

Appendix 11

**MEDIUM TERM FINANCIAL STRATEGY
AND RESILIENCE PLAN
2021 -2026**

Contents

1. Introduction	3
2. Context.....	3
3. Our Challenges	5
4. Budget Strategy	8
5. The Council’s Service Strategy	9
6. Reducing Costs.....	20
7. Resource for Service Revenue Budgets	21
8. Wirral Response to the Financial Challenges	21
9. Conclusion	22
Financial Resilience Plan	23

1. Introduction

This document sets out the Medium-Term Financial Strategy (MTFS) and establishes the framework for the 2021/22 budget. It is based upon a financial forecast over a rolling five year timeframe from 2021/22 to 2025/26, which will help to ensure resources are aligned according to the priorities outlined in the Wirral Plan 2025. The MTFS will also set the financial context for the Council’s resource allocation process and budget setting, whilst ensuring we have a balanced budget.

The Council has shown that through collaborative working, new partnerships, innovation and transformation it can improve the quality of life and economic climate of the borough. The borough is being transformed with focus on key areas such as Birkenhead and the waterfront; we have been successful in securing funding to support the growth projects and new investors whilst protecting the Council’s own borrowing for these significant investments. The Council has set itself high standards to achieve in delivering these projects that will deliver good quality housing and business premises whilst importantly addressing the economic and climate issues of the borough.

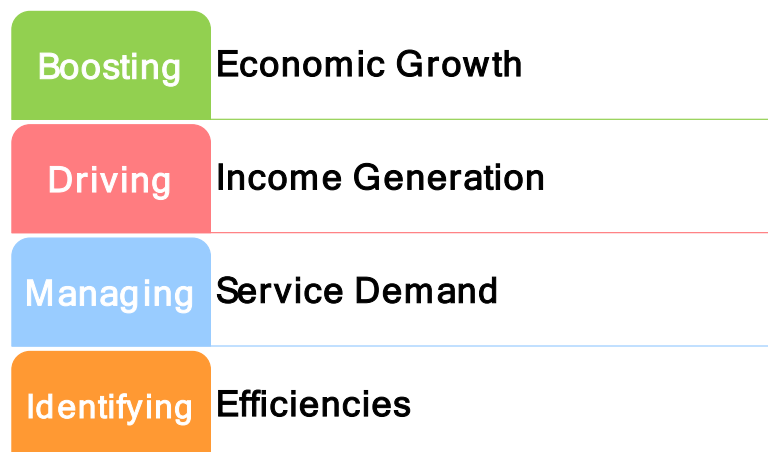
2. Context

The MTFS is a key part of the Council’s Budget and Policy Framework which aims to ensure that all financial resources are directed towards the delivery of Council priorities which are aligned to the Wirral Plan 2025. The financial proposals in this MTFS aim to allow Wirral to have a balanced annual budget and successfully plan for a financially resilient future.



The MTFS focuses on the improvement of the lives of Wirral residents by delivering and investing in key public services and regeneration.

It also recognises the need to respond to the financial challenges in a planned way through examination of four inter-related areas:



The outcome of this activity has resulted in a budget for 2021/22 which is:

- Balanced, sustainable and legal; and
- Continues to deliver vital services.

This MTFS sits against a backdrop of considerable financial uncertainty and unprecedented challenges for all local authorities, from funding changes, Covid-19 and growing pressures on key services. The 2019 Spending Round announced by Central Government in September 2019 confirmed the continuation of a number of temporary funding streams into 2020-21 but provided no certainty beyond that. It was anticipated at that point that a multi-year funding settlement would follow for 2021-22 and beyond, which would have provided certainty for the Local Government sector in terms of future year funding.

Due to the Coronavirus pandemic, the government announced in April that the Comprehensive Spending Review (CSR) publication would be delayed, and was not formally launched until July 2020, they also announced that the Fair Funding Review would be delayed. Business Rates Retention was also scheduled to take effect in 2021-22, with new funding baselines for all councils having been determined through the Fair Funding Review, both of these, have now been delayed as a result of the impact of Covid-19.

The government announced a one-year settlement in November with a plan for multi-year settlements to come from 2022/23

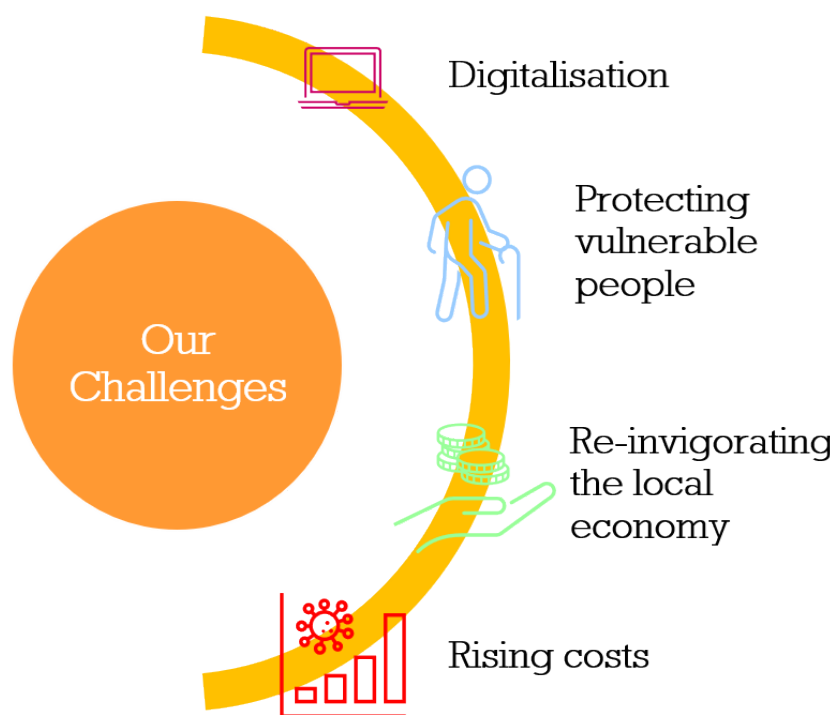
3. Our Challenges

As a result of the impact of Covid-19, the nation is facing an unusual and unprecedented time and Wirral Council is not immune from this. The Government has spent billions of pounds to support the country, protect jobs and services and to keep people safe. Wirral Council has received funds to directly support its residents, passing grants from central government to businesses, the self-employed, residents and those in need of support. Wirral Council continues to face challenges in supporting Covid-19 and continuing to provide good quality services whilst operating within a financial envelope. In order to meet these challenges, our Medium Term Financial Strategy outlines the plans for delivery, which will stretch over several years.

The MTFS has two main elements:

- Provides an overview of the approach to the period 2021/22- 2025/26
- A Financial Resilience Plan.

Our challenge for 2021/22 and beyond is to support the Borough through Covid-19, expansion of services to protect the vulnerable, rising demand, delivery of the Wirral Plan, funding changes, digitisation possible of the services, organisational cultural change of the Council, and the impact of Brexit. The Wirral Plan through the prevention agenda, regeneration, neighbourhood working and partnerships within the health system will go some way to alleviate these challenges.



The Council is seeing more demand and different challenges of which the following are anticipated:

- Vulnerable residents will have more complex needs
- Demand for statutory services will increase at an accelerated rate
- The risk that local economy may shrink and local business may need support to recover

These challenges pose a financial risk to the Authority and are in addition to the usual challenges which are:

- Demand for services through demographic growth (an aging population)
- Cost increases through inflation.

However, through the short, medium and long terms strategies within the MTFS a balanced budget can be forecast over the next five years.

Short to Medium Term Strategies

- New homes will make a contribution to income streams through council tax payments.
- Review of how services are delivered, what is delivered and to whom.
- Investment in community groups to support families providing family and parenting support, health and wellbeing service, realigning service delivery and youth support.
- Increased preventative support for domestic abuse.
- Greater support for children for example those with complex needs.
- Ensuring services are providing value for money for residents and delivering outcomes.
- With the establishment of new businesses, income streams will also grow through business rates, including an increase in fees and charges.
- Proposals for savings will need to address the increasing funding gap, whilst also acknowledging that not all services will continue to be provided in the same way.

Long Term Strategies

The Council plans to change its approach so that more income can be generated through its own revenue streams, to ensure further independence to residents and to redesign its cultural and leisure offer around residents' need. This will be achieved through:

- Growth in Council Tax revenues, linked to growth in Local Plan targets until 2037 to meet housing requirements.
- Growth in Business Rates as a result of regeneration activity to increase the number of businesses operating in the area.
- Using intelligence to predict service use requirements in to ensure services are fit for the future.
- Investing in commercial activities to generate returns.
- Significant programme of Regeneration across the whole of the borough
- New Neighbourhood model and community partnerships

The Council aims to:

Change how the Council operates to improve service, deliver pledges and reduce costs.

Implement a prevention strategy that meets the needs of our residents early, this will reduce costs of statutory services and allows monies to go further.

Working with partners, such as through our Community Wealth Building Strategy, and residents to provide the tools to help people into employment. Doing so will provide better life outcomes & a reduced need for social care.

4. Budget Strategy

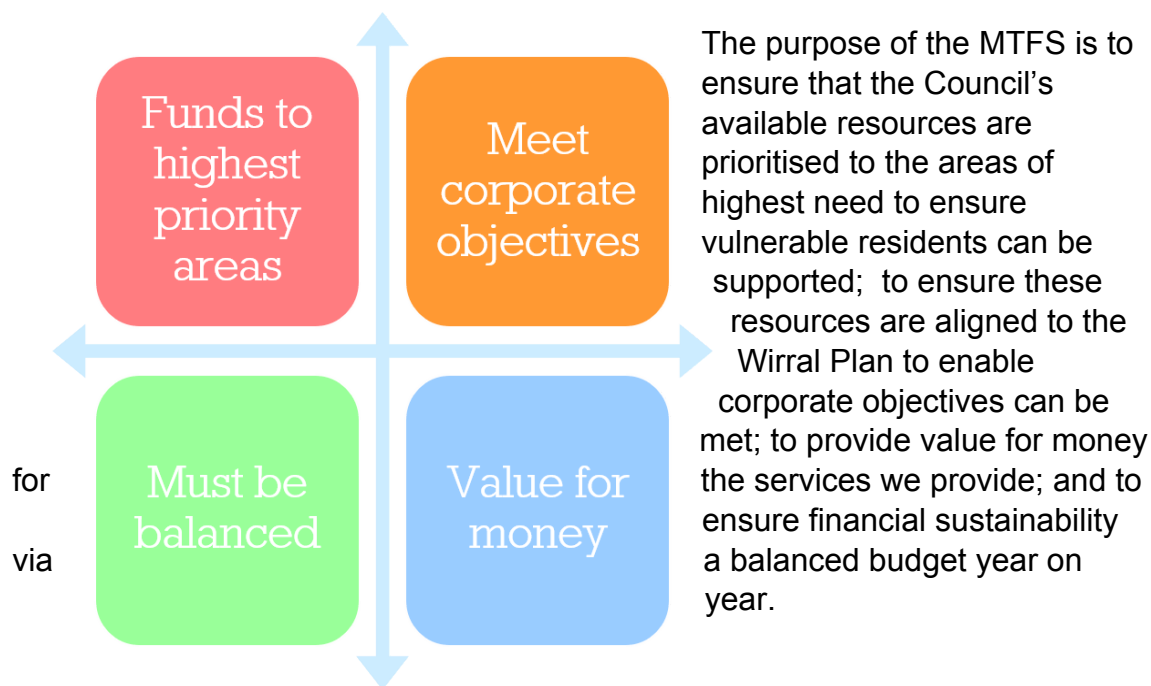
Each year we set an annual budget for the next financial year, which in this case is the year to 31 March 2022 (2021/22). The first year of the five year MTFs is aligned to resources of the Council, to the objectives as set out in the Medium Term Financial Plan and Budget. This is an iterative process, with proposals submitted as and when they are identified to enable consultation and scrutiny to take place so that the impact of the proposals can be assessed.

It is important that the Council aligns resources to the highest priority areas within the Wirral Plan, as well as being able to meet its overall corporate objectives. The budget must be balanced in terms of matching expected funding to expected costs, so that no gap is created which could bring the Council's financial future into question.

It is also essential to demonstrate good financial management, control and financial planning to ensure value for money can be demonstrated.

This MTFs considers how the Council will make the most of the financial resources available, directing funding to Council priorities, identifying areas of growth, pressures, saving, unavoidable costs such as increases in levies, pension costs and what should be included in the budget such as inflationary factors.

However, it must be acknowledged that the Council is striving to deliver the best for residents against a background of challenging circumstances of uncertainty and additional financial pressures. Decisions and choices will have to be made as part of agreeing the 2021/22 budget and the 2022/26 MTFP and MTFs refresh, how to balance the impact of short-term decisions we face and align to the financial sustainability of the Council. The financial strategy needs to ensure the MTFs and plan is not unachievable and is capable of managing future pressures.



5. The Council's Service Strategy



5.1 Empowering Communities

It has long been recognised by Members and Officers of Wirral Council, that our residents and community organisations are amongst the finest assets Wirral has, evidence has been prevalent during Covid-19 that they are responsive, capable and effective at delivering what the residents of Wirral need. The humanitarian effort has been significant and our relationship with the community and voluntary sector as better than they have ever been.

A number of plans are in progress which access and enhance this relationship to ensure we can continue to build on this relationship and enable those sectors to have more engagement in the provision of services:

- North West Mutual Bank
- Community Wealth Strategy
- Community Asset Transfer

By enabling and supporting our communities, we can deliver more cost efficient and valued services. The neighbourhood model will seek the views of communities as to how we can work better together to provide services that are of most value to them and provide the most efficiency.



5.2 Driving Income Generation

The Council has a traded service function where it looks at how we use our assets and direct growth of the Council to generate income, which allows further investment in supporting essential services. This function becomes more increasingly important as a means of making the Council self-sufficient.

The use of benchmarking and predictive modelling technology, CFO insights will assist with this approach. The tool provides a three-dimensional way in which to understand Council income and spend by category, the outcomes for that spend and the socio-economic context within which a Council operates. This enables for comparison against others, not only nationally but in the context of their geographical and statistical neighbours.

Communities need assurance that we are providing value for money for the taxes they pay and allocating resources to the areas that matter most to them, in the most cost efficient way. To enable this, we will review services and functions to ensure they are providing value for money, streamlining processes and remove duplication by centralising services to gain benefits. Using benchmarking and intelligence information on other Councils' operations, we will review the cost and configuration of all services to determine whether our services are below or above average and take appropriate actions on the outcome.

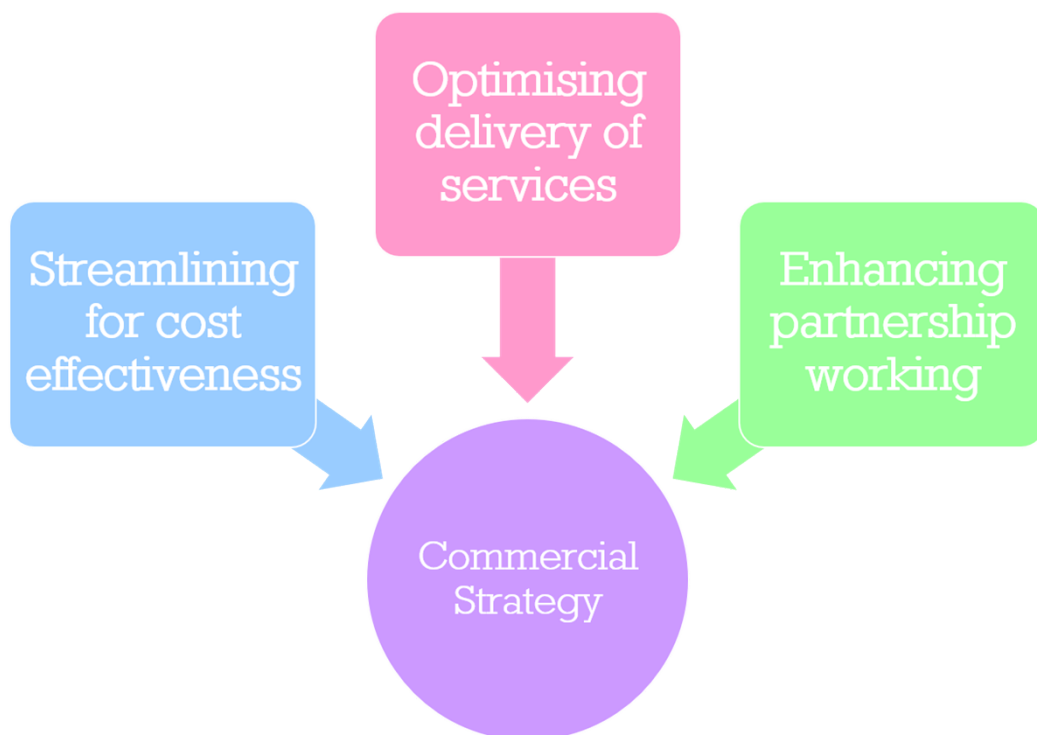
For Our Commercial Strategy This Will Mean - The introduction of new income sources through charges and trading, for example with local businesses, where appropriate.

Review of fees and charges and ensuring they take account of costs, demand and comparable charges made by other local authorities for similar services.

Providing concessions where necessary so that all charged for services are accessible to all.

The Aims Are:

- To become more efficient and assess value for money, making sure that we deliver our services in the most cost effective way possible. Streamlining processes, joining up our back office functions and not



spending money on administration that could be invested in line with our priorities.

- Review mechanisms for delivering services to obtain the best fit for delivery to the residents of Wirral.



5.3 Managing Service Demand

- Explore and enhance partnership working. Collaborating more with others in the public, community, voluntary and faith sectors, as well as reducing duplication and delivering better outcomes for residents.

To ensure the Council's main objective of reducing inequality across the borough, the key priorities are:

- Prevention. Tackling the root cause of inequalities and demand on Council Services so that residents get the right support at the right time.
- Getting it right first time so that information and services are readily available to residents so they do not need to contact us
- Maximising self-serve options for accessing Council services for those who can.
- Independence. Enabling individuals, families and communities to help themselves and each other.
- Use of data and insight to monitor, predict and respond to demand.

The operation of the Council services are being reviewed to ensure that they are as effective as they can be. The Council is continually reviewing its services to ensure they are fit for purpose. This will be done by:

- Testing if the service is providing value for money for residents, that it is performing well, and delivering improved outcomes.
- For those that do need intensive type care and support the cost of care should be at a rate that reflects providers' actual costs and consideration of local factors. We will undertake cost of care exercises in relation to all key areas of provision. Benchmarking costs against other Councils in the region and nationally to understand comparative costs and outcomes.
- Using insight and intelligence to predict what the service use requirements are over the long term, to ensure we redesign services that are fit for the future.
- Consulting customers on what they think of the service and whether they value it as important to them.
- Considering whether to divest in the service where it is not meeting customer needs or providing value for money.
- Investing in approaches that enable people to be more independent, using technologies and other creative solutions to enable them to keep safe and manage their own lives without too much intervention from public services.
- Examining whether services should be provided in an alternative way and/or by an alternative provider.
- Partnering with other organisations enables us to provide the right services in the right way, as supplying better services is not about the organisation we work for, it's about the communities we serve.

The Council recognises some demand as a failure to enable people to be as independent as they can be, and to achieve the best outcomes that they can. Our approach is to provide people with the education, training and or support that they need to require less regular support from care services in the longer term.

Early intervention and prevention services have a key role in intervening before people come to need intensive support by recognising key factors that contribute to increasing independence and aiming to put support and or advice in to mitigate against these factors. Public Health and our community voluntary and faith sector organisations also play a key role in this.

The total financial resources of the Council and wider partners needs to be maximised, prioritised and channelled to the right areas and activities. All financial planning activity will be targeted towards ensuring that statutory services continue to be delivered and that services provide the best value formoney.

The Council and its partners will work together as a whole system in Wirral to ensure partners' resources contribute to improved outcomes for our residents to keep them independent, safe and well for longer. The Health and Wellbeing Board will lead the delivery of improved outcomes for the Borough.



Sports and Physical Activity on Wirral

Following approval at Tourism, Leisure and Communities Committee November 2020, the Council has set out the basis for a future strategy for “Sport and Physical Activity” on Wirral (formerly the Leisure Strategy). The key focus of the strategy is to set out the priorities for sport and leisure facilities, services and activities and seeks to redress the balance between being a provider of facilities and tackling inequality through preventative, outreach and early intervention and prevention work across services.

It is not a statutory requirement to have a Sport and Physical Activity Strategy, but it is seen as good practice to outline the Council’s plans for leisure services for the period 2020-2025 based on the evidence base and emerging COVID19 landscape.

The Sport and Physical Activity Strategy will guide and influence both internal and external teams as well as external partners and investors including Planning Teams, Public Health, Constituency Team, Children’s and Adult Services, national governing bodies, local sports clubs, and community groups. It will also link, support, and complement other strategic documents across Council services - children’s, adults, and regeneration to name but a few, both established and in development. The Vision for the Strategy is: “To work with our residents and partners to provide accessible and affordable services that help to make physical activity a part of everyone’s everyday lives”. The strategy will therefore represent an important next step in how we help our residents to take up physical activity and remain active throughout their lives. The strategy will cover four key strategic priorities:

- Active people
- Active partnerships
- Active places
- Active open spaces

By engaging with our communities across these themes, we aim to engage with all our residents across the borough, ensuring a collaborative and inclusive approach to meet the needs of our communities. This strategy will support in the reduction of inequalities across the borough, from a sport and physical activity perspective.

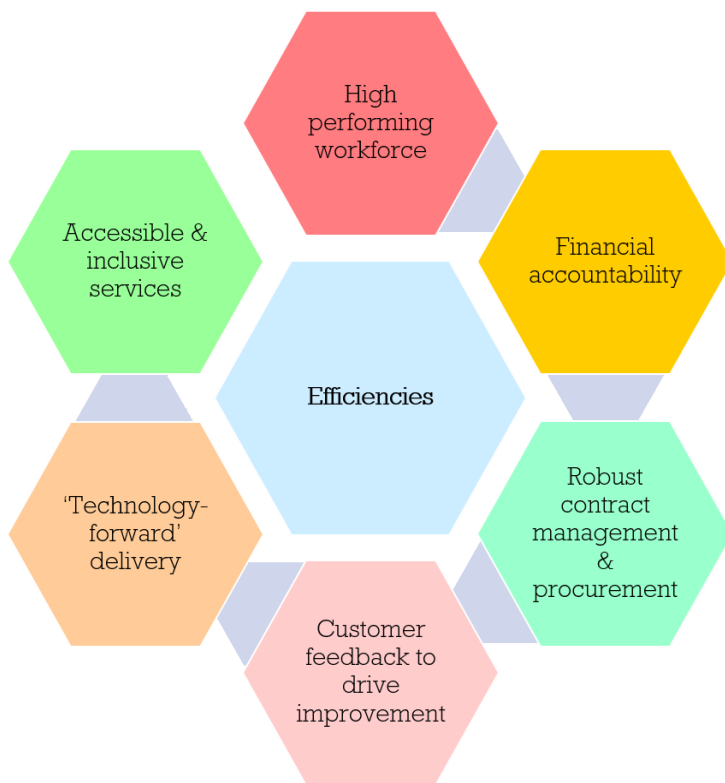
Within the last 12 months, many services have been brought together within the newly created Neighbourhood Services Directorate, bringing together these services to drive efficiencies and realign service provision and deliver objectives of the Wirral Plan. This approach, will help to secure the best future for our residents, inspired to achieve community prosperity, and level up inequalities, through our excellent people and services.

The Council has examined and challenged the way services are delivered, and so we are looking for improvements in the effectiveness of services to produce savings. We has also challenged the methods of delivery and which departments are delivering the most cost effective services to improve outcomes for Wirral residents. Covid-19 has brought about an increase in demand for example in adult's services and this will inform the future transformational plans to ensure services and resources are used in the most effective way.



The key efficiencies we are prioritising are:

- Through ensuring we have a high-performing, flexible and skilled workforce who role model our values (Customer focused, accountable, ambitious, professional)
- By placing customers at the heart of everything we do
- Ensuring our services are accessible and inclusive and cater for the different needs of residents and communities.
- Using customer feedback and insight to drive continuous improvement.
- Culture of financial accountability and ownership
- Conducting lean reviews of ways of working, systems and processes to ensure we are as efficient as possible and to eliminate 'waste'
- Making the best use of technology and identifying innovative ways to deliver differently.
- Reviewing our approach to contract management and procurement to ensure it is as robust as possible.
- Empowering all staff to continuously improve services and customer experience.
- The Target Operating Model of the Council is fit for the future.



Through the Children and Families Improvement Programme, the Directorate received a much improved report from Ofsted. While there is still significant work to be done to improve in this area, progress has clearly been made as a result of recent investment in Children’s services.

Closer integrated health and care services has enabled people to have more rapid responses to deliver the right care at the right time in the right place. The aim is to reduce bureaucracy and to enable people to tell their story once.

Self-assessment and coordinated local neighbourhood care teams support increased value to be delivered across health and care with a strong focus on services that develop skills after an illness and provide essential equipment for example rapidly to meet peoples’ needs.

- Regular review and support from social care that focusses on local support networks and what people can do for themselves will help to mitigate demand pressures of circa £52m of the medium term financial horizon.
- The Worksmart project enables smarter and more efficient working practises, therefore staff are able to work anywhere in the borough at any time which suits their work-life balance.
- Over 10 years, our workforce has declined by 35%. Services are not provided the same way they were a decade ago. Customers are demanding different ways of interacting with the Council, some of which do not require human interaction.



5.5 The Change Programme

The new Target Operating Model sets out the organisation we aim to become, so that we are fit for purpose and can best deliver outcomes for residents with the resources available. The model builds on the vision for Wirral 2025. It starts with equity and tackling health inequalities but is also about ensuring we are financially sustainable in the future. It is informed by context and the external environment such as perma-austerity, the on-going pandemic, changing legislation, technological advances and an ageing population.

It creates a common understanding of how the council will operate, within and across functions, to deliver against the Wirral Plan 2025 Vision and sets out the overarching design principles that will guide this. The model shows how we will deliver against our strategic priorities and outcomes in the most efficient and effective way, it brings together existing transformation business cases and serves as a platform for new ones, aligning them to an end state.

Digitalisation continues to play a major part in providing better value for Council services. The past decade has seen the Council digitalise as much of the service as possible to make the customer journey as smooth as possible.



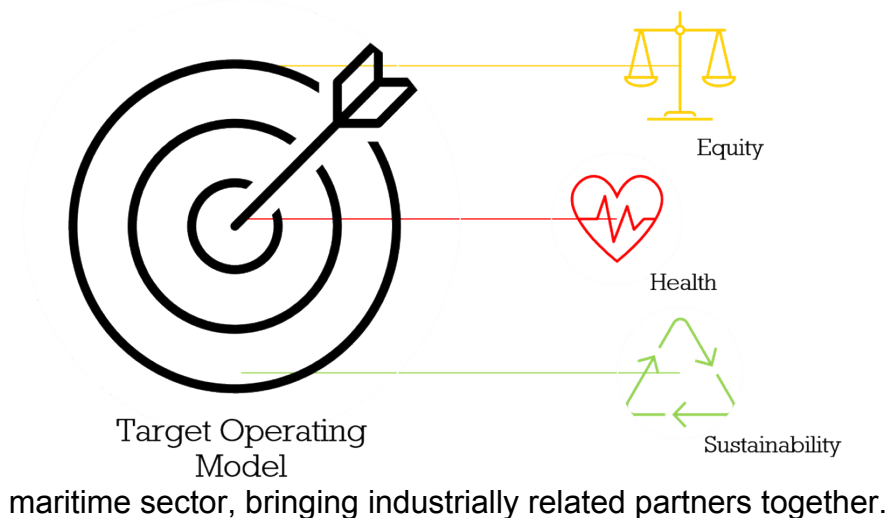
5.6 Boosting Economic Growth

The importance of economic growth is underpinned by the delivery of comprehensive regeneration plans, which will in turn secure jobs and a prosperous future whilst helping to avoid the need for difficult choices.

There are over £5bn of potential regeneration projects in the pipeline projected to deliver over 21,000 new homes and over 970,000sqm commercial floorspace, alongside significant public realm and environmental enhancements and the large-scale creation of new jobs.

The regeneration pipeline reflects the Local Plan Development Strategy, with a focus on renewing previously developed land largely to the east of the Borough. The pipeline will support the delivery of the Wirral Plan to 2025 and Local Plan priorities through a focus on sustainable approaches to new development; enhancing green infrastructure and active travel routes; creating vibrant mixed-use town centres; delivering new homes; securing skills development and employment opportunities for local residents; and creating the right environment for indigenous and new businesses to grow.

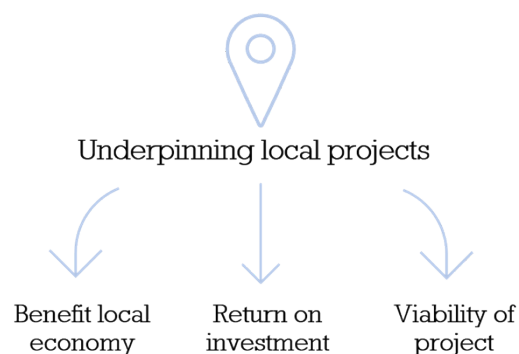
Working with Peel Land and Property, some 1,000 new homes are being developed at Wirral Waters on brownfield sites and the council is also working with Peel to bring forward a range of other projects such as the Maritime Knowledge Hub, which will create an iconic physical hub as a catalyst for the



Projects at West Float for the Modern Methods of Construction programme which seeks to support the delivery of new and retro-fitted sustainable housing. The programme will support the transition to a low carbon future and will create skills development and employment opportunities, as well as much needed homes, for local people.

The Council has secured £24.6m through the Future High Streets Fund. The funding will support the delivery of high quality homes, improved accessibility into the town centre and a new modern facility for Birkenhead Market. The Birkenhead Town Deal Investment Plan has been submitted to the Government to secure around £45m in investment to further drive forward regeneration in line with key priorities including delivering cultural, education and health & well-being infrastructure.

The Council also recognises the importance and regeneration potential of a number of areas across the borough including a provisional funding offer of £3.2 million to support the renewal of New Ferry. A Liscard Masterplan is being developed to set out a new vision for the sustainable future of Liscard, providing a more diverse offer with the community at its core. A masterplan for New Brighton has been commissioned, to harness New Brighton's potential as a special place to live, visit and do business, and to identify potential opportunities for enhancement, and is intending to develop a masterplan for West Kirby to support its future sustainability.



Comprehensive projects will realise high-quality, sustainable commercial offices, highly desirable, cutting-edge designs in residential properties, exciting cultural and leisure amenities, including developing the Argyle Street creative quarter and new retail, food and drink venues.

Supporting schemes to enhance digital and transport connectivity will add to a progressive growth environment which will lead to renewed opportunities for revenue, sustainable jobs and an improved quality of life and long-term prosperity for our communities.

Climate Emergency

Following the Council's Environment and Climate Emergency Declaration in July 2019 The organisation has been working on the development of a climate emergency action plan and policy, which sets out our ambitions and proposes that the Council as an organisation aims to achieve 'net carbon neutrality by 2030.'

The development of the Council's Environment and Climate Emergency has been supported by third party climate change experts, Local Partnerships, who

have confirmed that the Council achieving net carbon neutrality in 10 years is ambitious but possible. Through the Environment and Climate Emergency Action Plan, the Council will lead the way locally and regionally in seeking the to be net zero carbon in 10 years.

The emerging Environment and Climate Emergency Action Plan sets out the Council's journey to becoming carbon emissions neutral within the decade. Many actions have already been undertaken with key aspects of the Action Plan already in place such as the creating the Climate Emergency Team and launching the Tree, Woodland and Hedgerow Strategy earlier this summer. All aspects of the Council's function, ways of working, decision making, and service delivery will change as the Environment and Climate Emergency Policy and Action Plan are established.

The headline areas for delivery are:

- reduce emissions to net zero;
- fully informed decision making;
- becoming a carbon literate organisation;
- embrace home working;
- active transport (provision for cycling and walking);
- sustainable ways of operating;
- communication and engagement;
- carbon storage;
- climate resilient Wirral;
- preparing future generations; and
- measuring progress along the journey.

Already, the new ways of working which have been necessary because of the Covid-19 restrictions have created some unforeseen environmental benefits and opportunities. Many aspects of the way in which the Council works and provides services have fundamentally changed because of Covid-19 restrictions. These provide an opportunity to change the way we operate in the future.

6.0 Financial Challenges

The MTFs sets out the strategy for the next five years. The Council has a budget gap for 2022 onwards and the mitigating actions are continually under review and for 2021/22 the Council goes to the Borough for consultation and these are taken into account when setting the budget.

The budget gap for 2021 onwards has been exacerbated by to Covid-19. The Council has made an application to HM Treasury for a capitalisation directive for 2021/22 and 2022/23 through what is called an Exceptional Financial Support application. This application allows us to capitalise revenue costs

through borrowing. If the capitalisation directive is not approved then the Council will need to look at using its reserves, sell assets, stop services to balance the budget. If these actions above do not balance the budget then the Director of Resources would have to issue a s114 notice which only then allows us to provide statutory services and stop non-essential spend.

The MTFS projections contain anticipated growth in demand for services and changes that the Council has to manage and investment infrastructure.

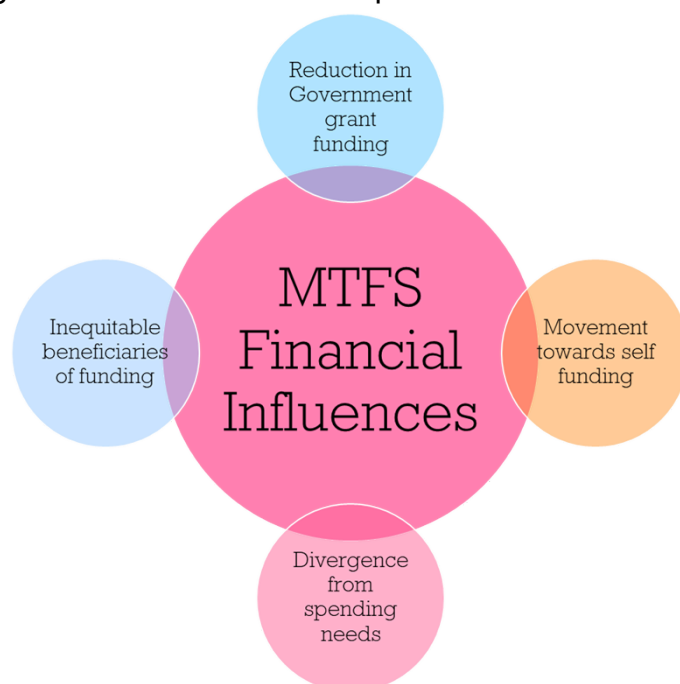
Our main expected expenditure areas are:

- Demographic
- Policy
- Economic
- Covid-19

There are areas where there may be additional costs to the Council in future years, however these remain uncertain at present.

Key areas to be addressed in the period of the MTFS is containment of demand for services, cost pressures and growth as a result of the impact of Covid-19. Achieving this objective will require a focus on prevention, integration and digitalisation, seeking to find solutions through prevention, efficiencies and innovation, as well as seeking to generate additional income.

Covid-19 is seeing resources redirected to other areas of the Council and to support the community while the Authority also continues with its day-to-day tasks and responsibilities. Covid-19 has had an impact on the planned saving whilst we continue to deliver on the prevention plans and saving, which are now being delayed into future years.



Forecasts are kept under constant review as changes occur and decisions are taken. Changes can result from inflation, financial pressures and variations in expected levels of income such as Council Tax. The biggest influences historically on the Council's budget are the continuation of reduction in government grant funding and a movement

towards self-funding for all Councils, we now have the impact of COVID and Brexit with respect to workforce in specific sectors.

Wirral continues to be a participant in a pilot scheme operating across the Liverpool City Region, which allows the Council to retain 100% of all business rates paid. Other Councils who are not participating in the scheme only retain up to 50% of business rates revenues, supported by other Government grants.

However, the Government is considering plans to move to a 75% retention scheme which could result in a 25% reduction in Wirral's income from business rates unless compensating grant income is provided to bridge the gap on transition.

The aim of reforms to the Business Rates Retention Scheme is to provide stronger financial incentives for Council's to boost local economies and tackle the underlying drivers of spending need.

However, changes may see income resources of Councils diverge from their spending needs. This is currently being considered as part of the Fair Funding Review (FFR):

- Commenced in late 2017;
- The outcomes of which are expected to be implemented in 2022/23, following delay;
- Further consultation regarding the Council's ability to generate income will be undertaken.

The outcome of the FFR is anticipated to have a major impact on the distribution of funding between Councils in England. The paper is a key part of the development of a new funding formula that will assess the spending needs and available resources in every Council.

The Council is determined to mitigate future demand pressures through a large share in growing business rate incomes, council tax and fees and charges. In addition to this, the Council will continue to restrain its costs as far as possible.

Despite costs being contained, the Council still continues to face an increase in expenditure and unavoidable financial demands. The assumption is that inflation is absorbed within budgets and only specific contracts receive budgeted inflationary increases.

Inflationary challenges are one element of the financial pressures faced. The continuous rise in demand led pressures for social care both in Children's and Adults Services adds to the pressures faced by the Council.

There are also unavoidable future years increases such as levy changes and pension increases. The Council has little influence in some of these areas over the costs it must incur.

The Council will continue to invest its financial resources on Statutory services and key Wirral priorities; annual expenditure will be focussed on those areas that are most important to ensure a five year balanced forecast.

Investments and Capital

The Council investment strategy set outs the criteria which the Council invests, and this also includes the level of risks such as who it will invest with, subsidiaries, joint ventures, partners of the Council. It sets out the risks such as inflation, interest, legal, regulatory, credit and liquidity, the length of time the Council will lend for to avoid the risk of losses.

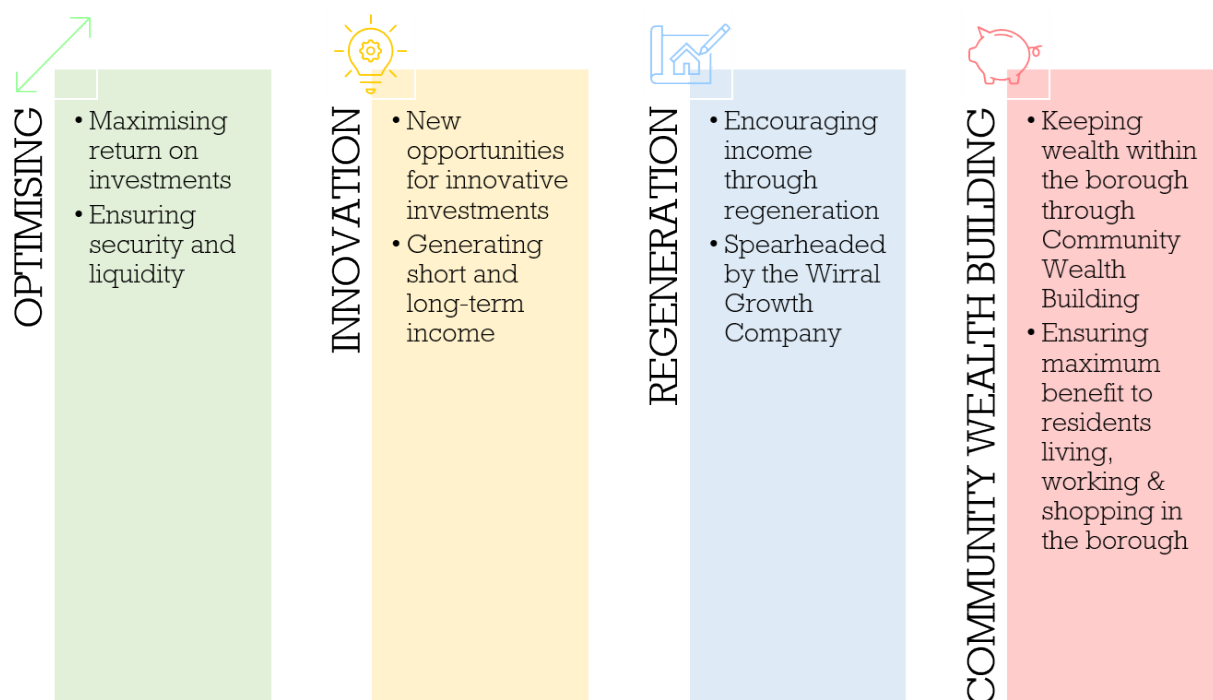
Investment in commercial properties is part of the Council portfolio and this consists of local commercial, industrial, leisure and residential sites. These investments allow the income to be reinvested in supporting services. The investment of the Wirral Growth Company Ltd is a joint venture with Muse and will bring future regeneration, jobs, income, and economic wealth to the borough. All investments whether financial investments or property carry risk, and these are assessed and where required an impairment loss will be recognised in the revenue budget.

This Will Mean:

- The optimisation of returns on investments whilst ensuring security and liquidity.
- Examination of new opportunities for innovative investments, balancing risk with opportunity to be more risk aware to generate short and long-term income.
- Use of prudential or other borrowing where it is supported by a sound business case in accordance with the principles of the Treasury Management Strategy.
- Ensure that treasury management is recognised as a major contributor to the Council's overall financial standing, whilst operating within relevant guidelines and regulations.
- Income into the Council through regeneration of the borough by the Wirral Growth Company.
- An increase in economic growth through major investment generating income from rental agreements.
- Keeping the wealth within the borough as part of the Community Wealth Building Programme to ensure opportunities are available for local people to live, work and shop in the local area.

The capital programme should continue to invest in existing operational assets and the development of the large-scale infrastructure programmes with our partners. Capital expenditure is undertaken primarily from borrowing and the sale of assets and the use of their capital receipts to reinvest in further capital development. Borrowing is reviewed annually and is set out in the Treasury Management Strategy. Both the Treasury Management Strategy and the Investment Strategy are taken to Full Council in March for approval.

Capital development is key to the delivery of the Council improvement programme and the Council has been successful in being awarded funding for



regeneration of the Borough commencing in Birkenhead.. There are a number of sites across the Borough where significant development is being undertaken to bring new and support existing business and families to the area. We are doing this by using existing assets, land and building and acquisitions through prudential borrowing. These investments are critical to the priorities of the Council and is reflected in the funding growth to support our budgets.

This Will Mean:

- Focusing on our core purpose and supporting the Council’s priority outcomes.
- Taking a holistic view and ensuring a strategic fit.
- Being risk aware.
- Ensuring the capital programme is deliverable.
- Identifying opportunities.

7. Reducing Costs

Improving and modernising the Council is about understanding and responding to the needs of our residents. This means getting services right on a daily basis.

Communities need assurance that we are providing value for money for the taxes they pay and allocating resources to the areas that matter most to them.

To enable this we will review all services to ensure they are providing value for money. Drawing on benchmarking and intelligence information on other Council's operations, we will review the cost and configuration of all services.

The use of benchmarking and predictive modelling technology, CFO insights will assist with this approach. The tool provides a three-dimensional way in which to understand Council income and spend by category, the outcomes for that spend and the socio-economic context within which a Council operates. This enables for comparison against others, not only nationally but in the context of their geographical and statistical neighbours.

We have also taken action over the past two years to reduce our reliance on agency staff and consultants.

The Aims Are:

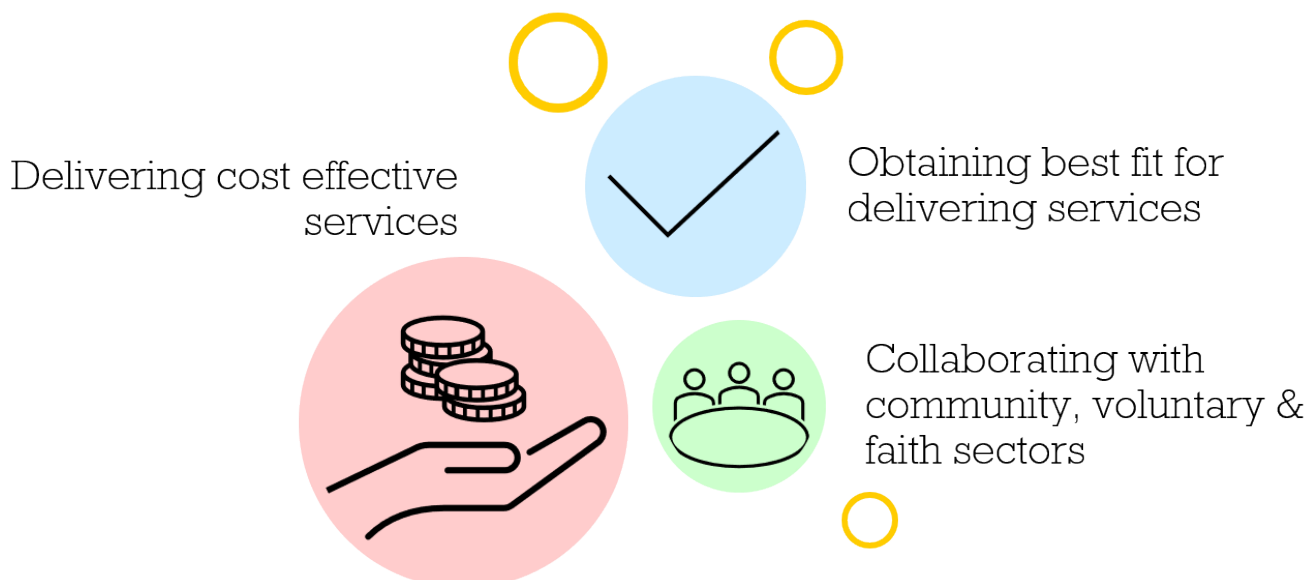
- To become more efficient and assess value for money, making sure that we deliver our services in the most cost effective way possible. Streamlining processes, joining up our back office functions and not spending money on administration that could be invested in line with our priorities.
- Review mechanisms for delivering services to obtain the best fit for delivery to the residents of Wirral.
- Explore and enhance partnership working. Collaborating more with others in the public, community, voluntary and faith sectors, as well as reducing duplication and delivering better outcomes for residents.

8. Wirral Response to the Financial Challenges

The Council has a sound plan in its response the future uncertainty that may bring additional financial challenges. As described, plans for regeneration will leverage more investment from government and private sector to boost the overall economy of the Borough.

A long term plan for prevention will see leisure and cultural activities become more outreach focussed to enable residents to access services to improve their own mental and physical health. Promoting independence should see less demand for social care services and utilising the improved and revitalised relationship with communities will see them take more accountability for local decision making and service they need.

The emphasis for future years will be on the challenging services the

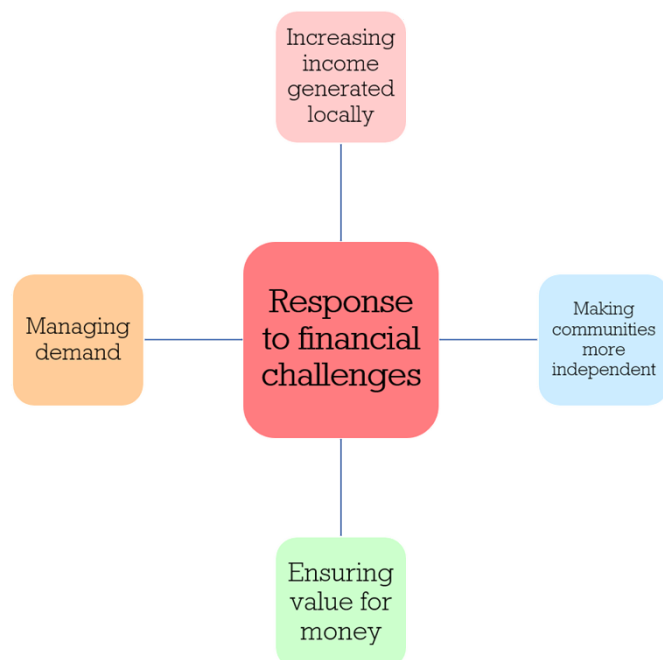


Council continues to fund, integrating with partner organisations to focus on the overall ‘public purse’ and ensuring that efficient ways of working are at the heart of the organisation.

To be successful the Council will call on all Wirral residents to play their part. For example, becoming an active presence in the community and supporting local shops and businesses.

The Council’s Strategic Response to the funding gap is as follows:

- Increasing income generated locally.
- Reducing costs: Ensuring value for money.
- Reducing Costs: Managing



demand and making communities more independent.

9 Conclusion

To respond to and deliver the Wirral Plan 2025, over the period of the MTFS, Wirral Council will increase income, invest in services, manage demand and review service provision through supporting local communities to be more independent.

The total financial resources of the Council and its partners needs to be maximised, prioritised and channelled to the right areas and activities. All financial planning activity will be targeted towards ensuring that resources are matched to the priorities identified in the Wirral Plan, ensuring that services continue to be delivered and represent best value for money.

Successful delivery of the Wirral Plan and the MTFS in this challenging period is dependent on:

- Continuation of a new and focussed approach to economic development in the borough. Driving jobs and growth being the key to increasing funding levels. Economic development will also improve wellbeing for residents and bring individual organisations financial stability.
- A community approach to decisions and delivery with active community involvement, resulting in communities finding their own solutions.
- Focus on early help and prevention to support independence and reduce demand on services.
- Prioritisation of resources to key areas.
- A successful model for engaging neighbourhoods

Financial Resilience Plan

Management of Expenditure and Income



Introduction

The financial position for Local Councils continues to be challenging. To respond over the period, improving and maintaining financial resilience is a requirement that the MTFS seeks to address. To be able to cope with financial shocks and unpredictable events is key. There are a number of ways of building resilience:

- Management of resources.
- Increase reserves.
- Income generation.
- Forecasting and management of expenditure.
- Developing a holistic view of expenditure and spending.
- Rethinking the way services are delivered.
- Anticipating what might take place.

In improving our financial resilience, two methods emerge as the most effective in doing so:

- Improved Financial Management - A major aspect of financial resilience is managing in changing conditions and contexts.
- Increased Income - The diversification of our income through various Council approaches such as regeneration and commercialisation.

Financial Resilience

Financial resilience is a key part of the MTFs period through to 2026 for the following reasons:

- Increasing financial pressures:

This pressure on Local Government is raising the profile of financial resilience in the sector. The unknown longer term impact of Covid-19 could exacerbate future pressures.

- Reliance on one-off funding:

The reliance on one-off funding such as capital receipts and in year solutions have previously mitigated any adverse financial pressures that have developed in major service areas part way through the financial year, however such a reliance is not sustainable and should be avoided for recurrent pressures and expenditure.

Following this, key issues have been identified:

- Reserves and balances need to be increased,
- The budget for 2021/22 is based on a single year's funding, as confirmed in the Local Government Finance Settlement in December 2020 which makes longer term planning difficult.

Vision for Wirral and its Finances

Building our resilience is a key part of the MTFs planning for our finances. A major part of this is getting the basics of financial management right, especially given the challenges and changes over recent years.

Within this context, the MTFs and the annual budget will continue to prioritise the objectives of the Wirral Plan 2025, protecting our services for the most needy and vulnerable. Operating in an environment of reduced Government funding and striving towards becoming a self-funding body means that the Council needs to plan for a resilient budget that includes strong income sources to protect key services for our residents.

Over the period of the MTFs, the Council will seek to accomplish:

- A balanced annual budget.
- Growing and diversifying income generation, sustainably.
- Maximising returns from Council investments with a prudent approach.
- Maintaining investment in key services and outcomes that support the Wirral Plan 2025.
- Maintaining the right level of earmarked reserves and general fund balances to protect Council services and mitigate against future risks.
- A capital programme aligned to achieving the outcomes in the Wirral Plan 2025 and maximising investments to save opportunities.

- Maximising income generation and collection.
- Using best practise financial management and control of Council budgets.
- Minimising fraud and corruption.
- Fit for purpose annual accounts.

Across the MTFs period the Council will continually review and improve its financial resilience to ensure it can demonstrate long term financial stability and achieve what it is seeking to accomplish over the period.

There are four key elements to our financial resilience strategy:

- Getting routine financial management right.
- Routinely benchmarking our services.
- Clear plans for delivering savings.
- Prudent use of reserves.

The key areas for development over the period are as follows:

- The future delivery of the MTFs and annual budgets.
- Members setting a tone that financial discipline is important.
- Focusing the finite resources of finance and audit on key areas of financial risk.
- Further developing enablers that provide effective financial management. This includes budget holder training, improving management information availability, modernising the financial management system and embedding the financial business partner structure.

General Fund Balancing & Earmarked Reserves

The maintenance of General Fund Balances and Earmarked Reserves at an appropriate level is part of the Council's strategic financial planning and approach to the management of risks it will face in the future. Both need to be maintained at sufficient levels to ensure that unforeseen financial pressures can be met without jeopardising the viability of the Council.

The Council's approach to how it manages its reserves are based on Wirral's local circumstances and more recently the impact of Covid-19 on the Council's reserves. The amount held is decided by the Council in line with its perceived future local demands. This is particularly important in an environment where future funding remains uncertain.

In determining the appropriate level of reserves, the section 151 officer assesses several local factors. In determining the appropriate level for the General Fund Balance, the Council has to consider the strategic, operational and financial risks facing it.

This approach is supported by Grant Thornton (the Council's external auditors) and by CIPFA (Chartered Institute of Public Finance and Accountancy - a professional body which issues guidance in this area). The auditors wrote to the Council in October 2020 addressing the financial sustainability, whilst acknowledging the work being undertaken to address the issues and the difficult decisions this brings.

The Council adopts a risk based approach to financial planning, which is used to determine the minimum level of reserves required.

The aims of this approach are to:

- Ensure the General Fund Balances are set at a reasonable level. This is the Council's last line of defence and should only be used if unforeseen difficulties emerge.
- Ensure Earmarked Reserves are set at a reasonable level to cover specific financial risks faced by the Council. This may also be used on a short term temporary basis for other purposes, provided the funding is replaced in future years.

Over recent years the overall level of available reserves has continued to decline. Previously, one-off funding and the use of flexible capital receipts has been used to close the budget gap. In future years, the budget gap will be closed through the implementation of new financial proposals, additional income, and reducing pressures.

General Fund Balances

Wirral Council's risk based strategy is applied in the context of the current state of the economy, other financial risks facing the Council and the underlying financial assumptions within the MTFS.

The setting and justification of the General Fund Balance, at a minimum of £10m for 2021/22, is part of the MTFS and is consistent with previous years. It is crucial the Council has sufficient contingency in this reserve to maintain financial standing and resilience. For Local Councils there is no statutory minimum level and it is for each Council to take local circumstances into consideration. CIPFA guidance issued in 2014 states the chief financial officer should take account of the strategic, operational and financial risks facing their authority. The assessment of risks should include internal and external risks. The Local Government Finance Act 1992 states that Councils are required to consider their levels of reserves at least once a year.

In their paper, 'Local Authority Reserves and Balances', CIPFA state the following factors as relevant to determining the level of balances:

- Treatment of inflation and interest rates.
- Treatment of demand led pressures.
- Treatment of planned efficiency savings / productivity gains.

- The financial risks inherent in any new funding partnerships, major outsourcing agreements or major capital developments.
- The availability of reserves, Government grants and other funds to deal with major contingencies and the adequacy of provisions.
- The general financial climate to which the authority is subject.

In determining the appropriate level of General Fund balances, the Council takes account of the strategic, operational and financial risks facing the Council. In planning the financial future and the level of reserves, the Council considers the main risks and uncertainties including:

- Legislative changes.
- Inflation.
- Grants and partnerships.
- Volume and demand changes.
- Budget savings.
- Insurance and claims.
- Energy security and resilience.

The foundations for determining the level of General Fund balances are consideration of risks, available funding and a percentage factor, which will vary according to the level of risk to produce a value.

This has been Wirral Council's approach since November 2012 and is reviewed in line with CIPFA guidance. A consideration of the risks and the financial circumstances that might be faced by Wirral for 2021/22 has been made. The risk factors used in the Council's assessment follow CIPFA guidance.

Level of General Fund is currently £10m however due to the impact of Covid-19 and the future uncertainty of its impact it is now advised that General Fund balances should be increased to a more sustainable level.

Earmarked Reserves

The Council maintains Earmarked Reserves in addition to General Fund Balances which are set aside for specific purposes. The Council is obliged to maintain a number of legally restricted reserves (sums of money that the Council is required to set aside for legally defined purposes). These reserves are set aside by the Council to meet future expenditure such as decisions causing anticipated expenditure to be delayed. As such they are only available to be spent on specific purposes.

The key categories for Earmarked Reserves are as follows:

1. Insurance & Taxation:

Assessed liabilities including potential cost of meeting outstanding Insurance Fund claims.

2. Business Rates:

To cover potential costs of appeals and retention rate risk.

3. Schools Related:

Which can only be used by schools and are not available to pay for Council services

4. Support Service Activities and Projects:

Includes Government Grant funded schemes when a grant is received and the sum of money is earmarked for the completion of programmes.

A robust reserves strategy is a key part of the financial resilience of the Council and provides the first line of defence in underpinning the statutory requirement to set an annually balanced budget. Adequate reserve levels help to prevent local authorities from overcommitting themselves financially, mitigate against risk and provide organisational stability in the event of unanticipated, unforeseen or emergency spending being required. An assessment of the adequacy of reserves is a key statutory requirement to be undertaken at least annually.

Risk

Risk is an integral part of financial resilience and is embedded in all that we do. To enable the Council to monitor its financial resilience it needs to take an assessment of risk across all activities to ensure that where corporate risks have been identified that these are being mitigated and monitored on a regular basis. The Council's Corporate Risk Register has been reviewed and updated.