strategy

Medium Term Financial Strategy

2023/24 to 2027/28

Wirral Metropolitan Borough Council



Finance Directorate

February 2022

Version: Final 030223

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Introduction

The Medium-Term Financial Strategy (MTFS) is a key document in the Council's financial planning cycle. This document sets out the strategic financial approach that the Council will adopt in supporting delivery of the Wirral Plan and the matrix of other strategies and plans that support delivery of the improvements that the Borough is clearly expecting. The MTFS and accompanying appendices to the Budget Report 2023/24 explain how the Council will distribute its resources in this endeavour over the next five years. In order to deliver the Wirral Plan the Council will need to operate carefully within specific quantitative financial targets. These targets manifest themselves as budget limits within which the Council must deliver its services over the period of the MTFS. There will be no room for overspends on the future journey and the Council needs to refresh its approach to operate highly disciplined financial management activities. By doing so, the Council will enhance prospects of attaining the far reaching improvements to which its residents rightly aspire.

Matthew Bennett CPFA
Director of Finance & Section 151 Officer

The MTFS - Form and Purpose

1. The purpose of the MTFS is to set down the approaches that will be used by the Council in assembling, organising and deploying its financial resources to deliver the improvements described in the Wirral Plan (Annex 1) and the matrix of supporting plans and strategies to deliver that overarching endeavour.
2. The MTFS contains a Medium Term Financial Plan (MTFP) which sets out the planning assumptions and financial limits formed by the relevant funding constraints. The MTFP appears at Annex 4.
3. The MTFS sets out the Guiding Principles which the Council has used and will continue to use in seeking to obtain financial balance in the medium term as well as specific programmes and other initiatives that will be developed on the journey.
4. This being so the MTFS (and accompanying MTFP) provide a framework within which the annual Budget can be set by Council. Accordingly, these documents are to be seen as a dynamic part of the Council's financial operations.

Strategic Goals

5. The MTFS has the following strategic goals:
 - a. To provide a framework within which the Council is able to achieve a series of balanced budgets in the medium term.
 - b. By so doing to deliver financial sustainability in the short, medium and long term.
 - c. To enable successive budgets to be balanced using a set of Guiding Principles that are commonly adopted across the Local Government sector and to apply these rigorously; and
 - d. To provide a structure within which the Wirral Plan and supporting strategies and plans can be delivered successfully.

The Guiding Principles

6. In undertaking its financial operations over the period of the MTFS the Council has adopted the following Guiding Principles ('The Principles'). The Principles are based on sound management and professional practice. They are presented as *Guiding* Principles because there may be occasions where - after careful consideration - the exigencies of strategic or operational management may necessitate from time to time a departure from the Principles.

No.	Guiding Principles
1	Fees & Charges will be reviewed annually and adjusted for inflation, comparability and competitiveness
2	As a compassionate Council, in setting charges, the impact on vulnerable groups will be considered carefully
3	Service level spend will be benchmarked from time to time with a suitable peer group and proposals to align with the benchmark will be brought forward
4	The Council will adopt a policy of Digital First in service delivery
5	A rolling programme of Service Reviews will continue within the timeframe of the MTFS and will be used to ensure that operating models, organisational design and cost footprints are subject to regular review and adjustment across the Council
6	Service developments, savings and investment will be brought forward on the basis of business cases that must demonstrate feasibility, deliverability and appropriate financial pay back and other investment appraisal techniques
7	The Council will consult with the Borough in forming budget proposals
8	The Council will welcome approaches from regional and other partners for joint working and joint management initiatives
9	The Council will seek to rebuild its Earmarked Reserves over the period of the MTFS and to set Unearmarked Reserves at a level of 5% of Net Expenditure by 2025/26
10	Given the financial position of the Council and the need to maintain key statutory services the Council will seek to maximise receipts from all funding streams including Council Tax over the period of the MTFS

The National Financial Background

7. The National economy is being driven by international economic events not least the impact of the war in Ukraine, ongoing issues with international supply chains and the ongoing impact of the Pandemic. One of the key issues that has emerged is the emergence of high levels of inflation in energy markets which has caused very significant inflationary pressures in wholesale and retail markets across a range of goods and services; naturally these pressures have also related to increases in labour costs. The resulting inflationary pressure has not been seen in the UK economy since the very high levels experienced during the late 1970's and early 1980's.
8. This means that - alongside households, commercial organisations and public sector organisations of all kinds - Local Government is experiencing price increases in the region of 10% in many goods and services. In recent years Local Government has received a much higher proportion of funding from local rather than national sources as has historically been the case. It follows that Government has inherited a position where it no longer has the appropriate levers or – following the support afforded to communities and businesses through the Pandemic – the resources to meet the inflationary pressure in the cost of service delivery. The result is that much of the financial pressure has been left for local councils to manage and this has resulted in a call for largescale savings across the Local Government sector.

The Financial Background: Wirral

The Pandemic and Social Changes

9. The ongoing impact of the Pandemic has resulted in a number of issues which imbue additional costs for local authority budgets. Examples include - but are not confined to - higher waste collection and disposal costs, additional numbers of children in local authority care and reduced car parking income. Although some of these effects are expected to revert to former levels the evident financial pressures are expected to continue into the medium term. This is the case in Wirral as for other councils.

Council Tax

10. As a response to the inflationary pressures in the economy the Government has raised the referendum threshold for Council Tax & Adult Social Care Precept increases to an overall total of 5% for 2023/24, from 3% for 2022/23. The Budget Report 2023/24 recommends a Council Tax increase of 4.99% in that year and a similar policy of setting the Council Tax at the statutory maximum is applied throughout the period of the MTFs. This is because to do otherwise

would imperil the Council's ability to sustain statutory services at the level required.

National Non-Domestic Rates (NNDR)

11. The Government has for some years been considering reform of the NNDR system amid concerns from the business sector that the Rate imposes an unwarranted burden on the commercial sector. To this point no firm proposals have been brought forward by Government and so the MTFP uses the existing methodology to forecast the yield in the forward period of the Plan. In addition, for Wirral, the continued existence of the NNDR Pool to which the Council presently belongs beyond 2023/24 is assumed at this time.

The Capital Programme

12. The Budget shortfall that has been addressed within the Draft Budget for 2023/24 has entailed that on the basis of cost avoidance significant deferrals of Capital items have been required at a revenue saving of £0.7m in 2023/24 and higher figures in years following. Further to this, no additional items of programming have been added to the programme to imply additional expenditure in 2023/24 unless they are funded from resources external to the Council. This means that external borrowing has been minimised and that new schemes depend on external grant or other contributions.
13. External borrowing will be considered where proposals return a measurable revenue saving; however, no such schemes have been identified for 2023/24. During the period of the MTFP, capital receipts, when generated – will be used to repay the loans taken following the two capitalisation directives. This reflects the expectations of external stakeholders and financial prudence because it will reduce pressure on the revenue resources of the Council.

Reserves

14. In previous years the Council has in a measured way used significant contributions from Reserves to support service delivery. As a result, the level of Reserves has significantly reduced. At the closure of the 2023/24 Financial Year the Council's *Earmarked* Reserves are expected to have reduced from £97m at 1 April 2022 to £33.1m at 31 March 2024; of this figure just £5.1m will relate to sums that could be deployed to deal with an acute financial exigency. For this reason, the Council will seek to re-build its Earmarked Reserves over the period of this MTFP. A table showing the overall position for Reserves appears at Annex 3 to this document.

15. The Council's *Unearmarked Reserves* (sometimes referred to as 'General Balances') which are expected to be £13.1m at 31 March 2024 do not presently reflect the sector standard of 5% of Net Expenditure. The target of £18m is expected to be reached in Financial Year 2025/26 following additional contributions of £2.5m in each of 2024/25 and 2025/26.

The Finance Settlement 2023/24

16. The Provisional Local Government Finance Settlement was published on 19 December 2022 and will become Final in February 2023. The Settlement provided a level of additional resources to the Council and in addition the prospect of increasing both Council Tax and the Adult Social Care Precept following an increase to the cap at which a referendum is required from 3% to 5%. This is significantly below the rate of inflation in the UK economy at the present time (CPI c. 10% at the date of this report).

17. The additional net resources provided by the Settlement - in the sum of £6.3m - are insufficient to bridge the budget shortfall of £49m (gross) and (32.3m (net) identified by the Council as part of its financial planning process. The additional increases now approved by Government in Council Tax and Adult Social Care Precept to a possible total of 4.99% (if agreed by Council) return an additional £3.3m to the Council against previous planning assumptions. It follows that savings of £28.44m are needed to balance the Budget for 2023/24 and the Budget Report on this agenda explains proposals in respect of these savings.

18. Further additional resources in respect of Adult Social Care have been provided in the Settlement but these either come with additional responsibilities and cost pressures or were already built into the Council's planning assumptions. Details of these items and other aspects of the Finance Settlement appear in Annex 2 to this document.

Horizon Scanning

19. The next twelve months will see a further period of significant challenge for the public sector finances, making it more important than ever for the Council to stabilise the corporate financial position, to evolve suitable responses to these challenges whilst continuing to deliver the priorities set down in the Wirral Plan.

20. In the medium term, up to 2026/27, the challenges already defined will have a continued presence in the Council's operating environment; high inflation and economic dissonance are therefore expected to continue although in line with national forecasts the impact is expected to moderate over that medium term. That said, the Council needs to be

mindful that there is a level of fragility in economic forecasting which is critically related to the course of the war in Ukraine and other factors beyond the control of the UK Government.

The Medium Term Financial Plan

21. The Council's MTFP 2023/24 to 2027/28 is shown in Table 1 below. The MTFP is the product of (a) detailed technical analysis (b) detailed discussion with the Directorates and their respective management teams regarding the pressures identified and (c) further engagement to assist the Directorates to identify savings to bridge the Budget shortfall identified.

Table 1: Medium term Financial Plan 2023/24 to 2027/28

Financial Years	23-24 (£m)	24-25 (£m)	25-26 (£m)	26-27 (£m)	27-28 (£m)
Budget Requirement	330.58	366.47	380.49	394.88	409.88
Removal of one-off items	-2.69	0.20	0.03	0.00	0.00
Pressures	67.01	22.41	17.24	24.69	14.86
Savings	-28.44	3.73	-0.11	-0.14	0.00
Revised Budget Requirement	366.47	392.81	397.65	419.43	424.74
Funding	366.47	380.49	394.88	409.88	414.32
Annual Shortfall (+)/ Surplus (-)	0.00	12.32	2.77	9.55	10.42
Cumulative Shortfall (+)/ Surplus (-)	0.00	12.32	15.09	24.64	35.06

[Outturn Prices]

22. In preparing to balance the 2023/24 Budget the Council produced an initial forecast shortfall of £14m which was revised to £49m following the emergence of the acute inflationary pressures discussed elsewhere in this document. Further review and refinement enabled the shortfall to be re-estimated at £38.4m before the Local Government Finance Settlement on 19 December and £32m after the betterment from the Settlement had been taken into account. This net shortfall is proposed to be bridged by a Council Tax rise of 4.99% (worth £3.3m against previous MTFP assumptions) with further savings of £28.44m to achieve balance.

23. The Budget report of which this document is an appendix sets out proposals for Full Council to balance the Budget in 2023/24 and those proposals form the basis of the figures for 2023/24 in Table 1.

24. The MTFP will continue to be updated on a rolling basis from this point forward and will be reported quarterly to Policy and Resources Committee as part of the normal governance cycle. This will enable the Committee to receive regular briefing on observed changes to the forecast shortfalls or surpluses that are from time to time observed.

25. It will be noticed that the overall position moderates in 2024/25 compared with 2023/24. This is because the portfolio of savings proposed to be taken in 2023/24 is overwhelmingly recurring rather than one off in character. This means that the impact of the savings taken recurs in subsequent years and assists in offsetting pressures in those years. Accordingly, the budget shortfall in 2024/25 is currently forecast to be £12.3m at the present time. Work on bridging this shortfall will commence shortly to inform the budget setting process for 2024/25.

Risk

26. The Council has well structured arrangements to manage risk with regard to strategic and operational dimensions of its wider operations. The principal risks associated with delivery of the Council's services within the financial constraints identified in the MTFs and associated MTFP are set out in Annex 7.

Summary

27. This document has set out the MTFs and the embedded MTFP and the acceptance and application of these documents can be summarised as follows:

- a. The Council has adopted a set of Guiding Principles which will assist in shaping responses to future budget shortfalls.
- b. The Council is aware of the financial pressures that bear on the 2023/24 Budget and beyond and has understood the issues that this presents.
- c. The Council is preparing to implement a set of revised financial monitoring arrangements on the back of the impending ERP implementation of new tools embedded in the Enterprise Resource Planning (ERP) System based on ORACLE Fusion Cloud solutions.
- d. The Council has taken effective action to identify a portfolio of savings in order to balance the 2023/24 Budget and has prepared a Draft Budget on this agenda which allows for the continuation of statutory services across the Borough.
- e. The Council has taken steps to defer certain capital programming to contribute to the balancing of the Budget in 2023/24.
- f. It will be key across the years of the MTFs for the Council to maximise funding streams including Council Tax and this should

continue – as in previous years – to inform planning assumptions in the MTFS and MTFP.

Annex 1

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 neighbourhood 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 		

Local Government Finance Settlement 2023/24

1.0 EXECUTIVE SUMMARY

- 1.1 This briefing note outlines the government's announcement and subsequent publications on 19th December 2022 concerning the Local Government Finance Settlement 2023/24 and gives an analysis on the impact on Wirral Council's Medium-Term Financial Plan (MTFP), although as noted below all data is provisional at this stage.
- 1.2 The Local Government Finance Settlement gives a net betterment position of £6.28m compared to previous assumptions in the Medium-Term Financial Position (MTFP).
- 1.3 The £6.28m includes £12.30m more than previously assumed in Adult Social Care related ringfenced grants. However, this will bring additional cost pressures of £8.44m.
- 1.4 Despite additional funding in the settlement, additional savings will still be required in order to achieve a balanced budget position for 2023/24.

2.0 BACKGROUND

- 2.1 On 17th November 2022 the government announced The Autumn Statement, alongside the Office for Budget Responsibility's (OBR's) new set of Economic and Fiscal Outlook forecasts. The Autumn Statement responded to the OBR forecasts and set out the medium-term path for public finances and the Government's spending plans for each government department for the next two financial years, including local government.

Following this, on 19th December 2022 the Local Government Finance Settlement 2023/24 was announced, with impacts on Core Spending Power for 2023/24, Social Care Grant allocations as well as other grant details. The settlement was for a single year only based on Spending Review 2021 funding levels updated for the Autumn Statement 2022 announcements.

At the same time, a consultation related to the settlement proposals was launched, which runs for 4 weeks and concludes on 16th January 2023.

3.0 LOCAL GOVERNMENT HEADLINES

3.1 Core Spending Power

Core Spending Power is a measure of the resources available to local authorities to fund service delivery. It sets out the money that has been made available to local authorities (assuming the maximum permitted Council Tax increase is implemented) through the Local Government Finance Settlement.

The headline announcement was that an additional £5 billion of funding would be "made available" to councils, representing a 9.2% cash terms increase, with a minimum increase being guaranteed at 3%.

Despite a 9.2% cash terms increase, the increase in funding does not meet inflation pressures faced by Councils, and therefore represents a real term drop in core spending power.

The main sources of the funding are summarised in the following table:

ENGLAND Funding Source	2022-23*	Provisional 2023-24	Change 23-24	Change 23-24
	<i>£ million</i>	£ million	<i>£ million</i>	<i>%</i>
Settlement Funding Assessment	14,882.2	15,671.1	788.9	5.3%
Compensation for the business rates multiplier	1,275.1	2,204.6	929.5	72.9%
Council Tax Requirement	31,922.5	33,838.4	1,915.9	6.0%
Improved Better Care Fund	2,139.8	2,139.8	0	0
New Homes Bonus	556.0	290.6	-265.4	-47.7%
Rural Services Delivery Grant	85.0	85.0	0	0
Social Care Grant	2,346.4	3,852.0	1,505.6	64.2%
Services Grant	822.0	464.2	-357.8	-45.5%
Market sustainability and FCC (and improvement)	162.0	562.0	400	246.9%
ASC Discharge Funding	0	300.0	300	100%
Lower Tier Services Grant	111.0	0	-111	-100%
Rolled in grants	238.6	0	-238.6	-100%
Minimum Funding Guarantee	0	136.0	136	100%
Core Spending Power	<i>54,540.5</i>	59,543.8	5,003.2	9.2%

3.2 Council Tax

The Council Tax proposals set out in the Autumn Statement in November were confirmed as part of the settlement. The proposal for core Council Tax in 2023/24 is a referendum cap of up to 3% (previously 2%).

There is also the flexibility to add up to a further 2% adult social care precept for authorities providing adult social care services.

3.3 Improved Better Care Fund

Improved Better Care fund is unchanged in cash terms for all upper tier councils, with distribution also unchanged.

3.4 Social Care Grant

Social Care Grant will increase by £2,044.6m in 2023/24, with the additional amounts allocated as follows:

- £1,505.6m of additional grant funding.
- However, £161m of that is the rolling in of the Independent Living Fund.

- £400m for additional Improvement funding added to Market Sustainability grant.
- £300m for ringfenced Adult Social Care Discharge funding.

Allocations are related to the Adult Social Care needs formula with recognition of Social Care Council Tax precept and to previous market sustainability funding allocations. More detail will follow on additional reporting requirements, and the better care fund and discharge funding must be pooled with local health boards.

3.5 **Lower Tier Services Grant**

Introduced in 2021/22, the Lower Tier Services Grant will cease and therefore not be distributed to Local Authorities in 2023/24. The funding for this grant will instead be used to support the guaranteed 3% increase in Core Spending Power.

3.6 **New Homes Bonus**

The government has decided to maintain the current approach to the NHB payments in 2022/23. There will be no legacy (i.e., second) payment of New Homes Bonus, with the value previously representing legacy payments instead being used to support the 3% CSP increase referred to in paragraph 3.1.

This results in a £265m (48%) reduction in the overall grant for 2023/24.

3.7 **Services Grant**

The overall value of this grant, first introduced in 2022/23, has reduced from £822m to £464m partly due to the removal of the National Insurance Levy which this grant previously included support for. The reduced amount will instead be used to enhance the Supporting Families Grant and to partially fund a contingency provision.

3.8 **Public Health Grant**

Information on the Public Health grant is not yet available and is expected in the new year.

3.9 **Market Sustainability and Improvement Fund**

This new grant totalling £562m includes £162m from the former Market Sustainability and Fair Cost of Care Fund, with the additional £400m intended to support Local Authorities in making tangible improvements to adult social care and in particular to address discharge delays, social care waiting times, low fee rates, workforce pressures, and to promote technological innovation in the sector.

3.10 **ASC Discharge Fund**

This is a new £300m grant for 2023/24 and is intended to form part of Better Care Fund plans. It is aimed at reducing delayed transfers of care and has been allocated based on the improved Better Care Fund shares in used in 2023/24.

3.11 **Minimum Funding Guarantee**

A new funding stream will be distributed in 2023/24 to replace Lower Tier Services grant and is intended to provide a funding floor for all local authorities, so that no local authority would see an increase in Core Spending Power that is lower than 3% before Council Tax decisions. The total funding for this grant is £136m.

3.12 **Funding Reform**

Government has confirmed that reforms to local government funding through the Relative Review of Needs and Resources, as well as the reset of accumulated business rates growth have both been paused for the remainder of this Spending Review period, but they are “committed to improving the local government finance landscape in the next Parliament”.

4.0 **WIRRAL COUNCIL IMPACT**

4.1 **Council Tax**

Previous assumptions have been that a 2% Core increase and a 1% Social Care Precept would be applied. The confirmation of the 3% core referendum principal means a potential increase in Council Tax income of approximately £1.65m.

Similarly, an additional 1% Council Tax precept for Adult Social Care would generate an additional £1.65m. Both these figures are subject to confirmation of the Council Tax Base figure for 2023/24, which is due to be reported to Policy and Resources in January 2023.

Should these increases not be fully implemented, alternative savings of £3.3m will need to be found.

4.2 **Social Care Grant**

Provisional allocations of the ringfenced Social Care Grant indicate that Wirral will receive £32.14m in 2023/24, which is an increase of £5.38m (including the Independent Living Fund) compared with previous 2023/24 assumptions included in the £38.4m budget gap.

However, as the Independent Living Fund has been rolled into the Social Care Grant there is a corresponding £1.52m pressure due to the removal of the grant from the revenue budget.

The net impact is therefore a £3.86m improvement on the MTFP.

4.3 **Lower Tier Services Grant**

With confirmation being received that this grant will cease after 2022/23, this constitutes a £0.52m reduction in funding for Wirral from 2022/23 budget and previous 2023/24 assumptions.

4.4 **New Homes Bonus**

It had previously been unsure if New Homes Bonus would continue after 2022/23, or if it would be distributed with the same methodology, and a reduction from the 2022/23 budget had therefore been assumed.

However, confirmation that the current New Homes Bonus approach would continue, and provisional allocations indicate Wirral will received £0.44m in 2023/24, an increase of £0.14m against previous assumptions.

4.5 **Services Grant**

Previous forecasts had assumed a reduction of Services grant due to the removal of the National Insurance Levy. However, provisional allocations indicate Wirral will receive £3.16m for this grant, which is £0.75m less than anticipated.

4.6 **Market Sustainability and Improvement Fund**

Provisional allocations allocate £4.22m of this fund to Wirral for 2023/24, which wasn't included in previous assumptions. However, although detailed conditions for this grant are not expected until early in 2023, at this stage it is assumed that this grant will be ringfenced and met with subsequent cost pressures and is therefore not an improvement to the overall budget position.

4.7 **ASC Discharge Grant**

This new grant will form part of Better Care Fund plans and Wirral has been allocated £2.7m for 2023/24. This will be met by corresponding cost pressures and therefore does not impact the budget position.

4.8 **Business Rates 100% Retention Pilot**

The settlement confirmed that the 100% Business Rates Retention pilot that Wirral participates in alongside Liverpool City Region authorities will continue in 2023/24 and will therefore continue to benefit from the resulting increased level of Business Rates receipts for another year. This was already budgeted for in the MTFP. This is positive news as Wirral benefits by approximately £7m per year as a result of participating in the pilot.

Government will review the role of such arrangements as a source of income for areas and its impact on local economic growth, and as part of deeper devolution commitments as set out in the Levelling Up White Paper.

4.9 **Business Rates Top-up**

The latest assumptions were that the Business Rates Top-up would increase by 5% to £55.69m. Settlement confirms Wirral's 2023/24 allocation as £59.24m which is a 9.1% increase from 2022/23. This is an improvement of £3.55m and constitutes the following:

- 10.1% increase based on September 2022 CPI.
- An adjustment for the impact on Business Rates of the Revaluation 2023.

4.10 **MTFP Assumptions Comparison**

In total, the provisional impact of the Local Government Finance Settlement on Wirral's MTFP is an improvement of £6.28m, not including the potential further Council Tax

increases referenced in paragraph 4.1. The following table summarises the impact of the provisional Local Government Finance Settlement on Wirral Council's MTFP:

	2022/23 Budget £m	2023/24		
		MTFP assumption (£38.4m gap)	Provisional settlement	MTFP Impact
		£m	£m	£m
Business Rates Top-Up	(54.29)	(55.69)	(59.24)	(3.55)
New Homes Bonus	(0.44)	(0.30)	(0.44)	(0.14)
Social Care Grant	(19.77)	(26.77)	(32.15)	(5.38)*
Lower Tier Funding	(0.52)	(0.52)	0.00	0.52
2022/23 Services Grant	(5.62)	(3.91)	(3.16)	0.75
Market Sustainability & Improvement Fund	0.00	0.00	(4.22)	(4.22)*
ASC Discharge Fund	0.00	0.00	(2.70)	(2.70)*
Funding impact of LGFS measures				(14.72)
Corresponding pressures:				
Independent Living Fund removal			1.52	
Market Sustainability & Improvement Fund			4.22	
Discharge Fund			2.70	
Additional cost pressures				8.44
Total provisional 2023/24 MTFP impact				(6.28)
<i>* Additional Adult Social Care related ringfenced grants</i>				<i>(12.30)</i>

5.0 CONCLUSION

- 5.1 The settlement as described in this briefing is provisional until 8th February 2023 and as such the position outlined above is subject to change although any changes are expected to be minor.
- 5.2 It is important to remember that the government have only impacted a single -year settlement and the additional resources for 2023/24 only provide limited and short-term certainty while creating uncertainty for longer term financial planning.

Summary of Earmarked and U earmarked Reserves 1 April 2022 to 1 April 2024

Opening Balance 1 April 22	97,186
Forecast Use of Reserve	-44,627
Forecast Contribution to Reserve	453
Forecast Closing Balance 31 Mar 23	53,012
Forecast Opening Balance 1 April 23	53,012
Forecast Use of Reserve	
<u>Movements to support the 2023-24 budget</u>	
Business Rates Equalisation Reserve	-7,000
Insurance Fund	-1,000
Public Health Ringfenced Grant	-3,000
Local Council Tax Support Grant	-2,426
Digital Transformation	-1,566
Social Care Fund	-967
Resettlement Programme Grant	-740
Regeneration and Inward Investment	-665
SEND OFSTED Inspection Improvement Action Plan	-627
Domestic Abuse Bill Grant	-602
Wirral Ways to Work	-496
Other	-871
Sub Total	-19,960
Forecast Contribution to Reserve	31
Forecast Closing Balance 31 Mar 24	33,083
<u>Deduct Inaccessible Reserves</u>	
Schools Balances	-16,307
Insurance Fund	-6,272
Public Health Ringfenced Grant	-3,052
Selective Licensing	-1,347
Enterprise Zone Investment	-643
Schools Capital	-256
Taxi, Marriage & Scrap Metal Licences	-106
Sub Total	-27,983
Remaining Balance	5,100

Annex 4

Medium Term Financial Plan 2023/24 to 2027/28 (*Outturn Prices*)

Financial Years	23-24 (£m)	24-25 (£m)	25-26 (£m)	26-27 (£m)	27-28 (£m)
BUDGET REQUIREMENT	330.58	366.47	380.49	394.88	409.88
Removal of one-off items:					
Adult Care & Health	0.00	0.00	0.00	0.00	0.00
Chief Executive Office	0.00	0.00	0.00	0.00	0.00
Children, Families & Education	0.47	0.00	0.00	0.00	0.00
Law & Governance	0.00	0.20	0.00	0.00	0.00
Neighbourhood Services	-0.85	0.00	0.03	0.00	0.00
Regeneration & Place	0.00	0.00	0.00	0.00	0.00
Resources	-2.31	0.00	0.00	0.00	0.00
Corporate	0.00	0.00	0.00	0.00	0.00
Total Removal of one-off items:	-2.69	0.20	0.03	0.00	0.00
Pressures:					
Adult Care & Health	22.37	5.50	7.36	11.20	4.55
Chief Executive Office	0.05	0.00	0.00	0.00	0.00
Children, Families & Education	10.50	4.71	3.46	3.66	3.88
Law & Governance	0.15	0.00	0.00	0.00	0.00
Neighbourhood Services	5.78	1.04	1.05	1.03	1.01
Regeneration & Place	2.24	0.05	0.00	0.00	0.00
Resources	3.25	2.01	1.27	7.11	1.02
Corporate	22.68	9.10	4.10	1.70	4.40
Total Pressures	67.01	22.41	17.24	24.69	14.86
Savings:					
Adult Care & Health	-6.47	0.00	0.00	0.00	0.00
Chief Executive Office	-0.16	0.00	0.00	0.00	0.00
Children, Families & Education	-5.89	-0.33	0.00	0.00	0.00
Law & Governance	-0.21	0.00	0.00	0.00	0.00
Neighbourhood Services	-2.76	-0.04	-0.11	-0.14	0.00
Regeneration & Place	-3.25	0.80	0.00	0.00	0.00
Resources	-6.65	4.00	0.00	0.00	0.00
Corporate	-3.06	-0.70	0.00	0.00	0.00
Total Savings	-28.44	3.73	-0.11	-0.14	0.00
REVISED BUDGET REQUIRMENT	366.47	392.81	397.65	419.43	424.74
FUNDING	-366.47	-380.49	-394.88	-409.88	-414.32
Annual Shortfall (+)/ Surplus (-)	0.00	12.32	2.77	9.55	10.42
Cumulative Shortfall (+)/ Surplus (-)	0.00	12.32	15.09	24.64	35.06

Budget 2022/23 (Outturn Prices)

Directorate	Budget £000
Adult Social care & Health	114,962
Chief Executive's Office	1,786
Children, Families & Education	79,234
Law & Governance	5,821
Neighbourhoods Services	46,189
Regeneration & Place	37,688
Resources	44,900
Total Net Budget	330,580

Draft Budget 2023/24

	Adult Care & Health	Chief Executive Office	Children, Families & Education	Law & Governance	Neighbourhood Services	Regeneration & Place	Resources	Strategic Holding Account	TOTAL
	£m	£m	£m	£m	£m	£m	£m	£m	£m
2022/23 Budget	114.96	1.79	79.23	5.82	46.19	37.69	44.90	0	330.58
Removal of 22/23 one-off	0.00	0.00	0.47	0.00	-0.85	0.00	-2.31	0.00	-2.69
<u>Pressures</u>									
Demographic	2.55	0.00	1.17	0.00	0.00	0.00	0.00	1.50	5.22
Inflationary	11.26	0.02	8.57	0.09	3.28	1.04	0.43	15.69	40.39
Other	8.56	0.03	0.76	0.06	2.50	1.20	2.82	0.01	15.93
Contingency	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.48	5.48
Total Pressures	22.37	0.05	10.50	0.15	5.78	2.24	3.25	22.68	67.01
<u>Savings</u>									
Increasing Business Efficiencies	-0.53	-0.16	-4.03	-0.21	-1.74	-2.66	-5.45	-3.06	-17.84
Increasing Income	0.00	0.00	0.00	0.00	-0.44	-0.36	-1.20	0.00	-2.00
Changing how we fund or provide services	-5.94	0.00	-1.86	0.00	-0.58	-0.23	0.00	0.00	-8.60
Total Savings	-6.47	-0.16	-5.89	-0.21	-2.76	-3.25	-6.65	-3.06	-28.44
2023/24 Balanced Budget	130.86	1.67	84.32	5.76	48.36	36.68	39.19	19.62	366.47

Principal Financial Risks to Delivery of the MTFS (and embedded MTFP)

Risk	Mitigation
Failure to constrain expenditures within relevant budget targets.	The Council is poised to launch revised financial monitoring arrangements following the implementation of an ERP system using Oracle Fusion Cloud solutions.
Failure to prepare for balancing the 2024/25 Budget shortfall.	The Council will be updating the MTFP on a rolling basis henceforward and is commencing a programme of work in February 2023 to prepare savings for 2024/25.
Failure to increase Reserves.	The Council is planning to re-build Earmarked Reserves over the course of the MTFS and to set Unearmarked Reserves at 5% of Net Expenditure by 2025/26.
Failure to replace short and cheap debt as it is retired with fixed rate longer term loans.	The Council is planning to undertake these operations during February 2023.
Failure to deliver savings.	The Council has a strong track record of monitoring & delivering savings in 2022/23 and will combine review of attainment in the revised financial reporting arrangements associated using the new ERP system.
Failure to arrange cover for expected cost increases	Inflation pressures where known or otherwise forecast have been included in the Draft Budget proposals.
Inability to Fund the Capital Programme arising from continued rises in interest rates and higher cost of borrowing.	The Council operates a Treasury Management function guided by a Treasury Management Strategy which seeks to manage risks in a balanced way.

APPENDIX 8 - Changes since 18 January 23 P&R report

	23-24 Position at P&R 18 Jan 23 (£m)	23-24 Revised Position (£m)	Variance (£m)
Removal of one-off items:			
Suspension of Climate Emergency Initiatives	0.00	0.13	0.13
Total Removal of one-off items:	0.00	0.13	0.13
Pressures:			
Transport Levy	0.66	0.58	-0.08
Reduction in 'Reduce pay pressure on 300 displaced staff'	-0.68	-0.34	0.34
Risk Management - Financial Resilience	6.44	5.47	-0.97
Total Pressures:	6.42	5.71	-0.71
Savings:			
Children, Families & Education			
Reduction of Youth services offer to minimum statutory service	-0.67	0.00	0.67
Reduction of Creative Youth offer to minimum statutory service	-0.34	0.00	0.34
Removal of budget supporting Play Services schemes	-0.28	0.00	0.28
Neighbourhoods			
Reduce library service to 5 key sites & relocate central libraries	-0.87	0.00	0.87
Reduction of non-statutory parks and countryside maintenance	-0.50	0.00	0.50
Closure of all non-statutory leisure services and activities	-4.40	0.00	4.40
Reduction in street cleansing	-0.50	0.00	0.50
Sale of Parks vehicles	-0.10	0.00	0.10
Resources			
Reduction of operational budget saving	-0.44	-0.34	0.10
Review of council funded trade union representatives	-0.04	0.00	0.04
Corporate			
Increase Council Tax/ASC Levy by 2%	-3.26	0.00	3.26
Total Savings:			11.06
Funding:			
Increase Council Tax/ASC Levy by 2%	-363.19	-366.47	-3.28
Total Funding:			-3.28
Net Total Change			7.20

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Appendix 9 – Council Tax Base Calculation Process and Associated Background information

The Tax Base calculation process is as follows:

- Calculate the number of properties on 30 November 2022 and adjust for changes due to demolitions and new builds up to 31 March 2024 which are then converted to a full year Band D equivalent. The council also adjust for discounts, exemptions and disabled relief and add 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 will be utilised in calculating the Council Tax charge for 2023/24.

Wirral Council Tax Band D calculation 2023/24

Band	Properties 2023	Changes due to LCTRS discounts, exemptions	Revised property equivalent	Ratio to Band D	Net Band D equivalent
A	61,298	(24,733.74)	36,564.26	6/9	24,376.17
B	32,964	(7,318.10)	25,645.90	7/9	19,946.81
C	27,760	(3,933.59)	23,826.41	8/9	21,179.03
D	13,581	(1,503.42)	12,077.58	9/9	12,077.58
E	8,426	(761.71)	7,664.29	11/9	9,367.47
F	4,387	(302.70)	4,084.30	13/9	5,899.54
G	3,195	(218.22)	2,976.78	15/9	4,961.30
H	279	(34.12)	244.88	18/9	489.76
Band A Disabled		(4.80)	73.60	5/9	40.90
Total	151,890	(38,810.48)	113,158.00		98,338.55
Assumed Collection Rate					x 97.20%
Adjusted Council Tax Base					95,585.07

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 £8.88m in 2023/24. Wirral’s share of Council Tax after the non-collection allowance is applied is expected to be £171.91m. This amount has been reflected in the 2023/24 Budget.

In terms of inflationary increases, the Government announced in the Provisional Local Government Finance Settlement that General Council Tax can increase by 2.99%. The Referendum threshold for general Council Tax increases is set at 3% for 2023/24, 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 2.99% without having to hold a referendum. The calculation of the Referendum 'trigger' amount is a comparison between overall Band D levels for 2022/23 and 2023/24.

The recent provisional Local Government Finance Settlement included permission to include a 2% Adult Social Care Precept in 2023/24, over and above the inflationary increase of up to 2.99%. If agreed, this generates an additional £3.3m funding for the Council in 2023/24.

The decision on the level of Council Tax is scheduled to be made by Council on 27 February 2023. The current budget proposal for 2023/24 assumes that general Council Tax will increase by 4.99%, representing the inflationary increase of 2.99% plus the Adult Social Care Precept of 2%.

Budget Workshops
Subject: Tourism, Communities, Culture & Leisure Committee
Date: 11 th August 2022
From: Katherine Brown, Democratic Services Officer
To: P&R Committee

1. Background

All local authorities are required to set a balanced budget by 10th March each year.

The Neighbourhoods Directorate has developed efficiency options for consideration by the Tourism, Communities, Culture and Leisure Committee before their recommendations are put forward to the Policy and Resources Committee (P&R) for review. Workshops to gather the below feedback were held on the 28 June and 18 July 2022. Budget option recommendations were agreed during the workshop on 18 July. This will inform the P&R Committee's proposals and final budget recommendation to Council.

[Redacted]

2. Key Considerations

[Redacted]

Table 1: Future Year Savings – Neighbourhoods Directorate

Leisure Services Review £77k
Temporary Reduction and Cessation of Sundry Costs Within Leisure Services £80k
Review of existing Leisure Catering Offer £100k
[Redacted]

Income Generation from Additional 3G Football Pitches £100k	
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

Future Year Pressures – Neighbourhoods Directorate

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

Savings rejected by the Committee

[REDACTED]

List of Savings and Pressures to be considered further

[REDACTED]
[REDACTED]

3. Members questions

Q A member questioned if the officers were confident that the 3G football pitches could be delivered in appropriate time, and how would the income be generated by these pitches.

A Yes, the official completion deadline is February 2023, however the more likely completion date will be December 2022. Income would be generated by the hiring of the pitches by clubs and individuals.

Q In previous years there has been concern regarding the lake requiring a draining and cleaning.

A A study was conducted and the outcome of which may be consulted to determine what must be addressed in terms of lake maintenance. Additional funding has been preserved for this.

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

4. Member Comments

Leisure centre cafes may avoid closure and in turn generate more income if other options were considered, such as menu changes.

Budget Workshops
Subject: Tourism, Communities, Culture & Leisure Committee
Date: 26 & 10 November 2022
From: Katherine Brown, Democratic Services Officer
To: P&R Committee

5. Background

All local authorities are required to set a balanced budget by 10th March each year.

The Neighbourhoods Directorate has developed efficiency options for consideration by the Tourism, Communities, Culture and Leisure Committee before their recommendations are put forward to the Policy and Resources Committee (P&R) for review. Workshops to gather the below feedback were held on the 26 October and 10 November 2022. Budget option recommendations were presented during the workshop on 26 October and expanded upon during the workshop on 10 November 2022. This will inform the P&R Committee's proposals and final budget recommendation to Council.

[REDACTED]

6. Key Considerations

[REDACTED]

Members were presented with information on which services where potential savings could be identified. A number of programmes have been initiated to allow for a transformation in running costs and an efficient operating model.

These programmes focus on discretionary and asset based services. Where possible combination of services was consider for a reduction in running costs.

- [REDACTED]

[REDACTED]

 - [REDACTED]

[REDACTED] Co-location of two central libraries. Transformation of the leisure service over 5-year period.

[REDACTED]

Reduce library service to 5 site model. Closure of Oval Sports & Leisure Centre.
 - Option 3 – Combination of options 1 and 2 for Library Services. Closure of two principal swimming pools, and ancillary costs based on income generation targets.

Table 1 (below) provided a breakdown on the potential savings of each option.

Table 1: Future Year Savings – Neighbourhoods Directorate, Tranche 2

	Option 1	Option 2	Option 3
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Library Services	-£390,000	-£860,000	-£1,100,000
Leisure Services	-£500,000	-£500,000	-£850,000
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Future Year Pressures – Neighbourhoods Directorate

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

Savings rejected by the Committee

Members acknowledged the savings and the options presented but did not formally accept or reject the savings.

List of Savings and Pressures to be considered further

Following feedback from members, Officers proposed to investigate the options listed in Table 1 further, taking into account their comments.

7. Members questions

Q: What was the Oval Leisure Centre's income and expenditure pre covid?

A: Further shared via email to members.

Q: Where there NHS payments to mitigate losses when they used leisure centres during covid?

A: During the pandemic, partner organisations such as the NHS paid for the use of buildings on a hire only basis and any payments were made to cover operating costs, not to mitigate losses from normalised operations. In accordance with national lockdowns and public health guidance, all sites were closed for significant periods during the pandemic. Charging health partners for losses for operations which would not have been taking place anyway would have therefore been inequitable and not conducive to the joint agency response that took place during what was a national health emergency.

[REDACTED]

[REDACTED]

Q: Is it possible to answer which leisure activity generates the most profit?

A: No. Some of the activities within Leisure Services will run at a surplus whilst some will run at a loss. Any surplus generated by high performing activities, will only serve to support the provision of other activities, that, whilst not profitable, will nonetheless be important to many service users. Even where activities do make a surplus, such as 3G football, this may still be seasonal due to the nature of the sport. There is therefore no single formula that would account for the profit and loss of any particular activity.

Q: Rethinking the leisure pass – is there a way to make the pass less broad and become more business minded to create a saving using the passes?

A: The Leisure Services team regularly review the membership models. There are currently several types of memberships available designed to attract a wide range of target audiences. Memberships start from only £18 per month. For many customers, the attractiveness of a flexible multi-site, multi-activity offer is what retains a sustainable, core membership base. To diminish the breadth of some of the offers may only serve to alienate some customers and result in a loss of memberships.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[Redacted text block]

[Redacted text block]

[Redacted text block]

[Redacted text block]

[Redacted text block]

[Redacted text block]

[Redacted text block]

8. Member Comments

It would be more suitable to delay moving Birkenhead Library into Birkenhead Town Hall, in order to find a more viable location which is central and accessible via public transport.

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Appendix 11

Adjustments following the Meeting of Policy of Resources Committee on 15 February 2023

Additional Information	Appearing
<p>The Provisional Finance Settlement 2023/24 has been confirmed as the Final Settlement after the drafting of the Budget report for the meeting of Resources Committee on 15 February. The Final Settlement provided additional Government Grant of £135,000 (£5,000 Section 31 grant and £130,000 Services Grant). Following this development, Committee resolved to withdraw savings of £94,000 under the terms of an Additional Recommendation moved by the Labour Group and supported by the Green and Liberal Democrat Groups. The same amendment committed the balance of the £135,000 i.e. £41,000 towards specific needs in Children’s Services.</p>	<p>See Minute 94 to the meeting of Policy & Resources Committee on 15 February 2023.</p>
<p>Equality Impact Assessments (EIA(s)): all savings proposals have now been assessed to determine whether an EIA is required and the required documents completed. The complete suite of EIA’s accompany the Budget and other financial reports which were recommended by Policy and Resources Committee for consideration by Full Council on 27 February 2023.</p>	<p>The EIA’s form part of the papers for Full Council on 27 February 2023.</p>
<p>Budget Pressures: following a request received at Policy and Resources Committee on 15 February 2023 it was agreed that a table of budget pressures included within the Draft Budget would be included in the papers for the Meeting of Full Council on 27 February 2023.</p>	<p>A table showing the full list of Pressures forms part of this Appendix 11</p>

BUDGET PRESSURES - 2023/24 BUDGET

Directorate	Description	£m
Adult Care & Health	<u>Inflation</u>	
	Cost of Care	10.05
	Contract	1.00
	Pay & Pension	0.33
	<u>Demographic</u>	
	Social Care	2.55
	<u>Other</u>	
	Independent Living	1.52
	Market Sustainability & Improvement	4.22
Adult Social Care Discharge	2.70	
Chief Executive Office	<u>Inflation</u>	
	Pay & Pension	0.05
Children, Families & Education	<u>Inflation</u>	
	Cost of Care	5.52
	SEND Home to School Transport	1.50
	PFI Schools	0.93
	Pay & Pension	1.13
	<u>Demographic</u>	
	Social Care	1.17
	<u>Other</u>	
SEND Team Capacity	0.25	
Law & Governance	<u>Inflation</u>	
	Pay & Pension	0.15
Neighbourhoods Services	<u>Inflation</u>	
	Waste Levy	0.04
	Refuse & Street Cleansing Contract	1.97
	Weed Contract	0.17
	Highways Winter Maintenance	0.10
	Pay & Pension	1.42
	<u>Other</u>	
	Tree Management - increases in disease	0.31
	Highways Asset Management System	0.07
		1.30
	Leisure Realignment of Income Target	
	Summer Coastal Plan - improved environmental standards	1.39

Regeneration & Place	<u>Inflation</u> MEAS - ecology, archaeology & waste Transport Levy Pay & Pension <u>Other</u> Culture & Visitor Economy Income Realignment Commercial Fees/ Income generation	 0.10 0.58 0.58 0.10 0.88
Resources	<u>Inflation</u> Pay & Pensions <u>Other</u> IT - Traded services- Schools Technical Services IT - Traded services- Print Services IT - Traded services- Schools Information System Debt Collection Post to Aid Income Recovery Market Rental Risk Capital Financing Pensions Surplus Pension Surplus to be transferred to Schools Adjustment to Holiday Pay Costs Treasury Management Operations Housing Benefit Subsidy Loss	 0.63 0.50 0.15 0.10 0.07 0.50 2.69 -4.20 1.80 0.13 0.13 0.75
Corporate	<u>Inflation</u> Pay & Pensions 2023-24 Energy Business Rates on Council Properties <u>Demographic</u> Risk Management Children's Services <u>Contingency</u> Risk Management - Financial Resilience	 9.42 5.76 0.52 1.50 5.48
TOTAL		67.01

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MINUTE EXTRACT

POLICY AND RESOURCES COMMITTEE

Wednesday, 15 February 2023

97 CAPITAL MONITORING QUARTER 3 2022/23

The Director of Finance introduced the report which provided an update on the progress of the Capital Programme 2022/23 at the end of December 2022. It recommended that Committee agreed the revised 2022/23 Capital Programme of £86.3m which took account of re-profiling, virements, additional funding requirements and grant variations identified since the Capital Programme was formally agreed on 28th February 2022 and later revised in the Quarter 1 and Quarter 2 monitoring reports.

Resolved – That

- (1) Council be recommended to approve the revised Capital Programme of £86.3 million for 2022/23, including the virements of budget referred to in Appendix D of the report.**
- (2) Council be recommended to approve the additional funding for the schemes referred to in section 3.7 of the report from a variety of sources, new borrowing required from the Council, capital receipts, external contributions and the repurposing of previously agreed Council borrowing.**

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POLICY AND RESOURCES COMMITTEE**Wednesday, 15 February 2023**

REPORT TITLE:	CAPITAL MONITORING QUARTER 3 2022/23
REPORT OF:	DIRECTOR OF FINANCE (S151 OFFICER)

REPORT SUMMARY

This report provides an update on the progress of the Capital Programme 2022/23 at the end of December 2022. It recommends that Committee agree the revised 2022/23 Capital Programme of £86.3m which takes account of re-profiling, virements, additional funding requirements and grant variations identified since the Capital Programme was formally agreed on 28th February 2022 and later revised in the Quarter 1 and Quarter 2 monitoring reports.

The report supports the delivery of the Wirral Plan 2021 - 26 as the Capital Programme contributes towards projects that support all five Wirral Plan priorities.

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

RECOMMENDATIONS

The Policy and Resources Committee is requested to recommend to Council the approval of:

- 1 the revised Capital Programme of £86.3 million for 2022/23, including the virements of budget referred to in Appendix D of this report.
- 2 additional funding for the schemes referred to in section 3.7 in this report. The funding for the proposed new schemes is from a variety of sources, new borrowing required from the Council, capital receipts, external contributions and the repurposing of previously agreed Council borrowing.

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 2022/23 Position by Directorate

Table 1: Wirral Council 2022/23 Forecast Position

Programme	Forecast		Variance £m	Variance %
	Q2 £m	Q3 £m		
Adult Care & Health	1.248	1.248	0.000	0%
Children, Families & Education	7.799	7.402	-0.397	-5%
Corporate Schemes	3.780	3.780	0.000	0%
Neighbourhoods	26.748	27.685	0.937	4%
Regeneration & Place	53.851	40.643	-13.208	-25%
Resources	5.244	5.544	0.300	6%
Total	98.670	86.302	-12.368	-13%

Capital Programme 2022/23 Position by Committee

Table 2: Wirral Council 2022/23 Forecast Position

Programme	Forecast		Variance £m	Variance %
	Q2 £m	Q3 £m		
Adult Social Care & Health	1.248	1.248	0.000	0%
Children, Young People & Education	8.997	7.402	-1.595	-18%
Economy, Regeneration & Housing	39.061	30.390	-8.671	-22%
Environment, Climate Emergency & Transport	28.618	31.810	3.192	11%
Policy & Resources	12.949	11.356	-1.593	-12%
Tourism, Communities, Culture & Leisure	7.797	4.096	-3.701	-47%
Total	98.670	86.302	-12.368	-13%

- 3.1.1 Tables 1 and 2 provide an update on the 2022/23 Capital Programme analysed on a Directorate and then Committee basis. A number of variations have arisen since the original programme was agreed at the end of February 2022 and subsequently revised in Quarter 1 and Quarter 2 reporting. These include the re-profiling of expenditure into and out of the 2022/23 financial year, inclusion of additional grant funded schemes and variations to spend forecasts. There have been two new capital schemes seeking funding, including one which would repurpose previously approved budget, see 3.7 of this report. Within Quarter 3 there has been a net reduction of £12.4 million of budget forecast as required in 2022/23. Appendix A of this report provides further analysis of the movement of the forecast programme across directorates during the year to date.
- 3.1.2 As noted above, the main movements in this year's programme are in regards the deferral of funding into future years (£85.6 million). It is anticipated that further reductions and/or deferrals of budget will be made in Quarter 4. Such deferrals reduce the borrowing costs incurred during 2022/23 and also delays the resultant Minimum Revenue Provision (MRP) charges into future years. Schemes that have seen significant budget deferral activity specifically within Quarter 3 are detailed within Appendix B of this report.
- 3.1.3 Within the deferral adjustment above, some schemes have had budget brought forward into the current year, from future years, as the projects have incurred spend quicker than previously anticipated. The following are the schemes with the largest variations within this quarter:

Town Deal Fund Birkenhead -£4.668m

Funding to enable further regeneration of Birkenhead. The scheme is broken down into smaller projects that are delivered either internally or via external parties. It is now forecast that internally delivered projects will be delivered in 2023/24 hence the rephasing of the budget.

Wirral Waters Investment Fund (WWIF) -£3.250m

The Regeneration department carried out an assessment of the schemes that had been granted access to the WWIF funding stream. Whilst there are several schemes with funding allocated, such as the 'Marine, Energy & Automotive (MEA) Park Phase 2', 'Egerton House', construction is not anticipated to begin until the next financial year and therefore funding has been reprofiled accordingly.

Highways Maintenance -£2.252m

As noted in 3.4.1 below, the Highways Maintenance City Region Sustainable Transport Settlement was only fully disbursed to the Council in late November. As a consequence, not all of this funding will be applied within this financial year and therefore some grant funding is reprofiled into future years.

Strategic Acquisitions Fund -£1.800m

The Council has been awarded grant funding from the Liverpool City Region Combined Authority towards the purchase of Hind St-National Grid site, with a value

of £1.800m. This funding contribution will part reimburse the cost of purchase, enhancing the balance of the Strategic Acquisitions Fund. It is not envisaged that the additional balance will be utilised within this year, therefore the funding is deferred to 2023/24.

Woodchurch Sports Pavilion - £1.450m

There have been some unforeseen delays due to the discharge of pre-start conditions in relation to the proposed design solution to remove surface water from the pitches. In the intervening period, the impact of inflationary building costs within the construction sector in general has led to a significant increase in costs for each project. The Football Foundation's cost consultants have undertaken a value engineering exercise (VE) with the respective pitch suppliers/contractors to look at where savings could be made across each scheme, to bring the costs closer to the original budget. This includes reducing the specification on the Woodchurch site and delaying the implementation of both schemes to the spring, to save on winter build costs. In addition, meetings are due to take place with the Football Foundation to see whether they can help with any shortfall expected of construction in 2023/24.

- 3.1.4 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.

3.2 Reprofile of expenditure

- 3.2.1 Since the approval of the original 2022/27 Capital Programme, a number of schemes have had budgets reprofiled into the 2023/24 financial year from 2022/23.
- 3.2.2 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.
- 3.2.3 A scheme should not be paused or deferred into a future year if this action were to lead to avoidable detrimental effects on the Council. The project lead officers determine if a scheme is appropriate for deferral and manage any risks or negative impacts associated with this decision. Schemes that are part or fully funded from grant require additional consideration before deferral, so as not to compromise the conditions of the grant agreements, which may jeopardise the scheme funding.
- 3.2.4 Those schemes that have encountered significant delays as a result of operational reasons are included with the items of significant variations, summarised in Appendix A 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.
- 3.2.5 An extensive review of the Capital Programme has been undertaken within Q3 to identify which schemes can either be delayed, deferred or even withdrawn to reduce the ongoing financial commitments that result from the programme. This review

involved the Chief Executive, Senior Officers and Project Leads to determine any action that could be made. Along with the rephrasing of budget within the programme, where appropriate, it was identified that the following schemes could have their budgets reduced or removed. These adjustments have been incorporated into the revised Capital Programme.

Table 3: Schemes Identified for Budget Reduction

Scheme	Budget Reduction £'000
Arrowe Park Sports Village Redevelopment Feasibility Study	1
Beach Cleaning - Replacement of equipment	94
Birkenhead Park Depot Resurfacing	30
Birkenhead Park Event Infrastructure	164
Castleway & Leasowe Early Years	1,198
Creative & Digital Team - Specialist Software and Hardware	2
Empty Property Grant Scheme	60
Extra Care Housing	2,895
Floral Pavilion	55
Heswall Day Centre (part only)	77
Hoylake Golf Works Depot	70
Landican Chapels	79
Leasowe Leisure Centre/Evolutions	1,719
Legislative Compliance	44
Modernisation of CCTV System	120
New Brighton Gym Equipment	56
Property Pooled Plus I.T System	2
School Place Planning	468
Studio refurbishment Les Mills classes	125
Town Link Viaduct	332
Woodchurch Rd Drainage	26
Total	<u>7,617</u>

3.3 Scheme Updates

- 3.3.1 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 Appendix C of this report.
- 3.3.2 Scheme costs are constantly monitored by project officers. Due to record high inflationary pressures within the economy, financial monitoring of schemes is of upmost importance to identify any potential budgetary issues that may arise such as an increase in the cost of building materials. Any such pressures that are identified will be reported that may jeopardise the delivery of a scheme. It will then be determined as to whether the scheme must apply for additional funding to complete the project, or whether the scheme becomes no longer viable from a financial

perspective. Similarly, should a contractor become insolvent in the current financial climate, a decision will need to be taken regarding the future of the scheme.

3.4 Grant Funded Schemes

3.4.1 There have been new additional awards of grant and external contributions received during Quarter 3 relating to the Capital Programme.

- **West Kirby Flood Alleviation - £0.800m**
Additional Environment Agency Grant due to market volatility and resulting impacts on material and fuel costs.
- **Highways Maintenance City Region Sustainable Transport Settlement (CRSTS) - £3.342m**
Grant funding from Liverpool City Region Combined Authority (LCRCA), CRSTS profiled between 2022-2023 to 2026-2027 for investment in local transport networks.
- **Key Route Network City Region Sustainable Transport Settlement (CRSTS) - £1.900m**
Grant funding from LCRCA, CRSTS profiled over 2022-2023 and 2023-2024 for expenditure on resurfacing and low carbon schemes.
- **Levelling Up Parks Fund - £0.067m**
To ensure every region across the UK has access to green spaces, which are vital to people's physical and mental health, the Budget and Spending Review announced the £9,000,000 Levelling Up Parks Fund, supporting over one hundred new parks in 2022-23 to ensure access to parks in urban areas that are most deprived of green space.
- **UK Shared Prosperity Fund (UKSPF) - £0.564m (Profiled 2022/23 to 2025/25)**
UKSPF will provide £2.6 billion of new funding for local investment by March 2025, with all areas of the UK receiving an allocation from the Fund via a funding formula rather than a competitive process. The UKSPF is based on three investment priorities: 'Communities and Place,' 'Local Business' and 'People and Skills.'
- **LCRCA grant funding towards the purchase of Hind St-National Grid - £1.800m**
Purchase of land at Hind Street, Birkenhead, Wirral, presently owned by National Grid and subsequent construction of a residential housing development on the site to support regeneration of Birkenhead in accordance with the Birkenhead Regeneration Framework 2040. The purchased land will form part of the Hind Street Development Site, which could create up to 1,400

new homes and supports Wirral Council's ambition to deliver a brownfield first local plan.

The purchased land will form part of the Phase 1 development site, together with adjacent land currently in the ownership of the Recipient, and land that the Recipient is intending to purchase from Northern Trust. The Phase 1 development site will be remediated and subsequently developed as a single site, with a minimum of two hundred housing units being constructed on it.

- **Wirral Growth Company – Contribution towards CCTV (Office Fit Out) - £0.070m**

Wirral Growth Company contribution towards CCTV cameras in the Birkenhead Commercial District.

- **Sustainable Urban Development Leasowe to Seacombe Corridor – £0.210m**

Liverpool City Region Combined Authority grant for the purchase of land from Network Rail.

3.5 Virements

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

3.6 Capital Funding Requirements

Table 4 Financing the Capital Programme 2022/23

Source of Financing	Programme 30 Sep 2022 £m	Programme 31 Dec 2022 £m	Variance £m
Borrowing	43.006	32.149	-10.857
Grants/Contributions	52.064	50.028	-2.036
Capital Receipts	3.580	3.580	0.000
Revenue/Reserves	0.020	0.545	0.525
Total	98.670	86.302	-12.368

3.6.1 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 2023/24 when the re-profiled expenditure is incurred.

3.6.2 The capital receipts target for 2022/23 is £3.580m to fund capital expenditure. As at 31 December a total £1.2m had been received within year, with an estimated £2.0 million to be received by 31 March. Any shortfall in receipts received by 31 March

2023 will reduce the amount of expenditure that can be financed under the flexible use of capital receipts and consequently result in a potential pressure in the revenue budget.

3.7 Recommendations to Full Council: Approval for Funding

3.7.1 Below are summaries of the Capital bids seeking approval for funding via this report. Further detail is provided in Appendix E to this report.

3.7.2 Worksmart I.T (£0.300m)

A top-up bid to a previously approved scheme, this capital bid is a request for the funding to purchase IT equipment to replace faulty hardware that is out of warranty and IT equipment for new starters. It is anticipated that this funding would be fully utilised within Quarter 4 of this financial year. The original bid approval formed part of the 2019/20 Capital Programme and has been fully utilised.

3.7.3 Asset Demolitions (£1.500m)

Approval is sought to repurpose £1.5m of the 'Health & Safety – Condition Surveys' budget (£6.382m) to a new scheme within the Capital Programme named 'Demolitions'.

The demolition projects identified above have significant Health and Safety risks if they are left in a "mothballed" state due to the presence of asbestos, structural risks, vandalism etc but each project is earmarked for onward Regeneration within Wirral which will generate Capital receipts and inward investment. The required amount in 2023/24 to undertake the required demolition which includes surveys, asbestos removal etc is £1.5 million.

Funds to be re-purposed from the Health & Safety – Condition Surveys

4.0 FINANCIAL IMPLICATIONS

4.1 This is the Quarter 3 Budget Monitoring Report, to the end of December 2022 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 require borrowing of £32.2m this year to finance the capital schemes covered by this report. This forecast level of borrowing has reduced from the forecast £43.0 million reported at Quarter 2 due to budget rephasing and scheme reductions. This debt would be repaid via charges to the revenue budget over the lives of the assets created or

enhanced. The revenue impact of the additional £32.2m of borrowing required to fund all forecast works in 2022/23 is as follows:

Table 5: MRP Charges to Revenue Relating to 2022/23 Debt Funded Capital

	2023/24	2024/25	2025/26	2026/27
	£m	£m	£m	£m
Additional revenue cost	1.068	1.106	1.145	1.186

Notes

- MRP repayments from revenue only start the year after the capital expenditure has taken place i.e., for spend incurred in 2022/23, the first MRP repayments will be charged in the 2023/24 revenue accounts.
- The additional revenue costs in Table 5 are not cumulative, rather an annual comparison to the current MRP charges to be incurred.

4.3 It is estimated that these costs will peak in 2029/30 at £1.308 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. This repayment profile is due to the Council adopting the “Annuity Method” of repayment which was agreed by Council (on 19 December 2016). The “Annuity Method” produces a profile of principal repayments which starts low and increases each year reflecting the time value of money i.e., £1 in year 1 will have more purchasing power than to £1 in year 10.

4.4 Any reprofiling or ‘slippage’ of debt funded capital spend will delay the associated MRP being charged to the revenue budget. Future years MRP is included within the rolling Medium Term Financial Plan (MTFP).

4.5 The full revised Capital Programme can be found in Appendix F to this report.

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 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.
- 5.6 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 regular programme review by a senior group of officers, charged with improving performance. The Investment and Change Board (ICB) has established the Capital Programme Board (CPB), which will provide enhanced Capital Programme review. The most recent CPB meeting took place in December.
- 7.2 The possible failure to deliver the Revenue Budget is being mitigated by:
- (1) Senior Leadership / Directorate Teams regularly reviewing the financial position.
 - (2) Availability of General Fund Balances.
 - (3) Where possible, reprofiling of 2022/23 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 Within the reviews undertaken by the CPB, schemes which encounter difficulties or additional delivery risk will be subject to additional scrutiny and were necessary escalation to ICB.

8.0 ENGAGEMENT/CONSULTATION

- 8.1 This is an in-year report. Consultation takes places 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 is a particular requirement to take into consideration the Council's fiduciary duty and the public sector equality duty in coming to its decision.
- 9.2 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.
- 9.3 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.

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 and service committee.
- 10.2 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 and flood alleviation works.

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.

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APPENDICES

- Appendix A Movement Between Q2 and Q3 Forecast Position
Appendix B Significant Programme Variations in Quarter 3
Appendix C Scheme Updates
Appendix D Virements Within Quarter 3

BACKGROUND PAPERS

Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the UK 2021/22.
 Local Government Act 2003 and subsequent amendments.
 Local Government (Capital Finance and Accounting) Regulations 2008.
 Accounts and Audit (England) Regulations 2015.

TERMS OF REFERENCE

This report is being considered by the Policy and Resources Committee in accordance with 1.2(a)(i) of the Policy and Resources Committee Terms of Reference:

formulate, co-ordinate and implement corporate policies and strategies and the medium-term financial plan (budget), which includes responsibility for any decision:
 (i) that relates to such matters to the extent that they are not reserved to full Council.

Policy and Resources Committee is recommended to refer the decision to Council in accordance with 2(a)(i)(1) of the Functions Reserved to Council:

The Council reserves to itself the following functions (in accordance with the rules and procedures contained in this Constitution):

(i) The Budget – The approval or adoption of a plan or strategy for the control of the local authority’s borrowing, investments, or capital expenditure or for determining the authority’s minimum revenue provision, which includes the overarching annual: -

- (1) Capital programme
- (2) Capital Financing Strategy

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Council – 2019/20 Capital Monitoring Q3	1 March 2020
Cabinet – 2019/20 Capital Outturn Report	27 July 2020
Council – 2020/25 Capital Programme	1 March 2020
Council - 2020/21 Capital Strategy Report	1 March 2020
Council – 2020/21 Capital Monitoring Q1	19 October 2020
Council – 2020/21 Capital Monitoring Q2	7 December 2020
Budget Council – 2020/21 Capital Monitoring Q3	1 March 2021
Council - 2020/21 Capital Outturn Report	6 September 2021
Budget Council – 2021/26 Capital Programme	1 March 2021
Budget Council - 2021/22 Capital Financing Strategy	1 March 2021
Council – 2021/22 Capital Monitoring Q1	18 October 2021
Council – 2021/22 Capital Monitoring Q2	6 December 2021
Council – 2021/22 Capital Monitoring Q3	28 February 2022

Council – 2021/22 Capital Outturn Report	11 July 2022
Council – 2022/27 Capital Programme	28 February 2022
Council – 2022/27 Capital Financing Strategy	28 February 2022
Council – 2022/23 Capital Monitoring Q1	10 October 2022
Council – 2022/23 Capital Monitoring Q2	5 December 2022

Appendix A

Movement Between Q2 and Q3 Forecast Position

Programme	Forecast Q2 £m	Additional Grant £m	Funding Adjustments (inc Virements) £m	New Bids £m	Scheme Reduction £m	Reprofiling to Future Yrs £m	Forecast Q3 £m
Adult Care & Health	1.248	-	-	-	-	-	1.248
Children, Families & Education	7.799	-	-	-	-0.468	0.071	7.402
Corporate Schemes	3.780	-	-	-	-	-	3.780
Neighbourhoods	26.748	6.109	0.435	-	-0.628	-4.979	27.685
Regeneration & Place	53.851	2.238	0.090	-	-1.309	-14.227	40.643
Resources	5.244	-	-	0.300	-	-	5.544
Total	98.670	8.347	0.525	0.300	-2.405	-19.135	86.302

Appendix B

Significant Programme Variations in Quarter 3

Table B1 - Schemes with Significant Budget Deferral Adjustments in Quarter 3

Area	Scheme	Variance £m
Children, Families & Education	School Place Planning	0.323
Neighbourhoods	Bridges Excluding Dock Bridge	-0.260
	Highway Maintenance	-2.252
	Key Route Network CRSTS 22-23	-0.500
	New Ferry Rangers Community Clubhouse	-0.500
	Wallasey Embankment Toe Reinforcement	0.650
	Wirral Tennis Centre - 3G Pitch	-0.900
	Woodchurch Sports Pavilion	-1.450
Regeneration & Place	Bebington Oval Facility Upgrade	-0.685
	Business Investment Fund	-0.585
	Clearance	-0.385
	Consolidated Library Works Fund	-0.279
	Energy Efficient Buildings	-0.200
	Health & Safety - Condition Surveys	-0.930
	Leasowe Leisure Centre/Evolutions	-0.319
	Leisure Capital Improvement Programme	-0.600
	Strategic Acquisition Fund	-1.800
	Town Deal Fund - Birkenhead	-4.668
	West Kirby Concourse/Guinea Gap Reception upgrade	-0.351
	Wirral Waters Investment Fund	-3.250
Various	Other Budget Deferrals	-0.194
	Total Budget Deferral in Q3	-19.135

Table B2 - Summary of Significant Programme Variations in Quarter 3

Area	Scheme	Forecast	Forecast	Variance £m	Comment
		Q2 £m	Q3 £m		
Neighbourhoods	Bridges excluding Dock Bridge	0.580	0.320	-0.260	Budget variance as a result of issues programming a number of Principal Bridge Inspections where Traffic Management or special access is required. Amey Consulting, who have been commissioned to complete the inspections, have arranged for all outstanding inspections to be completed in January/February and are confident of delivering all inspection reports before the end of the current financial year.
	Highway Maintenance	6.522	7.153	0.631	Additional grant received from the CRSTS (City Region Sustainable Transport Settlement) for works within the objectives of highways maintenance work and non-highways maintenance works.
	Key Route Network CRSTS 22-23	0.000	1.400	1.400	LCRCA CRSTS grant funding for resurfacing, plane and inlay surfacing works at various locations across Wirral. £0.5m Low Carbon Birkenhead, surface treatment works at various locations across Wirral delivering a safer transport network with less accidents and fatalities. As funding not confirmed until September 2022, as a programme of works for current year is already underway, £500k underspend expected and accepted by the LCRCA.

Area	Scheme	Forecast	Forecast	Variance £m	Comment
		Q2 £m	Q3 £m		
Neighbourhoods	New Ferry Rangers Community Clubhouse	1.042	0.542	-0.500	The New Ferry Community Clubhouse project experienced significant, unforeseen delays following the contractor's commencement on site. These delays were due to discoveries made in relation to the building structure and had associated cost implications for the wider project. Further problem solving discussions and funding negotiations were needed with stakeholders before a clear path forward was identified. This process had implications for the delivery timeline for the project and caused said delays.
	Town Link Viaduct	0.332	0.000	-0.332	Scheme completed.
	Wallasey Embankment Toe Reinforcement	0.100	0.750	0.650	Slippage previously reprofiled into 2023-24 has been brought back into 2022-23 to fund actual spend in 2022-23.
	West Kirby Flood alleviation	9.344	11.112	1.768	Budget variance as a result of additional Environment Agency Grant and Director approved virements.
	Wirral Tennis Centre - 3G Pitch	0.932	0.032	-0.900	Planning permission granted, certain conditions (drainage) have to met before project starts. 22 Week programme with 22 February 2023 as an estimated end date, unlikely to have contractors mobilised now before the end of the financial year.

Area	Scheme	Forecast	Forecast	Variance £m	Comment
		Q2 £m	Q3 £m		
Neighbourhoods	Woodchurch Sports Pavillion	1.482	0.032	-1.450	There have been some unforeseen delays due to the discharge of pre-start conditions in relation to the proposed design solution to remove surface water from the pitches. Due to the delayed start on site, it is prudent to roll over the remaining capital.
Regeneration & Place	Bebington Oval Facility Upgrade	0.690	0.005	-0.685	Bebington Oval facility upgrade was postponed due to heavy involvement and use of the building by NHS during the Covid 19 pandemic. This scheme has now been re-started and a feasibility study carried out with tender for detail design soon to be issued.
	Business Investment Fund	0.685	0.100	-0.585	The variance reported between Q2 and Q3 on the Business Investment Fund is as a result of reduction to this year's forecast following a budget challenge decision in Q3. A grant award agreed during the current financial year is progressing as planned within the remaining budget envelope.
	Castleway & Leasowe Early Years	1.198	0.000	-1.198	Borrowing for this scheme now removed from programme, scheme to be undertaken via 'School Condition Allocation' funding. Work is being carried out whilst the school is still fully operational as Leasowe Early years have already moved in, so completion will be longer than previously anticipated.

Area	Scheme	Forecast	Forecast	Variance £m	Comment
		Q2 £m	Q3 £m		
Regeneration & Place	Clearance	0.388	0.003	-0.385	Budget primarily for a combination of existing historical HMRI CPO compensation commitments for 2 property acquisitions (final compensation agreement not yet agreed with former owner with negotiations ongoing). Remaining budget associated with demolition/making good work at Ilchester Road, Birkenhead (estimated total costs in region of £8K). With the exception of the £3K expenditure already incurred at Ilchester Road, it is anticipated that the majority of this budget will be not now be needed in 22/23, hence slippage of £385K.
	Consolidated Library Works Fund	0.279	0.000	-0.279	<ul style="list-style-type: none"> •Eastham £40k Works were cancelled for this library due to review. •Seacombe £66k This is a closed Library works cancelled. •Wallasey Central £176k We have not progressed with any further works due to capacity of staff but works are required as the condition is certain areas are poor. •Wallasey Village £8k No further works required on this library.
	Health & Safety - Condition Surveys	1.382	0.332	-1.050	Specialist consultant has been appointed and the Council awaiting first tranche of surveys. £1.5m of budget repurposed (via this report) to fund asset demolitions.
	Leasowe Leisure Centre/Evolutions	0.319	0.000	-0.319	Scheme removed from programme following capital challenge session with senior officers.

Area	Scheme	Forecast	Forecast	Variance £m	Comment
		Q2 £m	Q3 £m		
Regeneration & Place	Leisure Capital Improvement Programme	0.675	0.075	-0.600	Improvement works are in the process of being delivered with urgent boiler replacement works at 2 leisure centres (Guinea Gap and Wirral Tennis Centre) required. Remaining budget slipped to 23/24 to fund further works.
	Sustainable Urban Development - Leasowe to Seacombe Corridor	1.556	1.766	0.210	Additional grant from the Liverpool City Region Combined Authority for the purchase of land from Network Rail.
	Town Deal Fund - Birkenhead	8.945	4.277	-4.668	This £25m fund is to enable access to capital grants to support the regeneration of Birkenhead. It encompasses a number of projects to be delivered both internally and by external organisations. A Treasury compliant 'Green Book' business case has been prepared and approved for each of the projects. Grants will be paid out to the organisations delivering the external projects via Grant Funding Agreements. All projects will be delivered by March 2026. Robust monitoring and evaluation arrangements are in place.
	West Kirby Concourse/Guinea Gap Reception upgrade / improve	0.351	0.000	-0.351	Wirral Councils 'Leisure' services have incorporated the inclusion of a specialist sports group 'Alliance Leisure' to advise on each of the aforementioned centres to ensure suitability of any proposed enhancements/upgrades assessing the current estate of Leisure service and provision and we await the final conclusions before commencing upgrading.

Area	Scheme	Forecast	Forecast	Variance	Comment
		Q2	Q3		
		£m	£m	£m	
Regeneration & Place	Wirral Waters Investment Fund	3.250	0.000	-3.250	The Regeneration department carried out an assessment of the schemes that had been granted access to the WWIF funding stream. Whilst there are several schemes with funding allocated, such as the 'Marine, Energy & Automotive (MEA) Park Phase 2' , 'Egerton House', construction is not anticipated to begin until the next financial year and therefore funding has been reprofiled accordingly.

Appendix C

Capital Programme – Scheme Updates

C1 Adult Social Care & Health

- **Extra Care Housing** -There are currently two schemes in development which are due to be completed 2023. Adult Social Care Commissioning leads are working closely with strategic housing colleagues on new site opportunities which are either at planning or pre-planning stage. There are several sites under current consideration across the Wirral but are not yet confirmed for progression. Development will be where there is an evidenced gap in provision.
- **Telecare & Telehealth Ecosystem** –The scheme is replacing analogue equipment with new digital equipment such as fall detectors, panic buttons and activity tracking which will help with earlier diagnosis of health issues, thus assisting with independence and reduce pressure on hospitals and health providers. 543 units have been installed to Sept 22. The activity for the remainder of the year is estimated at approximately 180 units per month plus project delivery costs. It is estimated that 1,143 units will be installed in this financial year and the programme will continue into the next few years.

C2 Children, Families & Education

- **School Condition Allocation (SCA)** –Funding to support condition works, including:
 - £1.485m worth of roofing works have been identified, works have started on three schools with five schools having works costed and awaiting approval.
 - £1.8m to convert the former Kingsway Academy site for Clare Mount Specialist College.
 - £0.850m allocated for Equalities Act works.
 - £0.351m allocated for Asbestos removal works.
 - £0.102m expected costs for School Condition Surveys: Programme currently being worked on.
 - £0.350m allocated for Boiler installation works across six sites.
 - Fire alarm enhancements, schemes totalling £0.205 million have been identified.
 - Work currently being scoped include toilet refurbishment, sound proofing, replacement windows totalling £0.200 million.
 - £0.500m Mobile classrooms and associated groundworks at Riverside, The Observatory and Mosslands.
 - £0.9m reprofiled back into 22/23, this is due to speed of works on Kingsway phase 1 and Castleway (despite the school still being open). Associated school capital projects are still on hold/subject to further delays with budget deferred into 2023/24 as the priority continues to be

on completing the larger schemes which will enable other works to start.

- **Transforming Care - Therapeutic Short Breaks**– This scheme involves the purchase of property. Awaiting probate on a property but are hoping the sale completes in this financial year.
- **Special Educational Needs and Disabilities / High Needs Provision Capital**– To deliver additional classroom provision for SEN pupils across several Special schools. The planned schemes have been reviewed at Q3 resulting in work being identified as now not starting until 2023/24 due a number of larger schemes taking priority which link into each other.

C3 Neighbourhoods

- **Highway Maintenance** – The funding for the CRSTS schemes was only fully disbursed in late November, which means not all the allocation will be spent within this financial year. The final amount that will be spent this year is still to be confirmed, but all the planned schemes, for HRA, Surface dressing, micro-asphalt are now completed. Footway schemes are 90% complete, which covers bulk of the funding allocation. There are still ongoing programmes of work for HRA patching, footway slurry, Micro-patching and drainage works, which are all expected to be fully completed and funding spent, by the end of the financial year.
- **Combined Authority Transport Plan (CATP)** –Officers are in the process of considering objections to the widespread 20mph speed limit roll out (phase 1) and a report is being taken to the Environment, Climate Emergency and Transport Committee on 30th January 2023. Subject to approval it is anticipated that works will commence during March 2023. Specialist advisors are supporting in-house resource with delivery of the programme. Designs have been agreed for most of the remaining schemes and the next stage is to undertake stakeholder engagement / statutory consultation which we are aiming to commence during February / March. We also have major junction improvement schemes at Arrowse Park Road / Arrowse Brook Road, Woodchurch scheduled to start during February and Borough Road / Singleton Avenue, Birkenhead during March.
- **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 seventy properties. The conditions set by Natural England only allow for the majority of construction works to take place between April and October to minimise noise and disturbance within the Dee Estuary. Anticipated completion May 2023.

The value of the Main Contract Target Cost has increased since Contract Award as a result of a number of agreed Compensation Events. The final forecast cost of the contract has also increased with the difference between the two being split as a painshare between Wirral Council and the Contractor.

The current projection of the target cost is £13,525,000 and maximum painshare £637,000 which gives a final construction cost of £14,162,000. Delay to the project and additional design work has also increased survey, preliminary contract and professional fees to an estimated total of £1,350,000.

In summary the additional costs have been as a result of three factors which have also had a consequential impact on programme:

- Despite undertaking three comprehensive ground investigation surveys in line with design codes the scheme has met widely variable ground conditions requiring re-design of foundation to minimise programme delay / additional piling
- Relocation of RNLI to allow for continuation of their lifesaving operations due to factors that were only fully shared and worked through after contract award
- Inflationary increases for materials
- An application for additional grant has been submitted to the Environment Agency and if successful the revised budget for West Kirby Flood Alleviation will be £15.982m.
- **Woodchurch Sports Pavilion** – There have been some unforeseen delays due to the discharge of pre-start conditions in relation to the proposed design solution to remove surface water from the pitches. In the intervening period, the impact of inflationary building costs within the construction sector in general has led to a significant increase in costs for each project. The Football Foundation's cost consultants have undertaken a value engineering exercise (VE) with the respective pitch suppliers/contractors to look at where savings could be made across each scheme, to bring the costs closer to the original budget. This includes reducing the specification on the Woodchurch site and delaying the implementation of both schemes to the Spring, to save on winter build costs. In addition, meetings are due to take place with Football Foundation to see whether they can help with any shortfall Expected of construction 2023/24.

C4 **Regeneration & Place**

- **Town Deal Fund Birkenhead** – This £25m fund is to enable access to capital grants to support the regeneration of Birkenhead. It encompasses a number of projects to be delivered both internally and by external organisations. A Treasury compliant 'Green Book' business case has been prepared and approved for each of the projects. Grants will be paid out to the organisations delivering the external projects via Grant Funding Agreements. All projects will be delivered by March 2026. Robust monitoring and evaluation arrangements are in place.

- **Aids, Adaptations and Disabled Facility Grant** – This grant funds several different schemes including adaptations to owner-occupied and rented stock as well as newbuild schemes and assistance to remove major hazards in the home providing they meet the requirements of the BCF grant outcomes framework. These are rolling programmes and there is an increasing demand for the service year on year. While the allocation will be fully committed, there may be some delays in building work that will necessitate committed funding to be rolled into 2023/24.
- **Future High Streets (Birkenhead)** – c.£24.6m capital grant from Department for Levelling Up, Housing and Communities (DLUHC). Budget currently profiled across a number of years until 2023/24. Funding to support regeneration of Birkenhead Town Centre - Market, Europa Housing and Connectivity (Grange Road/Charing Cross/Conway Street/Bus Station area improvements). Activity is continuing at pace in terms of design, public consultation and the procurement of delivery partners.
- **Birkenhead Regeneration Delivery Fund** – Funding allocated to enable the delivery of the 'Brownfield First' development strategy in support of The Local Plan. Spend has commenced against individual programmes which are as follows:
 - Hamilton Park Enabling Works
 - Town Centre – Wirral Growth Company
 - Dock Branch Park
 - Waterfront
 - Hind Street
- **Wirral Waters Investment Fund (WWIF)**– Approvals for WWIF grant total £5.450m
 - Marine, Energy & Automotive (MEA) Park Phase 2 - £1.5 million. The Grant Funding Agreement is in place. Determination of planning application expected this quarter. Development is out to tender for the works. Construction anticipated to start in Q1 2023/24.
 - Egerton Village – £1.750 million. Principles of Grant Funding Agreement have been agreed. Construction anticipated to start 2023/24
 - Maritime Knowledge Hub - £2.2 million Grant Funding Agreement in place. Determination of planning application expected this Quarter. Construction start is anticipated in 2023/24.

C5 Resources

- **Enterprise Resource Planning (ERP)** – Implementation on schedule for April 2023. Good relationship in place with new supplier, NAMOS and close engagement with Knowsley who implemented the solution in 2021 who are providing good advice. Currently in Application Walk Through (AWT) phase with Solution Design Sign-off expected by 16/01/23. Train the trainer commences on 20 January, closely followed by System Integration Build and

Test. Directorates have provided resources to support testing. Budget position remains within scope.

- **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 CAS project governance arrangements have been reviewed and necessary changes will now be put in place to accelerate the CRM migration delivery timetable. This should provide the project extra support to overcome the challenges and issues that have caused a delay to the project. A revised project plan is in place with a target end date of 31st March 2024.

Appendix D

Virements within Quarter 3

Directorate	Scheme	Proposed Virement £'m	Proposed Reallocation	Reason
Neighbourhoods	Wirral Country Park Car Park	0.054	Wirral Way Widening	The Wirral Country Park Car Park scheme is now completed. Due to increased costs the Wirral Way Widening Scheme required addition funding.
Neighbourhoods	Climate Emergency Budget	0.020	Pool Covers	Increase in project costs following more detailed assessments of the sites and increased Health & Safety requirements.
Neighbourhoods	Highways Maintenance	0.459	West Kirby Flood Alleviation	The value of the Main Contract Target Cost has increased since Contract Award as a result of a number of agreed Compensation Events. The final Forecast Cost of the contract has also increased with the difference between the two being split as a painshare between Wirral Council and the Contractor.
Neighbourhoods	Woodchurch Rd Drainage	0.054	West Kirby Flood Alleviation	The value of the Main Contract Target Cost has increased since Contract Award as a result of a number of agreed Compensation Events. The final Forecast Cost of the contract has also increased with the difference between the two being split as a painshare between Wirral Council and the Contractor

Appendix E

Capital Bids Seeking Approval for Funding

E1 Worksmart I.T (£0.300m)

An original bid was approved as part of the 2019/20 Capital Programme to allow the I.T department to purchase equipment to facilitate the transition to standardised office space against the backdrop of asset rationalisation.

With the required move to hybrid working over recent years, this original allocation was used to replace or purchase IT equipment for staff to allow them to continue operational services. This funding has now been exhausted and this supplementary capital bid is a request for the funding to purchase IT equipment to replace faulty hardware that is out of warranty and IT equipment for new starters. It is anticipated that this funding would be fully utilised within Quarter 4 on this financial year. A bid for future I.T funding will be brought to Members to address the issue of refreshing the equipment stock, much of which is now beyond its useful economic life.

E2 Asset Demolitions (£1.500m)

Approval is sought for £1.5m of the Health & Safety – Condition Surveys budget (£6.382m) to be repurposed to a new scheme within the Capital Programme named 'Demolitions'.

The original Capital Bid to address latent building condition was made following a review of our primary administration accommodation within the ACSR Programme, the review included a number of detailed Condition Surveys. Buildings in scope included our Town Halls and adjacent offices (in the case of Wallasey Town Hall Complex) and a range of other Corporate Buildings across the Asset portfolio.

The North and South Annex were identified as being no longer required for operational purposes and as such the process of demolition has commenced; phase 1 decommissioning of services and asbestos removal phase 2 building demolition and ground works. Phase 2 tender has been prepared and progressing through the procurement process.

Eastham Youth Club was declared unfit for continued service provision and as such a new facility was built as a co-location project nearby, the condition of the building was such that demolition was the only option and in turn the site will be released for housing and generate a Capital receipt.

Liscard Municipal building was declared surplus to requirements and due to the condition and efficiency not suitable for Capital investment; linked to the Regeneration Master Plan for the Liscard the demolished site would provide housing and generate a Capital receipt. The site is currently experiencing high levels of vandalism, with very frequent callouts to Police and Fire Services and high levels of public complaints.

Clare Mount School will become vacant in the summer of 2023 following a phased relocation to the former Kingsway Academy site, following demolition this site will be marketed for sale within the Department for Education guidelines.

The demolition projects identified above have significant Health and Safety risks if they are left in a “mothballed” state due to the presence of asbestos, structural risks, vandalism etc but each project is earmarked for onward Regeneration within Wirral which will generate Capital receipts and inward investment. The required amount in 2023/24 to undertake the required demolition which includes surveys, asbestos removal etc is £1.5m.

Funds to be re-purposed from the Health & Safety – Condition Surveys

Appendix F

Revised Capital Programme at Quarter 3 2022/23

Scheme	2022/23			2023/24	2024/25	2025/26
	Q2 Forecast £000	Q3 Forecast £000	Variance £000	Budget £000	Budget £000	Budget £000
Adult Care and Health						
Better Care Fund (Disabled Facilities Grant)	433	433	0	0	0	0
Citizen and Provider Portal/Integrated I.T.	76	76	0	0	0	0
Extra Care Housing	0	0	0	1,645	691	0
Liquidlogic - Early Intervention & Prevention	219	219	0	0	0	0
Telecare & Telehealth Ecosystem	520	520	0	1,640	324	0
Total Adult Care and Health	1,248	1,248	0	3,285	1,015	0
Children, Families & Education						
Basic Needs	254	208	-46	527	0	0
Children's System Development	313	313	0	794	0	0
School Condition Allocation (SCA)	4,272	4,272	0	8,157	2,500	0
Family support	157	0	-157	157	0	0
High Needs Provision Capital	1,499	1,499	0	4,010	0	0
PFI	52	3	-49	49	0	0
School remodelling and additional classrooms (School Place Planning)	188	43	-145	0	0	0
Special Educational Needs & Disabilities	200	200	0	599	0	0
Transforming Care - Therapeutic Short Breaks	864	864	0	0	0	0
Total Children, Families & Education	7,799	7,402	-397	14,293	2,500	0

Scheme	2022/23			2023/24	2024/25	2025/26
	Q2	Q3	Variance	Budget	Budget	Budget
	Forecast	Forecast				
	£001	£000	£000	£000	£000	£000
Corporate Schemes						
Capitalisation of Legal Salaries	200	200	0	0	0	0
Transformational Capitalisation	3,580	3,580	0	0	0	0
Total Corporate Schemes	3,780	3,780	0	0	0	0
Neighbourhoods						
Aids to Navigation	18	18	0	0	0	0
Allotment Sites Expansion	61	61	0	64	0	0
Arrowe Park Sports Village Redevelopment Feasibility Study	1	0	-1	0	0	0
Ashton Park Lake	0	0	0	147	0	0
Beach Cleaning - Replacement of equipment	94	0	-94	0	0	0
Birkenhead Park World Heritage Project Team	0	0	0	85	0	0
Bridges excluding Dock Bridge	580	320	-260	260	0	0
Cemetery Extension & Improvements (Frankby)	0	0	0	142	0	0
Climate Emergency Budget	125	105	-20	0	0	0
Coastal Defence - Meols Feasibility Study	30	30	0	70	0	0
Combined Authority Transport Plan (CATP)	879	1,025	146	1,354	0	0
Coronation Park Sustainable Drainage	222	222	0	0	0	0
Defibrillators	67	67	0	0	0	0
Dock Bridges replacement	210	210	0	0	0	0
Essential H&S Access Improvements @ Wirral Country Park	64	64	0	0	0	0
Fitness Equipment	4	4	0	0	0	0
Food Waste	0	0	0	0	3,200	0

Scheme	2022/23			2023/24	2024/25	2025/26
	Q2	Q3	Variance	Budget	Budget	Budget
	Forecast £001	Forecast £000	£000	£000	£000	£000
Neighbourhoods (Continued)						
Future Golf - Project 1.1	13	46	33	187	187	0
Highway Maintenance	6,522	7,153	631	563	563	563
Highways Asset Management System - procurement of integrated asset	49	49	0	0	0	0
Key Route Network (LGF3) - Operate Key Roads / Routes Efficiently	166	166	0	0	0	0
Key Route Network CRSTS 22-23	0	1,400	1,400	500	0	0
Levelling Up Parks Fund-Woodchurch	0	67	67	0	0	0
Library Radio Frequency Identification Kiosks	40	40	0	80	0	0
Lyndale Ave Parking & Safety Measures	125	125	0	0	0	0
Modernisation of CCTV System	120	0	-120	0	0	0
Moreton Sandbrook Drainage	23	23	0	180	0	0
New Brighton Gym Equipment	59	3	-56	0	0	0
New Ferry Rangers Community Clubhouse	1,042	542	-500	500	0	0
Parks Machinery	0	0	0	2,136	499	0
Parks Vehicles	0	0	0	580	449	42
Play Area Improvements	200	200	0	127	0	0
Plymyard Cemetery Roadways	55	55	0	20	0	0
Plymyard Playing Field	20	20	0	127	0	0
Quick Win Levy	45	45	0	0	0	0
Removal of remaining analogue CCTV circuits-21-22	79	79	0	0	0	0
Solar Campus 3G	30	30	0	0	0	0
Street Lighting Column - Replacement or Upgrade	870	870	0	200	0	0

Scheme	2022/23			2023/24	2024/25	2025/26
	Q2	Q3	Variance	Budget	Budget	Budget
	Forecast	Forecast				
Neighbourhoods (Continued)						
Street Lighting -Illuminated Lighting and Signage	294	294	0	0	0	0
Studio refurbishment Les Mills classes	68	43	-25	0	0	0
Surface Water Management Scheme	83	83	0	0	0	0
Tower Road National Productivity Investment Fund (NPIF)	193	193	0	0	0	0
Town Link Viaduct	332	0	-332	0	0	0
Traffic Signal LED Upgrade	982	982	0	655	0	0
Tree Strategy	121	121	0	34	0	0
Urban Tree Challenge Fund	409	409	0	0	0	0
Wallasey Embankment Toe Reinforcement	100	750	650	608	0	0
West Kirby Flood alleviation	9,344	11,112	1,768	0	0	0
Williamson Art Gallery Catalogue	73	73	0	0	0	0
Williamson Art Gallery Ventilation 21-22	288	288	0	0	0	0
Wirral Country Park Car Park Surfacing	63	9	-54	0	0	0
Wirral Tennis Centre - 3G Pitch	932	32	-900	900	0	0
Wirral Way Widening	171	225	54	9	0	0
Woodchurch Rd Drainage	0	0	0	0	0	0
Woodchurch Sports Pavillion	1,482	32	-1,450	1,750	0	0
Total Neighbourhoods	26,748	27,685	937	11,278	4,898	605

Scheme	2022/23			2023/24	2024/25	2025/26
	Q2	Q3	Variance	Budget	Budget	Budget
	Forecast £001	Forecast £000	£000	£000	£000	£000
Regeneration & Place						
65 The Village	19	19	0	0	0	0
Active Travel Tranche 1	86	86	0	0	0	0
Active Travel Tranche 2	1,597	1,597	0	0	0	0
Aids, Adaptations and Disabled Facility Grants	5,335	5,495	160	2,889	0	0
Arrowe Country Park - New Machine Shed & Wash Bay	121	13	-108	108	0	0
Arrowe Country Park Depot: Re-Surfacing, Material Bays & Electronic Er	38	12	-26	26	0	0
Bebington Oval Facility Upgrade	690	5	-685	685	0	0
Birkenhead Regeneration Delivery Fund	10,803	10,803	0	15,024	0	0
Birkenhead Regeneration Framework	470	470	0	0	0	0
Birkenhead Town Centre Masterplanning & Housing Delivery	135	135	0	265	0	0
Business Investment Fund	685	100	-585	585	0	0
Capitalisation of Regen Salaries	1,000	1,000	0	1,000	984	0
Castleway & Leasowe Early Years	1,198	0	-1,198	0	0	0
Changing Places Toilets	130	130	0	20	0	0
Clearance	388	3	-385	191	194	0
Community Asset Transfer	500	500	0	0	0	0
Concerto Asset Management System	26	26	0	0	0	0
Connecting Wirral Waters: Detailed Design	610	610	0	0	0	0
Consolidated Library Works Fund	279	0	-279	279	0	0
Depot Welfare Improvements	232	232	0	0	0	0

Scheme	2022/23			2023/24	2024/25	2025/26
	Q2	Q3	Variance	Budget	Budget	Budget
	Forecast £001	Forecast £000	£000	£000	£000	£000
Regeneration & Place (Continued)						
Demolitions	0	120	120	1,380	0	0
Empty Property Grant Scheme	190	149	-41	419	310	0
Emslie Morgan (Solar Campus)	400	400	0	0	0	0
Energy efficient buildings	200	0	-200	370	370	0
Future High Streets - New Ferry	504	504	0	2,685	0	0
Floral Pavilion	25	25	0	75	0	0
Future High Streets - Birkenhead	1,703	1,703	0	22,882	0	0
Health & Safety - Condition Surveys	1,382	332	-1,050	2,050	2,500	0
Heswall Day Centre (part only)	0	0	0	50	0	0
Hind Street Movement Strategy Project 21-22	69	69	0	0	0	0
Housing Infrastructure Fund (Enabling Infrastructure)	1	1	0	0	0	0
Hoylake Golf works depot demolish and replace	20	13	-7	0	0	0
Landican Chapels	0	0	0	40	0	0
Leasowe Leisure Centre/Evolutions	319	0	-319	0	0	0
Legislative Compliance	44	0	-44	0	0	0
Leisure Capital Improvement Programme	675	75	-600	600	0	0
Lever Sports Pavilion	0	0	0	0	80	0
Liscard Town Centre Delivery	172	172	0	0	0	0
Major Infrastructure Development & Strategic Transport Forward Plannin	133	133	0	200	0	0
Maritime Knowledge hub	0	0	0	12,351	10,650	0
Moreton Youth Club & Library	500	500	0	500	0	0

Scheme	2022/23			2023/24	2024/25	2025/26
	Q2 Forecast £001	Q3 Forecast £000	Variance £000	Budget £000	Budget £000	Budget £000
Regeneration & Place (Continued)						
New Brighton Masterplan for Marine Promenade	117	77	-40	40	0	0
New Ferry Regeneration Strategic Acquisitions	936	936	0	118	0	0
Office Quarter Building Fit-Out	808	878	70	4,613	0	0
Parks and Countryside DDA	47	27	-20	420	0	0
Pool Covers	232	252	20	0	0	0
Property Pooled Plus I.T System	39	39	0	11	0	0
Soft Play Areas Leisure Centres	410	410	0	0	0	0
Strategic Acquisition Fund	3,359	3,359	0	3,600	0	0
SUD - Leasowe to Seacombe Corridor	1,556	1,766	210	0	0	0
TAG Bus Case-A41 Corridor North	192	192	0	0	0	0
TAG Bus Case-Wirral Waters outline	179	179	0	0	0	0
Town Centre scheme - Liscard	18	18	0	0	0	0
Town Centre scheme - New Ferry	11	11	0	0	0	0
Town Deal Fund - Birkenhead	8,945	4,277	-4,668	12,491	4,620	2,555
Town Fund B'head	53	53	0	0	0	0
UK Shared Prosperity Fund (UKSPF)	0	68	0	109	386	0
Vale Park Toilets	100	100	0	0	0	0
West Kirby Concourse/Guinea Gap Reception upgrade / improve	351	0	-351	351	0	0
West Kirby Marine Lake/Sailing Centre – accommodation	40	40	0	127	0	0
West Kirby Masterplan	70	70	0	10	0	0
Wirral Tennis & Sports Centre	1,364	1,364	0	0	0	0
Wirral Tennis Centre - Facility Upgrade	765	765	0	0	0	0
Wirral Waters Investment Fund	3,250	0	-3,250	7,000	0	0
Woodchurch Capital Asset Transfer	330	330	0	0	0	0
Total Regeneration & Place	53,851	40,643	-13,208	93,561	20,094	2,555

Scheme	2022/23			2023/24	2024/25	2025/26
	Q2 Forecast £001	Q3 Forecast £000	Variance £000	Budget £000	Budget £000	Budget £000
Resources						
Creative & Digital Team - Specialist Software and Hardware	8	8	0	5	0	0
Customer Experience Improvements Project	732	732	0	572	0	0
Digital Corporate Storage - Upgrade & Refresh Technologies	1	1	0	0	0	0
Digital Foundations Programme	1,010	1,010	0	900	0	0
Enterprise Resource Planning (ERP) System	2,664	2,664	0	5,500	0	0
Legal Case Management System	60	60	0	0	0	0
Local Digital Cyber Fund	175	175	0	0	0	0
Replacement of IT Service Management System	392	392	0	0	0	0
Upgrade of WIFI Network	202	202	0	0	0	0
Worksmart I.T.	0	300	300	0	0	0
Total Resources	5,244	5,544	300	6,977	0	0
Total Capital Budget	98,670	86,302	-12,368	129,394	28,507	3,160

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MINUTE EXTRACT

POLICY AND RESOURCES COMMITTEE

Wednesday, 15 February 2023

97 CAPITAL PROGRAMME 2023-2028

The Director of Finance introduced the report which provided the draft Capital Programme 2023-28 for consideration and referral to Council for approval. It also included information regarding the revenue implications of the Programme and an update on the latest forecast for capital receipts. The 2023-28 Capital Programme represented a combination of schemes originally approved as part of the 2022-27 Programme, updated through the Capital Monitoring reports in 2022-23 and new bids for inclusion as detailed in the report.

It was moved by Councillor Phil Gilchrist, seconded by Councillor Paul Stuart, that the officer recommendations detailed in the report be agreed, subject to the inclusion of:

“Committee also recognises that the capital programme has been put together in the light of the best available information on asset disposals, an estimate of likely capital receipts, the best use of funding allocated by the Government through the Liverpool City Region and the objective of repaying the exceptional financial support received by the agreed date.

A continuing area of concern for our communities is the state of our road and footway network.

The Director of Neighbourhoods, in consultation with the Director of Finance are therefore requested to:

- put together bids for a programme, after annual repayment of the capitalisation directive, to allocate a maximum of 5% of capital receipts and for such receipts to be earmarked for additional investment into our roads/footways, to address the deterioration of the network.
- progress to both frame the future programme and updates on the roll out of the programme, should be reported back to the parent committee.”

The Committee debated the motion within which clarification was sought from the Section 151 Officer on the repayment of the capitalisation directive. It was clarified that any capital receipts generated up to a value of £2.5m would be used to repay the capitalisation directive, and that any value exceeding £2.5m would be within the Committee’s gift to deal with. The preference of the Section 151 Officer would be to repay the capitalisation directive sooner given that it was accruing interest, but the motion on the table if agreed would direct that a maximum of 5% of that value above £2.5m be earmarked roads and footways.

Following the questioning of the Section 151 Officer, the Chair moved to the vote on the motion. The motion was put and carried (13:2). It was therefore –

Resolved (13:2) – That

- (1) Council be recommended to approve the new bids as detailed in Appendix B to this report requiring £17.69 million of funding for inclusion in the Capital Programme.**
- (2) Council be recommended to approve of any new bids supported by grant funding do not commence until written confirmation has been received from the granting authority.**
- (3) Council be recommended to approve of the Capital Programme 2023-28 as detailed in Appendix C to this report.**
- (4) Committee also recognises that the capital programme has been put together in the light of the best available information on asset disposals, an estimate of likely capital receipts, the best use of funding allocated by the Government through the Liverpool City Region and the objective of repaying the exceptional financial support received by the agreed date.**

A continuing area of concern for our communities is the state of our road and footway network.

The Director of Neighbourhoods, in consultation with the Director of Finance are therefore requested to:

- put together bids for a programme, after annual repayment of the capitalisation directive, to allocate a maximum of 5% of capital receipts and for such receipts to be earmarked for additional investment into our roads/footways, to address the deterioration of the network**
- progress to both frame the future programme and updates on the roll out of the programme, should be reported back to the parent committee.**

POLICY AND RESOURCES COMMITTEE**Wednesday, 15 February 2023**

REPORT TITLE:	CAPITAL PROGRAMME 2023-28
REPORT OF:	DIRECTOR OF FINANCE (S151 OFFICER)

REPORT SUMMARY

This report provides Committee with the draft Capital Programme 2023-28 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 2023-28 Capital Programme represents a combination of schemes originally approved as part of the 2022-27 Programme, updated through the Capital Monitoring reports in 2022-23 and new bids for inclusion as detailed in this report.

The report supports the delivery of the Wirral Plan 2021-26 as the Capital Programme contributes towards projects that support all five Wirral Plan priorities.

This matter affects all Wards within the Borough.

The decisions in this report are key decisions.

RECOMMENDATION/S

The Policy and Resources Committee recommends to Council:

- 1 the approval of the new bids as detailed in Appendix B to this report requiring £17.69 million of funding 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 2023-28 as detailed in Appendix C to this report.

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 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 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.
- 3.4 The largest proportion of this Capital Programme is within the Regeneration & Place directorate. Asset Management and Housing are both contained within this directorate, but the largest funding is associated with the Regeneration focus. Wirral's Regeneration Programme is set against a backdrop of longstanding economic challenges and regional underinvestment. It is envisaged that successful regeneration will deliver much needed housing delivery and be a fundamental driver of economic growth, creating an inclusive

place where people can live and prosper. As well as promoting a portfolio of place-based regeneration schemes, the vision includes significant infrastructure delivery requirements necessary to boost accessibility and connectivity across the neighbourhoods. 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.

3.5 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 Asset Strategy, which was approved by Policy & Resources Committee on 9 November 2022. The strategy will set the high-level framework for managing Wirral's Public Sector land and property for the future. It is 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 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 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)

3.6 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 to Members in accordance with the above appraisal system.
- Ensure that all bids for capital funding are aligned to the Council strategies and the Wirral Plan.

CAPITAL PROGRAMME

3.7 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.

- 3.8 Government announcements may include grant support for specific themes but grant acceptance as with other investment is based upon affordability over the whole asset life. 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.
- 3.9 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 capital receipts flexibilities introduced by the Government capital receipts generated can be used to support expenditure that is 'Transformational' in nature until 31 March 2025. Repayments of capital grants, loans and investments also generate capital receipts.
- 3.10 It is assumed that capital receipts achieved will be either used towards the repayment of the Capitalisation Directive relating to 2020/21 and 2021/22 and to finance new bids requiring Council funding. As above, the Council retains the ability to fund further transformation projects which have a benefit to the revenue budget until 31 March 2025.

NEW SUBMISSIONS

- 3.11 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 referred to Policy & Resources Committee before Council for full formal approval as per the requirements of the Council constitution.
- 3.12 Due to the restricted financial environment within which the Council must operate, ICB assess whether a proposed capital bid meets agreed 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 Council.
- 3.13 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.
- 3.14 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 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.

- 3.15 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.
- 3.16 The new capital submissions are included within Appendix A to this report, with a summary of the main bids below.

Birkenhead Market Construction

- 3.17 The funding of a Birkenhead Market is a key project for the redevelopment of Birkenhead Town centre. There is an assumed contribution of £14.3 million Future High Streets Fund (FHSF) grant within the existing programme towards the scheme. Policy and Resources agreed in November 2021 to the relocation of the market and for progression of design works. Following this, the bid seeks additional funding approval for the scheme. It is possible that further work on design and engineering and completion of business case may result in variation and if so this will be reported back to members.

IT Client Refreshment, Laptops, Desktops & Tablets

- 3.18 There is a need to update the ageing I.T equipment that the workforce rely on to carry out day to day operations and services. A large proportion of devices are now five years old and issues are arising with performance and reliability, with many devices out of warranty. As part of the proposed rollout of updated equipment, the requirements of the new office building in Birkenhead town centre will be included to enable a standard desk setup in the new premises. It is proposed that the cost of this scheme be met by the use of capital receipts.

2023/28 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 2023/28 Capital Programme represents a combination of:
 - a) Schemes approved as part of the 2022/27 Programme and updated through the Capital Monitoring reports in 2022/23. The table below reflects the Quarter 3 position 2022/22.

Table 1: Capital Programme - per Quarter 3 22/23 Monitoring Report

Analysis of Capital Programme	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000
Adult Care & Health	1,248	3,285	1,015	-
Children, Families & Education	7,402	14,293	2,500	-
Corporate Schemes	3,780	-	-	-
Neighbourhoods	27,685	11,278	4,898	605
Regeneration & Place	40,643	93,561	20,094	2,555
Resources	5,544	6,977	-	-
Total Expenditure	86,302	129,394	28,507	3,160
Financing				
Borrowing	32,149	45,526	15,501	42
Capital Receipts	3,580	-	-	-
Grants	50,028	83,741	13,006	3,118
Revenue/Reserve Contribution	545	127	-	-
Total Financing	86,302	129,394	28,507	3,160

- 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 A to this report provides a brief description of each scheme. Appendix B to this report provides details of the borrowing requirement and revenue implications of funding each scheme.

Table 2: New bids for funding for inclusion in the Programme

Service Area	2023/24	2024/25	2025/26	2026/27	2027/28
	£000	£000	£000	£000	£000
Children, Families & Education	-	-	-	-	-
Corporate Schemes	-	-	-	-	-
Neighbourhoods	160	-	-	-	-
Regeneration & Place	-	13,950	-	-	-
Resources	2,685	895	-	-	-
Total	2,845	14,845	-	-	-

- 3.21 The bid submission process allows bids to be presented throughout the year, rather than at one deadline for inclusion in this programme setting report. There are new bids are seeking Council approval via the Quarter 3 2022/23 Capital Monitoring report. This would allow works on successful bids to commence in 2022/23 rather than having to wait for 2023/24.
- 3.22 Given the severe financial circumstances the Council is facing, there has been a strict approach to accepting new bids, with no surplus revenue budget readily available to finance new bids only bids which can self-finance the associated capital financing costs and or are vital and strategically important can be considered for inclusion.

3.23 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 2027/28 and also the inclusion of Highways Maintenance allocation of £0.563 million in 2026/27. Included in the estimate of 2024/25 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 detail of the programme can be found in Appendix C to this report.

Table 3: Proposed Capital Programme 2023/28

Analysis of Capital Programme	2023/24	2024/25	2025/26	2026/27	2027/28
	£000	£000	£000	£000	£000
Adult Care & Health	3,285	1,015	-	-	-
Children, Families & Education	14,293	2,500	2,500	2,500	2,500
Corporate Schemes	-	-	-	-	-
Neighbourhoods	11,874	4,898	605	563	-
Regeneration & Place	93,125	34,044	2,555	-	-
Resources	9,662	895	-	-	-
Total Expenditure	132,239	43,352	5,660	3,063	2,500
Financing					
Borrowing	45,686	15,501	42	-	-
Capital Receipts	2,685	7,795	-	-	-
Grants/External Contributions	83,741	20,056	5,618	3,063	2,500
Revenue/Reserve Contributions	127	-	-	-	-
Total Financing	132,239	43,352	5,660	3,063	2,500

CAPITAL RECEIPTS

3.24 The available balance for general use in the Capital Receipts Reserve at 1 April 2022 was £1.4million This is after accounting for capital accounting adjustments and ringfenced receipts arising for example from the sale of school playing fields and which must be spend in a prescribed manner. With regards to future receipts that may be achieved, there is much uncertainty and external factors such as the economic landscape will affect the level of receipts received. Longer term projections can be updated as and when more information becomes available.

3.25 In accordance with the Capital Receipts flexibilities introduced by the Government capital receipts generated can be used to support expenditure that is 'Transformational' in nature until 31 March 2025.

3.26 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.

Table 4: Projected Capital Receipt Generation

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	£000	£000	£000	£000	£000	£000
Anticipated receipts	4,300	3,350	11,480	1,120	3,105	5,675

Note: The estimated value of receipts to be achieved and their utilisation, for later years will be updated through the Capital monitoring procedures.

GRANT FUNDING

- 3.27 Wherever possible the Council 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.

LIVERPOOL CITY REGION FREEPORT

- 3.28 Following government approval of the Liverpool City Region Freeport in January 2023, Wirral Waters is one of three designated Freeport Tax Sites in the city region which will support economic growth through a range of incentives for developers and businesses. One of the measures enables the Council to borrow and invest in projects against the predicted future growth in business rates over the next 25 years through tax increment financing. A separate report and detailed business case will shortly be presented to Members to consider the establishment of a Freeport Investment Fund to support the Council's tax site regeneration ambitions. Given that part of the Freeport site overlaps with the existing Enterprise Zone, this will also consider re-alignment of the similarly operated Wirral Waters Investment Fund to provide a single financial instrument. Early stage scenario modelling of development pipeline projections indicate a potential capital programme of £15m for the fund to invest over the next 5 years, supported by predicted future business rate growth which under the Freeport legislation attracts a guaranteed 25 year retention period.

WALLASEY TOWN HALL

- 3.29 The latest Condition survey completed in 2021 for Wallasey Town Hall indicated that there was £8m outstanding in recommended repairs and improvements over a period of 3, 5 and 10 years depending on the nature and urgency of the works identified; estimated costs include fees, access, preliminaries, contingencies, and inflation uplift.
- 3.30 The detailed condition survey has split the categories of building elements as follows:

- Building works – windows, flooring, roofing
 - Mechanical – ventilation, heating
 - Electrical – rewiring, fire alarms,
- 3.31 Due to the Grade 11 listed status of the building which was built in 1914 every effort must be made to preserve the asset in accordance with its listed status and for which planning permission is required. It would be the intention to address those elements of building and services improvements based on the detailed survey reports. Elements such as electrical and mechanical are best undertaken whilst the building is empty due to the disruptive nature of the works. Prior to undertaking improvements careful consideration would be given to feasibility studies being undertaken for future uses of the building.
- 3.32 A schedule of works will be drafted for the building, with budget already available in the existing Capital programme under the ‘Health & Safety – Conditions Surveys’ scheme.

4.0 FINANCIAL IMPLICATIONS

4.1 The Capital Programme is funded via a number of sources including Council borrowing, capital receipts, grants and revenue contributions. Where the Council 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 Council will consequently require borrowing of £61.2m to finance the capital schemes covered by this report. This debt would be repaid via charges to the revenue budget over the lives of the assets created or enhanced. The revenue impact of the additional £61.2m of borrowing required to fund all forecast works in this programme is as follows:

Table 6 MRP Charges to Revenue Relating to 2023/28 Debt Funded Capital

	2024/25	2025/26	2026/27	2027/28	2028/29
	£000	£000	£000	£000	£000
Additional revenue cost	1,370	1,854	1,929	2,003	2,080

Notes

- MRP repayments from revenue only start the year after the capital expenditure has taken place i.e., for spend incurred in 2023/24, the first MRP repayments will be charged in the 2024/24 revenue accounts.
 - The additional revenue costs in Table 5 are not cumulative, rather an annual comparison to the current MRP charges to be incurred.
- 4.2 It is estimated that these costs will peak in 2030/31 at £2.225 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. These are the costs associated purely with the capital borrowing

detailed within this report, the Council will be subject to MRP charges associated with capital borrowing incurred prior to this programme.

- 4.3 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.

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. Officers will also be assessing options to fix loan rates to lessen interest rate risk.
- 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,' 'The Urban Tree Challenge' and 'Energy Efficient Buildings.'

11.0 COMMUNITY WEALTH IMPLICATIONS

11.1 The Community Wealth Building Strategy is a key part of how the Council 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.

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APPENDICES

Appendix A – Capital Bids for the 2023/28 Capital Programme
Appendix B – Financial Summary of Capital Bids
Appendix C – Proposed Capital Programme 2023/24 to 2027/28.

BACKGROUND PAPERS

Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the UK 2021/22.
Local Government Act 2003 and subsequent amendments.
Local Government (Capital Finance and Accounting) Regulations 2008.
Accounts and Audit (England) Regulations 2015.

TERMS OF REFERENCE

This report is being considered by the Policy and Resources Committee in accordance with 1.2(a)(i) of the Policy and Resources Committee Terms of Reference:

formulate, co-ordinate and implement corporate policies and strategies and the medium-term financial plan (budget), which includes responsibility for any decision:
 (i) that relates to such matters to the extent that they are not reserved to full Council.

Policy and Resources Committee is recommended to refer the decision to Council in accordance with 2(a)(i)(1) of the Functions Reserved to Council:

The Council reserves to itself the following functions (in accordance with the rules and procedures contained in this Constitution):

(i) The Budget – The approval or adoption of a plan or strategy for the control of the local authority’s borrowing, investments, or capital expenditure or for determining the authority’s minimum revenue provision, which includes the overarching annual: -

- (1) Capital programme
- (2) Capital Financing Strategy

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Council – 2019/20 Capital Monitoring Q3	1 March 2020
Cabinet – 2019/20 Capital Outturn Report	27 July 2020
Council – 2020/25 Capital Programme	1 March 2020
Council - 2020/21 Capital Strategy Report	1 March 2020
Council – 2020/21 Capital Monitoring Q1	19 October 2020
Council – 2020/21 Capital Monitoring Q2	7 December 2020
Budget Council – 2020/21 Capital Monitoring Q3	1 March 2021
Council - 2020/21 Capital Outturn Report	6 September 2021
Budget Council – 2021/26 Capital Programme	1 March 2021
Budget Council - 2021/22 Capital Financing Strategy	1 March 2021
Council – 2021/22 Capital Monitoring Q1	18 October 2021
Council – 2021/22 Capital Monitoring Q2	6 December 2021
Council – 2021/22 Capital Monitoring Q3	28 February 2022
Council – 2021/22 Capital Outturn Report	11 July 2022
Council – 2022/27 Capital Programme	28 February 2022
Council – 2022/27 Capital Financing Strategy	28 February 2022
Council – 2022/23 Capital Monitoring Q1	10 October 2022
Council – 2022/23 Capital Monitoring Q2	5 December 2022

APPENDIX A - Capital Bids for the 2023/28 Capital Programme

A1 Birkenhead Market Construction – Funding Required £28.250m* over a two year period (£14.3m of which is already contained within Future High Streets element of the Capital) Programme

The site of the former House of Fraser store is situated at the heart of Birkenhead town centre and forms a key site in respect of enabling any future redevelopment of the town centre which is an identified strategic priority for the Council.

In November 2021 the Council's P&R Committee approved the relocation of Birkenhead Market to a new facility (currently under design) which takes up a significant proportion of the House of Fraser site. This leaves the balance of the site (currently a surface level car park fronting onto Argyle Street) available for residential development.

The Vision for the market is to be one of the best markets in the UK and to provide a key attraction for the borough through the following outcomes:

- creation of excellent customer experiences,
- profitable and sustainable
- become a destination for culture and community events
- become a centre of established and aspiring independent entrepreneurs
- become a key focal attraction and destination for residents and tourists
- become the community at the heart of the town.

Achieving this vision will enable Birkenhead Market to function as an important 'anchor' for the town centre, The new market will act as a focal point for the whole town drawing movement into the town from North (Europa), West (Grange Rd), plus East (Birkenhead Centre plus Haymarket) and South (Borough Rd).

The objectives to help achieve this vision are to:

- increase new customers to the market
- increase animation with footfall driving events
- increase frequency and dwell time of customers' visits
- increase income through new lets and business expansions
- increase the range of and value for money of goods, services, and fresh produce
- alignment to the Town Centre Neighbourhood plan and master planning principles

- to achieve the vision and the Council's objectives requires that we move to a more commercially orientated operation.

In the short term it is vital that the Council continue to make improvements, so the market is best placed to take advantage of significant longer-term changes of the wider masterplan.

Both the Council and traders are taking steps to increase footfall by broadening the demographic of the customer base in order to increase business viability and transaction value.

*Final cost will be dependent upon finalisation of design and value engineering options and of the business case. There may be further cost variation as the scheme progresses. The current Capital Programme assumes allocation £14.3 million from the Future High Streets Birkenhead grant funding (of which £1.0 million is allocated for spend in 2022/23). It is intended that further funding will be allocated from recycled Wirral Growth Company development surplus and Wirral Growth Company related Capital receipts.

A2 IT Client Refreshment, Laptops, Desktops & Tablets - Funding Required £3.58m over a two year period

The last major refresh of IT client devices (laptops and desktops) was back in 2017 meaning a significant percentage of devices are now 5 years old. Devices are now out of warranty and beginning to fail.

Technology has also moved on and the client devices are now struggling to run the new applications leading to poor performance and devices crashing.

As can be seen from the different desk setups in Cheshire Lines Building (CLB), Surface Pros have different connections to laptops meaning there is not a standard desk setup. With the move to the new office building in 2024, a client refresh now would enable a standard desk setup.

Windows 10 also goes end of life in October 2025, and as part of the client refresh the new Windows 11 will be deployed.

The capital bid is to purchase new client hardware to refresh all devices across the Council, running the new Windows 11 and providing a standard desk setup in the new Council buildings.

It is proposed that this bid is funded via the generation of capital receipts.

A3 Catering Units - Funding Required £0.160m

It is requested that funding be approved to allow the purchase and installation of catering units at certain football pitches within the Borough. The provision of food and beverages will enhance the facilities available to those who use the sites along with any spectators.

The units will also generate additional income to the Council, an option that has been submitted as part of the wider revenue savings target that Members must consider.

The units are to be situated at the following locations, which have been identified as having significant footfall:

- Arrowe Park Playing Fields
- Levers Playing Fields
- Plymyard Playing Fields

The Neighbourhood's directorate has committed to covering the MRP repayments associated with this scheme from their revenue budget.

A4 Flaybrick Cemetery Pathways - Funding Required £0.200m

The pathways within Flaybrick Cemetery are unsafe and present a health and safety hazard to cemetery users. Over a period of time the surfaces have been worn away, contain large potholes and in some places are irregular, uneven, potentially dangerous and too narrow. Most access routes are unsafe and not fit for purpose with drainage issues.

Flaybrick Cemetery is one of the most important Victorian Garden Cemeteries in England. The cemetery is a conservation area, one of only two Grade II* listed in the NW of England and contains seven listed structures that attract large numbers of visitors. This work is needed to provide access for the users of the cemetery, including access for people with disabilities. The work seeks to mitigate the health and safety risks from uneven, unsafe pathways and roadways.

Funds to be re-purposed from the Health & Safety – Condition Surveys

A5 Grange Cemetery Access Improvement - Funding Required £0.045m

Grange Cemetery is a frequently used public greenspace which is directly adjacent to two other greenspaces - Grange Community Park, and Grange Hill.

The cemetery is still used for burials in pre purchased graves and a new cremated remains sections was opened in April 2022 to provide a local burial area for cremated remains. This has led to an increase in visitors and an increase in families wishing to purchase additional memorials within the cemetery including benches and memorial trees.

The improvement of the access routes within the cemetery will

- Prevent further decline in the cemetery.

- Provide a welcoming and safe cemetery where families would wish to bury their loved ones and invest in the cemetery via the purchase of memorial benches and memorial trees.

Scheduled works would include resurfacing works to the main roadway and adjacent to gating areas, the installation of some fencing, the removal and replacement of former flagged footpaths and concrete paving with tarmac.

Funds to be re-purposed from the Health & Safety – Condition Surveys

A6 Churchyard Boundary Structural Works- Funding Required £0.056m

Wirral Council has the statutory responsibility for the ongoing maintenance (and the legal liabilities which accompany such maintenance responsibilities) of the following closed churchyards within the Wirral.

These churchyards have been transferred to the council by Order in Council following application by the Parish Church Council (PCC) to the Ministry of Justice. Whilst the ownership of the churchyard and other proprietary rights remains with the relevant church authority, it is purely the transfer of a long-term and onerous maintenance obligation with a specific obligation for the local authority to keep the closed churchyard in decent order and its walls and fences in good repair.

Works are required within St Marys Churchyard in Eastham to the retaining wall facing Church Lane. Areas of the wall are deemed dangerous and require a complete rebuild as soon as possible.

To enable an application of works to be submitted to the Diocese of Chester for a faculty to progress with the works, Wirral Council have been required to work in partnership with the church's architects.

Funds to be re-purposed from the Health & Safety – Condition Surveys

A7 Parks Workshop & Machinery- Funding Required £0.135m

The Parks and Countryside Engineering Workshop at Ebenezer Street is responsible for repairs and maintenance of all horticultural and turf care machinery and equipment owned and used by the Council.

Parks & Countryside have a statutory duty to repair/maintain horticultural machinery for its parks and open spaces. The provision to replace specialist machinery is required. The current workshop machinery has been in place for over 10 years and have deteriorated to the point where they need to be replaced, as their failure represents a significant health and safety concern.

Funds to be re-purposed from the Health & Safety – Condition Surveys

APPENDIX B - Financial Summary of Capital Bids

Scheme Ref	Scheme	Total Funding Required £000	Borrowing Required £000	Revenue Cost 2023/24 £000	Revenue Cost 2024/25 £000	Revenue Cost 2025/26 £000	Revenue Cost 2026/27 £000	Revenue Cost 2027/28 £000
A1	Birkenhead Market Construction	27,250	-	-	-	-	-	-
A2	IT Client Refreshment, Laptops, Desktops & Tablets	3,580	-	-	-	-	-	-
A3	Catering Units	160	160	7	21	21	22	22
A4	Flaybrick Cemetery Pathways	200	200	9	26	27	27	28
A5	Grange Cemetery Access Improvement	45	45	2	6	6	6	6
A6	Churchyard Boundary Structural Works	56	56	3	4	4	5	5
A7	Parks Workshop & Machinery	135	135	6	17	18	18	19
Total		31,426	596	27	74	76	78	80

Notes to Appendix B:

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.

If a scheme is funded via a repurposing of previously approved budget, the revenue costs indicated above will already be included within capital financing charges to the revenue budget.

APPENDIX C - Proposed Capital Programme 2023/24 to 2027/28

In Detail:

	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Adult Care and Health					
Extra Care Housing	1,645	691	-	-	-
Telecare & Telehealth Ecosystem	1,640	324	-	-	-
Total Adult Care and Health	3,285	1,015	-	-	-
Children, Families & Education					
Basic Needs	527	-	-	-	-
Children's System Development	794	-	-	-	-
School Condition/Modernisation Allocation	8,157	2,500	2,500	2,500	2,500
Family support	157	-	-	-	-
High Needs Provision Capital	4,010	-	-	-	-
PFI	49	-	-	-	-
Special Educational Needs & Disabilities	599	-	-	-	-
Total Children, Families & Education	14,293	2,500	2,500	2,500	2,500
Neighbourhoods Schemes					
Allotment Sites Expansion	64	-	-	-	-
Ashton Park Lake	147	-	-	-	-
Birkenhead Park World Heritage Project Team	85	-	-	-	-
Bridges excluding Dock Bridge	260	-	-	-	-
Catering Units	160	-	-	-	-
Cemetery Extension & Improvements (Frankby)	142	-	-	-	-
Churchyard Boundary Structural Works	56	-	-	-	-

	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Neighbourhoods (continued)					
Coastal Defence - Meols Feasibility Study	70	-	-	-	-
Combined Authority Transport Plan (CATP)	1,354	-	-	-	-
Flaybrick Cemetery Pathway	200	-	-	-	-
Food Waste	-	3,200	-	-	-
Future Golf - Project 1.1	187	187	-	-	-
Grange Cemetery	45	-	-	-	-
Highway Maintenance	563	563	563	563	-
Key Route Network CRSTS 22-23	500	-	-	-	-
Library Radio Frequency Identification Kiosks	80	-	-	-	-
Moreton Sandbrook Drainage	180	-	-	-	-
New Ferry Rangers Community Clubhouse	500	-	-	-	-
Parks Machinery	2,136	499	-	-	-
Parks Vehicles	580	449	42	-	-
Parks Workshop & Machinery	135	-	-	-	-
Play Area Improvements	127	-	-	-	-
Plymyard Cemetery Roadways	20	-	-	-	-
Plymyard Playing Field	127	-	-	-	-
Street Lighting Column - Replacement or Upgrade	200	-	-	-	-
Traffic Signal LED Upgrade	655	-	-	-	-
Tree Strategy	34	-	-	-	-
Wallasey Embankment Toe Reinforcement	608	-	-	-	-

	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Neighbourhoods (continued)					
Wirral Tennis Centre - 3G Pitch	900				
Wirral Way Widening	9				
Woodchurch Sports Pavillion	1,750				
Total Neighbourhoods	11,874	4,898	605	563	0
Regeneration & Place					
Aids, Adaptations and Disabled Facility Grants	2,889	-	-	-	-
Arrove Country Park - New Machine Shed & Wash Bay	108	-	-	-	-
Arrove Country Park Depot: Re-Surfacing, Material Bays	26	-	-	-	-
Bebington Oval Facility Upgrade	685	-	-	-	-
Birkenhead Market Construction	13,300	13,950	-	-	-
Birkenhead Regeneration Delivery Fund	15,024	-	-	-	-
Birkenhead Town Centre Masterplanning & Housing Delivery	265	-	-	-	-
Business Investment Fund	585	-	-	-	-
Capitalisation of Regen Salaries	1,000	984	-	-	-
Changing Places Toilets	20	-	-	-	-
Clearance	191	194	-	-	-
Consolidated Library Works Fund	279	-	-	-	-
Demolitions	1,380	-	-	-	-
Empty Property Grant Scheme	419	310	-	-	-
Energy Efficient Buildings	370	370	-	-	-

	2023/24	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000	£'000
Regeneration & Place (continued)					
Future High Streets - New Ferry	2,685	-	-	-	-
Floral Pavilion	75	-	-	-	-
Future High Streets - Birkenhead	9,579	-	-	-	-
Health & Safety - Condition Surveys	1,614	2,500	-	-	-
Heswall Day Centre (part only)	50	-	-	-	-
Landican Chapels	40	-	-	-	-
Leisure Capital Improvement Programme	600	-	-	-	-
Lever Sports Pavilion	-	80	-	-	-
Major Infrastructure Development & Strategic Transport	200	-	-	-	-
Maritime Knowledge Hub	12,351	10,650	-	-	-
Moreton Youth Club & Library	500	-	-	-	-
New Brighton Masterplan for Marine Promenade	40	-	-	-	-
New Ferry Regeneration Strategic Acquisitions	118	-	-	-	-
Office Quarter Building Fit-Out	4,613	-	-	-	-
Parks and Countryside DDA	420	-	-	-	-
Property Pooled Plus I.T System	11	-	-	-	-
Strategic Acquisition Fund	3,600	-	-	-	-
Town Deal Fund - Birkenhead	12,491	4,620	2,555	-	-
UK Shared Prosperity Fund (UKSPF)	109	386	-	-	-
West Kirby Concourse/Guinea Gap Reception	351	-	-	-	-
West Kirby Marine Lake/Sailing Centre	127	-	-	-	-

	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Regeneration & Place (continued)					
West Kirby Masterplan	10	-	-	-	-
Wirral Waters Investment Fund	7,000	-	-	-	-
Total Regeneration & Place	93,125	34,044	2,555	-	-
Resources					
Creative & Digital Team - Specialist Software and Hardware	5	-	-	-	-
Customer Experience Improvements Project	572	-	-	-	-
Digital Foundations Programme	900	-	-	-	-
Enterprise Resource Planning (ERP)	5,500	-	-	-	-
IT Client Refreshment, Laptops, Desktops & Tablets	2,685	895	-	-	-
Total Resources	9,662	895	-	-	-
TOTAL PROGRAMME	132,239	43,352	5,660	3,063	2,500

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MINUTE EXTRACT

POLICY AND RESOURCES COMMITTEE

Wednesday, 15 February 2023

98 CAPITAL FINANCING STRATEGY 2023/24

The Director of Finance introduced the report which set out the Capital Financing Strategy, which was an annual requirement of the Chartered Institute of Public Finance and Accountancy (CIPFA) 2021 Code of Practice on Treasury Management and the report therefore fulfilled the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

Resolved – That

- (1) Council be recommended to approve the Capital Financing Strategy 2023/24.**
- (2) Council be recommended to approve the associated Prudential Indicators to be adopted.**
- (3) Council be recommended to approve the Council's Minimum Revenue Provision policy.**

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POLICY AND RESOURCES COMMITTEE**Wednesday, 15 February 2023**

REPORT TITLE:	CAPITAL FINANCING STRATEGY 2023/24
REPORT OF:	DIRECTOR OF FINANCE (S151 OFFICER)

REPORT SUMMARY

The Council's treasury management activity is underpinned by the Chartered Institute of Public Finance and Accountancy (CIPFA) 2021 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 Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

The report supports the delivery of the Wirral Plan 2021 - 26 as the Capital Programme contributes towards projects that support all five Wirral Plan priorities.

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 2023/24.
- 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.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 CIPFA's 2021 Code of Practice on Treasury Management requires the production of annual Capital strategy. The accompanying 2023/28 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 Council 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.
- 3.4 Comparative expenditure figures are shown below and as can be seen in 2023/24, the Council is planning capital expenditure of £132.2 million.

Table 1: Prudential Indicator: Estimates of Capital Expenditure

	2021/22 Actual	2022/23 Forecast	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	Total
	£000	£000	£000	£000	£000	£000
Capital Expenditure	46,733	86,302	132,239	43,352	5,660	314,286
Total	46,733	86,302	132,239	43,352	5,660	314,286

- 3.5 In 2024/25 a change in the accounting for leases and Private Finance Initiative (PFI) will be introduced. Any impact on the figures quoted above or on any figures in this strategy will be reported and revised indicators set.
- 3.6 A summary of the planned Capital expenditure, by Directorate is as follows, with full details available via the 'Capital Programme 2023-28' report, also on the agenda for this Committee meeting:

Table 2: Planned Directorate Capital Expenditure

Directorate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
	£000	£000	£000
Adult Care and Health	3,285	1,015	-
Children, Families & Education	14,293	2,500	2,500
Corporate Schemes	-	-	-
Neighbourhoods	11,874	4,898	605
Regeneration & Place	93,125	34,044	2,555
Resources	9,662	895	-
Total	132,239	43,352	5,660

- 3.7 All capital expenditure must be financed, planned financing of the above expenditure is as follows:

Table 3: Capital Financing

	2021/22 Actual	2022/23 Forecast	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	Total
	£000	£000	£000	£000	£000	£000
External Sources - Grants & Contributions	23,236	50,028	83,741	20,056	5,618	182,679
Own Resources - Capital Receipts, Revenue contributions	158	4,125	2,812	7,795	-	14,890
Debt - Borrowing	23,339	32,149	45,686	15,501	42	116,717
Total	46,733	86,302	132,239	43,352	5,660	314,286

3.8 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 'Minimum Revenue Provision' (MRP) repayments and capital receipts used to replace debt. According to the estimates in table 3 the CFR is expected to increase by £45.7 million during 2023/24. Based on the above figures for expenditure and debt repayments that are estimated, the Council's estimated CFR is forecast as follows:

Table 4 Prudential Indicator: Estimates of Capital Financing Requirement

	31/3/2022	31/3/2023	31/3/2024	31/3/2025	31/3/2026
	Actual	Forecast	Estimate	Estimate	Estimate
	£000	£000	£000	£000	£000
Opening CFR	362,649	371,702	390,037	420,658	419,525
Debt Funded Capital Expenditure	23,339	32,149	45,686	15,501	42
Repayment of Debt (MRP)	- 9,817	- 9,345	- 10,595	- 12,165	- 13,006
Repayment of Debt (Capital Receipts)	- 4,469	- 4,469	- 4,469	- 4,469	- 4,469
Closing CFR	371,702	390,037	420,658	419,525	402,092

The Council's full Minimum Revenue Provision Statement is included at Appendix A.

3.9 Within table 4 there is the inclusion of capital receipts being applied to reduce the overall CFR on the Council's balance sheet. These receipts are received from neighbouring Authorities regarding their annual repayments to the Merseyside Residual Debt Fund which is administered by the Council and due to be fully repaid in 2025/26.

Capital Bidding Process

3.10 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

3.11 New capital requests are prioritised for schemes relating to the following:

- Essential Health and Safety/Equalities 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

- 3.12 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 Finance / 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.
- 3.13 Capital Programme Board (CPB) - The CPB assists the Council in fulfilling its obligations and oversight responsibilities relating to its long-term capital plans, capital budgets and capital projects, including risk identification and management. The board also ensures continuous improvement in the development and delivery of the capital programme.
- 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 Change Advisory Board –the new Change Advisory Board was established to replace the former Technical Design Authority. To streamline new change proposals and IT hardware/software proposals, a new Strategic Outline Business Case was developed which incorporated the previous requirements and the Change Advisory Board established which considers these business cases for approval/rejection. This board 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 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.

- 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 Strategy that was approved by Policy & Resources Committee on 9 November 2022. The strategy will set the high-level framework for managing Wirral's Public Sector land and property for the future. It is 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 securing financial stability as the number one priority as this will enable the Council to have the ability to drive forward the service improvements most needed by our communities. To achieve this the Council will need to ensure that its business model provides maximum value for money to ensure the primary focus is on delivering meaningful impact for the benefit of all those who live and work in the Borough. This will be achieved by:
- Effectively managing finances to afford the required investment in the future.
 - Supporting and equipping the workforce to be agile and customer focussed.
 - Maximising the use of IT and technology to create efficiencies that enable greater investment in those with the greatest needs.
 - Consolidating assets to reduce overheads and improve service integration through co-location.
 - Putting the customer first in all service planning.
 - Learning from customers' lived experience.
 - Enabling people and communities to be as independent and resilient as they can be.
- 3.22 The Council 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.
- 3.23 The Council is actively engaged in the One Public Estate (OPE) which is an established national programme delivered by the Office of Government Property (OGP) within the Cabinet Office and the Local Government Association (LGA). The programme is about creating economic growth (new homes and jobs), delivering more integrated, customer-focused services and generating efficiencies, through capital receipts and reduced running costs.

3.24 The Asset Strategy is focussed in six key priority areas

1. Strategic Delivery of Asset Strategy
2. Disposal Policy and Asset Transfer Policy
3. Strategic Management of Operational Assets
4. Asset Transfer, Community Asset Transfer and Community Wealth Building
5. Using assets for delivery of Regeneration and Housing
6. Reduce the impact of the Estate and Services on the Environment

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 Capital Receipts flexibilities introduced by the Government capital receipts generated can be used to support expenditure that is 'Transformational' in nature until 31 March 2025. Repayments of capital grants, loans and investments also generate capital receipts. The Council estimates to receive capital receipts in the coming financial year as follows:

Table 5: Projected Capital Receipt Generation

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	£000	£000	£000	£000	£000	£000
Anticipated receipts	4,300	3,350	11,480	1,120	3,105	5,675

3.26 The Council's Flexible Use of Capital Receipts Policy is attached at Appendix B.

Treasury Management & Borrowing

3.27 As a consequence of decisions to approve past capital programmes, the Council currently has £237 million borrowing at an average interest rate of 4.9% and £37 million treasury investments (as at 31 December 2022).

3.28 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 and long-term fixed rate loans where the future cost is known but higher. The Council does not borrow to invest for the primary purpose of financial return and therefore retains full access to the Public Works Loans Board.

3.29 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 6: Prudential Indicator: Gross Debt and the Capital Financing Requirement

	31/3/2022	31/3/2023	31/3/2024	31/3/2025	31/3/2026
	Actual	Forecast	Estimate	Estimate	Estimate
	£m	£m	£m	£m	£m
Debt	256.0	276.8	318.4	324.3	306.8
Capital Financing Requirement	371.7	390.0	420.7	419.5	402.1

- 3.30 Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen from table 6, the Council expects to comply with this in the medium term.

Affordable Borrowing Limit

- 3.31 The Council is legally obliged to set an authorised borrowing 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. The limits are based upon the level of CFR, planned capital borrowing over the current and following two years, along with additional scope to cover potential refinancing of existing debt.

Table 7: Prudential Indicators: Authorised limit and operational boundary for external debt

	2022/23	2023/24	2024/25	2025/26
	Limit	Limit	Limit	Limit
	£m	£m	£m	£m
Authorised Limit - Borrowing	469	458	464	432
Authorised Limit - PFI and Leases	59	56	53	50
Authorised Limit - Total External Debt	528	514	517	482
Operational Boundary - Borrowing	459	448	454	422
Operational Boundary - PFI and Leases	54	51	48	45
Operational Boundary - Total External Debt	513	499	502	467

- 3.32 Further details on borrowing can be found in the Treasury Management Strategy report, which is also on the agenda for this Committee meeting.
- 3.33 Property and most other commercial investments are also classed as capital expenditure and purchases will therefore also be approved as part of the capital programme.
- 3.34 The level of investment income, both from Treasury and commercial investments, included within the Council budget should not be set too high so that the revenue budget is overly reliant on commercial returns.

Table 8: Prudential Indicators: Proportionality of Investments

	2022/23 Forecast £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000
Gross service expenditure	555,000	593,000	612,000	629,000
Investment income	3,000	2,500	2,500	2,500
Proportion	0.54%	0.42%	0.41%	0.40%

- 3.35 Further details about commercial activities can be found in the Investment Strategy Statement, which is also on the agenda for this Committee meeting.

Revenue Budget Implications

- 3.36 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 9: Prudential Indicator: Proportion of financing costs to net revenue stream

	2022/23 Forecast	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
Financing Costs (£m)	20.3	25.3	27.0	27.0
Proportion of net revenue stream	6.12%	6.91%	6.90%	6.78%

Sustainability

- 3.37 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.
- 3.38 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.
- 3.39 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.
- 3.40 The re-profiling and slippage from previous years is fully funded but increases the pressure to deliver the anticipated 2023/24 Programme. Any such delays will impact on the delivery of the intended outcomes of capital schemes.

Knowledge and Skills

- 3.41 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 Finance is a qualified accountant. The Council pays for junior staff to study towards relevant professional qualifications including CIPFA, RICS.
- 3.42 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, CBRE as consultants related to Regeneration initiatives and 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
The fair value of the Council'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	That the borrowing profile is balanced both in terms of loan maturity and also in terms of the nature of the

curtailment of the capital programme	interest rate of the loan portfolio (fixed rate and variable interest rate debt)
The Director of Finance issues S114 notice	Should the Council encounter difficulties in obtaining borrowing following a S114 notice, the Council 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.

10.2 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.

11.0 COMMUNITY WEALTH IMPLICATIONS

11.1 The Community Wealth Building Strategy is a key part of how the Council 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

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APPENDICES

Appendix A – The Minimum Revenue Provision (MRP) Statement

Appendix B – Flexible Use of Capital Receipts Strategy 2023/24

BACKGROUND PAPERS

CIPFA’s Standard of Professional Practice on Treasury Management.

Treasury Management Strategy Statement 2023/24

Investment Strategy Statement 2023/24

TERMS OF REFERENCE

This report is being considered by the Policy and Resources Committee in accordance with 1.2(a)(i) of the Policy and Resources Committee Terms of Reference:

formulate, co-ordinate and implement corporate policies and strategies and the medium-term financial plan (budget), which includes responsibility for any decision:

(i) that relates to such matters to the extent that they are not reserved to full Council.

Policy and Resources Committee is recommended to refer the decision to Council in accordance with 2(a)(i)(1) of the Functions Reserved to Council:

The Council reserves to itself the following functions (in accordance with the rules and procedures contained in this Constitution):

(i) The Budget – The approval or adoption of a plan or strategy for the control of the local authority’s borrowing, investments, or capital expenditure or for determining the authority’s minimum revenue provision, which includes the overarching annual: -

(1) Capital programme

(2) Capital Financing Strategy

SUBJECT HISTORY

Council Meeting	Date
20/21 Capital Programme & Strategy – Council	2 March 2020
21/22 Capital Programme & Strategy – Council	1 March 2021
22/23 Capital Programme & Strategy – Council	28 February 2022

APPENDIX A

2023/24 Minimum Revenue Provision (MRP) Statement

- A1 Where the Council 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 Council 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.
- A2 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.
- A3 The former MHCLG Guidance requires the Council 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.
- A4 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).
- A5 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. MRP on expenditure not related to fixed assets but which has been capitalised by regulation or direction will be charged over 20 years.
- A6 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.
- A7 Where former operating leases have been brought onto the balance sheet due to the adoption of the IFRS 16 Leases accounting standard, and the asset values have been adjusted for accruals, prepayments, premiums and/or incentives, then the annual MRP charges will be adjusted so that the total charge to revenue remains unaffected by the new standard.
- A8 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.

- A9 For capital expenditure loans to third parties that are repaid in annual or more frequent instalments of principal, the Council will make zero 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 former 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.
- A10 Capital expenditure incurred during 2023/24 will not be subject to an MRP charge until 2024/25.
- A11 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 Council's estimate of its Capital Financing Requirement on 31st March 2023, the budget for MRP has been set as follows:

	31.03.2023 Estimated CFR £m	2023/24 Estimated MRP/Receipts £m
Supported Capital Expenditure	169.88	2.92
Unsupported Capital Expenditure	174.05	6.60
Finance leases and Private Finance Initiative	31.22	3.22
Transferred debt	14.89	4.96
Transferred debt - Capital Receipts Received	-	-4.47
Use of Prior Year Overpayments	-	-2.63
Total General Fund	390.04	10.60

- A12 In earlier years, the Council 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 2023/24.

MRP Overpayments	£m
Actual Balance 31.03.2022	18.45
Drawdown 2022/23	-2.64
Expected Balance 31.03.2023	15.82
Drawdown 2023/24	-2.64
Expected Balance 31.03.2024	13.18

Appendix B

Flexible Use of Capital Receipts Strategy

Purpose

- B1 This report provides background information with regards the statutory guidance on the flexible use of Capital Receipts and its application within this Council. As part of the finance settlement for 2016/17 the government announced new flexibilities allowing local authorities to use capital receipts received in 2016/17, 2017/18 and 2018/19 to be used to fund transformational expenditure, which can include redundancy costs. This was extended in 2018/19 as part of the 'Local Government Finance Settlement' for a further three years until 2021/22. The then MHCLG announced the continuation of the capital receipts flexibility programme for a further 3 years to 31 March 2025, to give local authorities the continued freedom to use capital receipts from the sale of their own assets (excluding Right to Buy receipts) to help fund the revenue costs of transformation projects and release savings.
- B2 The use of capital receipts to fund transformational costs (up to the value of those capital receipts), rather than applying revenue resources / reserves that would have been previously necessary, allows for these revenue resources to be directed to service areas to facilitate further service re-development and mitigates the financial pressures of the Council for the current and ensuing year.

Background

- B3 The Secretary of State, through Section 15 (1) of the Local Government Act 2003, gave local authorities the power to spend up to 100% of capital receipts from the disposal of property, plant and equipment assets on the revenue costs of reform projects. This flexibility is limited to the application of those capital receipts received in the years to which this direction applies and does not allow borrowing to finance the revenue costs of service reform. Receipts are only permitted to those from the Council and not group entities to be used and for those where the Council does not retain some direct or indirect control of the assets
- B4 The Secretary of State's direction initially covered the period from 1 April 2016 to 31 March 2022. As part of the 2022-23 Local Government Finance Settlement the Government announced a 3-year extension from 2022-23 onwards for councils to use capital receipts to fund transformation projects that produce long-term savings or reduce the costs of service delivery, further details on this will be provided by the Government in due course.
- B5 In March 2022 further provided guidance under the Local Government Act 2003 Sections 16(2) and 20: Treatment of costs as capital expenditure for the period beginning 1 April 2022. Further information is provided in this report as to clarification on qualifying expenditure in relation to redundancy costs and that actual expenditure must not exceed planned.
- B6 Capital receipts can only be used for specific purposes and these are set out in Regulation 23 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 made under Section 11 of the Local Government Act 2003. The

main permitted purpose is to fund capital expenditure, and the use of capital receipts to support revenue expenditure is not allowed by the regulations. The Secretary of State is empowered to issue Directions allowing expenditure incurred by local authorities to be treated as capital expenditure. Where such a direction is made, the specified expenditure can then be funded from capital receipts under the Regulations.

- B7 The Secretary of State for Communities and Local Government issued guidance in March 2016 giving local authorities greater freedoms with how capital receipts could be utilised. This Direction allows for the following expenditure to be treated as capital: “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.”
- B8 To take advantage of this freedom, the Council must act in accordance with the Statutory Guidance issued by the Secretary of State. This guidance requires the Council to prepare, publish and maintain a Flexible Use of Capital Receipts Strategy, with the initial strategy being effective from 1 April 2016 with future strategies included within future annual budget documents and reported as appropriate.
- B9 Government has provided a definition of expenditure that qualifies for funding from capital receipts: “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. Within this definition, it is for individual local authorities to decide whether or not a project qualifies for the flexibility.
- B10 Set up and implementation costs of any new processes or arrangements can be classified as qualifying expenditure. The ongoing revenue costs of the new processes or arrangements cannot be classified as qualifying expenditure. In addition, one off costs, such as banking savings against temporary increases in costs/pay cannot be classified as qualifying expenditure. Under the direction in force from 1 April 2022, with respect to redundancy payments, qualifying expenditure will be limited to those amounts that are necessarily incurred as statutory redundancy payments provided the other requirements of qualifying expenditure are met. This restriction does not apply to other severance costs, including pension strain costs; the treatment of these costs remains unchanged from the previous direction.

Monitoring of transformation costs for use of Flexible Capital Receipts

- B11 A number of measures are in place to ensure that the qualifying criteria are met. These include a robust approval process that is applied whenever the use of capital receipts is considered, to ensure that this funding source is only applied to qualifying expenditure. Additionally, detailed monitoring will be undertaken to provide assurance over the value of qualifying spend, benefits realisation and the delivery of anticipated outcomes.

Financial Overview

- B12 The Secretary of State's direction requires that details of the actual and proposed application of capital receipts are published within this strategy, including updates from the previous financial year to the Strategy.
- B13 The application of this strategy relies on the availability of sufficient capital receipts to fund the qualifying transformation expenditure. If capital receipts generated are insufficient to meet these commitments other funding sources will need to be identified or expenditure reduced.
- B14 The Capital Programme for 2023/24 does not include the utilisation of any usable capital receipts to fund transformational spend. Should this position change, an update will be made via the Capital Monitoring reports to Members, seeking approval for a revised Capital Programme.
- B15 Any future utilisation of these capital receipt flexibilities will be allocated to transformational work across the council to ensure recurrent savings can be made and council services, both internally and externally, improved and made more efficient and effective to support the delivery of the Wirral Plan. This work cannot be achieved by using core budgets alone.
- B16 Transformational work mainly takes place within the Strategic Change function which provides the delivery of the Council's new operating model, and strategic change programme. However, there will be other transformational work taking place across the Council that may utilise the capital receipt flexibilities. The Strategic Change activity is being delivered via a series of continuous improvement service reviews that will ensure all services the council provides can generate beneficial outcomes.

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MINUTE EXTRACT

POLICY AND RESOURCES COMMITTEE

Wednesday, 15 February 2023

99 TREASURY MANAGEMENT STRATEGY 2023/24

The Director of Finance introduced the report which provided the Treasury Management Strategy for 2023/24. Treasury management was the management of the Council's cash flows, borrowing and investments, and the associated risks. The Council had substantial sums of money both borrowed and invested and was therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk were therefore central to the Council's prudent financial management.

In response to a query, the Director of Finance undertook to provide a report to a future meeting on benchmarking the Council's risk appetite against other Local Authorities.

Resolved – That

- (1) Council be recommended to approve the Treasury Management and Investment Strategy for 2023/2024.**
- (2) Council be recommended to approve the Treasury Management Prudential Indicators.**

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POLICY AND RESOURCES COMMITTEE**Wednesday, 15 February 2023**

REPORT TITLE:	TREASURY MANAGEMENT STRATEGY 2023/24
REPORT OF:	DIRECTOR OF FINANCE (S151 OFFICER)

REPORT SUMMARY

Treasury management is the management of the Council's cash flows, borrowing and investments, and the associated risks. The Council has substantial sums of money both borrowed and invested and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Council's prudent financial management.

Key points that the report covers include;

- The Council complies with the requirement to produce an annual Treasury Management Strategy
- This strategy includes the capabilities to reschedule debt, should a prudent opportunity arise to either minimise interest costs, reprofile the debt maturity profile or reduce the level of refinancing risk.
- The Council policy of internal borrowing, which delays entering into new long term loan arrangements by using cashflows available to temporarily fund capital expenditure.
- The level of interest charges made to the Treasury budget in 2023/24 will be determined by the delivery rate of the capital programme coupled with the interest rate environment. The level of investment income received will also be affected by the interest rate market.
- Included with this report are the investment parameters within which Treasury activity will be carried out during 2023/24.

Investments held for service purposes or for commercial profit are considered in a different report, the Investment Strategy.

The report supports the delivery of the Wirral Plan 2021 - 26 as the Capital Programme contributes towards projects that support all five Wirral Plan priorities.

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 the approval of:

- (1) the Treasury Management and Investment Strategy for 2023/2024.
- (2) the Treasury Management Prudential 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. This report no longer incorporates the Investment Strategy as required under the Department of Levelling Up, Housing and Communities' 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 2021 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 2023/28 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 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."

- 3.2 The Council will create and maintain, as the cornerstones for effective treasury management:

- A Treasury Management Policy Statement (see Appendix A), stating the policies, objectives and approach to risk management of its treasury management activities.
- Suitable Treasury Management Practices, 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.

- 3.3 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. Generally, higher financial returns reflect higher levels of risk.

- 3.4 As per the requirements of the Prudential Code, the Council has adopted the CIPFA Treasury Management Code of Practice. All treasury activity will comply with relevant statute, guidance and accounting standards.

3.5 Adoption of this Treasury Management Strategy Statement includes approval for the following:

- Treasury Management Strategy for 2023/24.
- Treasury Management Policy Statement
- Treasury Management Prudential Indicators for 2023/24.

ECONOMIC BACKGROUND

3.6 The Economy: The ongoing impact on the UK from the war in Ukraine, together with higher inflation, higher interest rates, uncertain government policy, and a deteriorating economic outlook, will be major influences on the Council's treasury management strategy for 2023/24.

3.7 The Bank of England increased Bank Rate by 0.5% to 4.0% in February 2023, the tenth successive rise since December 2021. The decision was voted for by a 7-2 majority of the Monetary Policy Committee, with two members preferring to maintain Bank Rate at 3.50%. The November quarterly Monetary Policy Report forecast a prolonged but shallow recession in the UK with CPI inflation remaining elevated at over 10% in the near-term. While the projected peak of inflation is lower than in the August report, due in part to the government's support package for household energy costs, inflation is expected remain higher for longer over the forecast horizon and the economic outlook remains weak, with unemployment projected to start rising.

3.8 Credit outlook: Credit Default Swaps 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. Credit default swap prices have followed an upward trend throughout 2022, indicating higher credit risk. They have been boosted by the war in Ukraine, increasing economic and political uncertainty and a weaker global and UK outlook, but remain well below the levels seen at the beginning of the Covid-19 pandemic. The prices in this market serve as an indicator of the financial direction of a bank, which may impact upon the counterparty limit imposed upon any bank on the investment counterparty list.

3.9 There are competing tensions in the banking sector which could impact bank balance sheet strength going forward. The weakening economic outlook and likely recessions in many regions increase the possibility of a deterioration in the quality of banks' assets, while higher interest rates provide a boost to net income and profitability. However, the institutions on the Council's adviser Arlingclose's counterparty list remain well-capitalised and their counterparty advice on both recommended institutions and maximum duration remain under constant review and will continue to reflect economic conditions and the credit outlook.

3.10 Interest rate forecast: The Council's treasury management adviser Arlingclose forecasts that bank rate will continue to rise in 2023 as the Bank of England attempts to subdue inflation which is significantly above its 2% target. Arlingclose expects bank rates to rise to 4.25% by June 2023 under its central case, with the risks in the near- and medium-term to the upside should inflation not evolve as the bank forecasts and remains persistently higher.

3.11 PWLB loans base their interest rates on Gilts. It is anticipated that current Gilt prices have potential future interest rate increases factored in and consequently PWLB loan rates available to the Council are to remain largely at current levels. As ever, there will undoubtedly be short-term volatility due to economic and political uncertainty and events.

CAPITAL FINANCING REQUIREMENT

3.12 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while balance sheet resources are the underlying sums available for investment. The Council's strategy will be to minimise and delay external borrowing where possible, through the utilisation of investment balances, sometimes known as internal borrowing.

3.13 The Council's current level of debt and investments are set out in Appendix B.

3.14 CIPFA's Prudential Code of Practice recommends that the Council's total debt should be lower than its highest forecast CFR over the next three years.

3.15 The forecast movement in the CFR in coming years is one of the Prudential Indicators. The movement in actual external debt and usable reserves combine to identify the Council's borrowing requirement and potential investment strategy in the current and future years. As determined by the 'Liability Benchmark' described below.

3.16 Table 1 shows that, because of the capital expenditure plans of the Council over the next three years, there is a net borrowing requirement each year. Useable reserves are subject to review as part of the Medium-Term Financial Strategy.

Table 1: Balance Sheet Summary Analysis

	31-Mar-23 Estimate £m	31-Mar-24 Estimate £m	31-Mar-25 Estimate £m	31-Mar-26 Estimate £m
Total Capital Financing Requirement (CFR)	390	421	420	402
Less: Other Long Term Liabilities	-31	-28	-25	-21
Loans CFR	359	393	395	381
Less: Existing Profile of Long Term Borrowing	-164	-163	-156	-142
Internal Borrowing	195	230	239	239
Less Usable Reserves	-53	-33	-33	-33
New Borrowing Requirement	142	197	206	206

3.17 The Council as at 31st December 2022 held £160 million of longer-term loans, a decrease of £4 million from March 2022, as part of its strategy for funding previous years' capital programmes. As evidenced by table 1 there is a difference between the CFR and the level of actual longer term borrowing. This is due to the Council's approach over recent years of using readily available cash resources rather than entering into costly borrowing to fund the capital programme This is not a permanent

measure as cash balances need to be appropriate to allow reserves to be used as required. The balance sheet forecast in table 1 shows that in theory the Council could need to borrow up to an additional £142 million in 2023/24. The Council 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.

- 3.18 Liability benchmark: To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as table 1 above, but that cash and investment balances are kept to a minimum level of £10m at each year-end to maintain sufficient liquidity but minimise credit risk.
- 3.19 The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. The liability benchmark itself represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow, as shown below. The 'Loans CFR' is derived by subtracting any other long-term liabilities (e.g., PFI liabilities) from the total CFR.

Table 2: Prudential Indicator: Liability benchmark

	31.3.23	31.3.24	31.3.25	31.3.26
	Estimate	Forecast	Forecast	Forecast
	£m	£m	£m	£m
Loans CFR	359	393	395	381
Less: Balance sheet resources	-176	-176	-176	-176
Net loans requirement	183	217	219	205
Plus: Liquidity allowance	10	10	10	10
Liability benchmark	193	227	229	215

- 3.20 Table 2 reiterates that over the coming years there will be a requirement to borrow additional funds to deliver the existing capital plans and maintain a minimum level of investments. There is a requirement to show the information in Table 2 in a graphical format, this is included in Appendix C to this report.

BORROWING STRATEGY

- 3.21 Objectives: The Council'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 Council's long-term plans change is a secondary objective.
- 3.22 Strategy: Given the significant pressures on local government funding, the Council'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 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.

- 3.23 By doing so, the Council 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 Council's Treasury Management advisors will assist the Council with this 'cost of carry' and breakeven analysis. Its output may determine whether the Council borrows additional sums at long-term fixed rates in 2023/24 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.
- 3.24 The Council has previously raised a proportion of its long-term borrowing from the Public Works Loan Board (PWLB). The Council will consider long-term loans from other sources including banks, pensions and local authorities 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.
- 3.25 Alternatively, the Council 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.
- 3.26 In addition, the Council will need from time to time to borrow short-term to cover unexpected cash flow shortages.
- 3.27 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
- 3.28 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

Short-term and variable rate loans

- 3.29 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 Council's exposure to shorter dated and variable rate borrowing is kept under regular review.

'Lender's Option Borrower's Option' (LOBO) Loans

- 3.30 At 31 December 2022 the Council has £94.5m of exposure to LOBO loans of which £84.5m of these can be called within 2023/24. 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 Council since the decision to call a LOBO is entirely at the lender's discretion. With interest rates having risen recently, there is now a reasonable chance that lenders will exercise their options.
- 3.31 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, to reduce refinancing risk in later years. 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

- 3.32 The Council'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.
- 3.33 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 Council 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
- 3.34 As mentioned in 3.18 to 3.20 the 'liability benchmark' illustrates the current level of Council borrowing. Any potential refinancing of existing loans will be scheduled with the consideration of the existing maturity profile of Council debt, along with the duration of required debt, as per the liability benchmark.
- 3.35 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

- 3.36 The Council holds invested funds, representing income received in advance of expenditure plus balances and reserves held. As at 31st December 2022, the Council held £37 million of treasury investments. In the past 12 months, the Council's treasury investment balance has ranged between £23 and £84 million. Investment balances were higher than usual during March 2022 and May 2022 due to cash received from central government in late March 2022 relating to the Council Tax Rebate grant. As this cash was utilised investment levels reduced to an average £40 million between June 2022 and December 2022. A similar range in investment level is expected in the forthcoming year, depending on the levels of grant received and the payment profiles.
- 3.37 Objectives: The CIPFA Code requires the Council 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 Council'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 Council 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 Council 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.
- 3.38 The Council and its advisors continually assess economic and market conditions for signs of credit or market distress that might adversely affect the Council.
- 3.39 Strategy: As demonstrated by the liability benchmark above, the Council expects to be a long-term borrower and new treasury investments will therefore be made primarily to manage day-to-day cash flows using short-term low risk instruments. The existing portfolio of strategic pooled funds will be maintained to diversify risk into different sectors and boost investment income.
- 3.40 The CIPFA Code does not permit local authorities to both borrow and invest long-term for cash flow management. But the Council may make long-term investments for treasury risk management purposes, including to manage interest rate risk by investing sums borrowed in advance for the capital programme for up to three years; to manage inflation risk by investing usable reserves in instruments whose value rises with inflation; and to manage price risk by adding diversification to the strategic pooled fund portfolio.
- 3.41 The Council may invest its surplus funds with any of the counterparties shown in Appendix D, subject to the cash and time limits shown.
- 3.42 Business models: Under the International Financial Reporting Standard 9 accounting standard, the accounting for certain investments depends on the Council's "business model" for managing them. The Council 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.

- 3.43 Operational bank accounts: The Council 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 Council maintaining operational continuity.
- 3.44 Risk Assessment and Credit Ratings: Credit ratings are obtained and monitored by the Council'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.
- 3.45 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.
- 3.46 Other Information on the Security of Investments: The Council 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 Council'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.
- 3.47 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 Council 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 Council'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.

- 3.48 Investment Limits: In order that the risk to the Council'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 D.
- 3.49 When calculating counterparty limits, the investment portfolio may be grossed up to include amounts that are being utilised by the Council in lieu of borrowing (internally borrowed), as per the Council's external advisor.
- 3.50 Liquidity management: The Council 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 Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Council's medium-term financial plan and cash flow forecast. The Council 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.
- 3.51 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.
- 3.52 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 F to this report.
- 3.53 Related Matters: Appendix G to this report includes detail on related matters that the CIPFA code requires the Council to include within its Treasury Management Strategy.
- 3.54 Investment Advisors: The Council 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

- 3.55 Economic and interest rate forecasts are provided by the Council's treasury management advisor. The Council will reappraise its strategies from time to time in response to evolving economic, political, and financial events.

POLICY ON DELEGATION

- 3.56 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 Finance who will act in accordance with the Council's Strategy Statement, Treasury Management Practices and CIPFA's Standard of Professional Practice on Treasury Management.
- 3.57 On a day-to-day basis the Treasury Management Team within Finance undertake the treasury management activities.
- 3.58 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 Council's Treasury Management Strategy and policies outlined in this report.
- 3.59 A list of the current Authorised Signatories for Treasury Management activity, as designated by the Director of Finance, is included in Appendix H.
- 3.60 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.
- 3.61 All officers will act in accordance with the policies contained within this document.

PERFORMANCE MONITORING AND REPORTING

- 3.62 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.
- 3.63 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 Council'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 entered 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 Council has access to borrow from the PWLB as a lender of last resort. Any such borrowing would be subject to higher rates of interest.

7.2 The risks mentioned above are inherent in Treasury activity, therefore they are persistent, continuous risks. Appendix A of this report states that “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, setting out the way the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.”

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 F 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 Altana Social Impact Partnership and the Green Energy Bond.

11.0 COMMUNITY WEALTH IMPLICATIONS

11.1 The Community Wealth Building Strategy is a key part of how the Council 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 Altana Social Impact Partnership “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.

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APPENDICES

- A. Treasury Management Policy Statement
- B. Existing Investment and Debt Portfolio Position
- C. Liability Benchmark – Graphical Format
- D. Approved Investment Counterparties
- E. Treasury Management Indicators 2023/24 – 2025/28
- F. Environmental, Social and Governance Considerations
- G. CIPFA Code – Related Matters
- H. Authorised Signatories

BACKGROUND PAPERS

CIPFA Code of Practice on Treasury Management

TERMS OF REFERENCE

This report is being considered by the Policy and Resources Committee in accordance with 1.2(a)(i) of the Policy and Resources Committee Terms of Reference:

formulate, co-ordinate and implement corporate policies and strategies and the medium term financial plan (budget), which includes responsibility for any decision:

(i) that relates to such matters to the extent that they are not reserved to full Council.

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Treasury Management Strategy Statement 2020-21	Cabinet – 17 Feb 2020
Treasury Management Annual Report 2019-20	Cabinet – 27 July 2020
Treasury Management Mid-Year Report 2020-21	P&R – 3 Nov 2020
Treasury Management Strategy Statement 2021-22	P&R - 17 Feb 2021
Treasury Management Annual Report 2020-21	P&R - 28 July 2021
Treasury Management Mid-Year Report 2021-22	P&R - 10 Nov 2021

Treasury Management Strategy Statement 2022-23 Treasury Management Annual Report 2021-22 Treasury Management Mid-Year Report 2022-23	P&R - 15 Feb 2022 P&R - 13 Jul 2022 P&R - 9 Nov 2022
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APPENDIX A

TREASURY MANAGEMENT POLICY STATEMENT

Introduction and background

- A1 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.
- A2 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, setting out the way the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.
- A3 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.
- A4 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 and CIPFA's Standard of Professional Practice on Treasury Management.

Policies and objectives of treasury management activities

- A5 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.”
- A6 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.
- A7 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.

- A8 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.
- A9 The Council's primary objective in relation to investments remains the security of capital. The liquidity or accessibility of the Council's investments followed by the yield earned on investments remain important but are secondary considerations.

APPENDIX B

EXISTING INVESTMENT & DEBT PORTFOLIO POSITION

	Current Portfolio as at 31 Dec 22 £m
External Borrowing (Long & Short Term)	
Public Works Loan Board	24.1
Local Authorities Temporary Loans	77.0
LOBO Loans	94.5
Other Loans	41.6
Total External Borrowing *	237.2
Other Liabilities	
Private Finance Initiative	33.1
Total Other Long-Term Liabilities	33.1
Total External Debt	270.2
Treasury Investments:	
Community Interest Companies	1.1
Money Market Funds	16.9
Green Energy Bond	1.5
<i>Strategic Pooled Funds:</i>	
Royal London	1.0
Altana Social Investment Partnership	10.0
Payden Sterling Reserve	4.0
Columbia Threadneedle	1.0
CCLA Property Fund	1.0
Total Investments	36.5

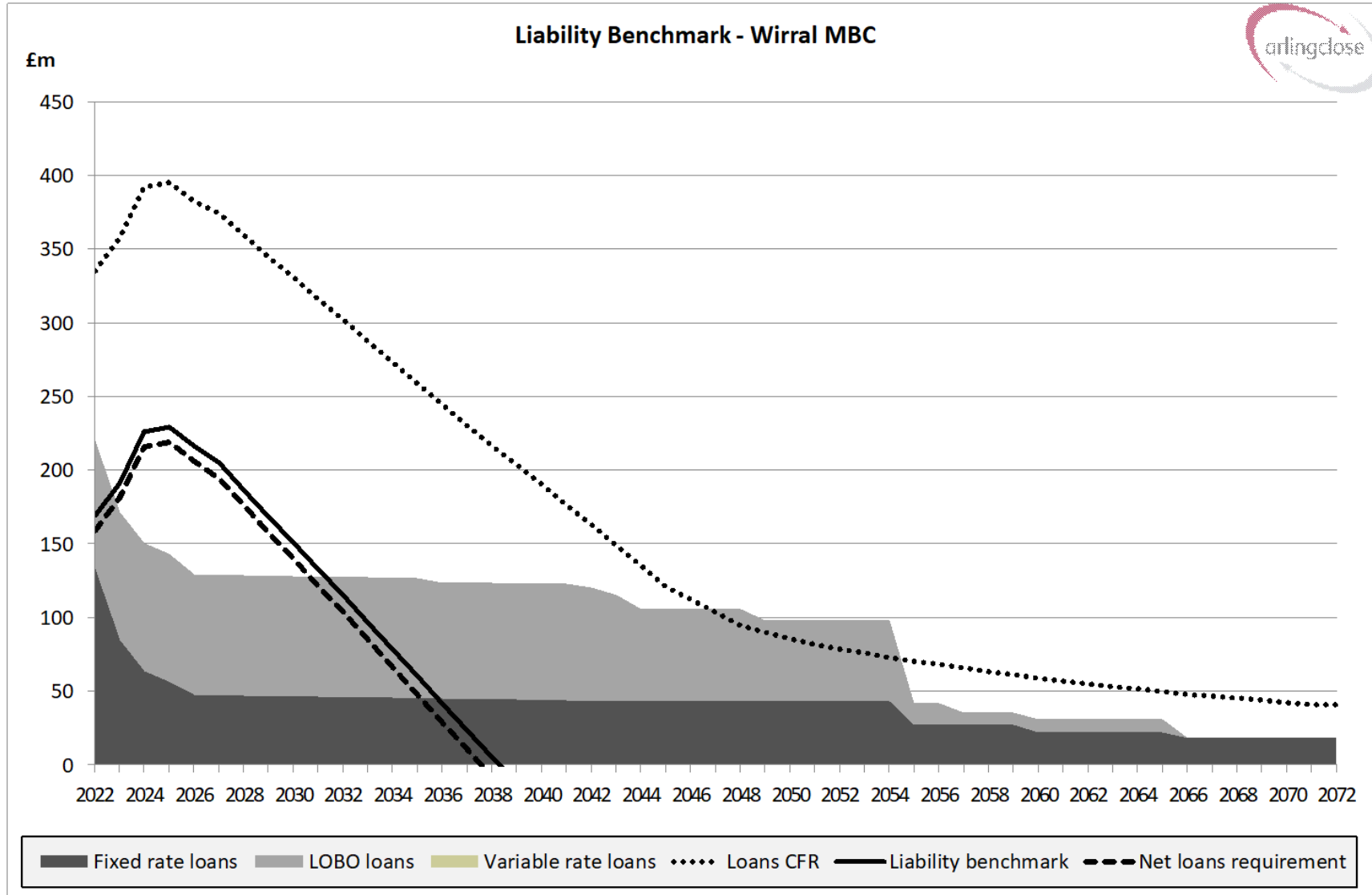
B1 *£14.8 million of the £237.2 million of external borrowing relates to transferred debt from the former Merseyside County Council. Wirral administers this debt on behalf of the following other Authorities who make annual repayments towards this liability:

- Knowsley Council
- Liverpool City Council
- Sefton Council
- St Helens Council
- Merseyside Fire and Rescue Service
- Merseyside Police
- Merseyside Recycling & Waste Authority
- Merseytravel

APPENDIX C

LIABILITY BENCHMARK – GRAPHICAL FORMAT

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Supporting Notes:

- The concept is that the chart allows a comparison of the current level of borrowing against the need to borrow, looking at both the amount (on the y axis) and the term (on the x axis).
- Where level of actual loans (the grey shaded areas on the chart) exceed the Liability Benchmark (the solid middle line of the three lines), the Council can make long-term investments for cash flow management or repay loans early; where the Liability Benchmark exceeds loans, the authority can take long-term borrowing or sell investments.
- The 'Loans CFR' (the top, dotted line of the three lines on the chart) can be described as the maximum permitted level of borrowing. Borrowing up to the 'Loans CFR' will usually mean high levels of investments, exposing the authority to credit, price and interest rate risks.
- The 'Net Loans Requirement' (the bottom, dashed line of the three lines on the chart) is the minimum possible level of borrowing, at which investments would be zero. This would expose the authority to the liquidity risk of being unable to make payments when due.
- The Liability Benchmark is then the level between the two, where an appropriate balance of risks can be struck between these two extremes.
- There is no requirement to borrow exactly to the Liability Benchmark, but a decision to borrow more or less, or longer or shorter, than the Liability Benchmark implies a deliberate decision to accept additional risk. This may be entirely appropriate if it is accompanied by a reduction in cost, for example through short-term borrowing at lower margins.
- For the Council what this chart estimates is that, if capital plans proceed as forecast and following which there is no new capital borrowing added to the programme, then there will be a need for additional borrowing for a period of about ten years of up to a peak of approximately £100 million. This requirement can be seen on the chart as the white segment that is above the current level of shaded debt and the below the solid middle line of the Liability Benchmark.
- The profile of this chart will change over time if additional capital borrowing is added to the existing programme, or new external debt is entered into.

APPENDIX D

APPROVED INVESTMENT COUNTERPARTIES

Table 1: Limits for New Investment

Sector	Time limit	Counterparty limit	Sector limit for total investments
The UK Government	3 years	Unlimited	n/a
Local authorities & other government entities	3 years	£10m	Unlimited
Secured investments *	3 years	£10m	£30m
Banks (unsecured) *	13 months	£5m	£15m
Building societies (unsecured) *	13 months	£5m	£10m
Registered providers (unsecured) *	3 years	£5m	£10m
Money market funds *	n/a	£10m	£100m
Strategic pooled funds	n/a	£10m	£20m
Real estate investment trusts	n/a	£5m	£10m
Other investments *	3 years	£5m	£15m

*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.

Table 2: 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
Financial Institutions not domiciled in the UK	£10m per country

- D1 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.

- D2 Local Authority: Inter-authority investment and borrowing is a major source of local government financing with over £8 billion of active short term inter-authority loans reported nationally at 30th September 2022. 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.
- D3 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.
- D4 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.
- D5 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.
- D6 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 Council will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.
- D7 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 Council 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 Council's investment objectives will be monitored regularly.

- D8 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.
- D9 Other investments: The Council may also invest cash with other organisations, for example by making loans to small businesses. These investments are not subject to bail-in but are exposed to the risk of the company going insolvent. 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.

APPENDIX E

TREASURY MANAGEMENT PRUDENTIAL INDICATORS 2023/2024

E1 Background

The Council measures and manages its exposures to treasury management risks using the following indicators.

Treasury Management Indicators

E2 Security

The Council 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

E3 Liquidity

The Council 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

E4 Maturity Structure of Borrowing

This indicator is set to control the Council'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
	2023/24	2023/24
	%	%
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.

E5 Long-term treasury management investments

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. The prudential limits on the long-term treasury management investments will be:

Price risk indicator	2022/23	2023/24	2024/25
Limit on principal invested beyond year end	£40m	£30m	£30m

Long-term investments with no fixed maturity date include strategic pooled funds and real estate investment trusts but exclude money market funds and bank accounts with no fixed maturity date as these are considered short-term.

APPENDIX F

Environmental, Social and Governance (ESG) Considerations

- F1 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:
- F2 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.
- F3 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.
- F4 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.
- F5 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.
- F6 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.

F7 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

F8 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.

F9 Therefore, risks need to be considered both in terms of potential threats to the Council and positive opportunities.

F10 The risk appetite will be considered annually and monitored on an ongoing basis by senior management and external advisors.

F11 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.

F12 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

	<p>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>
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APPENDIX G

CIPFA CODE – RELATED MATTERS

The CIPFA Code requires the Authority to include the following in its treasury management strategy.

Financial Derivatives

- G1 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.
- G2 The Council 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 Council 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.
- G3 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.
- G4 In line with the CIPFA Code, the Council will seek external advice and will where necessary consider that advice before entering into financial derivatives to ensure that it fully understands the implications.

Markets in Financial Instruments Directive

- G5 The Council has chosen to be assigned the 'professional client' status 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 Council's treasury management activities, the Chief Financial Officer believes this to be the most appropriate status to not limit the range of products available to the Council.

APPENDIX H

AUTHORISED SIGNATORIES

H1 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 Finance – Matthew Bennett

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 Finance, should the need arise due to operational requirements.

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MINUTE EXTRACT

POLICY AND RESOURCES COMMITTEE

Wednesday, 15 February 2023

100 INVESTMENT STRATEGY 2023/24

The Director of Finance introduced the report which set out the Investment Strategy 2023/24 which fulfilled the requirement of the Department for Levelling Up, Housing and Communities to produce an investment strategy that covers non-treasury activities. The Strategy was produced following updated 'Guidance on Local Government Investments' in February 2018 following an increasing focus on commercial activities for local authorities including but not exclusive to property.

Resolved – That Council be recommended to approve the Investment Strategy for 2023/2024 which includes potential investment in Service Investments: Loans (including the Approval Limit detailed in Table 1), Service Investment: Shares (non-currently held), Commercial Property and Loan Commitments and Financial Guarantees.

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POLICY AND RESOURCES COMMITTEE

Wednesday, 15 February 2023

REPORT TITLE:	INVESTMENT STRATEGY 2023/24
REPORT OF:	DIRECTOR OF FINANCE

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 DLUHC to produce an investment strategy that covers non-treasury activities.

The Investment Strategy supports the Council in the achievement of the Wirral Plan 2021 – 2026 by contributing to the available funding of the Council to support the achievement of the five Wirral Plan priorities.

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 2023/2024 which includes potential investment in the following activity areas:

1. Service Investments: Loans (including the Approval Limit detailed in Table 1)
2. Service Investment: Shares (non-currently held)
3. Commercial Property
4. Loan Commitments and Financial Guarantees

SUPPORTING INFORMATION

1.0 REASON FOR RECOMMENDATIONS

- 1.1 To fulfil the requirement of DLUHC to produce an investment strategy that covers non-treasury activities.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 This report fulfils the requirement of 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. There is therefore no other option but to produce an investment strategy.

3.0 BACKGROUND INFORMATION

- 3.1 The Council 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 approach 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 is contained within the agenda of this meeting and fulfils the Council'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 DLUHC guidance.

Service Investments: Loans

- 3.4 The Council lends money to its subsidiaries e.g., Edsential Community Interest Company (by way of a credit facility), and local businesses (e.g., We Are Juno CIC) to support local public services and stimulate local economic growth. All loan arrangements the Council provides to subsidiaries or local businesses include an interest rate, therefore generating a return on investment.

3.5 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 where appropriate, 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 Council, 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	31.03.2023 Estimated	2023/24
	Balance Owing £000	Approved Limit £000
Subsidiaries	1,107	10,000
Local businesses	1,017	10,000
TOTAL	2,124	20,000

3.6 International Financial Reporting Standards require the Council to apply an expected credit loss model to set aside a loss allowance (where appropriate) for loans, which will be reflected in the Council's statutory accounts.

3.7 Risk assessment: The Council assesses the risk of loss before entering and whilst holding service loans. 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

3.8 The Council currently does not hold any shares in its subsidiaries, suppliers, or local businesses.

Commercial Investments: Property

3.9 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.

3.10 The values in the table below show the purchase cost of various investment properties. Budgeted rental income and assumed financing costs relating to the assets are also included. The Council incurs Minimum Revenue Provision (MRP) costs against assets financed from borrowing. The excess income over interest will be applied against the relevant MRP charge. Any rental income not recovered would need to be reflected within the Council's bad debt provision.

Table 2: Property held for investment purposes

Property	Purchase cost £000	Rental Income Budget £000	Annual Financing Costs Interest and MRP £000
Europa Boulevard	8,400	719	580
Vue Cinema	6,800	510	469
Other Investment Properties	9,286	652	641
TOTAL	24,486	1,881	1,690

Note: For simplicity MRP has been calculated on a straight-line basis and average interest rates have been applied in the table above.

- 3.11 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. Later acquisitions are linked to regeneration opportunities whilst also generating rental returns.
- 3.12 An Asset Strategy 2022-2027 was presented and approved at Policy and Resources Committee on 9th November 2022. The strategy details six key priority areas for managing Council assets and sets out how the Council will make the best use of its buildings and land in the future. Future property purchase or disposals will consider this strategy as part of the evaluation process.
- 3.13 Security: In accordance with government guidance, the Council considers a property investment to be secure if its accounting valuation is at or higher than its purchase cost including taxes and transaction costs.
- 3.14 Where value in the accounts is at or above purchase cost: an annual fair value assessment of the Council's investment property portfolio is undertaken, and the underlying assets provide security for capital investment.

- 3.15 Where value in accounts is below purchase cost: the fair value of the Council's investment property portfolio is no longer sufficient to provide security against loss, and in these circumstances the Council will take mitigating actions to protect the capital invested.
- 3.16 Risk assessment: The Council assesses the risk of loss before entering and whilst holding property investments as outlined in 3.7.
- 3.17 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

- 3.18 Although not strictly counted as investments, since no money has exchanged hands yet, loan commitments and financial guarantees carry similar risks to the Council and are included here for completeness.
- 3.19 The Council has committed itself to make available a credit facility of up to £2 million to Edsential Community Interest Co. To date £0.25 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.
- 3.20 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 in managing financial pressures arising from the COVID-19 pandemic. Both shareholders agreed to provide an additional £857k to Edsential (£1.714m total). Policy and Resources Committee on 10th November 2021 agreed following a Shareholder Board recommendation of October 2021 to provide the additional loan financing. This loan is separate from the credit facility, and as such, has its own separate terms and conditions.
- 3.21 In October 2021, a report was presented to Children, Young People and Education Committee which recommended the approval of the issue of a commercial loan facility to We Are Juno CIC in the sum of up to £1m, in order to assist with the construction and operation of four children's centres. During 2022, the loan agreement was finalised. To date, £705k of the £1m facility has been utilised.

Proportionality

- 3.22 The table below shows the extent to which the expenditure planned to meet the service delivery objectives and/or place making role of the Council is dependent on achieving the expected net profit from investments over the lifecycle of the Medium-Term Financial Plan. 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

	2022/23 Forecast £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000
Gross service expenditure	555,000	593,000	612,000	629,000
Investment income	3,000	2,500	2,500	2,500
Proportion	0.54%	0.42%	0.41%	0.40%

The proportion is the investment income divided by the gross service expenditure.

Capacity, Skills, and Culture

- 3.23 Elected members and statutory officers: The Council’s Policy and Resources Committee reviews and approves key financial matters. The Committee meets regularly with support from the statutory officers 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 meetings of the Policy and Resources Sub-Committee 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. Committee Co-ordination and Oversight Group review all reports to ensure content is suitably detailed and relevant implications have been identified. In response to the recommendations detailed in the External Assurance Reviews commissioned by DLUHC, the Chief Executive requested the Independent Panel support the Council in delivery of the Implementation Plan.
- 3.24 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.
- 3.25 Commercial agreements: Commercial agreements require initial approval from the Director of Finance. Governance arrangements include oversight from the Investment and Change Board (ICB), chaired by the Director of Finance. 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.

3.26 Corporate governance: The Director of Finance has statutory responsibility for overseeing the Council's financial affairs and for ensuring that robust controls are in place. The Director is supported by officers across the Council, including legal services. The Investment and Change Board assists with ensuring governance and oversight is in place. At member level, there is a Policy and 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

3.27 The Council has set the following quantitative indicators to allow elected members and the public to assess the Council's total risk exposure as a result of its investment decisions.

3.28 Total risk exposure: The first indicator shows the Council's total exposure to potential investment losses. This includes amounts the Council is contractually committed to lend but have yet to be drawn down and guarantees the Council has issued over potential annual headlease costs, and other development guarantees.

Table 4: Total investment exposure

Total investment exposure	31.03.2022 Actual £000	31.03.2023 Forecast £000	31.03.2024 Forecast £000
Service investments: Loans	2,357	1,107	1,107
Commercial investments: Property	19,033	18,915	18,915
TOTAL INVESTMENTS	21,390	20,022	20,022
Commitments to lend	500	2,045	2,045
Guarantees issued on loans	9,793	9,793	9,793
TOTAL EXPOSURE	31,683	31,860	31,860

3.29 How investments are funded: Government guidance is that these indicators should include how investments are funded. The following investments can be described as being funded from borrowing, with the remainder of the Council's investments being funded by usable reserves and income received in advance of expenditure.

Table 5: Investment by type

Investments	31.03.2022 Actual	31.03.2023 Forecast	31.03.2024 Forecast
Service investments: Loans	2,357	1,107	1,107
Commercial investments: Property	19,033	18,915	18,915
TOTAL	21,390	20,022	20,022

3.30 Rate of return received: This indicator shows the investment income received less the associated running costs, 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 running costs)

Investments net rate of return	2021/22 Actual %	2022/23 Forecast %	2023/24 Forecast %
Treasury management investments	0.70	1.46	1.46
Service investments: Loans	3.32	3.77	3.80
Commercial investments: Property	6.64	4.71	4.11
ALL INVESTMENTS	2.47	2.47	2.82

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 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

Risk	Mitigation
	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. The investment strategy however supports the development of the Wirral economy and services which will benefit communities.

REPORT AUTHOR: Christopher Crawford
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BACKGROUND PAPERS

International Financial Reporting Standards – IFRS9 Financial Instruments
Asset Management Strategy 2022-2027
Department for Levelling Up, Housing and Communities Investment Guidance

TERMS OF REFERENCE

This report is being considered by the Policy and Resources Committee in accordance with Part 3 Section B of its Terms of Reference:

Policy and Resources Committee

- (b) provide a co-ordinating role across all other service committees and retain a 'whole council' view of performance, budget monitoring and risk management, which includes responsibility for a decision:
- (v) regarding companies or limited liability partnerships including acquisition and disposals,
- (vi) which is deemed significant in terms of impact on the Council's revenue or capital (to be determined by the Head of Paid Service and/or Section 151 Officer in consultation with the Leader).

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Investment Strategy Statement 2020-21	17 th February 2020
Investment Strategy Statement 2021-22	17 th February 2021
Investment Strategy Statement 2022-23	15 th February 2022

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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Full Council – Responsibility for Functions

1. Introduction

Full Council is the primary decision-making body of the Council and, as such, is responsible for the exercise of all of the functions that are held by the local authority.

Whilst decisions in relation to these functions could be made by the Council, and indeed some functions can only be carried out by the Full Council, in order to operate more effectively as an organisation, most of the Council's functions are exercised through delegation to a committee, sub-committee or an officer, or to another local authority.

This part of the Constitution contains the remits of the Council, Committees, Sub-Committees and Panels and also contains the Scheme of Delegation to Officers.

2. Council Functions

The Council reserves to itself the following functions (in accordance with the rules and procedures contained in this Constitution):

- (a) All non-delegable functions as defined by the Local Authorities (Committee System) (England) Regulations 2012 including: -
 - (i) **The Budget** – The approval or adoption of a plan or strategy for the control of the local authority's borrowing, investments or capital expenditure or for determining the authority's minimum revenue provision, which includes the overarching annual:-
 - (1) Capital programme
 - (2) Capital investment strategy
 - (3) Medium term financial plan
 - (4) Treasury management strategy,except for any amendment, modification, variation or revocation which—
 - (aa) is required for giving effect to requirements of the Secretary of State or a Minister of the Crown in relation to a plan or strategy submitted for approval, or to any part submitted; or
 - (bb) is authorised by a determination made by the local authority—
 - in pursuance of arrangements made for the discharge of functions as set out in the Budget and Policy Framework Procedure Rules set out at Part 4(3) of this Constitution (including virements); and
 - at the time when the local authority approves or adopts the plan or strategy, as the case may be.

(ii) **Policy Framework (Required)** – The making or revoking or amending the following policies, plans and strategies required to form a part of the Council’s Policy Framework:

- (1) Annual Library Plan;
- (2) Crime and Disorder Reduction Strategy;
- (3) Development Plan Documents;
- (4) Licensing Authority Policy Statement;
- (5) Policies made under the Gambling Act (including any resolution relating to casinos);
- (6) Local Transport Plan;
- (7) Plans and alterations which together comprise the Development Plan;
- (8) Sustainable Community Strategy; and
- (9) Youth Justice Plan;

except for any amendment, modification, variation or revocation which—

- (aa) is required for giving effect to requirements of the Secretary of State or a Minister of the Crown in relation to a plan or strategy submitted for approval, or to any part submitted; or
- (bb) is authorised by a determination made by the local authority—
 - in pursuance of arrangements made for the discharge of functions as set out in the Budget and Policy Framework Procedure Rules set out at Part 4(3) of this Constitution; and
 - at the time when the local authority approves or adopts the plan or strategy, as the case may be.

(iii) Making of a Members Allowance Scheme and amending the same.

(iv) Determination of Mayor’s and Deputy Mayor’s allowances.

(v) Making a request for single member electoral wards to the Local Government Boundary Commission.

(vi) Resolution to change a scheme for elections.

(vii) Making an order giving effect to the recommendations made in a Community Governance Review.

(viii) Conferring voting rights on co-opted members of Overview and Scrutiny Committees (if any).

- (b) **Policy Framework (Choice)** - The making or revoking or amending the following policies, plans and strategies reserved by Council to form a part of the Council's Policy Framework
 - (i) The Council Plan.
- (c) Setting the Council's Council Tax requirement
- (d) Electing the Mayor and Deputy Mayor
- (e) Appointing the Leader and Deputy Leader of the Council (Chair and Vice-Chair of Policy & Resources Committee)
- (f) Agreeing or amending the committee structure, the remit/terms of reference of committees, their size and membership
- (g) Confirming the appointment (or dismissal) of the Head of Paid Service, Monitoring Officer and Chief Finance (Section 151) Officer.
- (h) Confirming the appointment of the Independent Persons.
- (i) Making, amending, revoking, re-enacting or adopting bylaws and promoting or opposing the making of local legislation including bylaws or personal bills.
- (j) Appointment of the Returning Officer and Electoral Registration Officer.
- (k) Significant changes to the Council's Constitution, including adopting and amending standing orders, Rules of Procedure, Contract Procedure Rules, Financial Regulations, Codes and Protocols that make up the Constitution.
- (l) All other matters which by law are reserved to the Council including: -
 - (i) Ombudsman reports where there has been a finding of maladministration with injustice and the report has been rejected
 - (ii) Statutory officer reports of the Monitoring Officer, Chief Financial Officer and Head of Paid Service and External Auditor's public interest reports.
- (m) Conferring the title of Honorary Freeman and Honorary Alderman.
- (n) Approving the Annual Senior Officer Pay Policy Statement.
- (o) Changing the name of the Borough.
- (p) Appointment of representatives of the local authority not otherwise delegated to a Committee.
- (q) Nomination of councillors and other persons to outside bodies
- (r) Consideration of reports from committees or any other body constituted by the Council.

- (s) To receive the minutes of committees and sub-committees acting under delegated powers for question and comment.
- (t) Making recommendations to the Secretary of State on the Borough boundaries, ward boundaries, electoral divisions, ward or polling districts; and
- (u) any other function which must by law be reserved to full Council.

Note

For the avoidance of doubt, the Full Council retains ultimate responsibility for the actions and decisions of all its Committees and also retains the ability to exercise all its powers whether or not they have also been delegated to a Committee or Officer. Full Council shall not, however, exercise a power that has been delegated without first ensuring that such a step is in the best interests of the Council and in accordance with the rules set out in the Articles of this Constitution. The Council's ability to exercise its powers will not override or supersede any decision or action already taken and implemented by a Committee or Officer acting under delegated authority.