

POLICY AND RESOURCES COMMITTEE**Wednesday, 10 November 2021**

REPORT TITLE:	2021-22 BUDGET MONITORING FOR QUARTER TWO (1 JUL – 30 SEP)
REPORT OF:	DIRECTOR OF RESOURCES

REPORT SUMMARY

This report sets out the financial monitoring information for the Council as at quarter 2 (Jul-Sep) 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 former Ministry for Housing, Local Government and Communities (now the Department for Levelling Up, Communities and Housing or DLUCH) 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 2 financial monitoring activity, represents a favourable variance against revenue budget of £0.496m. This improved forecast since quarter 1 reflects the identification of mitigation for delayed savings options and mid-year reassessment of pressures. As any favourable variance must contribute to the reduction in the value of the Exceptional Financial Support for 2021/22, the forecast year end position is a balanced budget.

This budget position includes the utilisation of the Government's Exceptional Financial Support (EFS) but it is not anticipated that the full amount will be required, following a review of new funding received and a reduction in pressures estimated in March.

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

RECOMMENDATION/S

The Policy and Resources committee is recommended to:

1. Note the favourable forecast position presented at Quarter 2
2. Note the forecast reduction in the requirement to utilise the Government's Exceptional Financial Support (EFS)
3. Approve the budget virement proposals detailed within each Directorate Area of the report.
4. 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 2 financial monitoring activity, represents a favourable variance against revenue budget of £0.496m.

TABLE 1 2021/22 REVENUE BUDGET & FORECAST

	Budget	Forecast Outturn	Variance		Adverse/ Favourable
			(+ Fav / - Adv)		
	£000	£000	£000	%	
Adult Care & Health	113,582	113,101	481	0%	Favourable
Chief Executive Office	1,821	2,016	-195	-11%	Adverse
Children, Families & Education	86,592	85,853	739	1%	Favourable
Law & Governance	6,017	5,818	199	3%	Favourable
Neighbourhoods Services	53,953	54,694	-741	-1%	Adverse
Regeneration and Place	33,936	33,699	237	1%	Favourable
Resources	33,449	33,673	-224	-1%	Adverse
Total Surplus / (Deficit)	329,350	328,854	496		
Value to offset EFS			-496		
Year-end forecast			0	0%	Balanced
For Information:					
Included as part of budget funding:					
Exceptional Financial Support	-10,700	-7,204	-3,496	33%	

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 at least a balanced position at the end of the year and where possible, reduce the value of the exceptional financial support offered by MHCLG.

Directorate Summaries

3.2 Adult Care and Health

- 3.2.1 As at the end of September 2021 (Quarter 2), the financial forecast year end position for Adult Care and Public Health is a favourable variance of £0.481m against a budget of £113.582m.
- 3.2.2 This forecast anticipates continued uptake by providers of the Real Living Wage fee rates agreed at Committee on 7th June 2021 and full achievement of the £4.5m saving target against community care. Provision is also identified for anticipated winter pressures.
- 3.2.3 Government funding for hospital discharge has also now been extended until March 2022. For the period April to August 2021 funds of £0.7m have been received and are reflected in the forecast figures.

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

	Budget	Forecast Outturn	Variance		Adverse/ Favourable
			(+ Fav / - Adv)		
	£000	£000	£000	%	
Adult Social Care Central Functions	5,601	5,218	383	7%	Favourable
Older People Services - WCFT	51,693	51,484	209	0%	Favourable
Mental Health & Disability Services - CWP	52,626	52,717	-91	0%	Adverse
Other Care Commissions	-104	-54	-50	48%	Adverse
Public Health	-262	-262	0	0%	
Wirral Intelligence Service	480	450	30	6%	Favourable
Directorate Surplus / (Deficit)	110,034	109,553	481	0%	Favourable
Support / Admin Building Overhead	3,548	3,548	0	0%	
Total Surplus / (Deficit)	113,582	113,101	481	0%	Favourable

- 3.2.4 **Central Functions:** A favourable variance of £0.383m is reported at quarter 2. This variance is as a result of a number of vacancies and delays in recruitment. This position will continue to be monitored throughout the year.
- 3.2.5 **Older People Services:** A favourable variance of £0.209m is reported at quarter 2. The forecast assumes full achievement of the £2m savings target attributed to Older People services. 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 table below represents the current percentage of providers and care provided that is currently paid at Real Living Wage rates:

	Figures based on current open provisions as at 21/9/21			
	Total Providers	RLW rate agreed	% by Provider	% by Client
Dom Care	29	22	76%	99%
Supported Living	58	30	52%	66%
Res/Nurs	149	44	30%	49%

- 3.2.6 **Mental Health & Disability Services:** A small adverse variance of £0.091m is reported at quarter 2. This is an improved position from quarter 1 due to minor favourable movements across community care. The forecast assumes full achievement of the £2.5m savings target attributed to complex care services.
- 3.2.7 **Other Care Commissions:** An adverse variance of £0.050m is reported at quarter 2 due to a number of minor variances from budget.
- 3.2.8 **Public Health:** A balanced position is reported at quarter 2. 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.
- 3.2.9 **Wirral Intelligence Team:** A favourable variance of £0.030m is reported at quarter 2. The minor forecast surplus within this Service Area is relates to employee budgets.
- 3.2.10 As the Council has an the EFS offer from DLUCH 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 EFS. 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

	Budget	Outturn	Variance		Adverse/ Favourable
			(+ Fav / - Adv)		
	£000	£000	£000	%	
Income	-88,055	-88,378	323	0%	Favourable
Expenditure					
Employee	6,579	6,221	358	5%	Favourable
Non Pay	57,623	57,823	-200	0%	Adverse
Cost of Care	133,887	133,887	0	0%	
Total Expenditure	198,089	197,931	158	0%	Favourable
Directorate Surplus / (Deficit)	110,034	109,553	481	0%	Favourable
Support / Admin Building Overhead	3,548	3,548	0	0%	
Total Surplus / (Deficit)	113,582	113,101	481	0%	Favourable

Budget Virements

3.2.11 There have been no significant budget variations in this Directorate in Quarter 2.

Budget Saving Achievement Progress

3.2.12 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	Green	On target to be achieved
Change Initiatives	£0.2m	£0.2m	Green	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	Amber (Green after mitigations applied)	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. However, any shortfall in the saving will be mitigated via Adult Social Care Grant.
TOTAL	£4.5m	£4.5m		

3.2.13 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.

3.2.14 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.

3.2.15 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

3.2.16 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	0	2,100	5,782
Champs Innovation Fund	2,419	0	0	2,419
Champs Covid-19 Contact Tracing Hub	1,962	0	0	1,962
Total	8,244	0	2,100	10,344

3.2.17 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).

3.2.18 The Public Health Ringfenced grant reserve has a balance of £3.7m. Current spending plans against this year's grant allocation of £30.1m will result in a transfer to reserve of £2.1m to meet future year contractual commitments.

3.3 Chief Executive Office

3.3.1 As at the end of September 2021 (Quarter 2), the forecast year end position for Chief Executive Office is an adverse variance of £0.195m against a budget of £1.821m.

3.3.2 The effects of the Covid-19 pandemic impacted the ability of Wirral to generate marketing income. The loss relating to Quarter 1 has been mitigated in part with income from the Sales, Fees and Charges Income Loss Compensation Scheme. Focus has been on recovery from Quarter 2 onwards and services is exploring further income generating opportunities.

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

	Budget	Forecast Outturn	Variance		Adverse/ Favourable
			(+ Fav / - Adv)		
	£000	£000	£000	%	
Chief Executive Office	258	218	40	16%	Favourable
Comms & Marketing	777	1008	-231	-30%	Adverse
PAs/Exec. Support	629	633	-4	-1%	Adverse
Directorate Surplus / (Deficit)	1,664	1,859	-195	-12%	Adverse
Support/Admin Building Overhead	157	157	0	0%	
Total Surplus/ (Deficit)	1,821	2,016	-195	-11%	Adverse

3.3.3 **Chief Executive Office:** A minor favourable variance of £0.040m is reported for 2021/22.

3.3.4 **Comms & Marketing:** An adverse forecast variance of £0.231m 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 a reduction in costs in providing the service in line with demand. There are plans to mitigate the shortfall in relation to Quarter 1 through income available from the Government's Sales, Fees and Charges loss compensation scheme. The service will monitor this area throughout the remainder of the year to minimise expenditure, with the aim of achieving a balanced position by the end of the year.

3.3.5 **PAs/ 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	-159	-162	50%	Adverse
Expenditure					
Employee	1,829	1,909	-80	-4%	Adverse
Non Pay	156	109	47	30%	Favourable
Cost of Care	0	0	0	0%	
Total Expenditure	1,985	2,018	-33	-2%	Adverse
Directorate Surplus / (Deficit)	1,664	1,859	-195	-12%	Adverse
Support / Admin Building Overhead	157	157	0	0%	
Total Surplus / (Deficit)	1,821	2,016	-195	-11%	Adverse

Budget Virements

3.3.6 There have been no significant budget variations in this Directorate in Quarter 2.

Budget Saving Achievement Progress

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

Earmarked Reserves

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

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

3.4 Children, Families and Education

3.4.1 As at the end of September 2021 (Quarter 2), the forecast year end position for Children, Families and Education shows a Favourable variance of £0.739m on 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 and efficient use of grant funding have contributed to the reported 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	Forecast	Variance		Adverse/ Favourable
		Outturn	(+ Fav / - Adv)		
	£000	£000	£000	%	
Children and Families	50,483	50,517	-34	0%	Adverse
Early Help and Prevention	11,035	10,383	652	6%	Favourable
Modernisation and Support	5,056	4,809	247	5%	Favourable
Schools - Core	12,694	12,820	-126	-1%	Adverse
Directorate Surplus / (Deficit)	79,268	78,529	739	1%	Favourable
Support / Admin Building Overhead	7,324	7,324	0	0%	
Total Surplus / (Deficit)	86,592	85,853	739	1%	Favourable

3.4.3 **Children and Families:** A slight adverse forecast variance of £0.034m is reported 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 2021/22 budget. Performance data in recent months indicates that the CLA rate appears to be stable and is likely to start reducing going forward (see tables below). 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.

(At Month End)	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21
Number of Children in Care	824	822	825	823	825	821	819	

	2019/20	2020/21	Jul-21	Aug-21	Sep-21	National (19/20)	North West (19/20)	Statistical Neighbours (19/20)
Children Looked After rate per 10,000 population	120	121.6	121.3	121.5	120.6	67	97	101

3.4.4 **Early Help & Prevention:** A favourable forecast variance of £0.652m is reported for 2021/22. The favourable variance is mainly due to efficient use of grant funding and staff vacancies arising during the year. 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 £0.247m is reported for 2021/22. The favourable variance is mainly due to staff vacancies that have arisen during the year. 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 £0.126m 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. Use of the site for educational purposes is currently in development with a view to it being operational by September 2022.
- The adverse forecast variances have been partially mitigated by £0.256m 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 £0.138m have resulted in a total operational adverse variance of £0.126m.

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

	Budget £000	Forecast Outturn £000	Variance (+ Fav / - Adv)		Adverse/ Favourable
			£000	%	
Income	-19,048	-21,841	2,793	-15%	Favourable
Expenditure:					
Employee	40,324	39,400	924	2%	Favourable
Non Pay	33,576	36,346	-2,770	-8%	Adverse
Cost of Care	24,416	24,624	-208	0%	Adverse
Total Expenditure	98,316	100,370	-2054	-2%	Adverse
Directorate Surplus / (Deficit)	79,268	78,529	739	1%	Favourable
Support/Admin Building Overhead	7,324	7,324	0	0%	
Total Surplus/ (Deficit)	86,592	85,853	739	1%	Favourable

Budget Virements

3.4.7 There have been no significant budget variations in this Directorate in Quarter 2.

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

	Budget £000	Outturn £000	Variance (+ Fav, - Adv)		Adverse/ Favourable
			£000	%	
DSG Expenditure:					
Schools Block	117,102	117,102	0	0%	
Schools Block De-delegated	1,560	1,560	0	0%	
Central School Services Block	2,153	2,133	20	1%	Favourable
High Needs	43,874	45,265	-1,391	-3%	Adverse
Early Years	21,644	21,965	-321	-1%	Adverse
Total Gross Surplus / (Deficit)	186,333	188,024	-1,691	-1%	Adverse
DSG Income:	-189,016	-189,010	-6	0%	Adverse
Movement in DSG Reserve	2,683	986	1,697	63%	Favourable
Total Net Surplus / (Deficit)	0	0	0	0%	

- 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 £0.020m 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 £1.391m 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 £1.328m in line with the increase in requests for EHCP assessments.
- 3.4.12 **Early Years:** An adverse forecast variance of £0.321m is reported for 2021/22. The adverse variance is due to an increase in high needs support from the Inclusive Practice fund £0.141m and additional expenditure to help providers to make reasonable adjustments in their settings for children with disabilities £0.180m. The £0.180m overspend for children with disabilities 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 £1.697m 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 to be carried forward into the reserve at the end of the financial year. Due to the forecast adverse variance of £1.390m, the amount available to contribute to reserve will reduce to £0.986m. The opening DSG reserve balance reflects a deficit position of £1.679m and this is expected to be mostly mitigated by the in-year £0.986m contribution to reserve leaving a closing deficit position of £0.693m.

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

Savings Title	Agreed value	Forecast value	RAG Rating	Comments
Semi-independent living	£0.500m	£0.500m	Green	On target to be achieved
Pause Programme	£0.567m	£0.567m	Amber, (Green with mitigations applied)	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
Total Savings	£2.294m	£2.294m		

3.4.16 £2.294m of savings have been identified for the budget to break-even in 2021/22. The forecast position at Quarter 2 assumes that £2.294m savings will be achieved. The vast majority of the savings (£2.067m) relate to projects reducing the demand impact on the Social Care system. £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	-46	-46	2,411
Schools – DSG	-1,679	986	0	986	-693
Total	778	986	-46	940	1,718

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 £0.046m have been identified in relation to a project reducing violence (£0.034m) and SEN reserve to fund the enhanced service offer for 2021/22 (£0.012m).

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 £0.986m will be delivered in-year thus reducing the overall deficit to £0.693m.

3.5 Law & Governance

3.5.1 As at the end of September 2021 (Quarter 2), the forecast year end position for Law and Governance is a favourable variance of £0.199m against a budget of £6.017m.

3.5.2 The Law and Governance Directorate has previously reported income shortfalls in Licencing and Registrars that were directly due to the restrictions imposed by the Covid-19 pandemic resulting in a drop in demand. The Directorate is pleased to report that the effect of this has diminished over recent months with weddings and licence applications recovering and the shortfall has therefore lessened. There is also a contribution from the electoral services of the PCC (Police Crime Commissioner) and Combined Mayoral Election that has increased the income and a one-off expected contribution from the Sales, Fees and Charges Compensation Scheme. Also, to note, a full and final settlement has been paid to the Nicklaus Joint Venture Group (NJVG) in respect of the Hoylake Golf Resort. The settlement of £0.495m will be funded through the Financial Resilience Reserve.

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

	Budget £000	Forecast Outturn £000	Variance		Adverse/ Favourable
			(+ Fav / - Adv) £000	%	
Law & Governance (Corporate)	2,000	1,923	77	4%	Favourable
Legal and Licencing	1,008	1,153	-145	-14%	Adverse
Democratic & Member Services	4,418	4,265	153	3%	Favourable
Coroner Services	680	734	-54	-8%	Adverse
Electoral Services	569	402	167	29%	Favourable
Registrar Services	-128	-129	1	-1%	Favourable
Directorate Surplus / (Deficit)	8,547	8,348	199	2%	Favourable
Support/Admin Building Overhead	-2,530	-2,530	0	0%	
Total Surplus/ (Deficit)	6,017	5,818	199	3%	Favourable

3.5.3 **Law & Governance:** A small favourable variance of £0.077m is reported for 2021/22.

3.5.4 **Legal and Licencing:** An adverse forecast variance of £0.145m is reported for 2021/22. The expected shortfall in income is significantly reduced and forecast to

£0.024m due to the increase in uptake as we come out of the pandemic. There are still a number of posts to fill permanently that are being partially covered by locum staff which increases the staffing costs and external legal services. This presents a corporate risk.

- 3.5.5 **Democratic & Member Services:** A favourable forecast variance of £0.153m is reported for 2021/22. The service is currently carrying vacancies due to difficulties in recruitment.
- 3.5.6 **Coroner Services:** An adverse forecast variance of £0.054m is forecast for 2021/22. In consultation with the Coroner, we have been advised to expect a similar level of charges this year as to 2020/21 where there was an overspend of £0.054m.
- 3.5.7 **Electoral Services:** A favourable forecast variance of £0.167m is reported for 2021/22. £0.445m 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.
- 3.5.8 **Registrars Services:** A small favourable forecast variance of £0.001m is reported for 2021/22. Income recovery in the Registrars Service together with the Sales, Fees and Charges compensation scheme has redressed the income shortfall.

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

	Budget	Outturn	Variance		Adverse/ Favourable
	£000	£000	(+ Fav / - Adv) £000	%	
Income	-2,069	-2,607	538	-26%	Favourable
Expenditure					
Employee	4,254	4,532	-278	-7%	Adverse
Non Pay	6,362	6,423	-61	-1%	Adverse
Cost of Care	0	0	0	0%	
Total Expenditure	10,616	10,955	-339	-3%	Adverse
Directorate Surplus / (Deficit)	8,547	8,348	199	2%	Favourable
Support / Admin Building Overhead	-2,530	-2,530	0	0%	
Total Surplus / (Deficit)	6,017	5,818	199	3%	Favourable

Budget Virements

- 3.5.9 There have been no significant budget variations in this Directorate in Quarter 2.

Budget Saving Achievement Progress

3.5.10 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 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
Total	£0.184m	£0.184m		

3.5.11 The savings have been fully achieved.

Earmarked Reserves

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

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

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

3.5.13 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 September 21 (Quarter 2), the forecast year end position for Neighbourhoods is an adverse variance of £0.741m against a budget of £53.953m

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 £2.032m.

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 remained in place after the government road map date of 19th July. Although most services are now open at full capacity 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%	
Community Safety and Transport	3,687	3,877	-190	-5%	Adverse
Highways and Infrastructure	4,951	5,826	-875	-18%	Adverse
Leisure, Libraries and Customer Engagement	12,955	12,955	0	0%	
Parks and Environment	35,309	34,985	324	1%	Favourable
Directorate Surplus / (Deficit)	50,490	51,231	-741	-1%	Adverse
Support/Admin Building Overhead	3,463	3,463	0	0%	
Total Surplus/ (Deficit)	53,953	54,694	-741	-1%	Adverse

3.6.5 **Director of Neighbourhoods:** A balanced position is reported 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 £0.875m is reported for 2021-22. Charging for car parking has now resumed, however as footfall is expected to be at 75% of the pre-pandemic levels this has adversely impacted income. Some 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 on new sites and to report back to the Transport, Climate Emergency and Environment Committee with the outcome of the consultation on Traffic Regulation Orders.
- 3.6.8 The standardisation has been implemented from September, however as this has been delayed by five 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. Mitigations are in place to bring the projected adverse variance to £0.430m and the area will be monitored during the remainder of the year to identify further mitigation.
- 3.6.9 Additional adverse variances relate to Highways Management of £0.442m. This is due to increases in demand for maintenance and remedial work. The service is currently exploring other sources of funding and capitalisation opportunities to mitigate some of these costs.
- 3.6.10 The remaining part of the adverse variance is due to under recovery of income within the Design Team which equates to £0.150m as the service is not fully resourced. Income generating opportunities within this area are being explored to mitigate this. There are smaller overall favourable variances within other areas of Highways and Infrastructure which are assisting in mitigating the overall position.
- 3.6.11 **Leisure, Libraries and Customer Engagement:** A balanced position is reported for 2021/22. This area covers Leisure Centres, Golf Courses, Libraries, One Stop Shops, 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 6 months it is currently projected that the income shortfall for this area will be £0.574m net of the Quarter 1 compensation from the sales, fees and charges income loss compensation scheme. The compensation figure for this area will be £1.592m, with the gross losses projected at £2.166m. The overall shortfall will be met from COVID-19 funding, which will result in a balanced position.
- 3.6.12 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. Income projections have improved since Quarter 1, however as at Quarter 2 it is still anticipated that services will take longer to recover due to the government's delay in implementing the final stage of the roadmap. This is likely to impact income projections.

- 3.6.13 Sports and Recreation is currently predicting a balanced position net of the income loss compensation. This is based on income received in the first 6 months of the year. Assumptions have been made as to how much income can be recovered throughout the year with income levels expected to increase steadily each Quarter. Most services have now fully reopened, although sites did not return to full capacity immediately after government restrictions were lifted. Many customers have sought alternative arrangements during the past 18 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. These will be reinstated in Quarter 3 and there is a risk customers will cancel which may result in further income losses.
- 3.6.14 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 3.
- 3.6.15 Floral Pavilion is currently projecting an adverse variance of £0.308m. This is due to projected income losses in the first 6 months, which have been partially mitigated through a reduction in payments to Suppliers. This service has returned to business as usual from September following the extension of local conditions. This has severely limited any income generating opportunities in this area in the first half of the year. The figures are based on income gradually recovering in Quarter 3 and 4 and assume that the service is able to operate at full capacity for the remainder of the year. 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.
- 3.6.16 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.
- 3.6.17 **Parks & Environment:** A favourable forecast variance of £0.324m is reported for 2021-22. Income streams relating to Garden Waste Subscriptions and Parks Income were impacted by COVID-19 in 2020/21. Garden Waste has not been impacted in 2021/22 as charges for the service have returned to pre-pandemic levels. The service

has achieved 41,000 subscribers this year. The direct debit system was implemented in 2020/21 and this has assisted in retaining existing subscribers. Overall Waste and Street Cleansing is predicting a favourable variance of £0.383m. This is due to the waste contract inflation being less than what was anticipated (£0.08m) and due to a reduction in overall expected costs to this service this year, as some costs were covered in the previous financial year (£0.3m).

3.6.18 As at Quarter 2 income from Parks is expected to be impacted by COVID-19 which has resulted in an adverse variance of £0.121m. 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 in part by income from the sales, fees and charges income loss compensation scheme. 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 favourable variances and a reduction in expenditure within other areas of Waste and Environment.

3.6.19 Regulatory Services is predicting a favourable variance of £0.063m. This is due to employees, as the service has faced challenges in recruiting and retaining staff due to current market demand because of COVID-19. There are plans to address this in the future, however this is currently assisting in mitigating the adverse variance within Parks.

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

	Budget £000	Forecast Outturn £000	Variance (+ Fav / - Adv)		Adverse/ Favourable
			£000	%	
Income	-33,639	-34,496	857	-3%	Favourable
Expenditure:					
Employee	32,199	31,538	661	2%	Favourable
Non Pay	51,930	54,189	-2,259	-4%	Adverse
Cost of Care	0	0	0	0%	
Total Expenditure	84,129	85,727	-1,598	-2%	Adverse
Directorate Surplus / (Deficit)	50,490	51,231	-741	-1%	Adverse
Support/Admin Building Overhead	3,463	3,463	0	0%	
Total Surplus/ (Deficit)	53,953	54,694	-741	-1%	Adverse

Budget Virements

3.6.20 A total of £0.157m has been transferred from the Neighbourhoods Directorate to Regeneration & Place Directorate in Quarter 2. This is due to the Public Convenience service transferring from Environmental Health to Asset Management.

Budget Saving Achievement Progress

3.6.21 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	£0.400m	£0.400m	Green	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	£1.00m	£0.953m	Red (Amber with mitigations)	The options paper to determine how the saving was to be made was presented to June Committee and this was subsequently called in. This has resulted in a part year delay. The saving will be fully achieved in 2022/23. Opportunities to mitigate this within the Directorate are still being explored. £0.3m of this saving has been achieved through flat rate fee introduction from September. A further £0.653m is mitigated. There may be some scope from income relating to the Sales, Fees and Charges income loss compensation scheme for Quarter 1 losses which will equate to approximately £185K. There is also an additional £85K as footfall has been greater than originally anticipated. An additional mitigation of £383K is available due to waste costs being less than anticipated. Opportunities

				to mitigate the remainder will be identified throughout the year.
Targeted and Discretionary Environmental Enforcement	£0.150m	£0.150m	Amber (Green with mitigations)	This will not be fully achieved in 2021/22 due to delays in commencement. The projected shortfall of £0.075m will be mitigated this year from reserve.
Royden Park Commercial Development	£0.080m	£0.080m	Amber (Green with mitigations)	This will not be fully achieved in 2021/22 due to delays in commencement and will be reviewed as part of the Arrowse Park Sports Village. The projected shortfall of £0.080m will be mitigated this year from reserve.
Reduction in grass cutting and maintenance of verges	£0.250m	£0.250m	Green	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	£0.100m	£0.100m	Amber (Green with mitigations)	This will be fully achieved in 2022/23 but there is a reported shortfall in 2021/22 due to some employees leaving the authority after 01/04/21. The shortfall this year will be mitigated through one off in year favourable variances, which have arisen whilst the Parks restructure was implemented.
Review of the Neighbourhood Services Directorate	£0.350m	£0.350m	Green	On target to be achieved
Contract efficiency savings with BIFFA	£0.075m	£0.075m	Green	On target to be achieved
Ongoing Covid-19	£0.100m	£0.100m	Green	On target to be achieved

temporary Library Closure				
Ongoing Covid-19 temporary Leisure Centre Closure	£0.100m	£0.100m	Green	On target to be achieved
Temporary closure of Europa Fun pool due to Covid-19 restrictions	£0.250m	£0.250m	Green	On target to be achieved
Review of Museums Service	£0.090m	£0.090m	Green	On target to be achieved
Pause re-opening of Woodchurch Leisure Centre	£0.322m	£0.322m	Green	On target to be achieved
Income from West Kirby catering offer	£0.035m	£0.035m	Green	On target to be achieved
Total	£3.302m	£3.255m		

3.6.22 Most savings are on track to be achieved as at Quarter 2. Car Parking is rated Amber due to delays in implementing the charges. Current projections are based on flat rate charges being implemented from September 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. The shortfall against this saving will be mitigated in 2021/22 through one off favourable variances across Neighbourhoods.

Earmarked Reserves

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

TABLE 20: 2021/22 Neighbourhoods– Earmarked Reserves

Reserve	Opening Balance £000	Use of Reserve £000	Contribution to Reserve £000	Closing Balance £000
Community Safety Initiatives	-555			-555
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	34		-15
Weed Spraying : Mitigate against additional costs	-41			-41
Birkenhead Park World Heritage Site Lottery Bid	-40	37		-3
Coastal Protection	-35	35		0

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
Total	-2,300	480	0	-1,820

Reserve	Opening Balance £000	Use of Reserve £000	Contribution to Reserve £000	Closing Balance £000
Community Safety Initiatives	-555	12		-543
Health & Safety Flood Prevention	-455			-455
Parks Tree Maintenance	-374	374	0	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
Total	-2,300	423	0	-1,877

3.6.24 At Quarter 2 reserves Parks and in Environment are expected to be fully utilised in 2021/22. This relates to funding for Tree Maintenance works that are projected in addition to the revenue budget available. Reserves are also projected to be utilised in relation to Litter Enforcement, Coastal Protection and Birkenhead Park World Heritage Site.

3.7 Regeneration & Place

3.7.1 As at the end of September 2021, the forecast year-end position for Regeneration & Place is a favourable variance of £0.237m against a budget of £33.937m.

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

	Budget £000	Forecast Outturn £000	Variance (+ Fav / - Adv)		Adverse/ Favourable
			£000	%	
Regeneration	24,205	24,078	127	1%	Favourable
Housing	6,701	6,630	71	1%	Favourable
Asset Management & Investment	-683	-690	7	-1%	Favourable
Planning	857	825	32	4%	Favourable
Special Projects	107	107	0	0%	
Local Plan	400	400	0	0%	
Directorate Surplus / (Deficit)	31,587	31,350	237	1%	Favourable
Support / Admin Building Overhead	2,349	2,349	0	0%	
Total Surplus / (Deficit)	33,936	33,699	237	1%	Favourable

3.7.2 **Regeneration:** A favourable variance of £0.127m 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 £0.071m is reported for 2021-22, with vacancies on the Supported Housing Administration team.

3.7.4 **Asset Management & Investment:** A favourable variance of £0.007m 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. Public Conveniences (£0.157m budget) has also been transferred to Assets this quarter from Neighbourhoods and is on budget.

3.7.5 **Planning:** A favourable variance of £32k relates to Capacity grant funding being made available to support the costs relating to the Merseyside Environmental

Advisory Service (MEAS). MEAS provide statutory advice to Development Management on archaeology, waste, and ecology. Work will continue in this area 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, the grant funding will mitigate 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 Outturn	Variance		Adverse/ Favourable
	£000	£000	(+ Fav / - Adv) £000	%	
Income	-18,262	-19,745	1,483	-8%	Favourable
Expenditure:					
Employee	12,769	12,676	93	1%	Favourable
Non Pay	37,080	38,419	-1,339	-4%	Adverse
Cost of Care	0	0	0	0%	
Total Expenditure	49,849	51,095	-1,246	-2%	Adverse
Directorate Surplus / (Deficit)	31,587	31,350	237	1%	Favourable
Support/Admin Building Overhead	2,349	2,349	0	0%	
Total Surplus/ (Deficit)	33,936	33,699	237	1%	Favourable

Budget Virements

3.5.9 A total of £0.157m has been transferred from the Neighbourhoods Directorate to Regeneration & Place Directorate in Quarter 2. This is due to the Public Convenience service transferring from Environmental Health to Asset Management.

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	£0.620m	£0.620m	Amber (Green with Mitigation)	Staff consultations underway, with mitigation measures identified to deliver savings target.
Birkenhead Market Restructure	£0.240m	£0.240m	Amber (Green with Mitigation)	On target to be achieved but not all via a restructure – some will be achieved via capitalising costs
Community Alarms	£0.200m	£0.200m	Amber (Green with Mitigation)	Saving will be delivered through mitigation whilst a review of the Community Alarms service is undertaken.
Pre-application Fee Increase and PPAs	£0.020m	£0.020m	Green	On target to be achieved
Budget Allocation for DDA	£0.200m	£0.200m	Green	On target to be achieved
Sales, Fees and Charges Compensation – Planning	£0.050m	£0.050m	Green	On target to be achieved
Wirral Growth Company Joint Venture income	£1.380m	£1.380m	Amber (Green with mitigation)	On target to be achieved, including income from capital receipts
Total	£2.710m	£2.710m		

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

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

3.7.10 The local plan reserve of £0.729m that is being used this financial year is from the Financial Resilience Reserve held within the Resources directorate.

3.8 Resources

3.8.1 As at the end of September 2021 (Quarter 2), the forecast year end position for Resources is a favourable variance of £0.224m against a budget of £34.448m. Income shortfalls are being experienced within Revenues & Benefits and Digital & Improvement which are being actively monitored. Strategic Change are involved in a number of Capital projects where staffing and non-pay costs can be capitalised if those projects continue. The effect of the capitalisation of these costs on revenue reduces the impact of the income losses.

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

	Budget	Forecast	Variance		Adverse/ Favourable
	£000	Outturn	(+ Fav / - Adv)		
	£000	£000	£000	%	
Finance & Investment	19,004	18,937	67	0%	Favourable
HR & OD and Payroll	322	233	89	28%	Favourable
Digital & Improvement	-2,953	-2,200	-753	25%	Adverse
Revenues & Benefits	1,954	2,123	-169	-9%	Adverse
Audit, Risk & Business Continuity	-13	-35	22	-172%	Favourable
Strategic Change	4,786	4,266	520	11%	Favourable
Corporate Pressures	3,680	3,680	0	0%	
Directorate Surplus/(Deficit)	26,780	27,003	-223	-1%	Adverse
Support/Admin Building Overhead	6,668	6,668	0	0%	
Total Surplus/(Deficit)	33,448	33,671	-223	-1%	Adverse

3.8.2 **Finance & Investment:** A minor favourable forecast variance of £0.067m is reported for 2021/22.

3.8.3 **HR & OD:** A minor favourable forecast variance of £0.089m is reported for 2021/22.

3.8.4 **Digital & Improvement:** An adverse forecast variance of £0.753m is reported for 2021/22. This adverse forecast to is due to income targets not being achieved. Schools Technical Support and Cabling Team have lost contracts with a number of schools this year but work to turn this around continues, including exploring how the LCR Connect network can be used to provide connectivity into schools. Printing Services continue to lose revenue as the Council moves towards more Digital ways of working. There is also an income target within Core IT which is not achievable resulting in Core IT being overspent.

3.8.5 **Revenues & Benefits:** An adverse forecast variance of £0.169m is reported for 2021-22. This is an improvement on Q1 with more positive income forecasts. Whilst

there has been some improvement in the income forecasts there is still a significant shortfall from expected court summons income. Court summons and court activity has commenced during Q1 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 £0.022m is reported for 2021/22.

3.8.7 **Strategic Change:** A favourable forecast variance of £0.520m is reported for 2021/22. Strategic Change have significant resources delivering and charged to capital projects, the revenue forecast is therefore on the basis that these capital schemes continue as planned and identified staff are recharged to 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.

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

	Budget £000	Forecast Outturn £000	Variance		Adverse/ Favourable
			£000	%	
Income	-115,239	-112,308	-2,931	3%	Adverse
Expenditure					
Employee	27,202	26,143	1,059	4%	Favourable
Non Pay	114,817	113,169	1,648	1%	Favourable
Total Expenditure	142,019	139,312	2,707	2%	Favourable
Directorate Surplus / (Deficit)	26,780	27,004	-224	-1%	Adverse
Support / Admin Building Overhead	6,668	6,668	0	0%	
Total Surplus / (Deficit)	33,448	33,672	-224	-1%	Adverse

Budget Virements

3.8.9 There have been no significant budget variations in this Directorate in Quarter 2.

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

Saving Title	Agreed Value	Forecast Value	RAG Rating	Comments
Business Change Service Reduction	£0.670m	£0.670m	Green	On target to be achieved
Review of Traded Services	£0.270m	£0.270m	Green	On target to be achieved
Alternative funding for PFI	£0.250m	£0.250m	Red (Green with mitigations)	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. Internal review is ongoing regarding mitigations. Any shortfall would be attributable to the financial resilience funds.
Bad debt write-off reduction	£1.000m	£1.000m	Green	On target to be achieved
New staffing structure in IT Services	£0.620m	£0.620m	Amber (Green after mitigations)	The saving will be achieved but not fully by the original means. The Digital Strategy requires posts to be kept in the service for 12 months. The saving will be achieved by charging some staff to the capital programme and other projects.

Business Support Unit Staffing Reduction	£0.240m	£0.240m	Green	The saving will be achieved but not necessarily with a full reduction of staff but with a reduction of posts, some of which are vacant.
Wide Area Network savings	£0.240m	£0.240m	Green	On target to be achieved
Restructure of Revenues & Benefits	£0.150m	£0.150m	Green	Achieved 21/22
Centralised Print Process	£0.160m	£0.160m	Green	On target to be achieved
Workforce remodelling	£0.390m	£0.390m	Green	On target to be achieved
Continuation of agile working	£0.500m	£0.500m	Green	On target to be achieved
Apprenticeships First Strategy	£0.150m	£0.150m	Green	On target to be achieved
One Stop Shop Service Reduction	£0.100m	£0.100m	Green	On target to be achieved
Continue Temporary Building Closures	£0.750m	£0.750m	Green	On target to be achieved
Zero Based Budgeting	£0.170m	£0.170m	Amber (Green after mitigations)	The ZBB review is in progress with committee workshops and it is anticipated that the full saving can be made.
Contract Management & Commissioning	£0.350m	£0.350m	Green	On target to be achieved
Local Welfare Assistance Temporary Saving	£0.200m	£0.200m	Green	Achieved 21/22
Use of Brexit Reserve	£0.100m	£0.100m	Green	On target to be achieved
Additional Capital Receipts	£0.390m	£0.390m	Green	On target to be achieved
Total	£6.700m	£6.700m		

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

Reserve	Opening Balance £000	Use of Reserve £000	Contribution to Reserve £000	Closing Balance £000
Commercial Management	225	135	0	90
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	4,664
Enterprise Zone Investment	482	0	0	482
Enterprise Zone Contingency Fund	29	0	0	29
Financial Resilience Reserve	2,600	1,224	0	1,376
Financial Instrument Equalisation Reserve	2,126	0	0	2,126
Year 2 of EVR/VS Termination Payments	1,000	1,000	0	0
Total	11,804	2,359	0	9,445

3.9 General Fund Balances

3.9.1 The purpose of a general fund balance (general reserve) is to minimise the possible financial impacts to the Authority from:

- Emergencies
- In-year emerging financial issues
- Reacting to investment opportunities

3.9.2 The Finance Procedure Rules set the parameters for the use of general reserves. The in-year use of general reserves requires Council approval and must not be used for any level of recurring spending unless that spending will be included in revenue budgets in the following financial year or a suitable payback period is agreed in advance. In all cases the use of reserves should be approved by the Section 151 Officer.

3.9.3 The 2021/22 Budget anticipated that the Council would hold general reserves of £10.68m (3.2% of net revenue budget).

- 3.9.4 Following a review of the risk assessed minimum level requirement, general reserves will remain at £10.68m at 31st March 2022. It is anticipated that the Council will hold general reserves at a minimum between of £10.68m and £17.41m by 2027. This is based on achieving a general fund balance of between 3.2% and 5% of net revenue budget by 2027.
- 3.9.5 As part of the current approach to budget setting, a range of scenarios across optimistic, mid-ground and pessimistic have estimated. The scenarios for contributions to General Fund Balances range between 4% and 5%.
- 3.9.6 In 2021, as part of the external audit, the auditors qualified the VFM opinion due to what is seen as an insufficiency of reserves, and this approach seeks to remedy this.

3.10 Covid Funding

- 3.10.1 Covid funding received, or expected to be received, as at Quarter 2 of 2021-22 totals £42.150m of which £30.5m is fully passported, £5.251m is partially passported, £4.055m is for use by the Council and £2.415m is for the Sales, Fees & Charges compensation claim.

TABLE 29: 2021/22 Covid Grant Funding Apr 21 to Sep 21

COVID-19 FUNDING – FY21-22 YTD	£
FULLY PASSPORTED FUNDING:	
Restart Grant	14,064,813
Hospitality & Leisure/Additional Restrictions Grant – LCR Funded	3,562,685
Additional Restrictions Grant – BEIS *	0
Section 31 Grants - Business Rates Relief	12,800,232
TOTAL FUNDING - FULLY PASSPORTED	30,427,730
PARTIALLY PASSPORTED FUNDING:	
ASC Infection Control Fund	2,562,909
Rapid Testing in Care Homes	1,796,261
COVID Local Support Grant	288,145
Test & Trace Support £500 Payment Scheme	604,388
TOTAL FUNDING - PARTIALLY PASSPORTED	5,251,703
FUNDING FOR COUNCIL USE:	
Re-opening High Streets Safely Fund/Welcome Back Fund **	75,502
Contain Outbreak Management Fund	2,582,258
Local Authority Practical Support for those Self-isolating	551,685
Clinically Extremely Vulnerable (CEV) grant	382,851
Local Elections Funding – May 2021	85,292
New Burdens (LADGF)	290,800
Community Testing – LCR funded	(841,185)
Community Testing – DHSC funded	928,170
TOTAL FUNDING - COUNCIL USE	4,055,373
Sales, Fees and Charges Compensation Scheme	2,415,170

TOTAL COVID FUNDING – FY21-22 YTD**42,149,976**

**Indicative Additional Restrictions Grant BEIS £1,612,133 removed from Grant Summary due to funding allocated and paid directly from Liverpool City Region CA.*

***Maximum grant funding available for RHSSF/WBF 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 Q2 reporting, it has been assumed that funding is only received to the level of costs actually incurred as of 30 September 2021 (£118,453).*

TABLE 30 2021/22: Covid Grant Funding Changes Q1 to Q2 2021/22

Increase or Decrease in Funding	£
FULLY PASSPORTED FUNDING:	
Indicative Additional Restrictions Grant - BEIS	(1,612,133)
Section 31 Grants - Business Rates Relief	12,800,232
TOTAL FULLY PASSPORTED FUNDING INCREASE	11,188,099
PARTIALLY PASSPORTED FUNDING:	
ASC Infection Control Fund	1,057,463
Rapid Testing in Care Homes	797,974
Test & Trace Support £500 Payment Scheme	604,388
PARTIALLY PASSPORTED FUNDING INCREASE:	2,459,825
FUNDING FOR COUNCIL USE:	
Re-opening High Streets Safely Fund	48,361
Local Authority Practical Support for those Self-isolating	301,853
Community Testing – LCR funded	(841,185)
Community Testing – DHSC funded	928,170
FUNDING FOR COUNCIL USE INCREASE:	437,199
Sales, Fees & Charges Compensation Claim – Apr 21 to Jun 21	2,415,170
TOTAL COVID FUNDING INCREASES SINCE QUARTER 1 2021	16,500,293

3.10.2 Fully Passported Funding - Increase £11.188m

S31 Grants – Business Rates Relief: £12.800m
Reported allocation for 2021-22.

Indicative Additional Restrictions Grant: £-1.612m

This funding has been removed from the grant summary as it was only an indicative allocation provided by BEIS. The Additional Restrictions Grant has been allocated and funded directly from the Liverpool City Region Combined CA.

3.10.3 Partially Passported Funding - Increase £2.459m

Infection Control Fund: £1.057m

Further allocation provided to continue the ongoing work from the previous rounds of funding.

Rapid Testing in Care Homes: £0.798m

Further allocation provided to continue the ongoing work from the previous round of funding.

Test and Trace £500 Payment Support Scheme: £0.604m

Further allocation provided to continue to support people self-isolating.

3.10.4 Funding for Council use – Increase £0.437m

Community Testing – DHSC: £0.928m

Funding for the current financial year is provided directly from the DHSC rather than the LCR in the previous year and is reclaimed based on monthly actuals.

Community Testing – LCR: £-0.841m

The original allocation for Wirral from the LCR was set at £2.137m. In the last quarter LCR determined that only actual costs incurred to the end of Mar 21 could be claimed. The grant funding was adjusted down by £0.84m to £1.296m to reflect this.

LA Practical Support for those Self-Isolating: £0.302m

Additional funding to LAs to continue to provide practical support for those who are Self-Isolating due to Covid.

Re-Opening High Streets Safely Fund/Welcome Back Fund: £0.048m

The maximum funding available for his grant is £286,292. For Q2 reporting, it has been assumed that funding is only received to the level of costs actually incurred to date, therefore as at Sep 21 this stands at £118,453.00.

3.10.5 Sales, Fees & Charges Compensation Scheme: £2.415m

The claim for compensation for loss of Sales, Fees and Charges income for the period Apr 21 to Jun 21 has now been submitted. To note the 21/22 scheme closed at the end of Jun 21.

3.11 Exceptional Financial Support (EFS)

3.11.1 In March, the Ministry for Housing, Communities and Local Government (MHCLG) (now the Department for Levelling Up, Communities and Housing or DLUCH) 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.

3.11.2 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.

- 3.11.3 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 DLUCH on the outcome.
- 3.11.5 This means that proposals could be recommended as part of the review to be implemented in year. If the Council fails to comply with the recommendations, the exceptional financial support may not be provided and a balanced budget could not be forecast to the end of the year.
- 3.11.6 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 have now been reassessed to review the appropriateness of the estimation and now provide an opportunity to reduce the requirement to access the full £10.7m of Exceptional Financial Support (EFS).
- 3.11.7 A corporate pressure of £1.000m held for Homelessness can now be used to reduce the requirement to access EFS, as the service has received almost the equivalent value in grants that were not known about at the time of setting the budget and applying for the EFS.
- 3.11.8 A further £2.000m from the Contain Outbreak Management Fund (COMF) can also be used as since the budget was set and the EFS was applied for, significant additional funding has been received for COMF. This funding is eligible to be used to offset Covid pressures that were originally contributing to the position that required a request for EFS. These covid pressures included a grants programme for social sector venues enabling them to safely remobilise, resources to support strategic recovery and additional staffing required to support the Covid response.
- 3.11.9 The favourable variance of £0.496 forecast within this Quarter 2 report will be required to be used to offset the need to access EFS.
- 3.11.10 Using these monies will reduce the Council's requirement to access Exceptional Financial Support by £3.496m, from £10.700 down to £7.204
- 3.11.11 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 continue to be monitored during the year and reported to the Committee on a quarterly basis.

3.12 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 was presented in the pre-budget report to the Committee on 25 October

4.0 FINANCIAL IMPLICATIONS

- 4.1 This is the Quarter 2 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 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 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 3.10.1. 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.

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

BACKGROUND PAPERS

MHCLG Exceptional Financial Support Offer Letter

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