

**POLICY AND RESOURCES COMMITTEE****Wednesday, 1 September 2021**

<b>REPORT TITLE:</b>	<b>2021-22 BUDGET MONITORING FOR QUARTER ONE (1 APR – 30 JUN)</b>
<b>REPORT OF:</b>	<b>DIRECTOR OF RESOURCES</b>

**REPORT SUMMARY**

This report sets out the financial monitoring information for the Council as at quarter 1 (Apr-Jun) of 2021-22. The report provides Members with an overview of budget performance to enable the Committee to take ownership of the budgets and provide robust challenge and scrutiny to Officers on the performance of those budgets.

The Committee is aware that the Ministry for Housing, Local Government and Communities have provided a conditional offer of exceptional financial support (capitalisation directive) for 2021/22 of up to £10.7m. One of the conditions of that offer is that the Council will need to provide evidence from the assurance review of the authority's financial position and its ability to meet any or all the identified budget gap without any additional borrowing. The review has concluded and the report is awaited.

Therefore, it is vitally important that the Council has robust processes in place to manage and monitor the in-year financial position, to ensure it delivers a balanced position at the end of the year.

The projected year-end revenue outturn, recorded as part of Quarter 1 financial monitoring activity, represents an adverse variance against revenue budget of £0.963m; This variance relates largely (£0.7m) to the delays in implementing of the revised car parking charges.

This budget position includes the full utilisation of the Government's Exceptional Financial Support (EFS).

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

**RECOMMENDATION/S**

That Policy and Resources committee:

1. Note the adverse forecast position presented at Quarter 1
2. Approve the budget virement proposals detailed within each Directorate Area of the report.

3. Note the impact of funding and expenditure as a direct consequence of Covid-19, including the additional funding sources which have been identified, but as yet, not received.

## **SUPPORTING INFORMATION**

### **1.0 REASON/S FOR RECOMMENDATION/S**

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

### **2.0 OTHER OPTIONS CONSIDERED**

- 2.1 The Committee could choose to not engage in the budget monitoring process for 2021/22 which could result in an overspend position being reported.
- 2.2 The Committee can decide to establish their own process for monitoring the 2021/22 in-year budget. This would need to be agreed at the next Policy and Resources Committee which reduces the time available to implement mitigating actions, where an adverse 2021/22 forecast maybe found.

### **3.0 BACKGROUND INFORMATION**

- 3.1 It is vitally important that the Council has robust processes in place to manage and monitor the in-year financial position, to ensure it is reporting a forecast balanced position to the end of the year.
  - 3.1.1 To enable committees to manage and monitor budgets effectively in year, a suite of detailed information will be provided on a quarterly basis:
    - Full revenue budget monitoring report for the preceding quarter
    - Full list of budget savings proposals and the progress for their achievement
    - Full list of reserves for future one-off commitments
    - Full capital budget monitoring report for the preceding quarter (this information is contained within a separate 'Capital Monitoring report' elsewhere on the Committee Agenda).
  - 3.1.2 The projected year-end revenue outturn, recorded as part of Quarter 1 financial monitoring activity, represents an adverse variance against revenue budget of £0.963m.

**TABLE 1 2021/22 REVENUE BUDGET & FORECAST**

	Budget £000	Forecast Outturn £000	Variance (+ Fav / - Adv)		Adverse/ Favourable
			£000	%	
Adult Care & Health	113,582	112,970	612	1%	Favourable
Chief Executive Office	1,821	1,900	-79	-4%	Adverse
Children, Families & Education	86,592	86,592	0	0%	
Law & Governance	6,017	5,933	84	1%	Favourable
Neighbourhoods Services	54,110	55,150	-1,040	-2%	Adverse
Regeneration and Place	33,779	33,726	53	0%	Favourable
Resources	33,449	34,042	-593	-2%	Adverse
<b>Total Surplus / (Deficit)</b>	<b>329,350</b>	<b>330,313</b>	<b>-963</b>	<b>0%</b>	<b>Adverse</b>
For Information: Included as part of budget funding: <b>Exceptional Financial Support</b>	<b>-10,700</b>	<b>-10,700</b>	<b>0</b>	<b>0%</b>	

3.1.3 Details of savings and progress to date are listed under each individual Directorate area below.

3.1.4 The expenditure on direct Covid-19 activity, which represents a separate source of funding, is projecting a balanced position.

3.1.5 It is imperative that the Council can report a balanced position at the end of the year and where possible, reduce the value of the exceptional financial support offered by MHCLG. Therefore, Officers will work with the relevant Policy and Services Committees to ensure a plan can be developed and implemented so that a balanced budget position can be forecast at the next reporting period.

## Directorate Summaries

### 3.2 Adult Care and Health

3.2.1 As at the end of June 2021 (Quarter 1), the financial forecast year end position for Adult Care and Public Health is a small favourable variance of £0.612m against a budget of £113.6m.

3.2.2 The current forecast assumes full achievement of the £4.5m savings target and continued uptake by community care providers of the Real Living Wage fee rates as agreed at Committee on 7<sup>th</sup> June 2021.

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

	Budget	Forecast Outturn	Variance		Adverse/ Favourable
			(+ Fav / - Adv)		
			£000	£000	
Adult Social Care Central Functions	5,601	5,163	438	8%	Favourable
Older People Services - WCFT	51,693	51,351	342	1%	Favourable
Mental Health & Disability Services - CWP	52,626	52,804	-178	0%	Adverse
Other Care Commissions	-104	-91	-13	13%	Adverse
Public Health	-262	-262	0	0%	Favourable
Wirral Intelligence Service	480	457	23	5%	Favourable
<b>Directorate Surplus / (Deficit)</b>	<b>110,034</b>	<b>109,422</b>	<b>612</b>	<b>1%</b>	Favourable
Support / Admin Building Overhead	3,548	3,548	0	0%	Favourable
<b>Total Surplus / (Deficit)</b>	<b>113,582</b>	<b>112,970</b>	<b>612</b>	<b>1%</b>	<b>Favourable</b>

3.2.3 **Central Functions:** A favourable variance of £0.438m is reported at quarter 1. This variance is as a result of a small number of vacancies, delays in recruitment and some staff not paid at top of scale. This position will continue to be monitored throughout the year.

3.2.4 **Older People Services:** A favourable variance of £0.342m is reported at quarter 1. The variance will reflect some slippage against providers who have yet to sign up to the Real Living Wage approved rates and will therefore be paid at the standard rate. The forecast assumes full achievement of the £2m savings target attributed to Older People services.

3.2.5 **Mental Health & Disability Services:** An adverse variance of £0.178m is reported at quarter 1. This is largely due to a shortfall against expected income although this is an improved position from month 2. The forecast assumes full achievement of the £2.5m savings target attributed to complex care services.

- 3.2.6 **Other Care Commissions:** An adverse variance of £0.013m is reported at quarter 1 due to a number of minor variances from budget.
- 3.2.7 **Public Health:** A balanced position is reported at quarter 1. Public Health is a ringfenced grant with an annual value £30.1m and projected to be fully utilised. £6.7m of this funding supports public health activities delivered by the Council, representing a significant funding stream.
- 3.2.8 **Wirral Intelligence Team:** A favourable variance of £0.023m is reported at quarter 1. The minor forecast surplus within this Service Area is relates to employee budgets.
- 3.2.9 As the Council has a capitalisation offer from HM Treasury of £10.7m this year to offset Covid-19 pressures, any favourable variance that reduces these pressures will result in the equivalent reduction of the capitalisation directive. Pressures arising from Covid-19 associated with this committee are the costs of the Real Living Wage. As the favourable variance relates to staffing vacancies, this does not represent a reduction in Covid-19 pressures within the directorate and therefore will be used to offset the adverse forecast variance reported in other areas.

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

	<b>Budget</b>	<b>Outturn</b>	<b>Variance</b>		<b>Adverse/ Favourable</b>
			<b>(+ Fav / - Adv)</b>		
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>%</b>	
Income	-87,429	-86,758	-671	1%	Adverse
<b>Expenditure</b>					
Employee	6,579	6,131	448	7%	Favourable
Non Pay	56,998	57,046	-48	0%	Adverse
Cost of Care	133,886	133,003	883	1%	Favourable
<b>Total Expenditure</b>	<b>197,463</b>	<b>196,180</b>	<b>1,283</b>	<b>1%</b>	<b>Favourable</b>
<b>Directorate Surplus / (Deficit)</b>	<b>110,034</b>	<b>109,422</b>	<b>612</b>	<b>1%</b>	<b>Favourable</b>
Support / Admin Building Overhead	3,548	3,548	0	0%	Favourable
<b>Total Surplus / (Deficit)</b>	<b>113,582</b>	<b>112,970</b>	<b>612</b>	<b>1%</b>	<b>Favourable</b>

**Budget Saving Achievement Progress**

- 3.2.10 Within each Committee’s revenue budget there are a number of savings proposals that were based on either actual known figures or best estimates available at the time. At any point during the year, these estimated figures could change and need to be monitored closely to ensure, if adverse, mitigating actions can be taken immediately to ensure a balanced forecast budget can be reported to the end of the year.

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

Saving Title	Agreed Value	Forecast Value	RAG Rating	Comments
Demand Mitigations	£3.8m	£3.8m	<b>Green</b>	On target to be achieved
Change Initiatives	£0.2m	£0.2m	<b>Green</b>	Work commenced with Partners for Change who are supporting this initiative
Wirral Evolutions review of day services for people with Learning Disability	£0.5m	£0.5m	<b>Green</b>	Wirral Evolutions have been requested to report to the Adults Social Care and Public Health Committee in the autumn with their business plan. This will result in a delay in restructure and therefore the savings will be made via other agreed means
<b>TOTAL</b>	<b>£4.5m</b>	<b>£4.5m</b>		

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

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

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

#### **Earmarked Reserves**

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

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

Reserve	Opening Balance £000	Use of Reserve £000	Contribution to Reserve £000	Closing Balance £000
Adult Social Care – Safeguarding	181	0	0	181
Public Health Ringfenced Grant	3,682	-2,173	0	1,509
Champs Innovation Fund	2,419	0	0	2,419
Champs Covid-19 Contact Tracing Hub	1,962	0	0	1,962
<b>Total</b>	<b>8,244</b>	<b>-2,173</b>	<b>0</b>	<b>6,071</b>

3.2.15 The Safeguarding reserve within Adult Social Care has a balance of £0.2m. The funding for the combined Board has now ceased. If required, the residual funds will be used to support the Merseyside Safeguarding Adults Board business unit transition period and any residual SARs (Safeguarding Adults Reviews).

3.2.16 The Public Health Ringfenced grant reserve has a balance of £3.7m. The forecast use of £2.2m for 2021/22 supports the spending plans of £32.8m along with the £30.1m grant allocation for the current year.

### 3.3 Chief Executive Office

3.3.1 As at the end of June 2021 (Quarter 1), the forecast year end position for Chief Executive Office is an adverse variance of £0.079m against a budget of £1.821m.

3.3.2 The effects of the Covid-19 pandemic continues to impact the ability of Wirral to generate marketing income.

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

	Budget	Forecast	Variance		Adverse/ Favourable
	£000	Outturn £000	(+ Fav / - Adv) £000	%	
Chief Executive Office	258	217	41	16%	Favourable
Comms & Marketing	777	893	-116	-15%	Adverse
PAs/Exec. Support	629	633	-4	-1%	Adverse
<b>Directorate Surplus / (Deficit)</b>	<b>1,664</b>	<b>1,743</b>	<b>-79</b>	<b>-5%</b>	<b>Adverse</b>
Support/Admin Building Overhead	157	157	0	0%	Favourable
<b>Total Surplus/ (Deficit)</b>	<b>1,821</b>	<b>1,900</b>	<b>-79</b>	<b>-4%</b>	<b>Adverse</b>

3.3.3 **Chief Executive Office:** A minor favourable variance of £0.041m is reported for 2021/22.

3.3.4 **Comms & Marketing:** An adverse forecast variance of £0.116m is reported for 2021/22. Marketing income has not returned to pre Covid-19 levels and there is an anticipated shortfall for this financial year which will be offset in part with reduced costs of providing the service in line with demand.

3.3.5 **Pa's / Exec. Support:** A minor adverse variance of £0.004m is reported for 2021/22.

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

	Budget	Outturn	Variance		Adverse/ Favourable
	£000	£000	(+ Fav / - Adv) £000	%	
Income	-321	-153	-168	52%	Adverse
<b>Expenditure</b>					
Employee	1,807	1,846	-39	-2%	Adverse
Non Pay	178	50	128	72%	Favourable
Cost of Care	0	0	0	0%	Favourable
<b>Total Expenditure</b>	<b>1,985</b>	<b>1,896</b>	<b>89</b>	<b>4%</b>	<b>Favourable</b>
<b>Directorate Surplus / (Deficit)</b>	<b>1,664</b>	<b>1,743</b>	<b>-79</b>	<b>-5%</b>	<b>Adverse</b>
Support / Admin Building Overhead	157	157	0	0%	Favourable
<b>Total Surplus / (Deficit)</b>	<b>1,821</b>	<b>1,900</b>	<b>-79</b>	<b>-4%</b>	<b>Adverse</b>

#### **Budget Saving Achievement Progress**

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

#### **Earmarked Reserves**

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

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

### **3.4 Children, Families and Education**

3.4.1 As at the end of June 2021 (Quarter 1), the forecast year end position for Children, Families and Education shows a balanced position against a £86.592m budget.

3.4.2 The service continues to manage demand with financial pressures being mitigated by in-year cost savings and use of specific related reserves. In-year employee cost savings across the service have mitigated contractual cost pressures and

contributed to the overall balanced position. The forecast position reflects delivery of most of the 2021/22 saving proposals

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

	Budget £000	Forecast Outturn £000	Variance (+ Fav / - Adv)		Adverse/ Favourable
			£000	%	
Children and Families	49,028	49,028	0	0%	Favourable
Early Help and Prevention	12,490	12,453	37	0%	Favourable
Modernisation and Support	5,032	4,846	186	4%	Favourable
Schools - Core	12,718	12,941	-223	-2%	Adverse
<b>Directorate Surplus / (Deficit)</b>	<b>79,268</b>	<b>79,268</b>	<b>0</b>	<b>0%</b>	<b>Favourable</b>
Support / Admin Building Overhead	7,324	7,324	0	0%	Favourable
<b>Total Surplus / (Deficit)</b>	<b>86,592</b>	<b>86,592</b>	<b>0</b>	<b>0%</b>	<b>Favourable</b>

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

The budget for this service includes £24.416m of care costs. Care costs reflect the demand led elements of the service which are expected to be managed within the 5% growth allowed in the 2021/22 budget. Additional expenditure to support unaccompanied asylum seekers is forecast as it is likely that the number of unaccompanied asylum seekers needing support will increase. It is expected at this time that grant income will be sufficient to cover the associated costs.

**3.4.4 Early Help & Prevention:** A favourable forecast variance of £0.037m is reported for 2021/22. The favourable variance is mainly due to variations to pay scale points and employer on-costs. The circumstances that drive these variations are subject to change and the staff costs savings are non-recurring.

**3.4.5 Modernisation and Support:** A favourable forecast variance of £0.186m is reported for 2021/22. The £0.186m favourable variance is mainly due to variations to pay scale points and employer on-costs. The circumstances that drive these variations are subject to change and the staff costs savings are non-recurring.

**3.4.6 Schools – core:** An adverse forecast variance of £0.223m is reported for 2021/22. The adverse variance is due to:

- Schools PFI £0.520m adverse forecast variance which is due to the on-going annual costs that are being incurred in relation to the non-operational status of

the Kingsway School building. A request has been submitted to the Department for Education for grant funding until such time as the building is operational and contributions to the costs can resume.

- The adverse forecast variances have been partially mitigated by £0.259m of savings against Teachers historic pensions costs where the actual reduction in on-going commitments is greater than expected. Further general cost savings across the service of £0.032m have resulted in a total operational adverse variance of £0.223m.

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

	Budget	Forecast Outturn	Variance		Adverse/ Favourable
	£000	£000	(+ Fav / - Adv) £000	%	
Income	-18,941	-19,421	480	-3%	Favourable
<b>Expenditure:</b>					
Employee	40,241	39,646	595	1%	Favourable
Non Pay	33,552	34,352	-800	-2%	Adverse
Cost of Care	24416	24691	-275	0%	Adverse
<b>Total Expenditure</b>	<b>98,209</b>	<b>98,689</b>	<b>-480</b>	<b>0%</b>	Adverse
<b>Directorate Surplus / (Deficit)</b>	<b>79,268</b>	<b>79,268</b>	<b>0</b>	<b>0%</b>	Favourable
Support/Admin Building Overhead	7,324	7,324	0	0%	Favourable
<b>Total Surplus/ (Deficit)</b>	<b>86,592</b>	<b>86,592</b>	<b>0</b>	<b>0%</b>	Favourable

### **Budget Virements**

3.4.7 A total of £0.750m has been transferred from the Resources Directorate to Children's, Families and Education Directorate. This relates to two approved pressure items which had initially been held corporately whilst plans were developed; SEN transport (£0.65m) and Modernisation (£0.1m). As at quarter 1, these budget pressures have now been moved to the Children's Families and Education Directorate budget.

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

	Budget £000	Outturn £000	Variance		Adverse/ Favourable
			(+ Fav, - Adv) £000	%	
Schools Block	117,102	117,102	0	0%	
Schools Block De-delegated	1,560	1,560	0	0%	
Central School Services Block	2,153	2,117	36	2%	Favourable
High Needs	43,874	44,877	-1,003	-2%	Adverse
Early Years	21,644	21,820	-176	-1%	Adverse
<b>Total Gross Surplus / (Deficit)</b>	<b>186,333</b>	<b>187,476</b>	<b>-1,143</b>	<b>-1%</b>	<b>Adverse</b>
DSG Income	-189,016	-189,010	-6	0%	Adverse
Movement in DSG Reserve	2,683	1,534	1,149		
<b>Total Net Surplus / (Deficit)</b>	<b>0</b>	<b>0</b>	<b>0</b>		

3.4.8 **Schools Block:** A balanced position is forecast for 2021/22.

Schools Block expenditure is in line with budget as year-end variances against schools' DSG allocations are offset with the schools' ring-fenced balances.

3.4.9 **Schools Block De-delegated:** A balanced position is forecast for 2021/22.

De-delegated funds are a deduction from a school's budget share and are held centrally to fund relevant services. No variances are expected at this time.

3.4.10 **Central Schools Costs:** A favourable forecast variance of £0.036m is reported for 2021/22. Central Schools Costs relate to central functions carried out on behalf of maintained schools and academies e.g., School Admissions. The favourable variance is mainly due to short term staff vacancies.

3.4.11 **High Needs Block:** An adverse forecast variance of £1.003m is reported for 2021/22. The adverse variance is mainly due to an increase in demand and complexity. In particular, SEN additional resources are expected to overspend by £1.542m in line with the increase in requests for EHCP assessments. The cost pressures are partially mitigated by cost savings of £0.449m elsewhere in the High Needs block.

3.4.12 **Early Years:** An adverse forecast variance of £0.176m is reported for 2021/22.

The adverse variance is due to additional expenditure to help providers to make reasonable adjustments in their settings for children with disabilities. The costs have been offset by use of unspent Disability Access Funding from prior years and which has been set-aside in the DSG reserve for this purpose.

3.4.13 **DSG income:** An adverse forecast variance of £0.006m is reported for 2021/22.

The adverse variance relates to an unexpected reduction to the DSG allocation relating to an alternative provision out of borough placement.

3.4.14 **DSG reserve:** A £1.149m reduction in the planned contribution to reserve is reported for 2021/22. The 2021-22 budget includes a planned surplus of £2.683m in the High

Needs Block that is be carried forward into the reserve at the end of the financial year. Due to the forecast adverse variance of £1.143m, the amount available to contribute to reserve will reduce to £1.534m. The opening DSG reserve balance reflects a deficit position of £1.679m and this is expected to be mostly mitigated by the in-year £1.534m contribution to reserve leaving a closing deficit position of £0.145m.

### **Budget Saving Achievement Progress**

3.4.15 Within each Committee's revenue budget there are a number of savings proposals, that were based on either actual known figures or best estimates available at the time. At any point during the year, these estimated figures could change and need to be monitored closely so that, should an adverse position be identified, mitigating actions can be taken immediately to ensure a balanced budget position can be reported to the end of the year.

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

<b>Savings Title</b>	<b>Agreed value</b>	<b>Forecast value</b>	<b>RAG Rating</b>	<b>Comments</b>
Semi-independent living	£0.500m	£0.500m	Green	On target to be achieved
Pause Programme	£0.567m	£0.200m	Amber	The benefits of the pause programme are not expected to be fully realised in 2021/22. These have been offset by additional grant income, staff vacancies and pay scale variations.
Modernisation & Social Care efficiencies	£0.102m	£0.102m	Green	On target to be achieved
Childrens containing demand pressure mitigation	£1.000m	£1.000m	Green	On target to be achieved
Explore reduction in Youth Provision	£0.100m	£0.100m	Green	On target to be achieved
YOS	£0.025m	£0.025m	Green	On target to be achieved
<b>Total Savings</b>	<b>£2.294m</b>	<b>£2.027m</b>		

3.4.16 £2.294m of savings have been identified for the budget to break-even in 2021/22. The forecast position at Quarter 1 assumes that £2.027m savings will be achieved. The vast majority of the savings (£2.067m) relate to projects reducing the demand impact on the Social Care system such as the Pause Programme that works with women who have experienced - or are at risk of - repeated pregnancies that result in children needing to be removed from their care. £0.127m relates to departmental efficiencies. A further £0.100m is to achieve sponsorship within the Youth Service.

### **Earmarked Reserves**

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

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

Service	Opening Balance 2021-22 £000	Movement in reserves			Closing Balance £000
		Reserves Increase £000	Reserves Call Out £000	Total Movement £000	
Children, Families & Education	2,457	0	-141	-141	2,316
Schools – DSG	-1,679	1,534	0	1,534	-145
<b>Total</b>	<b>778</b>	<b>1,534</b>	<b>-141</b>	<b>1,393</b>	<b>2,171</b>

3.4.18 Children, Families and Education reserves reflect funds that have been set aside for specific projects and activities. Calls on these reserves for 2021/22 of £0.141m have been identified in relation to a project reducing violence (£0.035m) and School Improvement to fund the enhanced service offer for 2021/22 (£0.106m).

3.4.19 Schools DSG reserve reflects a deficit balance which is mainly due to the cumulative effect of cost pressures from previous years. It is expected that a contribution to reserve of £1.534m will be delivered in-year thus reducing the overall deficit to £0.145m.

### **3.5 Law & Governance**

3.5.1 As at the end of June 2021 (Quarter 1), the forecast year end position for Law and Governance is a favourable variance of £0.084m against a budget of £6.017m.

3.5.2 The Law and Governance Directorate is experiencing income shortfalls in Licencing and Registrars. This is directly due to the restrictions imposed by the Covid-19 pandemic resulting in a drop in demand. There has, however, been a contribution from the electoral services of the PCC (Police Crime Commissioner) and Combined Mayoral Election that has reduced the impact. The directorate is closely monitoring the position. Sales, Fees and Charges Compensation is available for the first quarter of the financial year.

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

	Budget £000	Forecast Outturn £000	Variance (+ Fav / - Adv)		Adverse/ Favourable
			£000	%	
Law & Governance	2,000	2,000	0	0%	Favourable
Legal and Licensing	1,008	1,243	-235	-23%	Adverse
Democratic & Member Services	4,418	4,380	38	1%	Favourable
Coroner Services	680	680	0	0%	Favourable
Electoral Services	569	136	433	76%	Favourable
Registrar Services	-128	24	-152	119%	Adverse
<b>Directorate Surplus / (Deficit)</b>	<b>8,547</b>	<b>8,463</b>	<b>84</b>	<b>1%</b>	<b>Favourable</b>
Support/Admin Building Overhead	-2,530	-2,530	0	0%	Favourable
<b>Total Surplus/ (Deficit)</b>	<b>6,017</b>	<b>5,933</b>	<b>84</b>	<b>1%</b>	<b>Favourable</b>

3.5.3 **Law & Governance:** A balanced budget is forecast for 2021/22.

3.5.4 **Legal and Licencing:** An adverse forecast variance of £0.235m is reported for 2021/22. There is a projected Licencing income shortfall of £0.189 due to reduced demand as a direct result of Covid-19 which has received sales fees and charges compensation for the first quarter of this financial year.

3.5.5 **Democratic & Member Services:** A minor favourable forecast variance of 0.038m is reported for 2021/22.

3.5.6 **Electoral Services:** A favourable forecast variance of £0.433m is reported for 2021/22. £0.445 has been provided from the electoral services of the PCC (Police Crime Commissioner) and Combined Mayoral Election towards the costs of the joint elections held earlier this year. Due to the delay in the elections as a result of Covid-19 restrictions the costs spanned more than one financial year and some of the related costs were accounted for last year.

3.5.7 **Registrars Services:** An adverse forecast variance of £0.152m is reported for 2021/22. Due to the restrictions imposed by the Covid-19 pandemic the income for the Registrars service has been severely impacted and there is an expected shortfall of £0.209m, which in part has been offset by the Sales Fees and Charges Grant.

3.5.8 **Coroner Services:** A balanced budget is forecast for 2021/22.

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

	Budget	Outturn	Variance		Adverse/ Favourable
	£000	£000	(+ Fav / - Adv) £000	%	
Income	-2,069	-2,066	-3	0%	Adverse
<b>Expenditure</b>					
Employee	4,254	4,409	-155	-4%	Adverse
Non Pay	6,362	6,120	242	4%	Favourable
Cost of Care	0	0	0	0%	Favourable
<b>Total Expenditure</b>	<b>10,616</b>	<b>10,529</b>	<b>87</b>	<b>1%</b>	<b>Favourable</b>
<b>Directorate Surplus / (Deficit)</b>	<b>8,547</b>	<b>8,463</b>	<b>84</b>	<b>1%</b>	<b>Favourable</b>
Support / Admin Building Overhead	-2,530	-2,530	0	0%	Favourable
<b>Total Surplus / (Deficit)</b>	<b>6,017</b>	<b>5,933</b>	<b>84</b>	<b>1%</b>	<b>Favourable</b>

**Budget Saving Achievement Progress**

3.5.9 Within each Committee's revenue budget there are a number of savings proposals, that were based on either actual known figures or best estimates available at the time. At any point during the year, these estimated figures could change and need to be monitored closely to ensure, if adverse, mitigating actions can be taken immediately to ensure a balanced forecast budget can be reported to the end of the year.

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

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

3.5.10 The savings have been fully achieved.

**Earmarked Reserves**

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

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

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

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

### **3.6 Neighbourhood Services**

3.6.1 As at the end of June 21 (Quarter 1), the forecast year end position for Neighbourhoods is an adverse variance of £1.040m against a budget of £54.110m

3.6.2 Included in the Directorate position is the mitigation available from the Sales, Fees and Charges income loss compensation scheme. At present this is available until the end of Quarter 1 and the service will be able to claim 75p in the pound for eligible planned income. This is currently estimated to be £1.948m.

3.6.3 The focus for the Directorate will be on recovery in 2021/22 with the gradual reintroduction of services. However, income generating opportunities have not yet returned to pre-pandemic levels due to phased and partial reopening of some services and because some customers have sought alternative arrangements. In addition, some Leisure and Library sites are still being utilised for COVID-19 purposes which restricts income generating opportunities.

3.6.4 As case rates within the Borough remain high, localised decisions have been taken based on Public Health advice which means some restrictions have remained in place up to the government road map date 19th July. There are risks associated with this and this decision could have an adverse effect on projected income targets and some 2021/22 savings targets. This will be kept under review throughout the year and Directorate will aim to mitigate these if necessary.

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

	Budget £000	Forecast Outturn £000	Variance (+ Fav / - Adv)		Adverse/ Favourable
			£000	%	
Director of Neighbourhoods	-6,412	-6,412	0	0%	Favourable
Community Safety and Transport	3,687	3,877	-190	-5%	Adverse
Highways and Infrastructure	5,060	5,910	-850	-17%	Adverse
Leisure, Libraries and Customer Engagement	13,005	13,005	0	0%	Favourable
Parks and Environment	35,286	35,286	0	0%	Favourable
<b>Directorate Surplus / (Deficit)</b>	<b>50,626</b>	<b>51,666</b>	<b>-1,040</b>	<b>-2%</b>	<b>Adverse</b>
Support/Admin Building Overhead	3,484	3,484	0	0%	Favourable
<b>Total Surplus/ (Deficit)</b>	<b>54,110</b>	<b>55,150</b>	<b>-1,040</b>	<b>-2%</b>	<b>Adverse</b>

3.6.5 **Director of Neighbourhoods:** A balanced position is forecast for 2021-22.

This area comprises Neighbourhoods management costs, Public Health Recharges and savings associated with the overall Directorate. A balanced position is forecast at this point in the year.

3.6.6 **Community Safety and Transport:** An adverse variance of £0.190m is reported for 2021-22. This is due to a shortfall in expected income within Community Patrol following the loss of several contracts in previous years. The service has been able to secure some income through arranging new contracts, however there is insufficient demand from external clients to enable the service to address the whole shortfall. Work is currently being carried out to mitigate the adverse variance through a review of the Community Patrol service and through a review of the Neighbourhoods Directorate overall. Any increase in demands for the service directly relating to COVID-19 are expected to be mitigated through additional funding secured to meet the projected costs associated with the Summer Plan 2021.

3.6.7 **Highways and Infrastructure:** An adverse forecast variance of £0.850m is reported for 2021-22. Charging for car parking has now resumed, however as footfall is initially expected to be at 75% of the pre-pandemic levels this has adversely impacted income; income is available from the sales, fees and charges income loss compensation scheme for Quarter 1. The 2021/22 saving associated with Car Parking will not be fully achieved this year due to delays in implementation. The full year impact of the saving equates to £1.0m and consists of £0.5m relating to standardisation of fees and £0.5m relating to charges at new sites. In August 2021 the Decision Review Committee agreed to implement the savings. The standardisation of fees will be implemented from mid-August, however as this has been delayed by four and a half months this results in a forecast pressure of £0.2m. The remaining saving relating to charges at new sites will take longer to implement as it will be necessary to carry out capital works. Therefore, this element of the

saving is unlikely to be realised before the end of the year. This will result in an additional forecast pressure of £0.5m. Overall pressures from car parking in 2021/22 equate to £0.7m, although it is expected that the saving will be fully achieved in 2022/23.

- 3.6.8 The remaining element of adverse variance is due to under recovery of income with the Design Team which equates to £0.150m as some staff are not directly chargeable to capital schemes. Income opportunities within this area are being explored in order to mitigate this.
- 3.6.9 A restructure of the of the service is also currently underway, this will assist in mitigating the overall adverse variance within the service.
- 3.6.10 **Leisure, Libraries and Customer Engagement:** A balanced position is reported for 2021-22. This area covers Leisure Centres, Golf Courses, Libraries, Museums and the Floral Pavilion. This includes the income available from the Sales, Fees and Charges income loss compensation scheme. Based on income losses in the first 3 months, it is currently projected that the income shortfall for this area will be £1.886m net of the Quarter 1 compensation from the sales, fees and charges income loss compensation scheme. The compensation figure for this area will be £1.948m, with the gross losses projected at £3.834m. There are plans to mitigate the overall income shortfall from COVID-19 funding, which will result in a balanced position.
- 3.6.11 Services within this area have, in almost all cases, only partially reopened in line with the key dates outlined in the Government's Road Map. In 2021/22 the focus will be on recovery with the aim of gradually bringing income back to pre-pandemic levels. It has been recognised that recovery will take time and will be largely dependent on national guidance and local COVID 19 conditions as to when restrictions will be lifted. Therefore, a total of £4.078m was temporarily removed from the income targets within this area to enable the service to carry out work to regain customers and explore additional income generation opportunities. This figure was based on information available at the time and assumptions were made as to when footfall would start to increase. However, at the time it was not clear how long restrictions would remain in place and there was uncertainty around the impact this would have on footfall. As at Quarter 1 it is anticipated that services will take longer to recover due to the government's delay in implementing the final stage of the roadmap which is likely to impact income projections.
- 3.6.12 Sports and Recreation is currently projecting an adverse variance of £0.339m net of the Quarter 1 income loss compensation. This is based on income received in the first 3 months of the year. Assumptions have been made as to how much income can recovered throughout the year with income levels expected to increase steadily each Quarter. Services have not fully reopened in line with when restrictions were lifted, however many customers have sought alternative arrangements during the past 16 months meaning overall demand for the service has reduced. The service has frozen approximately 10,000 direct debits associated with Invigor8 memberships, which accounts for most of the income loss in the first quarter. When these are reinstated later in the year there is a risk customers could cancel which may result in further income losses.

- 3.6.13 These figures assume that there will be no further restrictions imposed on the service throughout 2021/22. The service is attempting to mitigate the loss by improving income through marketing campaigns, a reduction in expenditure and by exploring further cost efficiencies through the Leisure Review. Sports and Recreation figures will be kept under review in Quarter 2 as there are several risks associated with retaining restrictions after 19<sup>th</sup> July and it is unclear what impact this will have on income.
- 3.6.14 Floral Pavilion is currently projecting an adverse variance of £1.333m. This is due projected income losses in the first 3 months, which have been partially mitigated through a reduction in payments to Suppliers. This service has been unable to return to business as usual yet due to the postponement of the final stage of the Government's Road Map and the extension of local conditions. This has severely limited any income generating opportunities in this area. The figures are based on income gradually recovering each quarter. However, any projections are largely dependent on when the service can return to full capacity. The service is attempting to mitigate these losses through maximising income from the facilities it is currently able to operate. The site is currently being used for corporate activities such as Committees which impacts normal operations.
- 3.6.15 Small income losses are expected within the Libraries and Museums services. A limited number of sites relating to both these services have now reopened, with plans to reopen the remaining sites later in the year. This will help to improve income generation, whilst the losses are expected to be mitigated through savings against Supplies and Premises costs. A restructure is currently underway within the Museum service and a Libraries review has commenced this year, which will assist in mitigating any projected losses.
- 3.6.16 **Parks & Environment:** A balanced position is forecast for 2021-22. Income streams relating to Garden Waste Subscriptions and Parks Income were impacted by COVID-19 in 2020/21. Garden Waste is not expected to be impacted in 2021/22 as the service has returned to normal and 2021/22 charges to subscribers reflect this. The service is expected to achieve at least 40,000 subscribers this year, however the direct debit system was implemented in 2020/21 and the impact of this on subscriber numbers will become apparent at the end of Quarter 2.
- 3.6.17 As at Quarter 1 income from Parks is expected to be impacted by COVID-19. Services relating to pitch hire have resumed, however income in relation to events has been affected which has resulted in a shortfall in income. This is mitigated by income from the sales, fees and charges income loss compensation scheme and favourable variances against expenditure. However, this depends on there being no further restrictions later in the year. This will be reviewed during the year, and losses will be mitigated through a reduction in expenditure within other areas of Waste and Environment.

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

	Budget	Forecast Outturn	Variance		Adverse/ Favourable
	£000	£000	(+ Fav / - Adv) £000	%	
Income	-33,695	-32,655	-1,040	3%	Adverse
<b>Expenditure:</b>					
Employee	32,286	31,448	838	3%	Favourable
Non Pay	52,035	52,873	-838	-2%	Adverse
Cost of Care	0	0	0	0%	Favourable
<b>Total Expenditure</b>	<b>84,321</b>	<b>84,321</b>	<b>0</b>	<b>0%</b>	Favourable
<b>Directorate Surplus / (Deficit)</b>	<b>50,626</b>	<b>51,666</b>	<b>-1,040</b>	<b>-2%</b>	Adverse
Support/Admin Building Overhead	3,484	3,484	0	0%	Favourable
<b>Total Surplus/ (Deficit)</b>	<b>54,110</b>	<b>55,150</b>	<b>-1,040</b>	<b>-2%</b>	Adverse

**Budget Virements**

3.6.18 A total of £1.090m has been transferred from Resources to Neighbourhoods. This relates to £0.9m to cover LED street lighting. The roll out of phase 2 of the scheme is expected to be completed by October 2021 which will deliver an overall saving. However, it was necessary to reprofile the original saving to incorporate commitments for loan repayments. The remaining £0.190m virement relates to Library Book fund, which was necessary to ensure that there is an adequate funding in place to assist in recovery following the temporary closure of the service for most of last financial year due to COVID-19

**Budget Saving Achievement Progress**

3.6.19 Within each Committee's revenue budget there are a number of savings proposals, that were based on either actual known figures or best estimates available at the time. At any point during the year, these estimated figures could change and need to be monitored closely to ensure, if adverse, mitigating actions can be taken immediately to ensure a balanced forecast budget can be reported to the end of the year.

**TABLE 19: 2021/22 Neighbourhoods Directorate – Budget Savings**

Saving Title	Agreed Value	Forecast Value	RAG Rating	Comments
LED savings	£0.4m	£0.4m	<b>Green</b>	The 21/22 saving originated from the business case for LED replacement in 2018/19 and was the anticipated achievable saving at the time.

Additional and increased car parking charges	£1.0m	£0.3m	<b>Amber</b>	The options paper to determine how the saving was be made presented to June Committee and this was subsequently called in twice. This has resulted in a part year delay. The saving will be fully achieved in 2022/23
Targeted and Discretionary Environmental Enforcement	£0.15m	£0.150m	<b>Green</b>	The options paper to determine how the saving will be made was presented to June Committee, resulting in a part year delay. Any shortfall this year will be mitigated from in year savings resulting from additional EVRs
Royden Park Commercial Development	£0.08m	£0.08m	<b>Green</b>	Saving will not be achieved this year due to the requirement for consultation. Any shortfall this year will be mitigated from in year savings resulting from additional EVRs
Reduction in grass cutting and maintenance of verges	£0.25m	£0.25m	<b>Green</b>	The options paper to determine how the saving will be made was presented to June Committee, resulting in a part year delay. Any shortfall this year will be mitigated from in year savings resulting from additional EVRs
Amenity space maintenance cessation	£0.1m	£0.1m	<b>Green</b>	The options paper to determine how the saving will be made was presented to June Committee, resulting in a part year delay. Any shortfall this year will be mitigated from in year savings resulting from additional EVRs
Review of the Neighbourhood Services Directorate	£0.35m	£0.35m	<b>Green</b>	On target to be achieved
Contract efficiency	£0.075m	£0.075m	<b>Green</b>	On target to be achieved

savings with BIFFA				
Ongoing Covid-19 temporary Library Closure	£0.1m	£0.1m	<b>Green</b>	On target to be fully achieved
Ongoing Covid-19 temporary Leisure Centre Closure	£0.1m	£0.1m	<b>Green</b>	On target to be fully achieved
Temporary closure of Europa Fun pool due to Covid-19 restrictions	£0.25m	£0.25m	<b>Green</b>	On target to be fully achieved
Review of Museums Service	£0.090m	£0.090m	<b>Green</b>	On target to be fully achieved
Pause re-opening of Woodchurch Leisure Centre	£0.322m	£0.322m	<b>Green</b>	On target to be fully achieved
Income from West Kirby catering offer	£0.035m	£0.035m	<b>Green</b>	On target to be fully achieved
<b>Total</b>	<b>£3.30m</b>	<b>£2.60m</b>		

3.6.20 Most savings are on track to be achieved as at Quarter 1. Car Parking is rated Amber due to delays in implementing the charges. Current projections are based on flat rate charges being implemented from mid-August following the outcome of the Decision Review Committee. Introduction of charges at new sites will be delayed until 2022/23 as it will take time to purchase and install the ticket machines.

### **Earmarked Reserves**

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

**TABLE 20: 2021/22 Neighbourhoods– Earmarked Reserves**

<b>Reserve</b>	<b>Opening Balance £000</b>	<b>Use of Reserve £000</b>	<b>Contribution to Reserve £000</b>	<b>Closing Balance £000</b>
Community Safety Initiatives	-555	12		-543
Health & Safety Flood Prevention	-455			-455
Parks Tree Maintenance	-374	374		0
Environmental Health	-300			-300
Anti Social Behaviour	-112			-112
Climate Emergency	-100			-100
Les Mills Classes	-100			-100
Litter Enforcement - development of initiatives	-49			-49
Weed Spraying : Mitigate against additional costs	-41			-41

Birkenhead Park World Heritage Site Lottery Bid	-40	37		-3
Coastal Protection	-35			-35
Sports Development Reserve	-30			-30
Environmental Health F.S.A. Backlog	-28			-28
Trading Standards	-25			-25
Hilbre Island - Legacy	-21			-21
Health & Safety Armed Forces Welfare Pathway	-14			-14
BikeSafe	-10			-10
Repairs & Maintenance upgrades on Public Conveniences	-8			-8
LAMPS to Concerto system replacement	-2			-2
Library Donations	-1			-1
<b>Total</b>	<b>-2,300</b>	<b>423</b>	<b>0</b>	<b>-1,877</b>

3.6.22 The opening reserves balance mainly relates to items which will support the Neighbourhoods Directorate in 2021/22 in implementing an overall review of the service. Recovery plans are also in place with the aim of reinstating services which were severely impacted by COVID-19 in 2020/21 and some of these reserves will be utilised to support this. The balance also consists of the Community Safety Partnership reserve which is ringfenced to support Partnership activities. At Quarter 1 reserves for Parks and Environment are expected to be fully utilised in 2021/22 in relation to funding for Tree Maintenance works that are projected in addition to the revenue budget available. There are also plans to utilise the Heritage Lottery reserve to fund the costs of the team until the outcome of the Birkenhead Park lottery bid is confirmed later in the year. Smaller reserve movements are forecast to fund projects within Community Safety.

### 3.7 Regeneration & Place

3.7.1 As at the end of June 2021, the forecast year-end position for Regeneration & Place is a favourable variance of £0.053m against a budget of £33.8m.

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

	Budget	Forecast Outturn	Variance		Adverse/ Favourable
	£000	£000	(+ Fav / - Adv) £000	%	
Regeneration	24,205	24,243	-38	0%	Adverse
Housing	6,701	6,546	155	2%	Favourable
Asset Management & Investment	-826	-841	15	-2%	Favourable
Planning	857	929	-72	-8%	Adverse
Special Projects	107	114	-7	-7%	Adverse
Local Plan	400	400	0	0%	Favourable
<b>Directorate Surplus / (Deficit)</b>	<b>31,444</b>	<b>31,391</b>	<b>53</b>	<b>0%</b>	<b>Favourable</b>
Support / Admin Building Overhead	2,335	2,335	0	0%	Favourable
<b>Total Surplus / (Deficit)</b>	<b>33,779</b>	<b>33,726</b>	<b>53</b>	<b>0%</b>	<b>Favourable</b>

3.7.2 **Regeneration:** An adverse variance of £0.038m is reported for 2021-22. Whilst the new staffing structure that will help deliver the major regeneration projects is being recruited to, temporary interim staff are helping to ensure grant funding bids are achieved and that projects continue to be delivered.

3.7.3 **Housing:** A favourable variance of £0.155m is reported for 2021-22. Whilst grant support for Housing has helped present a favourable position, further work is currently underway to establish eligible expenditure forecast against the available grant funding, the outcome of this review will be reported in quarter 2.

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

3.7.5 **Planning:** An adverse variance of £0.072m relates to the Merseyside Environmental Advisory Service (MEAS). MEAS provide statutory advice to Development Management on archaeology, waste, and ecology. Work is ongoing to identify a realistic and sustainable budget for this service and to manage costs going forward. This work will take several months but, in the meantime, resources are being identified within the directorate to meet the budget variance and discussions are ongoing with MEAS to manage the costs.

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

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

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

	Budget	Forecast	Variance		Adverse/ Favourable
	£000	Outturn £000	(+ Fav / - Adv) £000	%	
Income	-11,896	-12,851	955	-8%	Favourable
<b>Expenditure:</b>					
Employee	12,573	12,777	-204	-2%	Adverse
Non Pay	30,767	31,465	-698	-2%	Adverse
Cost of Care	0	0	0	0%	Favourable
<b>Total Expenditure</b>	<b>43,340</b>	<b>44,242</b>	<b>-902</b>	<b>-2%</b>	Adverse
<b>Directorate Surplus / (Deficit)</b>	<b>31,444</b>	<b>31,391</b>	<b>53</b>	<b>0%</b>	Favourable
Support/Admin Building Overhead	2,335	2,335	0	0%	Favourable
<b>Total Surplus/ (Deficit)</b>	<b>33,779</b>	<b>33,726</b>	<b>53</b>	<b>0%</b>	Favourable

#### **Budget Saving Achievement Progress**

3.7.8 Within each Committee's revenue budget there are a number of savings proposals, that were based on either actual known figures or best estimates available at the time. At any point during the year, these estimated figures could change and need to be monitored closely to ensure, if adverse, mitigating actions can be taken immediately to ensure a balanced forecast budget can be reported to the end of the year.

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

Saving Title	Agreed Value	Forecast Value	RAG Rating	Comments
Culture and Visitor Economy	£0.62m	£0.62m	<b>Amber</b>	Staff consultations underway, with mitigation measures identified to deliver savings target.
Birkenhead Market Restructure	£0.24m	£0.24m	<b>Amber</b>	On target to be achieved but not all via a restructure – some will be achieved via capitalising costs
Community Alarms	£0.2m	£0.2m	<b>Amber</b>	Saving will be delivered through mitigation whilst a review of the Community Alarms service is undertaken.
Pre-application Fee	£0.02m	£0.02m	<b>Green</b>	On target to be achieved

Increase and PPAs				
Budget Allocation for DDA	£0.2m	£0.2m	<b>Green</b>	On target to be achieved
Sales, Fees and Charges Compensation – Planning	£0.05m	£0.05m	<b>Green</b>	On target to be achieved
Wirral Growth Company Joint Venture income	£1.38m	£1.38m	<b>Amber</b>	On target to be achieved, including income from capital receipts
<b>Total</b>	<b>£2.51m</b>	<b>£2.51m</b>		

### **Earmarked Reserves**

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

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

<b>Reserve</b>	<b>Opening Balance £000</b>	<b>Use of Reserve £000</b>	<b>Contribution to Reserve £000</b>	<b>Closing Balance £000</b>
Regeneration and Place	3,001	0	0	3,001
<b>Total</b>	<b>3,001</b>	<b>0</b>	<b>0</b>	<b>3,001</b>

### 3.8 Resources

3.8.1 As at the end of June 2021 (Quarter 1), the forecast year end position for Resources is an adverse variance of £0.593m against a budget of £34.448m.

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

	Budget	Forecast Outturn	Variance		Adverse/ Favourable
	£000	£000	(+ Fav / - Adv) £000	%	
Finance & Investment	18,385	18,447	-62	0%	Adverse
HR & OD and Payroll	3,931	3,833	98	2%	Favourable
Digital & Improvement	5,512	5,850	-338	-6%	Adverse
Revenues & Benefits	3,616	3,926	-310	-9%	Adverse
Audit, Risk & Business Continuity	554	553	1	0%	Favourable
Strategic Change	4,168	4,150	18	0%	Favourable
Corporate Pressures	4,170	4,170	0	0%	Favourable
<b>Directorate Surplus / (Deficit)</b>	<b>40,336</b>	<b>40,929</b>	<b>-593</b>	<b>-1%</b>	<b>Adverse</b>
Support / Admin Building Overhead	-6,888	-6,888	0	0%	Favourable
<b>Total Surplus / (Deficit)</b>	<b>33,448</b>	<b>34,041</b>	<b>-593</b>	<b>-2%</b>	<b>Adverse</b>

3.8.2 **Finance & Investment:** A minor adverse forecast variance of £0.062m is reported for 2021/22. Interest receivable shortfalls from Treasury Management activity show as an adverse variance in income. However, this is offset by a favourable variance in interest payable for borrowing due to rephasing of capital projects reducing the current borrowing requirement.

3.8.3 **HR & OD:** A minor favourable forecast variance of £0.098m is reported for 2021/22.

3.8.4 **Digital & Improvement:** An adverse forecast variance of £0.338m is reported for 2021/22. Schools ICT is reporting an adverse variance relating to continued loss of schools SLA income and the digitalisation of council processes. The affect is seen in reduced income and reduced non-pay spend. The team is actively working with schools to maximise uptake with a further update available for Quarter 2. The income shortfall is reduced with staff being deployed on capital projects reducing the income shortfall pressure.

3.8.5 **Revenue's & Benefits:** An adverse forecast variance of £0.310m is reported for 2021-22. Whilst there has been a small improvement in the income received from court summons compared to at this point in the last financial year, there is still a downturn from pre Covid-19 expectations. Court summons and court activity has recently commenced again and will be closely monitored during the financial year. The reduction in Housing Benefit Administration Grant is offset with Department of Work and Pension New Burdens funding which leaves a shortfall in income received

from grant. Service remodelling is resulting in the service holding post vacancies pending restructure which is reducing the impact of the income shortfall and showing as a favourable variance within Employees.

**3.8.6 Audit, Risk and Business Continuity:** A minor favourable forecast variance of £0.001m is reported for 2021/22.

**3.8.7 Strategic Change:** A favourable forecast variance of £0.018m is reported for 2021/22. The £0.018m under spend currently forecast is as a result of some staff being deployed on projects that are funded by capital.

**3.8.8 Corporate Pressures:** Included within the budget for this year were estimated pressures for potential increased demand within homelessness and social care as a result of Covid-19 activity which will be released as and when pressures arise. These estimated pressures will be reassessed mid-year to review the appropriateness of the estimation and whether there is an opportunity to reduce the requirement to access the full £10.7m of Exceptional Financial Support.

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

	Budget	Forecast Outturn	Variance		Adverse/ Favourable
	£000	£000	(+ Fav / - Adv) £000	%	
Income	115,948	-113,290	-2,658	2%	Adverse
<b>Expenditure</b>					
Employee	28,997	28,263	734	3%	Favourable
Non Pay	127,287	125,956	1,331	1%	Favourable
<b>Total Expenditure</b>	<b>156,284</b>	<b>154,219</b>	<b>2,065</b>	<b>1%</b>	<b>Favourable</b>
<b>Directorate Surplus / (Deficit)</b>	<b>40,336</b>	<b>40,929</b>	<b>-593</b>	<b>-1%</b>	<b>Adverse</b>
Support / Admin Building Overhead	-6,888	-6,888	0	0%	Favourable
<b>Total Surplus / (Deficit)</b>	<b>33,448</b>	<b>34,041</b>	<b>-593</b>	<b>-2%</b>	<b>Adverse</b>

### **Budget Virements**

**3.8.9** As part of robust financial management practices, budget for expected pressures were built into the approved budget position. This budget will only be released into Directorate specific budgets if and when demand arises from the predicted pressures and plans are developed.

A total of £1.090m has been transferred from Resources to Neighbourhoods. This relates to £0.9m to cover LED street lighting; The roll out of phase 2 of the scheme is expected to be completed by October 2021 which will deliver an overall saving. However, it was necessary to reprofile the original saving to incorporate

commitments for loan repayments. The remaining £0.190m virement relates to Library Book fund, which was necessary to ensure that there is an adequate funding in place to assist in recovery following the temporary closure of the service for most of last financial year due to COVID-19

A total of £0.750m has been transferred from the Resources Directorate to Children's, Families and Education Directorate. This relates to two approved pressure items which had initially been held corporately whilst plans were developed; SEN transport (£0.65m) and Modernisation (£0.1m). As at quarter 1, these budget pressures have now been moved to the Children's Families and Education Directorate budget.

### **Budget Saving Achievement Progress**

3.8.10 Within each Committee's revenue budget there are a number of savings proposals, that were based on either actual known figures or best estimates available at the time. At any point during the year, these estimated figures could change and need to be monitored closely to ensure, if adverse, mitigating actions can be taken immediately to ensure a balanced forecast budget can be reported to the end of the year.

**TABLE 27: 2021/22 Resources – Budget Savings**

<b>Saving Title</b>	<b>Agreed Value</b>	<b>Forecast Value</b>	<b>RAG Rating</b>	<b>Comments</b>
Business Change Service Reduction	-£0.67	-£0.67	<b>Green</b>	On target to be achieved
Review of Traded Services	-£0.27	-£0.27	<b>Green</b>	On target to be achieved
Alternative funding for PFI	-£0.25	-£0	<b>Red</b>	It is not expected that the DfE will be forthcoming with additional financial support towards the costs for the closed Kingsway site. Use of the site for educational purposes is currently in development with a view to it being operational by September 2022.
Bad debt write-off reduction	-£1.00	-£1.00	<b>Green</b>	On target to be achieved
New staffing structure in IT Services	-£0.62	-£0.62	<b>Green</b>	The saving will be achieved but not fully by the original means. The Digital Strategy requires posts to be kept in the service for the next 12 months so the saving will be achieved by charging some staff to the capital programme and other projects.
Business Support Unit	-£0.24	-£0.24	<b>Green</b>	The saving will be achieved

Staffing Reduction				but not necessarily with a full reduction of staff but with a reduction of posts, some of which are vacant.
Wide Area Network savings	-£0.24	-£0.24	<b>Green</b>	On target to be achieved
Restructure of Revenues & Benefits	-£0.15	-£0.15	<b>Green</b>	Achieved 21/22
Centralised Print Process	-£0.16	-£0.16	<b>Green</b>	On target to be achieved
Workforce remodelling	-£0.39	-£0.39	<b>Green</b>	On target to be achieved
Continuation of agile working	-£0.50	-£0.50	<b>Green</b>	On target to be achieved
Apprenticeships First Strategy	-£0.15	-£0.15	<b>Green</b>	On target to be achieved
One Stop Shop Service Reduction	-£0.10	-£0.10	<b>Green</b>	On target to be achieved
Continue Temporary Building Closures	-£0.75	-£0.75	<b>Green</b>	On target to be achieved
Zero Based Budgeting	-£0.17	-£0.17	<b>Green</b>	The ZBB review is in progress with committee workshops and it is anticipated that the full saving can be made.
Contract Management & Commissioning	-£0.35	-£0.35	<b>Green</b>	On target to be achieved
Local Welfare Assistance Temporary Saving	-£0.20	-£0.20	<b>Green</b>	Achieved 21/22
Use of Brexit Reserve	-£0.10	-£0.10	<b>Green</b>	On target to be achieved
Additional Capital Receipts	-£0.39	-£0.39	<b>Green</b>	On target to be achieved
<b>Total</b>	<b>£6.70M</b>	<b>£6.45M</b>		

3.8.11 The majority of the savings within Resources are on target to be met as noted above. The saving for the continued temporary building closures is a reduced saving due to capacity and the requirement for one building to reopen for the Home Education Service. However, there could be potential for savings to be made in other building that are partially open, not included in the original list to make saving but this has not yet been costed. The Alternative Funding for PFI is likely to be unachievable as it is not expected that the DfE will be forthcoming with additional financial support towards the costs for the closed Kingsway site. Use of the site for educational purposes is currently in development with a view to it being operational by September 2022.

### **Earmarked Reserves**

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

**TABLE 28: 2021/22 Resources – Earmarked Reserves**

<b>Reserve</b>	<b>Opening Balance £000</b>	<b>Use of Reserve £000</b>	<b>Contribution to Reserve £000</b>	<b>Closing Balance £000</b>
Commercial Management	225	0	0	225
Discretionary Housing Payments	185	0	0	185
HR/OD Talent Management	50	0	0	50
HR Reserve – Schools	41	0	0	41
Transformation Challenge Award	4	0	0	4
Asset Consolidation Staff Relocation Contingency	110	0	0	110
ICT Records Management	288	0	0	288
Business Rates Equalisation Reserve (100%) rates retention pilot)	4,664	0	0	4664
Enterprise Zone Investment	482	0	0	482
Enterprise Zone Contingency Fund	29	0	0	29
Financial Resilience Reserve	2,600	2,240	0	360
Financial Instrument Equalisation Reserve	2,126	0	0	2126
Year 2 of EVR/VS Termination Payments	1,000	1,000	0	0
<b>Total</b>	<b>11,804</b>	<b>1,240</b>	<b>0</b>	<b>10,564</b>

3.8.13 The reserves held in Resources relate to either specific purposes or service demand and therefore are unavailable for one off use, such as Business Rates Equalisation Reserve, Enterprise Zone Investment, Enterprise Zone Contingency Fund, Financial Resilience Reserve and Financial Instrument Equalisation Reserve. The Year 2 of EVR/VS Termination Payments will be fully utilised during the year. In the Chancellors autumn statement it was announced that there would be a pausing of public sector pay with the exception of a £250 payment for all staff on £24k and under. The National Employers Association have offered a 1.75% pay increase which is currently in negotiation with the Trade Unions. This will be funded from the financial resilience reserve. It is still unclear how much that this will equate to but from the current offer it could be around £2m. The total value will be impacted by the level of EVRs during the year as the fewer posts there are in the structure, the lower establishment cost will be. The three local government unions (UNISON, GMB and Unite) have confirmed that their respective consultation ballots on the National Employers' final pay offer (including the Craft final offer) will run through to late Sep / early Oct. All three unions will be recommending that the pay offer[s] be rejected. We will provide a further update once the consultation process has run its course and the unions have notified us of the outcome, which is likely to be early to mid Oct.

### 3.9 Covid Funding

**TABLE 29 2020/21 Covid Funding Changes from Mar 21 to Jun 21**

	<i>Increase/ (decrease)</i>
	<b>£</b>
<b>FULLY PASSPORTED FUNDING:</b>	
Restart Grant	14,064,813
Hospitality & Leisure Support/Additional Restrictions Grant	3,562,685
Additional Restrictions Grant	1,612,133
<b>FULLY PASSPORTED FUNDING INCREASE</b>	<b>19,239,631</b>
<b>PARTIALLY PASSPORTED FUNDING:</b>	
ASC Infection Control Fund Round 3	1,505,446
Rapid Testing in Care Homes	998,287
COVID Local Support Grant	288,145
<b>PARTIALLY PASSPORTED FUNDING INCREASE:</b>	<b>2,791,878</b>
<b>FUNDING FOR COUNCIL USE:</b>	
Re-opening High Streets Safely Fund *	27,141
Contain Outbreak Management Fund	2,582,258
Local Authority Practical Support for those Self-isolating	249,832
Clinically Extremely Vulnerable (CEV) grant	382,851
Local Elections Funding – May 2021	85,292
New Burdens (LADGF)	290,800
<b>FUNDING FOR COUNCIL USE INCREASE:</b>	<b>3,618,174</b>
<b>TOTAL COVID FUNDING INCREASE SINCE 31 MARCH 2021</b>	<b>25,649,683</b>
<b>Financial Year 2021/22</b>	

\* Total funding available under the Re-opening High Streets Safely Fund remains at £286,292, however, this funding is subject to costs being incurred and a claim being submitted in 21/22 once lockdown is eased. For Q1 reporting, it has been assumed that funding is only received to the level of costs actually incurred as at 30 Jun 2021 (£70,093).

#### 3.9.1 Fully passported funding increase (£19.2m)

##### **Key components of the increase in fully passported funding:**

**Restart Grant (£14.0m)** Funding has been made available to support businesses as the restrictions are lifting to prepare to re-open in a safe and secure way to the public.

**Additional Restrictions Grant (£3.6m & £1.6m)** further funding has been made available via the Liverpool City Region Combined Authority will provide additional support for businesses as the restrictions are lifting.

#### 3.9.2 Partially passported funding increase (£2.8m)

**Infection Control Fund Round 3 (£1.5m)** Further funding provided to continue the work from the previous two rounds of funding.

**Rapid Testing in Care Homes Round 2 (£1.0m)** Further funding of 1.0M provided to continue the work from the previous round of funding.

**Local Support Grant Scheme (£0.3m)** is the continuation of the Covid Winter Grant Scheme covering Apr 21 to Jun 21 to provide direct assistance to vulnerable households and families with children particularly affected by the pandemic.

### 3.9.3 Increase in funding for Council use (£3.6m)

**Contain Outbreak Management Fund (COMF) increase (£2.6m):** The Contain Outbreak Management Fund has been increased since December following the continuance of local and national lockdown periods. This funding is ring-fenced for Public Health and is being utilised to fund activities such as Test & Trace, Enforcement and support for the Clinically Extremely Vulnerable.

The COMF provides funding to local authorities in England, to support public health activities directly related to the COVID-19 response. The scope of the grant and the funding formula for COMF has evolved with the changing landscape.

COMF was subject to review earlier this year, and in March 2021 government confirmed the funding would continue for the financial year 21/22, to enable Local Authorities to plan the continued public health response work, aligned to the national COVID-19 Contain Framework, and continued delivery of Local Outbreak Management Plans

The total COMF allocation for public health activities for Wirral from June 2020 until March 2022, is £14.784m which is expected to cover the period until March 2022;

We are currently undertaking a review of the commitments within the Tranche funding as some of the expenditure allocated to the Tranche funding meets the criteria for COMF and had been included within that forecast before the additional COMF was provided. Therefore, there is a rationale to transfer eligible commitments from the Tranche funding to the COMF, thereby releasing Tranche funding to reduce the value of exceptional financial support. This is currently being investigated and will be reported at a future meeting.

**Local Elections Funding May 21 (£0.08m)** provided to the council to assist and enable safe and secure measure for the local elections.

**LA Practical Support for those Self-Isolating (£0.25m):** Additional funding to LA's to provide practical support for those who are Self-Isolating.

**Clinically Extremely Vulnerable (£0.38m):** Additional round of funding to help, support and assist the needs of people within the Wirral Community.

**New Burdens LADGF (£0.29m):** Additional funding to cover costs associated with administering of the Local authority Discretionary Fund.

### **3.10 Exceptional Financial Support (EFS)**

- 3.10.1 In March, the Ministry for Housing, Communities and Local Government (MHCLG) made an offer of £10.7m to the Council for exceptional financial support, sometimes called a capitalisation direction or capitalisation directive. This means that MHCLG approved the Council, in principle, to borrow £10.7m of funds to help ensure a balanced budget could be agreed by Full Council on 1 March. Borrowing to fund revenue (day to day) expenditure is not normally allowed under law, but on this occasion, a special case was put to HM Treasury and approved.
- 3.10.2 The Council had not been able to identify sufficient savings to balance the budget, due to additional financial pressures present as a result the outcome of Covid-19. Such pressures include Adults and Children's Social Care increases, SEN transport increases and Homelessness increases. Ordinarily, a Council would use its reserves and balances to help balance its budget in times of crisis and would not have to apply for exceptional financial support, however the Council does not have the level of reserves and balances to be able to do this.
- 3.10.3 The offer of exceptional finance support from MHCLG came with conditions which included an external assurance review that would review the authority's financial position and its ability to meet any or all of the identified budget gap without any additional borrowing. This review has been completed and we are awaiting the report from MHCLG on the outcome.
- 3.10.5 This means that proposals could be recommended as part of the review to be implemented in year. If the Council fails to comply with MHCLG recommendations, the exceptional financial support may not be provided and a balanced budget could not be forecast to the end of the year.
- 3.10.6 Included within the budget for this year were estimated pressures for potential increased demand within homelessness and social care as a result of Covid-19 activity. These estimated pressures will be reassessed mid-year to review the appropriateness of the estimation and whether there is an opportunity to reduce the requirement to access the full £10.7m of Exceptional Financial Support.
- 3.10.7 As required as part of the conditions of the capitalisation offer for this year, other areas to reduce the value of the capitalisation directive are being explored. Additional funding has been received from the Contain Outbreak Management Fund (COMF) that was not anticipated or known when the budget was set and the criteria is currently being analysed to see whether any commitments against the tranche funding could be transferred to the COMF that ay also release some Covid-19 related pressures.
- 3.10.8 Other areas being explored are whether any asset sales could be brought forward into this year to reduce the value of Covid-19 pressures. Work is ongoing in both these areas and current Covid-19 pressures are being assessed.
- 3.10.9 When the budget was set the value of these pressures could only be estimated as the longer-term impact of Covid-19 could not be known. It was expected at this time, that the value of these pressures would inevitably change as the year progressed

and more accurate data became available. This will be monitored during the year and reported to the Committee on a quarterly basis.

### **3.11 Medium Term Financial Plan**

A Medium Term Financial Plan outlining forecast savings and pressures up to 2025/26 was presented to Committee in June 2021. This is currently being reviewed and updated with revised savings and pressures for each Directorate following the outcomes from Committee workshops. The latest position will be presented in the pre-budget report to the Committee in October

## **4.0 FINANCIAL IMPLICATIONS**

4.1 This is the Quarter 1 budget monitoring report that provides information on the forecast outturn for the Council for 2021/22. The Council has robust methods for reporting and forecasting budgets in place and alongside formal Quarterly reporting to Policy & Resources Committee, the financial position is routinely reported at Directorate Management Team meetings and corporately at the Strategic Leadership Team (SLT). In the event of any early warning highlighting pressures and potential overspends, the SLT take collective responsibility to identify solutions to resolve these to ensure a balanced budget can be reported at the end of the year.

## **5.0 LEGAL IMPLICATIONS**

- 5.1 The role of the Policy and Resources Committee, in consultation with the respective Policy and Service Committees, has been charged by Council to formulate a draft Medium Term Financial Plan (MTFP) and budget to recommend to the Council.
- 5.2 The Council must set the budget in accordance with the provisions of the Local Government Finance Act 1992 and approval of a balanced budget each year is a statutory responsibility of the Council. Sections 25 to 29 of the Local Government Act 2003 impose duties on the Council in relation to how it sets and monitors its budget. These provisions require the Council to make prudent allowance for the risk and uncertainties in its budget and regularly monitor its finances during the year. The legislation leaves discretion to the Council about the allowances to be made and action to be taken.
- 5.3 Section 30(6) of the Local Government Finance Act 1992 provides that the Council has to set its budget before 11<sup>th</sup> March in the financial year preceding the one in respect of which the budget is set.
- 5.4 The provisions of section 25, Local Government Act 2003 require that, when the Council is making the calculation of its budget requirement, it must have regard to the report of the chief finance (s.151) officer as to the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves.
- 5.5 Consultation must take place in accordance with the Council's duties under section 65 of the Local Government Finance Act 1992. The detailed summary of responses provided are attached in the appendix to this report. It must be borne in mind that this is consultation on the budget proposals, not on the decision to take whatever decision is implied by the adoption of that budget. The consultation process,

including the Council's consideration of the responses, is required to comply with the following overarching obligations (unless detailed statutory rules supplant these):

- (a) Consultation must be at a time when proposals are at a formative stage.
- (b) The proposer must give sufficient reasons for its proposals to allow consultees to understand them and respond to them properly.
- (c) Consulters must give sufficient time for responses to be made and considered.
- (d) Responses must be conscientiously taken into account in finalising the decision. This is the same whether or not a public body was required to consult or chooses to do so. This is because all of those rules are aspects of an overriding requirement for 'fairness'. The process must be substantively fair and have the appearance of fairness. The setting of the budget and council tax by Members involves their consideration of choices.

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

- 5.13 It is essential, as a matter of prudence that the financial position continues to be closely monitored. In particular, Members must satisfy themselves that sufficient mechanisms are in place to ensure both that savings are delivered and that new expenditure is contained within the available resources. Accordingly, any proposals put forward must identify the realistic measures and mechanisms to produce those savings.
- 5.14 Members are also individually reminded that Section 106 of the Local Government Finance Act 1992 applies to this meeting. Members who are two months or more in arrears with their Council Tax must declare this to the meeting and must not vote on budget recommendations, as to do otherwise can be a criminal offence.

## **6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS**

- 6.1 At this time, there are no additional resource implications as these have already been identified for the proposals agreed and submitted. However, where the budget is unbalanced and further proposals are required, then there will be resource implications, and these will be addressed within the relevant business cases presented to the Committee.

## **7.0 RELEVANT RISKS**

- 7.1 The Council's ability to maintain a balanced budget for 2021/22 is dependent on a static financial position. This is an impossible scenario due to estimated figures being provided in the calculation for the 2021/22 budget, albeit the best estimates that were available at the time, plus any amount of internal and external factors that could impact on the budget position in year. Examples of which are new legislation, increased demand, loss of income, increased funding, decreased funding, inability to recruit to posts, ongoing impact of the pandemic etc
- 7.2 A robust monitoring and management process for the 2021/22 budget is in place. If at any time during the year an adverse position is forecast, remedial action must be agreed and implemented immediately to ensure the budget can be brought back to balanced position.
- 7.3 The risk of this not being able to be achieved could mean that the Council does not have enough funding to offset its expenditure commitments for the year and therefore not be able report a balanced budget at the end of the year. This could result in the Section 151 Officer issuing a Section 114 notice.
- 7.4 The budget agreed by full Council on 1 March 2021 for 2021/22 was underpinned by an offer of a maximum of £10.7m exceptional financial support provided by MHCLG. This offer was conditional and is described in paragraph 3.21. If the Council does not accept recommendations made from the external assurance review, this may put the offer of the exceptional financial support at risk. If the Council is not able to report a balanced budget without some or all of the exceptional financial support, this may also result in the Section 151 Officer issuing a Section 114 notice in year.
- 7.5 A key risk to the Council's financial plans is that funding and demand assumptions in particular can change as more information becomes available. As such, the MTFP is regularly reviewed and updated as part of routine financial management.

- 7.6 Under the system of retained Business Rates, Authorities benefit from a share of any increased revenues but are liable for at least a share of any falls in income (subject to safety net triggers) and any non-collection. This includes reductions arising from appeals relating to past years which partially fall on the Authority. These risks are mitigated through a combination of the operation of the Collection Fund, General Fund Balances and a Business Rates Equalisation Reserve.
- 7.7 The MTFP currently presents a balanced budget over a five-year period. If the committees are not minded to accept the proposals included by officers in the MTFP, especially for the 2022/23 budget, alternative proposals need to be identified and agreed as soon as possible. A delay in agreeing these may put the timetable for setting the 2022/23 at risk and may result in a balanced budget not being identified in time for the deadline of 11 March 2022.
- 7.8 The five-year MTFP is based on current estimated information available. A four-year comprehensive spending review (CSR) is anticipated from Government from 2022/23. Assumptions have been made in the current MTFP for income and funding from business rates and council tax and social care grants as the main sources of funding. If there is an adverse change to these assumptions as a result of the CSR, additional savings proposals or reduced expenditure would need to be identified as soon as possible to ensure a balanced five-year MTFP can be achieved. Committees will be kept updated with any announcements regarding the CSR through the year.

## **8.0 ENGAGEMENT/CONSULTATION**

- 8.1 Consultation has been carried out with the Senior Leadership Team (SLT) in arriving at the governance process for the 2021/22 budget monitoring process and the 2022/23 budget setting process. SLT have compiled the MTFP.
- 8.2 Since the budget was agreed at Full Council on 1 March, some proposals may have been the subject of further consultation with Members, Customer and Residents. The details of these are included within the individual business cases or are the subject of separate reports to the Committee

## **9.0 EQUALITY IMPLICATIONS**

- 9.1 Wirral Council has a legal requirement to make sure its policies, and the way it carries out its work, do not discriminate against anyone. An Equality Impact Assessment is a tool to help council services identify steps they can take to ensure equality for anyone who might be affected by a particular policy, decision or activity.
- 9.2 At this time, there are no further equality implications as these have already been identified for the proposals agreed and submitted. However, where the budget is unbalanced and further proposals are required, then there may be equality implications associated with these, and these will be addressed within the relevant business cases presented to the Committee.

## **10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS**

10.1 At this time, there are no additional environmental and climate implications as these have already been identified for the proposals agreed and submitted. However, where the budget is unbalanced and further proposals are required, then there may be environment and climate implications associated with these that will be addressed within the relevant business cases presented to the Committee.

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### **APPENDICES**

#### **BACKGROUND PAPERS**

MHCLG Exceptional Financial Support Offer Letter

#### **SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>
<b>Policy and Resources Committee</b>	<b>17 March 2021</b>
<b>Full Council</b>	<b>1 March 2021</b>
<b>Policy and Resources Committee</b>	<b>9 June 2021</b>