

**TOURISM, COMMUNITIES, CULTURE AND LEISURE COMMITTEE****Wednesday, 17<sup>th</sup> November 2021**

<b>REPORT TITLE:</b>	<b>OUTCOMES OF BUDGET WORKSHOPS</b>
<b>REPORT OF:</b>	<b>DIRECTOR OF NEIGHBOURHOODS</b>

**REPORT SUMMARY**

The purpose of this report is for the Committee to consider feedback and outcomes from the Budget Workshops which have been held in recent months. The workshops enabled officer and member liaison on proposed budget options, to facilitate discussion and allow direction to be obtained on further analysis required. The Budget Workshops also provided an opportunity for alternative proposals to be considered.

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.

The Budget Workshops considered 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.

**RECOMMENDATIONS**

It is recommended:

1. That the Committee agrees the Budget Workshop feedback and outcomes, as detailed in appendix 1, being reported to Policy and Resources Committee for consideration.

## **SUPPORTING INFORMATION**

### **1.0 REASONS FOR RECOMMENDATIONS**

- 1.1 The Council has a legal responsibility to set an annual balanced budget, which establishes how financial resources are to be allocated and utilised. To successfully do so, engagement with members, staff and residents is undertaken; the recommendations in this report are an initial step in this approach and act as a precursor to budget proposals, scheduled to be made to Full Council on 28 February 2022, following the schedule of activity shown in Appendix 2.
- 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 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.
- 3.2 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.

- 3.3 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. 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. Member engagement in the process has taken place through Budget Workshops.
- 3.4 These Budget workshops were 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 required. The Budget Workshops also provided an opportunity for alternative proposals to be considered.
- 3.5 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.
- 3.6 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).
- 3.7 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 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) Budget 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 2, which illustrates the proposed timetable for budget setting.
- 3.9 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.
- 3.10 With a potential revised budget gap in excess of £30m (as reported in the Pre-Budget Report presented to Policy & Resources Committee on 25 October 2021), 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.

#### **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 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 219/20 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".

#### **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 11<sup>th</sup> March in the financial year preceding the one in respect of which the budget is set.
- 5.4 The provisions of section 25, Local Government Act 2003 require that, when the Council is making the calculation of its budget requirement, it must have regard to the report of the chief finance (s.151) officer as to the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves.
- 5.5 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.

- 5.6 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.
- 5.7 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.
- 5.8 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.
- 5.9 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.
- 5.10 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.
- 5.11 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.
- 5.12 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. 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 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 Engagement with local residents and businesses will be part 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 WORKSHOP FEEDBACK AND OUTCOMES

APPENDIX 2 – BUDGET SETTING MILESTONES

## **BACKGROUND PAPERS**

CIPFA's Financial Management Code

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

<b>Council Meeting</b>	<b>Date</b>
<b>Policy and Resources Committee</b>	<b>17 March 2021</b>
<b>Full Council</b>	<b>1 March 2021</b>
<b>Policy and Resources Committee</b>	<b>9 June 2021</b>
<b>Policy and Resources Committee</b>	<b>25 October 2021</b>

## APPENDIX 1 – BUDGET WORKSHOP FEEDBACK AND OUTCOMES



<b>Budget Workshops</b>
<b>Subject:</b> Tourism Communities and Culture Committee
<b>Date:</b> 14 <sup>th</sup> September 2021
<b>From:</b> Anna Perrett, Senior Democratic Services Officer <a href="mailto:annaperret@wirral.gov.uk">annaperret@wirral.gov.uk</a>
<b>To:</b> P&R Committee

### 1. Background

All local authorities are required to set a balanced budget by 10<sup>th</sup> March each year.

The Neighbourhoods Directorate has developed efficiency options for consideration by the Tourism, Communities, Culture and Leisure Committee before their recommendations are put forward to the Policy and Resources Committee (P & R) for review. Workshops to gather the below feedback were held on the 26 July and 14 September 2021. Budget option recommendations were agreed during the workshop on the 14 September. This will inform the P & R's Committee's proposals and final budget recommendation to Council.

Members were made aware that the Indicative Budget gap for 2022/23 currently stands at £31.6m and that Officer proposals (savings/income) to bridge that gap total £24.8m. Members were advised that one of the requirements of submitting the capitalisation request to MHCLG was a 5 year balanced MTFP

Members were then informed that as at 17 March P&R Committee the gap was balanced but since then some additional pressures have emerged and some estimated savings have reduced. With all the officer proposals the current gap is now £6.8m. Some assumptions have been made which may change this gap which will not be known until later in the year

## 2. Key Considerations

**Table 1: Future Year Savings – Neighbourhoods Directorate**

Leisure vehicle income
Review of Neighbourhoods Directorate in 22/23
Leisure efficiencies in 22/23
Library efficiencies in 22/23
Sail loft additional income
<b>2022/23 Total Savings £665,000</b>

### **Future Year Pressures – Neighbourhoods Directorate**

No Pressures were identified for this Committee

### **Savings rejected by the Committee**

No savings outlined in the table above were rejected by the Committee

### **List of Savings and Pressures to be considered further**

As no savings were rejected by the Committee, all savings outlined in the table above will be put forward for consideration.

**Table 2: Tourism Communities Culture and Leisure Committee Suggested savings**

<b>Pitch and Putt Golf x 2</b>	Kings Parade and Harrison Park – Seasonal, low usage and linked to New Brighton Masterplan
<b>Woodchurch Aquatics centre</b>	Proposed pool use – dedicated to clubs, education and lessons
<b>Increased catering offer Across Estate</b>	Maximised income at all sites by increasing offer
<b>Income from Outdoor Water Sports Offer</b>	Increase provision of emerging sports such as open water swimming / SUP / foiling
<b>Golf price review</b>	Review of fees and charges, adopting singular pricing model for pay and play, and membership rates.
<b>2022/23 Total Savings – £287k</b>	£142k in savings and £145k in income generation

The figure of £287K includes suggestions as to how part of the £665K outlined in Table 1 could be achieved and is not in addition to the £665K.

The Director of Neighbourhood Services put forward the proposed savings and income generation for the Communities, Culture and Leisure Committee and none were immediately discounted.

The Savings proposals would be developed following input from the Committee

### **3. Members questions**

- Several of the Councillors were keen that 'workforce efficiencies' would not mean redundancies but rather upskilling of staff.
- One Councillor queried the different catering offers but Officers explained that different venues (Salil loft, Floral, Williamson, 3G pitches) had different clientele which resulted in different offers so were treated appropriately to maximise income.
- Councillors queried the possibility of community patrols and officers offered to take up the issue with the Community Safety Team as it linked with enforcement and may sit within the Environment, Climate Emergency and Transport Committee.
- One Councillor queried the leisure vehicles proposals and the potential loss of green space. They were keen that it fit in with our environmental aspirations.
- Members queried the income modelling and scenarios for the golf price review could be shared in advance of upcoming workshops. Officers assured Members that it would be sent well in advance.

## APPENDIX 2 – BUDGET SETTING MILESTONES

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

NB:

Following Policy & Resources Committee on 25 October it was also agreed to include a specific proposal consultation period in January