



POLICY AND RESOURCES COMMITTEE

Wednesday, 1 December 2021

REPORT TITLE:	2022/23 BUDGET PROCESS
REPORT OF:	DIRECTOR OF RESOURCES (S151 OFFICER)

REPORT SUMMARY

The report recommends a new approach for budget setting for the 2022/23 budget.

RECOMMENDATION/S

That the Policy and Resources Committee approve the revised approach to setting the 2022/23 Budget as outlined in the Appendix of this report.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 To ensure a legally balanced budget can be recommended by the Policy and Resources Committee to the 2022 Budget Council.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 To continue with the budget process agreed at the Policy and Resources Committee on 17 March and 25 October 2021. This process has been followed and has not generated the savings proposals required so there is little confidence that if this process is continued to be followed, any further savings will be found. It is considered that the process and timeline forming the previous approach would likely result in the Council not being able to fully address these issues or implement the recommendations of the External Assurance Review.

3.0 BACKGROUND INFORMATION

- 3.1 At the Policy and Resources Committee on 25 October (minute 69 - 2021/22 refers) three scenarios were presented as the potential budget gap for 2022/23. Members will be aware that the budget gap is an ever moving target due to a number of reasons:
- Ongoing Government announcements of funding, including specifically at this time of year, the Chancellors Autumn Statement
 - Ongoing scrutiny of growth and pressures to ensure values are evidenced based with no optimism bias
 - Incorporation of new pressures that materialise as further local and national evidence comes to light
 - The continued development of further budget proposals
- 3.2 As a result, the budget scenarios presented in October have changed. The known changes have been updated within the Medium Term Financial Strategy 2022 – 2027, however revisions to the figures are still expected following the draft Local Government Finance Settlement, expected in mid-December.
- 3.3 As previously agreed, throughout the summer, Policy and Services budget workshops have been held for Officers to gain agreement to the budget proposals they put forward and to gain a steer from Members as to other areas for savings, or for Members to submit their own ideas for additional savings to be found. This approach has failed to produce the level of savings required to bridge the gap outlined from a prudent planning perspective.
- 3.4 Since the last Committee, the two reports forming the External Assurance Review received from Department of Levelling Up, Housing and Communities (DLUHC) have been published as a result of the Council requesting capitalisation as a form of exceptional financial support. These reports recommended the Council to develop a financial recovery plan which will require it to provide a realistic Medium Term Financial Strategy, increase General Fund balances and take tough decisions to balance the budget and ensure financial sustainability. These recommendations

were put for agreement at the Policy and Resources Committee at the meeting of 30 November 2021.

- 3.5 This report identifies a new approach to the budget setting process for 2022/23 to ensure the recommendation in the DLUHC reports can be met. The new process provides for 'Budget Envelopes' for Directorates to remain within for 2022/23 and to identify budget proposals to ensure the budget envelopes can be contained.
- 3.6 The Committee established a Sub-Committee at its meeting of 25 October. Its membership may meet formally as a sub-committee to make delegated decisions if required but will primarily conduct itself as a working group with officers to formulate and develop recommendations. The new process will be developed by and led by the Finance Sub-Committee and will result in a draft budget being produced that will be agreed by the Policy and Resources (P&R) Committee in early January. A draft process is provided in Appendix 2 for the Finance Sub-Committee to consider. A formal timetable will be agreed with the Sub-Committee before the end of November 2021.
- 3.7 Following P&R Committee agreement, a statutory consultation on the draft budget will be agreed and commence for a period of 2 weeks. The feedback from that consultation, along with the general budget and priority consultation due to end on 30 November and Policy and Services Committee feedback from January meetings, will be considered by P&R Committee in recommending a budget to Full Council at its meeting set for 28 February 2022.

4.0 FINANCIAL IMPLICATIONS

- 4.1 This report is to ensure that a fully balanced legal budget can be recommended by the Policy and Resources Committee for adoption by Budget Council.

5.0 LEGAL IMPLICATIONS

- 5.1 Policy and Resources Committee is required under the Council's Budget and Policy Framework Procedure Rules to draw up a budget timetable, set the parameters for other committees to consider detailed budget proposals, consult and produce the Council's draft Budget.
- 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. 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.
- 5.3 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 includes a requirement 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.

5.4 Consultation on the proposed draft budget must take place with persons or bodies appearing to the Council to be representative of persons subject to non-domestic rates, in accordance with the Council's duties under section 65 of the Local Government Finance Act 1992.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

6.1 The implications for staffing, ICT and Assets will be included within the individual savings proposals currently being developed by Directors and will be addressed when these are brought forward for approval

7.0 RELEVANT RISKS

7.1 If the new budget approach is not agreed, there is a risk that the process currently being followed will not generate the level of savings required and this will result in Government intervention

8.0 ENGAGEMENT/CONSULTATION

8.1 The Council is currently undergoing a budget consultation process with Wirral residents, staff and other interested parties and stakeholders of Wirral Council. The consultation is open to all and will close on 30 November. Feedback from this consultation process will be considered in setting the 2022/23 Budget

8.2 Statutory budget consultation will be required with the National Non-Domestic Ratepayers of Wirral Borough following publication of the proposed budget for 2022/23. This will take place in January 2022 and feedback will be taken into consideration by the Policy and Resources Committee when recommending a budget to Full Council at its meeting of 28 February 2022

8.3 All Policy and Services Committees will have an opportunity to debate the 2022/23 budget publicly at the January 2022 Committees and feedback will be taken into consideration by the Policy and Resources Committee when recommending a budget to Full Council at its meeting of 28 February 2022

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 The equality implications will be included within the individual savings proposals currently being developed by Directors and will be addressed when these are brought forward for approval.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

10.1 The implications for staffing, ICT and Assets will be included within the individual savings proposals currently being developed by Directors and will be addressed when these are brought forward for approval

11.0 COMMUNITY WEALTH IMPLICATIONS

11.1 The implications for Community Wealth Building will be included within the individual savings proposals currently being developed by Directors and will be addressed when these are brought forward for approval

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APPENDICES

Appendix 1 Budget process for 2022/23

BACKGROUND PAPERS

None

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Policy and Resources Committee	17 March 2021
Policy and Resources Committee	25 October 2021
Policy and Resources Committee	30 November 2021 (proposed)

BUDGET PROCESS 2022/23

Overarching report to P&R 1st December to recommend a new budget approach for 2022/23 budget based on budget envelopes.

Policy and Resources Finance Sub-Committee to develop and agree the process and the value of the budget envelopes on behalf of Policy and Resources Committee.

Finance Sub-Committee to communicate the new process to Chairs of Policy and Services Committees and the value of each Directorate envelope.

Finance Sub-Committee considers budget envelop proposals and makes choices based on the impact to services and implementation of Wirral Plan objectives. Presented in draft form to Policy and Services Committees.

Directors to convene meetings/workshops with Chairs and Spokes of Policy and Services Committees to communicate proposals to meet the envelope.

Policy & Resources Committee agree a draft budget at the meeting on 13th January 2022 to enable statutory consultation to take place.

Policy and Services Committees invited to formally comment on the draft budget at the January 2022 meeting cycle.

Policy & Resources Committee at the meeting on 15th February 2022 to consider outcomes of consultations and feedback from Policy and Services Committees and agree a draft budget to present to Council for approval