

POLICY AND RESOURCES COMMITTEE

Monday, 25 October 2021

REPORT TITLE:	PRE-BUDGET SETTING REPORT 2022-23
REPORT OF:	DIRECTOR OF RESOURCES

REPORT SUMMARY

The purpose of the Pre-Budget Setting Report is to provide the Committee with an update on recent budget setting activity and to describe the context in which the budget for 2022/23 is being set, to highlight the key issues faced by the Council and the intended approach to budget setting, including the roles and responsibilities of key stakeholders.

The significant financial challenges facing the Council are set out against a range of potential scenarios, which clearly show that the current provision of service by the Council is unaffordable from 2022/23.

Specific items addressed in the report include:

- Operational context of Council activity leading up to budget setting
- Timetable for forthcoming budget setting activity and the approach to be adopted
- Financial strategy and principles that underpin the budget process and decision-making, with its links to the Wirral Plan
- A review of the financial landscape the Council may be operating within, including budget gap analysis and the assumptions that have been incorporated in producing optimistic/mid-ground/pessimistic outlooks for consideration
- Budget consultation approach

RECOMMENDATIONS

It is recommended:

1. That the Committee is asked to note the current operational context and improvement plans being developed and delivered within service areas amidst budget setting activity, inclusive of policy and service committee budget workshops that have taken place recently, as set out in the report.
2. That the Committee agree to:
 - (a) the budget assumptions that have been made in developing a range of budget scenarios ahead of consultation;
 - (b) the proposed budget timetable to reflect the timing of the Government's funding announcements and the statutory requirements for determining the Annual

Budget and Council Tax level, inclusive of the provision for member amendments as set out at Appendix 2;

- (c) the approach to budget consultation outlines in section 3.10 of the report;
 - (d) the guiding principles that will inform the budget setting process and underpin the revised Medium Term Financial Strategy (MTFS), which is currently being developed, be (i) Organisational Leadership (ii) Accountability (iii) Financial management (iv) Professional standards (v) Assurance and (vi) Sustainability; and
 - (e) budget plans addressing the scenario shown in the papers as 'pessimistic' until such time as more accurate information is known and the Committee can be updated.
3. That the Committee establish a Finance Sub-Committee for the 2020-21 municipal year:
- (a) to operate, as a formal sub-committee or working group as the sub-committee desires, with terms of reference identified at paragraph 1.5 of Part 3(B) of the Council's Constitution and key considerations as identified at Appendix 6;
 - (b) consisting of seven members of the Policy and Resources Committee, subject to politically balance; and
 - (c) be appointed by the proper officer upon receipt of the wishes of the Leaders of Political Groups in accordance with rules of the political balance

SUPPORTING INFORMATION

1.0 REASONS FOR RECOMMENDATIONS

- 1.1 The Council has a legal responsibility to set an annual balanced budget, which sets out how financial resources are to be allocated and utilised. In order to successfully do so, engagement with members, staff and residents is undertaken. The recommendations in this report inform that approach and act as a pre-cursor to budget proposals scheduled to be made to Full Council on 28 February 2022. Further to this, to assist the Committee to understand the processes that facilitate it being able to make informed decisions, the budget setting process and timeline is described in this report.
- 1.2 Failure to set a lawful budget in time may lead to a loss of revenue, significant additional administrative costs, as well as reputational damage. Failure to set a budget may lead to intervention from the Secretary of State under section 15 the Local Government Act 1999.
- 1.3 The scale of the financial challenge that the Council faces cannot be overstated. The short-term support afforded by government in the form of a capitalisation directive does not extend beyond 2021/22, reinforcing the requirement for an in-depth review of Council operations to enable considered and robust proposals to be made to Council in February 2022 for the 2022/23 budget allocation. This will require difficult decisions to ensure that a balanced budget can be presented. Regular Member engagement on the process, which this report forms part of, is considered essential for effective budget formulation.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 A report does not have to be provided to the Committee to outline activity at this stage, however it is considered appropriate to do so in order to ensure that the Committee has up-to-date information in respect of the financial context that the Council is operating within and set out the budget setting stages that are expected to follow; in order that the Committee can comment accordingly and reduce the risk that it will not have the relevant information required to make an informed decision in respect of budget proposals to Full Council.

3.0 BACKGROUND INFORMATION

- 3.1 As an introduction to the operational context across the Council, summary information on Directorate plans to support the Wirral Plan objectives have been set out as follows. These objectives are being undertaken to ensure future services are efficient and effective and can represent value for money and ensure only the most beneficial outcomes are resourced so that long-term financial sustainability can be achieved.

3.2 Adult Care and Health

- 3.2.1 Plans in place to support the Wirral Plan Active and Healthy Lives Theme; “Working for happy, active and healthy lives where people are supported, protected and inspired to live independently”, include the continued development of Extra Care Housing options, digital and technological solutions to care and support and new ways of working to manage demand by working differently with people who request support.
- 3.2.2 Extra Care Housing will help prevent more older people from moving into residential care and will delay the need for more intensive care and support options. The programme of development extends to adults with learning disability and provides people with accommodation appropriate to their needs including their own front door and on-site care accessible 24/7 and when they need it. Extra Care Housing developments present a care and support model that is value for money as well as being person centred and community focussed.
- 3.2.3 Technology Enabled Care and Remote Monitoring will enable more people to remain in their own home, to avoid unnecessary hospital admissions, and to be more in control of their day to day lives. This is extending to technology that can help people to monitor their long-term health conditions and have access to professional support when they need it. Technologies will also enable remote monitoring and support for older people at risk, for example due to falls or to needs linked to dementia. Such approaches can supplement or replace some aspects of other, more traditional, care and support arrangements and enabling people to remain as independent as they can.
- 3.2.4 Adult Care and Health are engaged in a programme of work, with partners, to have a different response to people requesting care and support services and to achieve a more person-centred approach. Work based on the concept of “The Three Conversations” will encourage social care staff to invest more time in understanding people’s needs and in finding creative solutions, rather than more traditional approaches.

3.3 Children, Families and Education

- 3.3.1 The Children’s Directorate are continuing on the improvement journey towards being good or outstanding, making schools central to planning and tackling difficult areas that may have been ignored previously, developing the projects that will deliver ground-breaking practice models whilst ensuring our core service models remain safe.
- 3.3.2 The substantive programmes/actions supporting this and linking to the financial position are:
- Preventive work (breaking the cycle and reducing demand) - a project board is being set up to review the performance, impact and outcomes of overarching “breaking the cycle” programs. These should contribute to ensuring that families can be supported early and that some demand can be managed within the community. Eight projects have been identified:
 - Cradle to career,
 - Drive,

- Pause,
- We Can Talk About Domestic Abuse,
- Family Nurse Partnership,
- Ways to Work,
- Addiction, Diversion, Disruption, Enforcement, Recovery (ADDER) and
- Get Real.
- Managing costs via residential accommodation projects - working towards increasing the availability of good quality local provision. A number of projects are progressing including extending an existing council provision, Willowtree; Transforming Care by purchasing and refurbishing a three-bed residential home with capital funding provided by NHS England and working with the Liverpool City Region to provide additional residential homes across the region including four homes in Wirral.
- Maximising our income - identifying and bidding for external grants when the requisite outcomes align with those of the Council's. There has been success in obtaining funding for a number of projects including the Drive, Cradle to Career and Pause programs in addition to capital funding for the residential home.
- Reviewing and renewing our contracts and internal services to achieve best value and ensure that the most cost effective and cutting-edge service is always delivered in addition to using benchmarking to inform strategic direction and monitoring of the services.
- School improvement and sufficiency strategies - these seek to strengthen partnership working and support for schools to drive improvements in the quality of education and education outcomes for children and young people. The School Improvement Strategy articulates a clear vision to develop a self-improving system in which schools support each other, brokered by the local authority to share best practice and implement change. The School Sufficiency Strategies will address surplus in school places whilst also understanding where demand for provision is higher than supply in order to ensure that there is equitable provision so that all children can be educated in their local communities.
- Special Education Needs and Disability (SEND) improvement strategy – this sets the direction and priorities for identifying and meeting needs and improving outcomes for children and young people with SEND. This is a partnership strategy, which drives changes and delivers actions across the local area so that the experiences of children and young people up to the age of 25 improve and they can lead independent and happy lives.

3.4 Law & Governance

3.4.1 New ways of working continue to be explored including the innovative use of technologies to better the democratic decision-making process and to support the Council's ambition for open and transparent decision-making. The Elections Team is preparing to respond to the outcomes of the Elections Bill. The Registrar Service is modernising the wedding booking system. Committee and Civic Services continue to work with providers such as Public 1 and Modern.Gov to ensure that the webcasting of Committee Meetings and the management and publication of agendas and reports is efficient and cost effective as possible.

- 3.4.2 Innovative developments such as the Member Portal continue to evolve. At the request of the Constitution & Standards Committee, officers will work with Members to undertake a review of the implementation of and continued operation of the Committee system to ensure it supports the delivery of the Wirral Plan objectives.
- 3.4.3 Legal Services continue to provide a full service provision of transactional and litigation services, directly and in development of an intelligent client model of sourcing external legal provision. Improving and delivery of the services are hampered, however, as a result of considerable difficulty in recruiting staff, with some areas carrying 60% vacancy rates and which are proving difficult to fill even with agency staff. This could pose a major risk for the council particularly in relation to providing legal support for all of the complex regeneration projects the Council has embarked upon. A procurement exercise has been undertaken to secure an external Strategic Legal Partner to support the development of a regeneration 'triage' service and to manage the procurement of external legal representation for the larger more complex projects. A procurement exercise is also underway for a new legal case management system to modernise business processes and improve efficiency.
- 3.4.4 During lockdown there was a reduction in applications for licences which resulted in a loss of income for the Licensing Service. However, staff within the Licensing Team were busy working closely with colleagues across the regulatory services undertaking Covid enforcement work. Since the end of lockdown and the easing of restrictions there has been a steady increase in licensing applications being received and a review of the Licensing Service is being undertaken.

3.5 Neighbourhood Services

- 3.5.1 The Neighbourhoods Directorate is currently working on several strategic programmes and initiatives, which continue to modernise and evolve the services for residents and visitors to the borough. Collectively, these programmes are expected to reduce the overall cost base, increase income across the group of services, ensuring that community's needs are met through innovative and appropriate provision.
- 3.5.2 From 2021/22 onwards the focus is on recovery and renewal, as COVID-19 severely impacted income received by a number of services within the Directorate. In both the 2020/21 and 2021/22 financial years, the aim has been to proactively raise the profile of services offered through increased marketing and awareness campaigns, improving the online service offer, and in doing so striving to attract new customers and expand the range of income generating services on offer.
- 3.5.3 A new Library Strategy and Operating Model will be implemented following consultation and approval and will shape the future of the library services across the borough.
- 3.5.4 Other key strategic developing documents include the new Sport & Physical Activity Strategy and Facilities Masterplan, Playing Pitch Strategy and Future of Golf, these will determine the future operating model for leisure provision and will influence and increase the impact on improving the health and social outcomes for our residents.

Catering provision at key sites will also be reviewed and improved with emerging new offers to encourage a growing customer base.

- 3.5.5 In addition to this, a Directorate wide review is underway with the aim of maximising income generating opportunities and providing a more efficient service to residents.
- 3.5.6 The Highways and Infrastructure service has been able to bid into a new City Region Sustainable Transport Settlement process over an increased five-year programme for transport and maintenance capital grant funding and is procuring term service contracts to align with this, which should generate efficiency savings. It will also enable longer-term programmes to be reported to Committee in 2022 which will include more detailed evidence for officers' recommendations and suggested prioritisation.
- 3.5.7 The Directorate continues to explore imaginative and innovative ways to deliver the service, including the use of recycled materials and the use of digital technology. All of the newly commissioned highway contracts aim to recycle 100% of any waste materials, which supports the Climate Emergency agenda. Contracts include mechanisms for monitoring waste from highway works and the use of reduced temperature materials is being explored to undertake the resurfacing road work programme; lowering the temperature of these works contributes towards lowering the Council's carbon footprint. New digital methods are being explored for highway condition surveys, including enabling video technology to be used for assessing road conditions.
- 3.5.8 A key aspect of the improvement agenda in respect of service provision relates to enhancing the monitoring and collection of data, performance measures, customer services and communications messaging, which includes the development of performance dashboards, in order to deliver continuous service improvement through review and action points.
- 3.5.9 The Directorate is working with Regeneration and Place colleagues on technical approval and design support to help deliver the planned major infrastructure developments which will enable the Wirral Plan themes and overarching objective of equality for people and place to be delivered.
- 3.5.10 A review of the Council's fleet of vehicles is being undertaken, which will support the climate emergency agenda; the aims of which will be to rationalise operations and deliver an energy efficient approach that lowers the Council's carbon footprint and is more cost effective.
- 3.5.11 There is a commitment to develop infrastructure for domestic (street level) electric vehicle charging points and a pilot has commenced that utilises streetlighting columns. This pilot will inform the strategy for electric vehicle charging facilities across the borough.
- 3.5.12 The council is also focused on a major tree planting scheme and other biodiversity initiatives, which will create significant carbon capture, supporting the Council's carbon reduction commitment.

3.5.13 There are potential pressures currently and in future years, for example there may be a significant increase in waste costs, driven by an overall increase in household waste due to COVID-19 lockdown restrictions in 2020/21. In addition to this there may be increased pressure on the service due to a rise in demand for cleansing, waste collection and enforcement officers. This has been driven by an increase in footfall at coastal locations and parks across the borough since COVID-19 restrictions were put in place in March 2020. These additional costs are currently being funded from additional COVID-19 support, however costs are likely to continue into late 2021 and early 2022 when the position of any future covid funding remains uncertain. Budget pressures remain as a result of delays to introducing parking charges into new locations, which will continue into 2022/23. There continues to be turbulence in both expenditure and income budgets, for example leisure centre income, events and catering income due to COVID-19 impacts. The service will endeavour to manage these pressures and continue to monitor the situation in order that all available steps to mitigate matters will continue to be taken; any pressures that cannot be mitigated within the service's budget envelope will be highlighted through the annual financial monitoring process and addressed within the medium-term financial plan.

3.6 Regeneration & Place

3.6.1 Regeneration and Place have developed a comprehensive regeneration programme focussed on the East of the Borough and in particular on Central Birkenhead. This will deliver on the areas housing needs, as well as making a contribution towards future commercial needs. The Local Plan is due to be submitted in Winter 2021 which has led to the development of strategies to enable the delivery of this ambitious programme. In particular it will make use of Brownfield sites in Central Birkenhead for residential developments that in turn will increase Council Tax income.

3.6.2 Currently, there is over £90m of public funding secured, and a further £140m in application, to be spent over the next four to five years, leveraging over a billion pounds in private sector resources.

3.6.3 In order to deliver on the Local Plan and the ambitious regeneration programme, the Regeneration and Place Directorate is undergoing a restructure to ensure it can deliver these ambitious plans.

3.6.4 The Birkenhead Commercial District, which starts on site in October 2021, will generate significant Business Rates by 2025 when it becomes fully operational, thus contributing to Council funding in support of addressing the financial challenges being faced.

3.6.5 In order to fund the revenue requirements to deliver the Regeneration Programme an exercise is underway to quantify the resource needs over a three-year period, which it is anticipated will be funded from existing revenue budgets and capitalisation of posts within the Directorate.

3.7 Resources

- 3.7.1 Modernisation and improvement plans continue to progress, which will affect operations across the organisation, in line with the support services comprised within the Directorate.
- 3.7.2 The SmartBusiness project will modernise, standardise and centralise the council's core systems; the outcome of which will see, along with other council systems, the 1Business Enterprise Resource Planning (ERP) system replaced. These systems are effectively the organisation's central nervous system, used across all employee groups. The project will affect and benefit the whole organisation by increasing the efficiency and effectiveness of operations, standardising our internal processes and reducing time spent by staff on processing tasks.
- 3.7.3 The Directorate has worked with the Chartered Institute of Public Finance and Accountancy (CIPFA) to carry out an interim assessment of the medium-term financial plan (MTFP) and a high-level review of the cost of the services the Council provides.
- 3.7.4 The adoption of automation and the modernisation of services through digitalisation has started across the Council with the expansion and acceleration of activity currently being explored. Automation and digitalisation will support the streamlining of internal and external processes, as well as modernising how residents and businesses interact with the Council. Through the Change Programme all service areas will be reviewed and, where necessary, appropriate processes and procedures updated through the use of automation and digitalisation.
- 3.7.5 Scoping activity and business case development for a number of new transformation and change programmes is underway. These programmes represent an opportunity to secure improved outcomes for residents in line with the 2021-26 Wirral Plan priorities, improved efficiency in terms of service delivery and delivery of required savings. In support of this, work is underway to understand current costs and working practices across Council activity. In time, and following appropriate engagement, options for the future Council operating model will be presented, including ways of working and supporting technology architecture.
- 3.7.6 The remobilisation of Council services continues as we enter a new phase of Covid-19. Some asset-based services will require further investment to restore previous capacities and/or enable pre-Covid activities. A review of the estate is progressing, and this will inform investment cases. The recovery support to businesses and communities impacted by the pandemic is led through a distinct programme, elements of which draw on the Contain Outbreak Management Funding (COMF) and/or other relevant criteria-based funding.
- 3.7.7 An integrated network is being developed that will consolidate CCTV, traffic management and IT services onto a single resilient network. The integrated network will provide both fibre and cellular connectivity and will provide a saving against running individual networks.
- 3.7.8 Work continues in implementing a new data platform to support developments in Business Intelligence which will help deliver better outcomes for our residents.

3.7.9 The development of the 'MyWirral' account continues with an increasing number of online services being accessed through the account. The number of new accounts also continues to increase on a month-by-month basis.

3.7.10 The Council's People Strategy is being refreshed which will set out a programme of workforce change over the next three years. There are significant pressures on support services within the Directorate in developing the full range of change programmes with workforce implications. This includes the development of a new human resources (HR) policy framework to support the Council in the move to a hybrid working model and rationalisation of our estate.

3.7.11 Other priorities that require significant support from HR and Organisational Development include:

- Migration of the HR/Payroll system into the cloud and preparation for the next iteration of system operations incorporating integration with other Council systems
- The implementation of a new Learning experience Platform for staff training
- The continued implementation of a Health and Safety Improvement Plan

3.8 Approach to budget setting

3.8.1 The Policy & Resources Committee is responsible for co-ordinating processes for the development of the Budget and Policy Framework, together with decision making on cross-cutting policies not part of the Policy Framework. The Policy and Service Committees are responsible for those services being delivered under their operational headings within their annual budget envelope. 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.

3.8.2 Against the backdrop of the improvement measures being implemented, as noted in the earlier parts of section 3, budget setting activity has been undertaken in line with the recommendations accepted by the Committee in June 2021, which built upon the approach outlined in March 2021.

3.8.3 The Senior Leadership Team (SLT) has met regularly to discuss the budget setting process, budget proposals, the budget gap that the Council faces and the associated uncertainty on funding as well as the engagement process with Members through budget setting workshops.

3.8.4 The Chartered Institute of Public Finance (CIPFA) were engaged by the Director of Resources to support progress on developing robust business cases for budget proposals, to provide an additional level of scrutiny and external insight to matters.

3.8.5 Twelve budget workshops have been convened to enable officer and member liaison on proposed budget options, in order to facilitate discussion and allow direction to be obtained on further analysis to be undertaken and alternative proposals to be considered. The five-year medium term financial plan (MTFP) produced to satisfy the

requirement of The Ministry of Housing, Communities and Local Government (MHCLG) (now known as The Department for Levelling Up, Housing and Communities (DLUHC)) for exceptional financial support, formed the basis of budget workshop discussions. Consideration has been given as to whether the proposals included in the MTFP for the 2022/23 budget, and beyond, are to be taken forward or whether they are to be replaced by alternative proposals that the committees will recommend.

- 3.8.6 A number of service committees have convened multiple workshops to progress matters.
- 3.8.7 The outcomes of these workshops are to be reported to meetings of those committees (in November) and will in turn be communicated to the Policy & Resources Committee (in December).
- 3.8.8 Details of the government's comprehensive spending review, which will outline funding implications for local government, is expected at the end of 2021. The outcome of the review will provide clarity on the funding assumptions currently in place, which in turn will demonstrate the specific funding gap that the Council will need to bridge as part of the budget proposals to be considered.
- 3.8.9 The impact of the government's comprehensive spending review on the Council's financial assumptions will be taken into account, along with feedback from the consultation process and the budget proposals developed through the Service Committee and Policy & Resources Committee (P&R) workshop approach to present a robust position on financial matters to be considered in formulating a budget proposal to Full Council. Further details of the key milestones associated with the 2022/23 budget setting process is shown at Appendix 1, which illustrates the proposed timetable for budget setting.
- 3.8.10 In order to assist in the process of budget setting, following a recommendation agreed at the Policy and Resources Committee in March to convene a P&R joint working finance subgroup; it is recommended in this report that the Finance Sub-committee is formally established of seven Members of the Policy and Resources Committee, which is politically proportionate with three Labour Party, two Conservative Party, one Liberal Democratic Party and one Green Party Member. The purpose of this group would be to facilitate an agile and swift approach to delivering oversight and feedback on the budget setting process, giving consideration to a range of potential scenarios in respect of funding and pressures in support of P&R's responsibility to develop proposals for the annual budget. In doing so, savings proposals, income, financial pressures and potential growth items would likely be discussed as would a review of reserves, with the aim of providing early member engagement on matters, which it is envisaged will strengthen the budget setting process. The Terms of Reference for the Sub-Committee to be agreed are included in Appendix 6.
- 3.8.11 The activity outlined previously in 3.8, illustrates the various strands of activity that have been/will be undertaken to facilitate the proposal of an annual budget for the Council to consider in its deliberations for setting a budget for 2022/23.

- 3.8.12 Policy & Resources Committee budget recommendations will be proposed in February 2022 in respect of the agreement of the annual Budget, setting of the council tax requirement and related matters to the Council, which will be debated by Full Council and voted upon by a simple majority. Appendix 2 sets out the process for the submission of any amendments to the Policy & Resources Committee's budget proposal, inclusive of fixed deadlines.
- 3.8.13 The approach to budget setting outlined above, will support the Council in ensuring that CIPFA's Financial Management Code (FM Code) is complied with, in particular in relation to Section 4 of the FM Code – The Annual Budget.
- 3.8.14 The FM Code requires the Council to demonstrate that the processes they have in place satisfy the principles of good financial management, based on the following six principles:
- Organisational Leadership – demonstrating a clear strategic direction based on a vision in which financial management is embedded into organisation culture.
 - Accountability – based on Medium-Term Financial Planning, that derives the annual budget process supported by effective risk management, quality supporting data and whole life costs.
 - Financial management - undertaken with transparency at its core using consistent, meaningful and understandable data, reported frequently with evidence of periodic officer actions and elected member decision making.
 - Professional standards - Adherence to professional standards is promoted by the leadership team and is evidenced.
 - Assurance - sources of assurance are recognised as an effective tool mainstreamed into financial management, including political scrutiny and the results of external audit, internal audit and inspection.
 - Sustainability - The long-term sustainability of local services is at the heart of all financial management processes and is evidenced by prudent use of public resources.

3.9 Budget assumptions

- 3.9.1 Section 25 of the Local Government Act 2003 requires that when a local authority is considering its Budget and setting its Council Tax for the forthcoming financial year, in the preparation of the budget the Chief Financial Officer (s.151 officer) reports on:
- a) the robustness of the estimates made for the purposes of the Council Tax requirement calculations
 - b) the adequacy of the proposed financial reserves allowed for in the budget proposals.
- This forms part of the statutory advice from the Section 151 officer to the Council in addition to their advice throughout the year.
- 3.9.2 Section 25 of the Local Government Act 2003 also requires Members to have regard to this in making their decisions in relation to the budget and the setting of council tax for the financial year ahead.

- 3.9.3 In preparing the Budget and Medium-Term Financial Plan processes are in place to ensure that the budget is robust, achievable and sustainable and that services can be delivered within the anticipated available funding.
- 3.9.4 Ahead of the details of the government's finance settlement, expected to be released in December, which will inform the Council's funding position, and whilst budget proposals continue to be developed by Service Committees, a range of assumptions have been produced in respect to financial matters.
- 3.9.5 The table below summarises a range of scenarios across optimistic, mid-ground and pessimistic budget headings. Appendix 3 illustrates further detail.

2022-23 BUDGET POSITION

	2022/23 Budget Risk Position		
	Pessimistic £m	Mid-point £m	Optimistic £m
TOTAL FUNDING	-311.43	-323.01	-325.87
INITIAL BUDGET REQUIREMENT FOR 2022/23	329.40	329.40	329.40
Total one-off savings from 2021/22	7.51	7.51	7.51
Total one-off pressures from 2021/22	-14.06	-14.06	-14.06
Total known pressures	29.90	22.51	16.41
INITIAL BUDGET GAP	41.32	22.35	13.39
Total savings options	-10.48	-12.21	-13.93
REVISED BUDGET GAP	30.84	10.14	-0.54

- 3.9.6 In order to produce the range of budget situations summarised above, a number of assumptions have been made across the three scenario headings, details on the funding assumptions are included as Appendix 4.
- 3.9.7 With a potential revised budget gap in excess of £30m, the current level/breadth of services provided by the Council is not considered feasible and viable for continuance, hence the requirement to continue to develop a number of potential budget proposals via the policy and service committees to ensure this gap can be closed.
- 3.9.8 Topics and service areas that form part of the budget proposals and that are currently being considered by the Policy and Services Committees are shown in Appendix 5.

3.10 Budget consultation

- 3.10.1 To support a legal, transparent, and inclusive budget-setting process a budget consultation will be undertaken that involves residents and stakeholders.

3.10.2 Budget Consultation will be an enabling, community participatory exercise focussing on the need to set a legal budget in light of resident priorities.

3.10.3 The objectives of the consultation are to:

- Achieve a proportionate balance of responses which accurately reflects stakeholder make up
- Ensure external coverage is balanced in tone and content, with inaccuracies challenged
- Ensure residents and stakeholders understand the scale of the budget challenge, and feel able to contribute their views
- Provide an engagement plan that will:
 - allow residents to contribute strategically about what's important to them and their community
 - address the difficult budget choices/decisions that must be taken.

3.10.4 The public consultation will run for just over six weeks, from 2nd November to 19th December. As well as providing details of the financial challenges the Council currently face, it will seek feedback on respondent priorities for council services and ask what is important to individuals and their community.

3.10.5 To ensure the budget decision making reflects the views of all residents, businesses, and stakeholders, including Council staff and partners, feedback will be sought through a variety of channels and methods.

3.10.6 **“Have Your Say” Portal (HYSP):** The key platform for the consultation, the HYSP will provide a consultation hub which will include a Budget Booklet, Frequently Asked Questions and an Easy Read Version of the consultation. Online tools will also be available to facilitate engagement. These include an online survey, ideas board and guestbook. Respondents can also request paper copies of the survey, including an easy read version, or submit additional comments via a dedicated email address, which will be published on the portal alongside the online tools.

3.10.7 **Budget Booklet:** Based on the themes of the Wirral Plan and aligned with the committee structure, the booklet will set the financial context and provide sufficient detail for respondents to make an informed representation. The aim of the document is to maximise awareness of the key issues and encourage engagement with the consultation.

3.10.8 **Survey:** The consultation questionnaire will be developed to enable stakeholders to record their feedback and opinions on how the council budget could be allocated, and savings made according to their priorities and what matters to them most. In addition, and in order to enable further understanding, respondents will also be invited to provide free text comments to expand on their ideas or concerns.

3.10.9 **Social & Digital Media:** A major social and digital media sub campaign will be carried out to include regular messaging, targeted demographical and geographical communications, resident e-newsletters, and regular theme specific stories, linking with the narrative and urging residents and stakeholders to take part in the consultation.

3.10.10 **Virtual Events:** In acknowledging that not all residents and stakeholders will feel comfortable in attending public events, virtual on-line question time sessions will be arranged. As well as an event for residents, businesses, stakeholders, etc, a separate session will be scheduled for council staff. In addition to live questions that can be submitted throughout the sessions, questions from the HYSB Guestbook will also be addressed.

3.10.11 **Internal:** In addition to the staff question time as detailed above, a specific area will be set up on the council's new Intranet Platform. This is to include opportunity for questions, feedback, and ideas, as well as reciprocal links to the HYSB. Regular staff briefings, member engagement, exec view messages and specific sessions for our harder to reach staff are also planned.

3.10.12 A full post consultation report will be made available and will include:

- Detail of all reactive and proactive media coverage
- Summary of external and internal FAQs and stakeholder feedback
- Qualitative feedback provided from ideas board, consultation email channel and Q&A sessions
- Resident/ Staff ideas
- Qualitative and quantitative feedback from resident/ staff survey
- Feedback and opinions of our specific and HTR audiences
- Member/ MP feedback
- Social media:
 - Qualitative - comments
 - Quantitative - shares, engagement, impressions, sentiment

3.11 Financial Strategy

3.11.1 A revised Medium Term Financial Strategy (MTFS) is currently being developed, which will represent a core document in our financial planning activity, linking the Wirral Plan in the delivery of our long-term objectives. A different approach is being adopted than in previous years, with the aim of producing the strategy further in advance of the forthcoming financial year and with a greater emphasis on what will be required to address the significant financial challenges that the Council is facing in order to deliver sustainable operations across the medium-term.

3.11.2 The MTFS will link Council policies to the organisation's financial context via the Capital Programme and Treasury Strategy, through to the annual budget and the Medium-Term Financial Plan (MTFP). Its aim is to consolidate the considerations that form the financial position of the Council including its financial sustainability and resilience over the medium term in the deliverability of the Wirral Plan. Objectives and policies are balanced against resource constraints as part of the decision-making process required in financial planning to ensure that only beneficial outcomes are resourced.

3.11.3 This document will ensure that the budget is prepared in line with strategic aims, the Wirral Plan and Council priorities, covering a period of five years.

3.11.4 The MTFs is intended to provide a robust, consistent and sustainable approach to establishing and maintaining a stable and prudent financial basis on which Wirral Council's services can operate. It sets out a broad framework for the Council's future budget and a proposed approach to budget planning. The Council is facing a difficult financial future. Setting budgets will be challenging and will require tough choices to be assessed and difficult decisions to be made. This is not specific to Wirral, as all other Councils across the country are assessing the services they provide to ensure that only functions that generate the most beneficial outcomes are resourced. In the period 2022-2027, the Council faces continued financial constraints alongside opportunities and uncertainties in respect of the Government's levelling-up agenda.

3.11.5 In developing the MTFs, it is recommended that the following guiding principles are implemented to inform the budget setting process, in that the Council will:

- a) Set fees and charges commensurate with a going market rate for the services we provide and make concessions available for vulnerable groups.
- b) Set spending levels for services not higher than the Metropolitan average to ensure we can demonstrate value for money for resident funding, unless there are exceptional circumstances.
- c) Ensure a digital first approach and review all services to ensure we are making full and immediate use of digital capacity and automation.
- d) Ensure that our non-statutory services are not subsidised at the detriment of statutory services, unless an evidenced return on investment is demonstrated.
- e) Ensure our establishment is at the required level for the services we need to provide and where it needs to be reduced, we will attempt to redeploy staff or provide opportunities for staff to exit the organisation voluntarily before making any compulsory redundancies.
- f) Only allocate resources to the themes in the Wirral Plan and where beneficial outcomes can be evidenced.
- g) Provide opportunities for communities to engage in where we allocate our resources whilst being clear and realistic about affordability.
- h) Consider a range of delivery mechanisms for providing services appropriate to the most beneficial outcomes for communities.
- i) Aim to promote and stimulate strong and sustainable growth to generate future income flows.
- j) Support trusted partners by leveraging external funding and, within risk-based controls, use the Council's covenant strength to enable regeneration.
- k) Within 2 years build up and maintain its general fund balances at 5% of its net revenue budget and will maintain a suite of earmarked reserves that will be used for specific projects to support the key priorities and safeguard against financial risk.
- l) Not use any one-off Council funding to underpin the revenue budget.
- m) Recognise the impact of council tax increases on the public and consider this alongside the annual budget setting process.
- n) Ensure that expenditure is contained within the budget envelope and where unforeseen circumstances result in a risk that expenditure will exceed the budget envelope, produce immediate plans to bring it back in line.

4.0 FINANCIAL IMPLICATIONS

- 4.1 This report provides the Committee with an update on recent budget setting activity and describes the context in which the budget for 2022/23 is being set, where a prudent approach is being undertaken to develop budget proposals amidst an uncertain financial landscape.
- 4.2 A range of financial scenarios have been set out for the Committee's consideration however the recommendation to plan for a pessimistic position is in line with this prudent approach and seeks to deliver on CIPFA's Financial Management code by giving due regard to its principles and requirements in respect of budget setting activity.
- 4.3 Delivering financial sustainability is vitally important for the Council, with the capitalisation directive aspects of recent years reinforcing the need to develop a revised approach to operations, in order that any future crisis situation can be managed within available resources. This is reflective of comments made by Grant Thornton, the Council's external auditor, who noted as part of their value for money review during the audit of the 21/20 accounts, "We note that the capitalisation directive will only provide support to the Council for 2020/21 and 2021/22. As such, the Council needs to ensure that it delivers against its revised MTFs. It will need to put in place clear plans to reduce its future recurring service expenditure and move to a balanced revenue position that does not rely on reserves".
- 4.4 Budget plans incorporate the approach of increasing general fund balances, which is considered a key aspect of delivering financial sustainability in a manner that is commensurate with the Council's aims of protecting the residents of the borough through their ability to access valuable services. To facilitate this requires that limited financial resources are targeted effectively to provide the most beneficial outcomes and similarly ceasing and/or reducing services that do not best serve the local population.
- 4.5 The Council delivers both statutory and non-statutory services at present – the requirement to eliminate subsidies provided to non-statutory services is considered to be a key requirement in delivering value for money and ensuring that finite resources are targeted on beneficial outcomes.

5.0 LEGAL IMPLICATIONS

- 5.1 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 11th 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 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 agreed savings are delivered and that new expenditure is contained within the available resources. Accordingly, any proposals put forward must identify the realistic measures and mechanisms to produce those savings.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

- 6.1 At this time, there are no additional resource implications. However, where the budget is unbalanced and further proposals are required, then there may 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 is dependent on a proactive approach due to estimated figures being provided in the calculation for the budget, albeit the best estimates available at the time, plus any amount of internal and external factors that could impact on the budget position in year. Examples of which are new legislation, increased demand, loss of income, increased funding, decreased funding, inability to recruit to posts, ongoing impact of the pandemic, etc.
- 7.2 A robust monitoring and management process for the budget is in place. If at any time during the year an adverse position is forecast, remedial action must be agreed and implemented immediately to ensure the budget can be brought back to balanced position.
- 7.3 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 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.
- 7.5 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.

- 7.6 A balanced MTFP is fundamental in demonstrating robust and secure financial management. Delivering a balanced position requires continual review and revision of plans to allow alternative financial proposals to be developed and embedded in plans as situations change. A delay in agreeing these may put the timetable for setting the 2022/23 budget at risk and may result in a balanced budget not being identified in time for the deadline of 11 March 2022.
- 7.7 Assumptions have been made in the current budget outlook for income and funding from business rates and council tax and social care grants as the main sources of funding. If there is an adverse change to these assumptions as a result of the 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.
- 7.8 Sections 25 to 29 of the Local Government Act 2003 impose duties on the Council in relation to how it sets and monitors its budget. These provisions require the Council to make prudent allowance for the risk and uncertainties in its budget and regularly monitor its finances during the year. The legislation leaves discretion to the Council about the allowances to be made and action to be taken.

8.0 ENGAGEMENT/CONSULTATION

- 8.1 Consultation has been carried out with the Senior Leadership Team (SLT) in arriving at the governance process for the 2022/23 budget setting process. SLT have overseen the production of the budget scenarios laid out in this report.
- 8.2 The report sets out recommendations in respect of engagement with local residents and businesses in respect of the budget setting process.

9.0 EQUALITY IMPLICATIONS

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

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

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

11.0 COMMUNITY WEALTH IMPLICATIONS

11.1 This report has no direct community wealth implications however the budget proposals under consideration should take account of related matters across headings such as the following:

- **Progressive Procurement and Social Value**
How we commission and procure goods and services. Encouraging contractors to deliver more benefits for the local area, such as good jobs, apprenticeship, training & skills opportunities, real living wage, minimising their environmental impact, and greater wellbeing.
- **More local & community ownership of the economy**
Supporting more cooperatives and community businesses.
Enabling greater opportunities for local businesses.
Building on the experience of partnership working with voluntary, community and faith groups during the pandemic to further develop this sector.
- **Decent and Fair Employment**
Paying all employees a fair and reasonable wage.
- **Making wealth work for local places**

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APPENDICES

APPENDIX 1 – BUDGET SETTING MILESTONES
APPENDIX 2 – PROCESS AND DEADLINES FOR BUDGET AMENDMENTS
APPENDIX 3 – DETAILED ASSUMPTIONS FIGURES
APPENDIX 4 – DETAILED FUNDING ASSUMPTIONS NARRATIVE
APPENDIX 5 – BUDGET PROPOSAL WORKSTREAMS
APPENDIX 6 – P&R BUDGET SUB-COMMITTEE

BACKGROUND PAPERS

MHCLG Exceptional Financial Support Offer Letter
CIPFA's Financial Management Code

SUBJECT HISTORY (last 3 years)

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

APPENDIX 1 – BUDGET SETTING MILESTONES

MONTH	ACTIVITY
June to September	<ul style="list-style-type: none"> • Policy & Resources Committee (P&R) agreed approach to budget setting (9th June 2021) • Budget workshops commenced to identify savings/income/reductions in pressures for 2022/23 (26th July 2021 onwards)
October	<ul style="list-style-type: none"> • P&R 2022/23 Pre-Budget Report (25th October) • Ongoing budget service committee workshops (leading to budget setting outcomes reports) • Chancellor's Autumn Statement – indication of how resources to be aligned (27th October 2021)
November	<ul style="list-style-type: none"> • Undertake budget consultation (2nd November 2021, subject to approval) • P&R budget Sub-committee initiated (subject to approval) • Budget setting workshop activity - outcomes report - for consideration of Service Committees & P&R • Collation of budget proposals for potential incorporation within 2022/23 budget options
December	<ul style="list-style-type: none"> • Annual government finance settlement • Service Committees & P&R - Business Case Development/ Validation • P&R Committee meeting (15th December 2021)
January	<ul style="list-style-type: none"> • Report to P&R to provide an update on budget assumptions and the budget gap (13th January 2022)
February	<ul style="list-style-type: none"> • P&R recommend 22/23 Budget to Council (15th February 2022) • Budget Council - 2022/23 - budget approval (28th February 2022)
March	<ul style="list-style-type: none"> • Budget amendments - if 22/23 not approved by February full Council • Reserve Council Meeting - budget approval (7th March 2022)

APPENDIX 2 – PROCESS AND DEADLINES FOR BUDGET AMENDMENTS

- A. Any elected Member may put forward to the Council any amendments to the Policy & Resources Committee's budget proposal. Members should not put forward any proposal, however, that would mean setting an unlawful budget and they must take advice from officers to ensure their proposals are in order. To this end any amendments put forward must be evaluated by the Chief Finance Officer (s.151) and Monitoring Officer, or officers appointed by them for the purpose, to determine the service, financial and legal implications of implementing those proposals. The Chief Finance Officer will seek to give to the elected Member putting forward the amendment, and discuss with them where appropriate, the affect that those proposals will have on the on the robustness of the estimates made for the purposes of the Budget calculations and the adequacy of the proposed financial reserves (The Chief Finance Officer's duty to report to Council under s25 of the Local Government Act 2003).
- B. For this purpose, the intended amendments to the Policy & Resources Committee's budget proposals are required to be submitted to the Chief Finance Officer by no later than 9 am five (5) calendar days before the Council Budget Setting Meeting, excluding the day of the meeting itself (the meeting is currently scheduled for 28 February 2022).
- C. The amended proposals, once received by the Chief Finance Officer, will be held confidentially by officers and not shared with other political parties, with the exception that any amendments received for an elected Member who is part of a Group will be shared with the relevant Group Leader. All amended proposals will be considered by finance services officers by no later than 12 noon three (3) calendar days before the day of the Council meeting, excluding the day of the meeting itself. The Chief Finance Officer and Monitoring Officer will confirm the legality and impact of all proposed amendments. Any that in the Monitoring Officer's opinion are unlawful shall be rejected.
- D. All proposed amendments will be shared with all elected Members, by email, by the Chief Finance Officer by 5pm three (3) calendar days before the Council meeting, excluding the day of the meeting itself.
- E. Following a period for negotiation, any alterations to proposed amendments, will be allowed up to 9am on the day of the meeting, provided they do not have substantial impact and are agreed with the Chief Finance Officer.
- F. By noon on the day of the Council meeting Democratic Services Officers will circulate the Procedure for the Budget Decision Meeting at Council agreed by P&R Committee and copies of all remaining proposed amendments to all Members of the Council, by email, in case any have been withdrawn.

APPENDIX 3 – DETAILED ASSUMPTIONS FIGURES

2022-23 BUDGET POSITION

	2022/23 Budget Risk Position		
	Pessimistic £m	Mid-ground £m	Optimistic £m
FUNDING			
Business Rates			
Business Rates base	-72.30	-72.30	-72.30
Inflation	-1.16	-1.74	-2.17
Properties	-0.14	-0.28	-0.38
Section 31 Grant	-11.67	-12.39	-12.46
Top up Grant	-34.30	-34.30	-35.09
BCF	-18.80	-19.10	-19.10
Council Tax			
Council Tax Base	-156.70	-156.70	-156.70
Additional Properties	-0.57	-0.86	-1.15
Inflation	-1.55	-3.12	-4.70
Adult Social Care Precept	0.00	-3.21	-4.88
Other			
Collection Fund (surplus) / deficit	4.04	3.04	2.04
Local Council Tax Support Grant	-2.56	-3.00	0.00
NI reimbursement Grant	-1.44	-1.44	-1.38
NHB	-0.07	-0.07	-0.07
Social Care Grant	-11.26	-14.60	-14.60
Lower Tier Funding	0.00	0.00	0.00
Covid-19 funding (T5)	0.00	0.00	0.00
Capital Receipts	-2.93	-2.93	-2.93
Capitalisation Directive	0.00	0.00	0.00
TOTAL FUNDING	-311.43	-323.01	-325.87
INITIAL BUDGET REQUIREMENT FOR 2022/23	329.40	329.40	329.40
Removal of one-off items from 21/22:			
<u>Savings</u>			
Wirral Growth Company Joint Venture income	1.38	1.38	1.38
Bad debt write-off reduction	1.00	1.00	1.00
Suspension of Individual Member Ward budgets	0.20	0.20	0.20
Targeted & discretionary Environmental enforcement	0.08	0.08	0.08
Ongoing temporary Library Covid-19 efficiencies	0.10	0.10	0.10
Ongoing temporary Leisure Covid-19 efficiencies	0.10	0.10	0.10
Pause re-opening of Woodchurch Leisure Centre	0.32	0.32	0.32
Closure of Europa Pools	0.25	0.25	0.25
Alternative funding for PFI	0.25	0.25	0.25

Local Welfare Assistance temporary saving	0.20	0.20	0.20
Use of Brexit reserve	0.10	0.10	0.10
Additional capital receipts	0.39	0.39	0.39
Sales, Fees and Charges Compensation - Highways	0.36	0.36	0.36
Sales, Fees and Charges Compensation - Leisure	1.95	1.95	1.95
Sales, Fees and Charges Compensation - Planning	0.05	0.05	0.05
Sales, Fees and Charges Compensation - Resources	0.77	0.77	0.77
Total one-off savings from 21/22	7.51	7.51	7.51

Pressures

Sales, Fees and Charges Shortfall - Highways	-1.10	-1.10	-1.10
Sales, Fees and Charges Shortfall - Leisure	-6.00	-6.00	-6.00
Sales, Fees & Charges Shortfall - Planning	-0.10	-0.10	-0.10
Sales, Fees and Charges Shortfall - Resources	-1.63	-1.63	-1.63
Sales, Fees and Charges Shortfall - Legal	-0.15	-0.15	-0.15
Homelessness	-1.00	-1.00	-1.00
Destination Marketing Match funding	-0.08	-0.08	-0.08
Sen Transport	-0.50	-0.50	-0.50
Ask us Wirral	-0.08	-0.08	-0.08
ERP revenue costs	-0.08	-0.08	-0.08
Social Care Grant reserve for 2021/22 pressures	-3.34	-3.34	-3.34
Total one-off pressures from 21/22	-14.06	-14.06	-14.06

REVISED BUDGET GAP **11.42** **-0.16** **-3.02**

ADD KNOWN PRESSURES/ GROWTH

Pay increase	4.90	4.90	4.34
National Insurance increase (1.25%)	1.44	1.44	1.38
Pension Increase	-1.90	-1.90	-1.90
Increase General Fund Balances	5.80	2.50	2.50
Changes to investment risk	1.00	1.00	0.00
Capital financing costs	3.62	3.24	2.46
Merseytravel Levy	1.99	1.00	0.00
Waste Contract annual inflation	0.31	0.31	0.31
Waste Levy	2.66	1.43	0.20
Coroners	0.05	0.05	0.05
CYPE: Residential placements price inflation	0.67	0.40	0.27
CYPE: Independent Foster Care price inflation	0.21	0.15	0.05
CYPE: Allowances inflation	0.33	0.22	0.17
CYPE: PFI Contract Inflation	0.30	0.19	0.06
CYPE: PFI Closed Site (Kingsway)	0.69	0.49	0.29
CYPE: DSG Contribution to historic commitments	0.11	0.11	0.00
CYPE: Assisted Travel inflation	0.12	0.08	0.03

ASC: Demographic Growth (OP & LD)	2.40	2.40	2.40
ASC: Care Cost demand pressures	4.30	3.60	3.00
ASC: Specialist Fee rate increases	0.40	0.40	0.30
ASC: Contract Increases (WCFT & CWP)	0.50	0.50	0.50
Total known pressures	29.90	22.51	16.41
Other pressures to consider:			
Energy costs / gas prices	TBC	TBC	TBC
Coastal Plan	TBC	TBC	TBC
REVISED BUDGET GAP	41.32	22.35	13.39
Total proposed savings being considered	-10.48	-12.21	-13.93
REVISED BUDGET GAP	30.84	10.14	-0.54

APPENDIX 4 – DETAILED FUNDING ASSUMPTIONS NARRATIVE

Funding	2022/23 Budget Risk Position		
	Pessimistic	Mid-ground	Optimistic
Business Rates			
Business Rates base	As per 21/22 total	As per 21/22 total	As per 21/22 total
Inflation	2.1% as per Consumer Price Index May/July	2.4% as per Consumer Price Index June	3.0% as per Consumer Price Index August
Properties	50% of additional properties from model are complete	As per modelling	Additional 33% over modelled (allowing for more properties, too cautious approach previously)
Section 31 Grant	2.1% as per Consumer Price Index May/July, no multiplier cap grant	2.4% (Jun-21 CPI rate) & multiplier cap grant remains	3% (Aug-21 CPI rate) & multiplier cap grant remains
Top up Grant	No increase	No increase	2% increase
Better Care Fund (BCF)	No increase with additional funding being diverted from National Insurance increase	1.6% increase in BCF as applied in 2021/22	1.6% - considered unlikely that a higher than 1.6% increase will be received
Council Tax			
Council Tax Base	As per 21/22 total	As per 21/22 total	As per 21/22 total
Additional Properties	33% of additional properties from the model are not complete or LCTS higher than expected	Planned properties as per model	Additional 33% on top of model
Inflation	Core council tax referendum principle reduced to 1%	Core council tax referendum principle of up to 2% continues	Core council tax referendum principle increased to 3%
Adult Social Care (ASC) Precept	No ASC precept	2% ASC precept	3% ASC precept
Other			
Collection Fund (surplus) / deficit	£1m increase in CF deficit	No change to CF position	£1m reduction in CF deficit
Local Council Tax Support Grant	Element of grant used to reduce the Collection Fund deficit.	Element of grant used to reduce the Collection Fund deficit.	None of the grant is used to offset Council Tax debt.

NI reimbursement Grant	Assumes S31 grant to fully reimburse the additional cost pressure of Social Care Levy.	Assumes S31 grant to fully reimburse the additional cost pressure of Social Care Levy.	Assumes S31 grant to fully reimburse the additional cost pressure of Social Care Levy.
NHB	All scenarios represent known reductions in New Homes Bonus		
Social Care Grant	Assumes 21/22 increase was one-year only	Assumed no increase in Social Care grant as funding may come through other means	Assumed no increase in Social Care grant as funding may come through other means
Lower Tier Funding	Assume funding is not recurrent and was exceptional Covid -19 related	Assume funding is not recurrent and was exceptional Covid -19 related	Assume funding is not recurrent and was exceptional Covid -19 related
Covid-19 funding (T5)	No indication it will continue		
Capital Receipts	As per assumptions July 2021	As per assumptions July 2021	As per assumptions July 2021
Capitalisation Directive	2020/21 & 21/22 only		

APPENDIX 5 – BUDGET PROPOSAL WORKSTREAMS

Proposals currently being considered by or due to go to Policy and Services Committees:

- Year 2 – ceasing support for community alarms
- Year 2 – review of traded services
- Year 2 – restructure of Revenues and Benefits Service
- Generating new Commercial income
- Generating new income from diversifying Treasury Investments
- Network Integration
- Charging Legal salaries to capital programme for regeneration
- Generating new income from charging for Camper Van pitches
- Year 2 – review of the Neighbourhoods Directorate
- Leisure Efficiencies
- Contribution to Moreton Library
- Library Efficiencies
- Generating additional income from catering
- Reduction in the cost of Children’s residential placements
- Youth Offending Service efficiencies
- Mitigating demand within Adult Care and Health
- Adult Care & Health change initiatives
- Workforce remodelling
- Apprenticeships First Strategy
- One Stop Shop efficiencies
- Continuation of temporary office accommodation closure
- Centralisation of central support functions
- Efficiencies from implementing a new finance system
- New corporate process for commissioning and contracting
- Service reviews – ensuring all services are Lean

APPENDIX 6 – P&R BUDGET SUB-COMMITTEE

Policy and Resources Terms of Reference:

Policy and Resources Committee

In relation to finance - to provide strategic direction to the operation of the Council and to maintain a strategic overview of budgets. To provide a coordinating role across all other service committees and retain a 'whole council view' of budget monitoring.

Finance and Procurement Sub-Committee

A Sub-Committee of five (5) or more members of the Policy and Resources, subject to political balance, with responsibility for development of the Council's budget and for oversight of the Council's procurement framework

Key Items for the Sub-Committee to consider:

- Review the in-year budget forecasts and savings to ensure they are on target to be achieved and a balanced budget can be reported.
- Review the Medium-Term Financial Strategy
- Review Business Cases from Policy and Services Committees to ensure the legality, feasibility, and deliverability of savings options
- Review pressures from Policy and Services Committees to ensure a robust rationale and feasibility for inclusion in the Medium-Term Financial Plan
- Review funding assumptions in the Medium-Term Financial Plan
- Consider themes where further savings should be made – including consideration of potential targets for the Policy and Services Committees
- Consider how feedback from Policy and Services committees is to be fed into the P&R Committee
- Consideration of agreeing a multi-year budget in some areas at full Council on 28/2