

MINUTE EXTRACT

CABINET

17 FEBRUARY, 2020

90 **COUNCIL BUDGET 2020/21 & MEDIUM TERM FINANCIAL PLAN (2021/22 TO 2024/25)**

- A. Councillor Janette Williamson introduced a report which provided an update on the Budget 2020/21 and the Medium Term Financial Plan (MTFP) previously reported to Cabinet on 23 December 2019. It set out the background and the key elements contributing to the preparation of the Budget for 2020/21 and set out recommendations on the budget and council tax for the Council.

The Council continued to face financial constraints and pressures. The medium term financial planning period to 2024/25 was expected to contain further grant funding reductions and increasing financial pressures. The report set out how the Council would balance the budget for 2020/21 and updated the MTFP for the period to 2024/25.

The Cabinet had to recommend a 2020/21 Budget proposal to the Council on 2 March 2020. This included a recommendation on the Wirral Council element of the Council Tax to be applicable for the 2020/21 financial year.

The Council had to agree a Budget and set the levels of Council Tax for 2020/21 by 10 March 2020. The Council tax increase was proposed to be 3.99% (2% Adult Care precept and a 1.99% increase in Council tax). There was growing demand placed on adults' and children's care budgets with current pressures of £13m, although the 2% precept would only bring in an additional £2.85m. Nearly £900,000 was proposed for the budget for an automatic reduction in Council tax for the 9,000 poorest households in the borough. She thanked all of her Cabinet colleagues and officers, particularly in the finance team, for all their work on this proposed budget.

Members of the Cabinet reiterated the rising demands and pressures being placed on the Council whilst having to respond to cuts in funding from central Government.

- B. Councillor Tom Usher introduced a report which set out the Schools Budget for 2020/21 having previously been considered by the Schools Forum at their meetings on 6 November, 2019 and 15 January, 2020.

The Schools Budget covered education provision for all Wirral Pupils aged up to 18 in Early Years, Primary, Secondary and academy schools and for some pupils up to the age of 25 in Special Schools and High Needs providers.

Most budgets were delegated to schools with some central provision for support services including school admissions and High Needs.

The report proposed several changes to the local funding formula for Schools to allow implementation of the National Funding Formula, following the transition steps taken in 2019/20. There were also changes proposed to High Needs.

The Schools Budget provided resources to support all children and young people pledges, and the proposals within the report resulted in an in-year surplus of £643,900 on the Dedicated Schools Grant (DSG) budget, which it was proposed to transfer to the DSG reserve to partially offset the deficit position expected at the end of 2019/20.

Councillor Usher referred to the Government's extra 8 pence per pupil, under the changes to the funding formula. He referred to an article published in the Times Education Supplement in 2018, by a local secondary school Head Teacher, regarding the long term real term cuts in schools funding. Having asked the Head Teacher for an update he had commented that pupil funding was now almost 10% lower than in 2009.

Other Cabinet Members concurred with the views expressed regarding the cuts in schools funding.

- C. Councillor Janette Williamson introduced a report which provided Cabinet with the draft Capital Programme 2020/25 for consideration and referral to Council for approval. It also included information regarding the revenue implications of this Programme and an update on the latest forecast for capital receipts. The 2020/25 Capital Programme represented a combination of schemes originally approved as part of the 2019/22 Programme, updated through the Capital Monitoring reports in 2019/20 and new bids for inclusion as detailed in the report.
- D. Councillor Janette Williamson introduced a report, which stated that the Authority's treasury management activity was underpinned by CIPFA's 2017 Code of Practice on Treasury Management ("the Code"), in which there was a new requirement for Council to approve an annual Capital Strategy. The report fulfilled the Authority's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.
- E. Councillor Janette Williamson reported that the Authority's treasury management activity was underpinned by CIPFA's 2017 Code of Practice on Treasury Management ("the Code", which required the production of annual Treasury Management Indicators and a Treasury Management Strategy Statement on likely financing and investment activity. The Code also recommended that Members were informed of treasury management activities at least twice a year.

This report fulfilled the Authority's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code. It did not cover the requirements of the 2018 Ministry for Housing, Communities and Local Government (MHCLG) Investment Guidance, which mostly referred to non-treasury investments and was the subject of a separate report.

- F. Councillor Janette Williamson introduced a report which stated that in February 2018 the Ministry for Housing, Communities and Local Government (MHCLG) published updated 'Guidance on Local Government Investments'. The previous edition covered only Treasury Management investments. In recent years local authorities had had an increasing focus on commercial activities including but not exclusive to property. Such activity had the potential to bring both increased returns and increased positive and negative risk. The revised Guidance on Local Authority Investments required that a separate Investment Strategy focusing on non-treasury investments was produced and approved annually by Council. The report fulfilled the requirement of the MHCLG to produce an investment strategy that covered non-treasury activities.

In concluding, the Leader thanked all the Cabinet Members and referred to the reduction in the Council's spending power of £233m over the last decade, with a further £32m reduction to come in the coming year. This was in contrast to those boroughs in the south of England which were receiving budget increases such as Hampshire County Council. He referred to a new funding formula which the Government was introducing which would dramatically reduce the importance of deprivation when calculating funding allocations. He called upon the other political parties on the Council to join with the Labour Group to lobby the Government to get the best deal possible for the Council.

Resolved – That:

A. Revenue Budget 2020/21 and Medium Term Financial Plan (2021/22 to 2024/25)

(1) The Cabinet recommends to the Budget Council a Budget proposal for 2020/21 and MTFs 2021/22-2024/25 based upon:

- a. the updated Medium Term Financial Plan (MTFP) 2021/22 – 2024/25, as set out in Appendix 6 of the report;
- b. the fees and charges included in Appendix 3 of the report, with delegated authority being:
 - i) given to the Section 151 Officer to update the Council's Fees and Charges Directory prior to publication before 1 April 2020;
 - ii) given to the relevant Director in consultation with the relevant Portfolio Holder and Section 151 Officer to vary existing fees and charges; and
 - iii) approval of the Pricing and Charging Policy.
- c. continued use of the existing Business Rates Discretionary Relief Policy (updated in line with annual legislation), approved by Cabinet on the 18th February 2019, along with existing reliefs, for 2020/21;
- d. maintenance of General Fund Balances at, or above, a level of £10m, based on a locally determined approach and assessment of the financial risks that the Council may face in the future;
- e. the Chief Financial Officer Statement regarding the robustness of the estimates made for the purpose of the Budget and the adequacy of the General Fund balances and reserves at Appendix 5.

(2) The Cabinet recommends to the Council that a separate vote be taken in respect of Council Tax levels for 2020/21 and that:

- a. for Wirral Council Services, Council Tax is increased by 3.99% for 2020/21; and**
- b. the overall Wirral Council Tax will also continue to include additional precepts from the Police and Crime Commissioner for Merseyside, from the Merseyside Fire & Rescue Service and from the Liverpool City Region Combined Authority.**

B. Schools Budget and Funding Formula Changes 2020/21

(1) The Cabinet recommends to the Council approval of the 2020-21 Schools Budget at £279,960,200, having recognised the following views and formula proposals from the Schools Forum, that:

- i) the 2020-21 schools funding formula should adopt the formula factors rates of the National Funding Formula;**
- ii) a Minimum Funding Guarantee of 1.84% for Wirral mainstream schools in 2020-21 was approved to provide additional protection and stability in funding, and to ensure schools received a minimum 1.84% increase in per pupil funding (as defined by the National Funding Formula) and cannot lose pupil funding unless there was a reduction in pupil numbers, therefore ensuring that no pupil was disadvantaged as a result of the change in formula.**
- iii) the continuing Contributions to Combined Budgets should be £700,500 in 2020-21;**
- iv) surplus High Needs funding of £643,900 in 2020-21 is transferred to the DSG reserve to partially offset the DSG deficit expected at the end of 2019-20.**

C. Capital Programme and Financing 2020/24

Cabinet:

- (1) recommends to Council the approval of the new bids as detailed in Appendix 2 requiring £16.054 million borrowing for inclusion in the Capital Programme;**
- (2) recommends to Council the approval of any new bids supported by grant funding do not commence until written confirmation had been received from the granting authority;**
- (3) recommends to Council the approval of the Capital Programme 2020/25 (as detailed in Appendix 3);**
- (4) recommends to Council the approval that progress on delivering the Capital Programme is presented in accordance with the agreed Capital Monitoring arrangements.**

D. Capital Financing Strategy 2020/21

Cabinet:

- (1) recommends to Council the approval of the Capital Strategy for 2020/21;**
- (2) recommends to Council the approval of the associated Prudential Indicators to be adopted;**
- (3) recommends to Council the approval of the Council's Minimum Revenue Provision policy;**
- (4) recommends to Council the approval of the Council's Flexible Use of Capital Receipts Strategy.**

E. Treasury Management Strategy Statement 2020/2023

Cabinet:

- (1) recommends to Council the approval of the Treasury Management and Investment Strategy for 2020/2023;**
- (2) recommends to Council the approval of the Treasury Management Indicators.**

F. Investment Strategy Statement 2002/21

Cabinet recommends to Council the approval of the Investment Strategy for 2020//2021, which includes potential investment in the following activity areas:

- Commercial Property**
- Service Investments: Loans**
- Service Investment: Shares (non-currently held)**
- Loan Commitments and financial Guarantees**