

POLICY AND RESOURCES COMMITTEE

Wednesday, 8 June 2022

REPORT TITLE:	2021-22 BUDGET MONITORING FOR QUARTER FOUR (1 JAN – 31 MAR), 2021-22 OUTTURN
REPORT OF:	DIRECTOR OF RESOURCES

REPORT SUMMARY

This report provides a summary of the year-end revenue position for the 2021/22 financial year as at the end of March 2021. 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 Department for Levelling Up, Housing and Communities (DLUHC) 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 provides 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. An Independent Panel has been appointed to monitor the progress of the implementation of the recommendations of the review.

On 17 February 2022, Wirral Officers wrote to the Department to confirm that they were reducing the request for a capitalisation direction in 2021/22, from £10.700m to £6.360m. The main reasons for this reduction are additional grant support provided by Government, and Council underspends over the course of the financial year 2021/22. Confirmation has now been received that Ministers are content to approve a total capitalisation direction to fund revenue expenditure not exceeding £6.360m, subject to conditions. A copy of the letter from the Minister is included as an appendix and the Committee is asked to formally accept the offer at a reduced amount, subject to final sign-off of the 2021/22 accounts by the Council's external auditors.

The year-end revenue outturn for 2021/22, represents a favourable variance against revenue budget of £1.854m, which is £0.5m more favourable than the quarter 3 forecast.

As any favourable variance must contribute to the reduction in the value of the Exceptional Financial Support for 2021/22, the outturn year end position is a balanced budget.

This budget position included the utilisation of the Government's Exceptional Financial Support (EFS). The outturn position, subject to external audit, now means that the full amount will not be required.

This matter affects all Wards within the Borough and is a key decision.

RECOMMENDATION/S

The Policy and Resources committee is recommended to:

1. Note that the draft, unaudited outturn variance for 2021/22 is a balanced position, after utilising exceptional financing support.
2. Note the requirement to utilise £5.846m of exceptional financial support, in line with the relevant guidance (see Appendix 2), subject to external audit.
3. Authorise the Director of Resources to accept the revised offer of exceptional financial support from the Department of Levelling Up, Housing and Communities as referred to in Section 3.11 of this 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, as referred to in section 3.10 of this report.
5. Agree transfers to earmarked Reserves, as detailed in the report.

SUPPORTING INFORMATION

1.0 REASONS FOR RECOMMENDATIONS

- 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 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.
- 1.3 This report presents timely information on the full year financial position for 2021/22, prior to final audit engagement.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 The Council could reject the exceptional financial support and reduce the General Fund balance; however, this would negatively impact the financial resilience of the organisation by limiting its ability to deliver the medium-term financial strategy and respond to emergencies in the borough. This may also result in intervention and/or a public interest report issued by the Council's external auditor.

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 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 has been 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 year-end revenue outturn represents a favourable variance against Directorate revenue budgets of £1.854m, noting the opening budget position includes provision for Exceptional Financial Support of £10.7m. As any favourable variance must contribute to the reduction in the value of the Exceptional Financial Support for 2021/22, the outturn year end position is a balanced budget.

TABLE 1 2021/22 REVENUE BUDGET & OUTTURN

	Budget	Outturn	Variance		Adverse/ Favourable
			(+ Fav / - Adv)		
	£000	£000	£000	%	
Adult Care & Health	113,651	112,592	1,059	1%	Favourable
Chief Executive Office	1,977	2,000	-23	-1%	Adverse
Children, Families & Education	87,318	86,678	640	1%	Favourable
Law & Governance	3,903	3,904	-1	0%	Adverse
Neighbourhoods Services	54,532	54,443	89	0%	Favourable
Regeneration and Place	34,278	34,407	-129	0%	Adverse
Resources	33,692	33,473	219	1%	Favourable
Total Surplus / (Deficit)	329,351	327,497	1,854	1%	Favourable
Additional value to offset EFS			3,000		Favourable
For Information:					
Included as part of budget funding:					
Exceptional Financial Support	-10,700	-5,846	-4,854	45%	

3.1.3 The reduction in COVID pressures, previously reported, remains the same. The value of exceptional financial support has reduced by £3m due to additional grant funding being received after submission of the Council's EFS request. The EFS requirement has then further reduced as a result of favourable year end outturn across the Council.

3.1.4 The year end outturn is more favourable than the quarter 3 forecast by £0.5m. As such, the EFS requirement in 2021-22 will be £5.846m.

3.1.5 It was imperative that the Council reported at least a supported balanced position at the end of the year and where possible, further reduce the value of the exceptional financial support offered by DLUHC.

3.1.6 Details on the delivery of 2021-22 savings is listed under each individual Directorate area below.

Directorate Summaries

3.2 Adult Care and Health

- 3.2.1 As at the end of March 2022 (Quarter 4), the year-end position for Adult Care and Public Health is a favourable variance of £1.059m against a budget of £113.651m.
- 3.2.2 The outturn reflects some slippage against providers yet to sign up to the Real Living Wage fee rates agreed at Committee on 7th June 2021 and £4.3m achievement of the £4.5m saving target against community care. There is a favourable position against employees as the service has managed vacancies throughout the year. The Better Care Fund (BCF) also reflected a favourable position at year end – this is split 50/50 with Wirral CCG as detailed within the S75 agreement.
- 3.2.3 Government funding for hospital discharge was extended to March 2022. For the period April to March 2022 funds of £1.6m have been received and are reflected in the outturn figures.

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

	Budget	Outturn	Variance		Adverse/ Favourable
			(+ Fav / - Adv)		
	£000	£000	£000	%	
Adult Social Care Central Functions	5,658	4,538	1,120	20%	Favourable
Older People Services - WCFT	51,693	51,756	-63	0%	Adverse
Mental Health & Disability Services - CWP	52,626	52,832	-206	0%	Adverse
Other Care Commissions	-101	-235	134	133%	Favourable
Public Health	-262	-262	0	0%	
Wirral Intelligence Service	489	415	74	15%	Favourable
Directorate Surplus / (Deficit)	110,103	109,044	1,059	1%	Favourable
Support / Admin Building Overhead	3,548	3,548	0	0%	
Total Surplus / (Deficit)	113,651	112,592	1,059	1%	Favourable

3.2.4 **Central Functions:** A favourable variance of £1.120m is reported at quarter 4. This variance is as a result of efficient management of vacancies, capitalisation of salaries and maximising the use of grant funding.

3.2.5 **Older People Services:** A minor adverse variance of £0.063m is reported at quarter 4. The outturn reflects full achievement of the £2m savings target attributed to Older People services. Continued uptake by providers of the Real Living Wage approved rates has reduced the expected outturn from quarter 3.

- 3.2.6 **Mental Health & Disability Services:** An adverse variance of £0.206m is reported at quarter 4. This is in part due to a shortfall against client income. The outturn reflects achievement of £2.3m against the original £2.5m savings target attributed to complex care services. This is an improved position from quarter 3 due to an increase of joint funded income.
- 3.2.7 **Other Care Commissions:** A favourable variance of £0.134m is reported at quarter 4. A 50% share of the favourable outturn against the BCF is reflected here along with several minor variances from budget.
- 3.2.8 **Public Health:** A balanced outturn is reported at quarter 4. Public Health is a ringfenced grant with an annual value £30.1m. A balance of £2.837m will transfer to reserves to meet future year contractual commitments. £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 £0.074m is reported at quarter 4. The minor surplus within this Service Area relates to employee budgets.

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

	Budget	Outturn	Variance		Adverse/ Favourable
			(+ Fav / - Adv)		
	£000	£000	£000	%	
Income	-87,334	-92,051	4,717	-5%	Favourable
Expenditure					
Employee	6,647	5,555	1,092	16%	Favourable
Non Pay	58,582	63,209	-4,627	-8%	Adverse
Cost of Care	132,208	132,331	-123	0%	Adverse
Total Expenditure	197,437	201,095	-3,658	-2%	Adverse
Directorate Surplus / (Deficit)	110,103	109,044	1,059	1%	Favourable
Support / Admin Building Overhead	3,548	3,548	0	0%	
Total Surplus / (Deficit)	113,651	112,592	1,059	1%	Favourable

Budget Virements

- 3.2.10 Following the recently agreed pay award, a budget virement to cover the cost of the agreed 1.75% pay uplift has been processed during Quarter 4 increasing the budget by £0.069m.

Budget Saving Achievement Progress

3.2.11 Within each Directorate'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 have changed and needed to be monitored closely to ensure, if adverse, mitigating actions could be taken immediately to ensure a balanced budget is reported to the end of the year.

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

Saving Title	Agreed Value	Outturn Value	RAG Rating	Comments
Demand Mitigations	£3.8m	£3.6m	Green	Slippage against complex care has been mitigated in year.
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	Green	The contract price set for 2021-22 has been met
TOTAL	£4.5m	£4.3m		

3.2.12 **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) were 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.

3.2.13 **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.

3.2.14 **Wirral Evolutions:** Wirral Evolutions have managed their operating service costs within the agreed service payment and reduced their costs by £0.5m.

Earmarked Reserves

3.2.15 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	-75	0	106
Public Health Ringfenced Grant	3,682	0	2,912	6,594
Champs Innovation Fund	2,419	0	745	3,164
Champs Covid-19 Contact Tracing Hub	1,962	0	1931	3,893
Project ADDER (Addiction, Diversion, Disruption, Enforcement, Recovery)	0	0	871	871
Better Care Fund	0	0	236	236
Total	8,244	-75	6,695	14,864

3.2.16 The Safeguarding reserve within Adult Social Care has an opening balance of £0.181m. The funding for the combined Board has now ceased. The residual funds have been used to support the Merseyside Safeguarding Adults Board business unit transition period and any residual SARs (Safeguarding Adults Reviews). A small amount of costs remains outstanding which will be offset against the balance of the reserve during 2022-23.

Public Health Grant

3.2.17 Since the 2013 transfer of the Public Health function in 2013 from the NHS to the Council has been supported by the allocation of a ring-fenced grant from the Department of Health and Social Care. The current allocation for the Public Health grant is based on applying a weight per head (reflecting public health need) to each council's projected populations from the Office for National Statistics. The principal indicator that quantifies need is the standardised mortality ratio (SMR) for those aged under 75 years; SMR<75 aims to show whether an area has had more or fewer deaths compared to the national average. A higher SMR<75 number indicates that an area has had a higher relative number of early deaths. The formula reflects that Wirral has a high proportion of areas with a higher rate of deaths under 75 which is the core funding principle of the grant. The grant is allocated on a yearly basis, has set criteria against which spend can occur and is subject to national audit.

3.2.18 The grant must be used only for meeting eligible expenditure incurred or to be incurred by local authorities for the purposes of their public health functions as specified in section 73B(2) of the National Health Service Act 2006 ("the 2006 Act"). The public health grant will only be paid to local authorities to support eligible expenditure. Grant carried over to the following year is governed by the grant conditions.

3.2.19 In 2021/22 the Public Health grant was £30.1m which was an increase of £0.4m on the previous year. The use of the grant is modelled over a 5 year period to enable the implementation of a medium-term prevention strategy to reduce health inequalities as described in the Wirral Plan. The grant is allocated nationally on a yearly basis but we need to plan for our commitments to our longer term contracts

many of which run for 5 years plus to ensure value of money, continuity of service to residents and job security for staff. The future of the grant is uncertain with speculation that the ring-fencing will be removed at some point and that the funding will be combined with the Council's general top-up grant funding. This poses two major challenges to the 5 year strategy in that the grant may be subject to top-up grant formula and therefore may reduce and that the removal of the ring fence may result in funding being diverted to other council activities. Since 2020, the Council has received significant additional funding from Government to fund Covid-19 Outbreak Management activities, some of this funding has been used to fund public health activities in support of the council's response to the pandemic, some of which were part of the 5 year strategy. As a result, a proportion of the 2021/22 Public Health grant remains unspent at the end of the year and will be carried forward in the ring-fenced Public Health reserve

- 3.2.20 This will be available to mitigate any reductions in the public health grant going forward and ensure that the 5 year strategy can continue to be delivered. The 5 year strategy contributes to the Council's key priority to reduce inequalities and is key to achieving the council's long term objectives. The funding also supports the employment of key public health posts within the Council.
- 3.2.21 The activities funded by the public health grant are required to be reported to the Department of Health and Social Care on an annual basis signed by the Director of Public Health and S151 Officer and therefore the funding must be kept separate and identifiable from all other reserves. There is a risk that where the public health grant is not spent during the year and is carried forward, the Department of Health and Social Care may reduce the following years grant allocation. However, given the ongoing pandemic and the requirement for continuing support, it is assumed that under these circumstances the risk of an adjustment in future years grant will be minimal. The council has a clear rationale for carrying unspent funding forward. The five year strategy is protecting the council's future financial sustainability from any unforeseen detrimental impact to council budgets from a reduction in the public health grant.
- 3.2.22 Wirral has been awarded £2.8m as part of the ADDER/Accelerator programme for a two-year period covering 2021-2023. This is one-off funding supporting the national drug treatment and recover programme. The reserve is set up to carry unused funds received in 2021-22 forward into the new financial year.
- 3.2.23 The Better Care Fund forms part of the S75 agreement in place between the LA and Wirral CCG and allows for unspent funds to be carried forward for use in the following financial year. The reserve will support the continued hospital discharge process for the first quarter of the 2022-23 financial year.

3.3 Chief Executive Office

3.3.1 At the end of 2021/22, the year-end position for Chief Executive Office is an adverse variance of £0.023m against a budget of £1.977m.

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 was not eligible for the Sales, Fees, and Charges income loss compensation scheme as it was due to advertising, which has resulted in an overall adverse variance. Focus has been on recovery from Quarter 2 onwards and the service has maximised income generating opportunities with the aim of reducing the overall adverse position.

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

	Budget	Outturn	Variance		Adverse/ Favourable
			(+ Fav / - Adv)		
	£000	£000	£000	%	
Chief Executive Office	262	268	-6	-2%	Adverse
Comms & Marketing	918	945	-27	-3%	Adverse
PAs/Exec. Support	640	630	10	2%	Favourable
Directorate Surplus / (Deficit)	1,820	1,843	-23	-1%	Adverse
Support/Admin Building Overhead	157	157	0	0%	
Total Surplus/ (Deficit)	1,977	2,000	-23	-1%	Adverse

3.3.3 **Chief Executive Office:** A minor favourable variance of £0.006m is reported for 2021/22.

3.3.4 **Comms & Marketing:** A minor adverse variance of £0.027m is reported for 2021/22. Marketing income in relation to advertising has not yet returned to pre Covid-19 levels. The shortfall for this financial year was mitigated in part by utilising COVID-19 funding for employees working on the COVID-19 response and with a reduction in costs in providing the service in line with demand. Quarter 1 losses were not eligible for the Sales, Fees, and Charges income loss compensation scheme which has resulted in an overall adverse position.

3.3.5 **PAs/ Exec. Support:** A minor adverse variance of £0.010m is reported for 2021/22.

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

	Budget	Outturn	Variance		Adverse/ Favourable
			(+ Fav / - Adv)		
	£000	£000	£000	%	
Income	-321	-128	-193	60%	Adverse
Expenditure					
Employee	1,984	1,868	116	6%	Favourable
Non Pay	157	103	54	34%	Favourable
Total Expenditure	2,141	1,971	170	8%	Favourable
Directorate Surplus / (Deficit)	1,820	1,843	-23	-1%	Adverse
Support / Admin Building Overhead	157	157	0	0%	
Total Surplus / (Deficit)	1,977	2,000	-23	-1%	Adverse

Budget Virements

3.3.6 Following the recently agreed pay award, a budget virement to cover the cost of the agreed 1.75% pay uplift has been processed during Quarter 4.

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 At the end of 2021/22, the year-end position for Children, Families and Education is a favourable variance of £0.640m against a budget of £87.318m.

3.4.2 The service managed demand with financial pressures being mitigated by in-year cost savings. In-year employee cost savings across the service have contributed to mitigating cost of care costs. The service has also maximised income/grant receipts achieving £25.628m compared to budget of £19.330m. Exceeding the income target by 32.5% has allowed for investment in services whilst managing service cost pressures and demand that have arisen during the year and have contributed to the reported position. The outturn position reflects delivery of most of the 2021/22 saving proposals.

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

	Budget £000	Outturn £000	Variance (+ Fav / - Adv)		Adverse/ Favourable
			£000	%	
Children and Families	50,922	51,076	-154	0%	Adverse
Early Help and Prevention	11,118	10,759	359	3%	Favourable
Modernisation and Support	5,106	4,658	448	9%	Favourable
Schools - Core	12,734	12,747	-13	0%	Adverse
Directorate Surplus / (Deficit)	79,880	79,240	640	1%	Favourable
Support / Admin Building Overhead	7,438	7,438	0	0%	
Total Surplus / (Deficit)	87,318	86,678	640	1%	Favourable

3.4.3 **Children and Families:** An adverse variance of £0.154m is reported for 2021/22. This was 0.3% of the budget. External funding of £0.338m was 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 contributed to managing service pressures.

The expenditure for this service included £26.180m on care costs. This reflected the main demand led elements of the service and while it was significant, it was managed within the 2021/22 budget. Overall, performance data indicates that the CLA rate having been stable for a few years has started to decline slightly. This is as expected and feeds into forward planning for the next year (see tables below). However, it should be noted that whilst the overall number of children in care is reducing, the nature of CLA costs especially the mix across the range of placement settings can vary and future demand requirements, could lead to further budgetary pressures. A young person in a residential placement could cost more 20 times more than fostering. So, if the service experiences an increase in residential

placement there could be a pressure in costs despite a Wirral having a reduction in overall numbers of children in care. This service also includes expenditure to support unaccompanied asylum seekers with grant income covering the associated costs.

	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Number of Children in Care	822	825	823	825	821	819	814	795	786

	19/20	20/21	Sep-21	Dec-21	Mar-22	National (19/20)	North West (19/20)	Statistical Neighbours (19/20)
Children Looked After rate per 10,000 population	120	121.6	120.6	117.8	116.7	67	97	101

3.4.4 Early Help & Prevention: A favourable variance of £0.359m is reported for 2021/22. The favourable variance is mainly due to efficient use of grant funding and staff vacancies arising during the year, as well as the youth offer review being implemented later than planned. 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 variance of £0.448m 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 variance of £0.013m against a budget of £11.6m is reported for 2021/22. The adverse variance is due to:

- The Schools core service budget includes Private Financing Initiative (PFI) which overspent by £0.122m against a budget of £1.57m which is due to the ‘closed’ status of Kingsway School. The Council must meet the annual PFI costs whilst the building is non- operational, however this year’s PFI position includes the continuation of the annual grant of £1.015m from Department of Education and £0.375m of refunds from the PFI company as “mothball” credit. Under advice from the Council’s auditors, the full value of the potential liability which was accounted in 20/21 is carried forward with the additional amount of £0.09m totalling to 1.375m.
- The PFI overspend has been off-set by underspends on both staff related and project based activities. Staff related underspends include historic pensions/retirement commitments where the reduction in the number of recipients was greater than expected (£0.290m).
- The ‘Wirral Ways to Work’ programme which supports eligible young people to move into education, employment and training has underspent by £0.223m due to the slippage of activities. In addition, funding of £0.375m that had been set aside in the budget to carry out SEND Action Plans.
- Schools Traded services is reporting an adverse variance of £0.050m

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

	Budget	Outturn	Variance		Adverse/ Favourable
			(+ Fav / - Adv)		
	£000	£000	£000	%	
Income	-19,330	-25,628	6,298	-33%	Favourable
Expenditure:					
Employee	41,214	39,749	1,465	4%	Favourable
Non Pay	33,217	38,939	-5,722	-17%	Adverse
Cost of Care	24,779	26,180	-1,401	0%	Adverse
Total Expenditure	99,210	104,868	-5,658	-6%	Adverse
Directorate Surplus / (Deficit)	79,880	79,240	640	1%	Favourable
Support/Admin Building Overhead	7,438	7,438	0	0%	
Total Surplus/ (Deficit)	87,318	86,678	640	1%	Favourable

Budget Virements

3.4.7 Following the recently agreed pay award, a budget virement to cover the cost of the agreed 1.75% pay uplift has been processed during Quarter 4.

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

	Budget	Outturn	Variance		Adverse/ Favourable
			(+ Fav / - Adv)		
	£000	£000	£000	%	
DSG Expenditure:					
Schools Block	117,102	117,102	0	0%	
Schools Block De-delegated	1,560	1,694	-134	-9%	Adverse
Central School Services Block	2,153	2,099	54	3%	Favourable
High Needs	43,874	45,946	-2,072	-5%	Adverse
Early Years	21,644	21,008	636	3%	Favourable
Total Gross Surplus / (Deficit)	186,333	187,849	-1,516	-1%	Adverse
DSG Income:	-189,016	-187,838	-1,178	1%	Adverse
Movement in DSG Reserve	2,683	-11	2,694	100%	Favourable
Total Net Surplus / (Deficit)	0	0	0	0%	

3.4.8 **Schools Block:** Individual school balances have been carried forward to 2022/23 in the designated schools reserve thus delivering an in-year balanced position. The cumulative schools' reserves brought forward were £13.5m and increased by £2.8m to £16.3m by the end of the financial year.

3.4.9 **Schools Block De-delegated:** De-delegated funds are a deduction from a school's budget share and are held centrally to fund relevant services. £0.134m adverse variance relates to teachers' maternity costs which were higher than anticipated. This issue has been addressed for 22/23 budget where the de-delegated funds from the school are agreed to increase for the Special Staff Costs.

3.4.10 **Central Schools Costs:** A small favourable variance is mainly due to staff vacancies. Central Schools Costs relate to central functions carried out on behalf of maintained schools and academies e.g., School Admissions.

3.4.11 **High Needs Block:** An adverse variance of £2.072m for 2021/22 is mainly due to an increase in demand and complexity. In particular,

- Specialist/individual educational needs exceeded budget by £2.2m due to an increase in demand.
- Top-ups to school budgets for post-16 SEN pupils is overspent by £0.154m
- £0.504m due to an increase in school places.
- Exceptional needs support has a small favourable variance of £0.097m
- The cost of independent school places has exceeded budget by £0.668m due to the increased demand. As the high demand was anticipated for 2021/22, the relevant 2022/23 budgets have been increased to reflect this

Adverse variances are partially offset by special school places where the additional places had not been fully allocated in 2021/22 (£0.305m) and Home Tuition Service with the improved income (£0.189m). In addition, savings due to staff vacancies and additional recharges/contributions from other budgets led to an underspend by £0.178m.

3.4.12 **Early Years:** The budget is used to provide Early Education to young children who are entitled to receive it free of charge. The 21/22 underspend mainly reflects the reduction in attendance due to COVID-19 and the underspend is offset with the shortfall of DSG income.

3.4.13 **DSG income:** Shortfall due to adjustment to the grant for Early Years and High Need Block. The final grant income will be confirmed in July.

3.4.14 **DSG reserve:** The planned transfer to reserve of £2.683m reflected the expected underspend on High Needs. The actual outcome reflects a total net overspend of £0.011m requiring a use of reserves rather than a contribution to reserves. The opening DSG reserve balance reflected a deficit of £1.679m which, after including the in-year deficit of £0.011m, gives a closing deficit position of £1.690m.

Budget Saving Achievement Progress

3.4.15 Within each Directorate'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 have changed and needed to be monitored closely to ensure, if adverse, mitigating actions could be taken immediately to ensure a balanced budget is reported to the end of the year.

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

Savings Title	Agreed value	Outturn value	RAG Rating	Comments
Semi-independent living	£0.500m	£0.500m	Green	Achieved
Pause Programme	£0.567m	£0.567m	Amber, (Green with mitigations applied)	The benefits of the pause programme have not been 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	Achieved
Childrens containing demand pressure mitigation	£1.000m	£1.000m	Green	Achieved
Explore reduction in Youth Provision	£0.100m	£0.100m	Green	Achieved
YOS	£0.025m	£0.025m	Green	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 £2.294m savings were 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 – Earmarked Reserves

	Opening Balance £000	Use of Reserve £000	Contribution to Reserve £000	Closing Balance £000
Intensive Family Intervention Project	505	0	0	505
School Improvement -	723	0	371	1094
Schools Causing Concern	500	0	0	500
SEND OFSTED Inspection Improvement Action Plan	105	0	946	1051
Children's Centre – Outdoor Play	100	-8	0	92
Help for Young People	36	0	0	36
Looked After Children Education Services	107	0	104	211
Local Safeguarding Children's Board	23	0	0	23
SEND - High Needs	248	0	0	248
YOS - Remand & Mobile Youth Centre	0	0	157	157
Early Help & Play Development	0	0	123	123
DRIVE Safelives & Domestic Abuse Hub	0	0	50	50
Children's Transformation	0	0	32	32
Children IT data system	0	0	127	127
Mersey & Cheshire ICS Pilot	0	0	20	20
Care Leaver Accommodation Development	0	0	358	358
Wirral Apprentice Programme	0	0	53	53
Looked after Children Placement Reserve	0	0	470	470
Schools – DSG	-1679	-11	0	-1690
Total	668	-19	2,811	3,460

3.4.18 Children, Families and Education reserves reflect funds that have been set aside for specific projects and activities. There are reserves for SEND, school improvement, looked after children and early help activities some of the main reserves are highlighted below. In most cases the expenditure relating to these reserves was forecast to be fully spent during the year, as reflected in the quarterly budget monitoring reports. However, due to delays in project and actions progressing in year, the expenditure is requested to be carried forward to meet commitments in 2022/23. This is critical to supporting the ongoing financial sustainability of the Council and to ensure that one-off expenditure that occurs in 2022/23 does not have an adverse impact on next year's budget.

3.4.19 School Improvement £1.093m is to be used to deliver improvement programme and an enhanced offer to schools to 'catch-up' with the statutory requirements.

- 3.4.20 The funding set aside for SEND Improvement / action plan following the recent OFSTED inspection have been increased by £0.946m to allow for full transformation of SEND services with partners across the borough. The main milestones will be delivered during 2022/23
- 3.4.21 £0.211m reserve for Look After Children Education Services is to support education oversight for the most vulnerable children on Wirral.
- 3.4.22 Youth offending Service (YOS) £0.157m reserve relates to purchase and fitting out of a vehicle for use as a mobile youth centre and for any increases in number of young people in remand that are not covered by the YOS remand grant. The grant will be based on recent activity which is significantly below pre-pandemic activity.
- 3.4.23 Early Help £0.123m reserve for projects to address reduced access and awareness of early years services during the covid/lockdown. This should assist in returning access, referrals and take up to pre-pandemic levels.
- 3.4.24 Reserve of £0.127m has been set aside to contribute towards the implementation of replacement of the system for recording and monitoring early years, education and SEND activity.
- 3.4.25 Reserve of £0.358m has been set aside to deliver the new accommodation approach for care leavers.
- 3.4.26 Children in care placements £0.470m reserve. There is a national shortage of residential placements and it is anticipated that during the year there will be some placements that will be priced significantly above the average and what has been funded in the budgets
- 3.4.27 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 balance will now increase by £.0011m and increasing the overall deficit to £1.690m.

3.5 Law & Governance

3.5.1 As at the end of March 2022, the outturn position for Law and Governance is a small adverse variance of £0.001m against a budget of £3.904m.

3.5.2 The Law and Governance Directorate continues to experience difficulties in recruiting to posts in Legal Services and the cost of external legal services. The impact is reduced overall by vacancies in Democratic Services and a Grant received towards the shared costs of the Elections held earlier this year.

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

	Budget	Outturn	Variance		Adverse/ Favourable
			(+ Fav / - Adv)		
	£000	£000	£000	%	
Law & Governance (Corporate)	425	425	0	0%	
Legal Services	2,714	3,011	-297	-11%	Adverse
Democratic & Member Services	1,806	1,642	164	9%	Favourable
Coroner Services	680	757	-77	-11%	Adverse
Electoral Services	573	511	62	11%	Favourable
Registrar Services	-121	-220	99	-82%	Favourable
Licensing	-71	-119	48	-68%	Favourable
Directorate Surplus / (Deficit)	6,006	6,007	-1	0%	Adverse
Support/Admin Building Overhead	-2,103	-2,103	0	0%	
Total Surplus/ (Deficit)	3,903	3,904	-1	0%	Adverse

3.5.3 **Law & Governance:** A breakeven position is reported for the Financial Year 2021/22.

3.5.4 **Legal Services:** An adverse variance of £0.297m is reported for the Financial Year 2021/22. There are still a number of posts to fill permanently that are being partially covered by locum staff which increases the staffing costs and costs of external legal services.

3.5.5 **Democratic & Member Services:** A favourable variance of £0.164m is reported for the Financial Year 2021/22. The service is currently carrying vacancies due to difficulties in recruitment.

3.5.6 **Coroner Services:** An adverse variance of £0.077m is reported for the Financial Year 2021/22.

3.5.7 **Electoral Services:** A favourable variance of £0.062m is reported for the Financial Year 2021/22. A new reserve has been set up to smooth the effect of the four yearly elections and by-elections as described in the business case for permanent budget removal in 2022/23.

3.5.8 **Registrars Services:** A favourable variance of £0.099m is reported for 2021/22.

3.5.9 **Licensing:** A favourable variance of £0.048m is reported for the Financial Year 2021/22. During the final Quarter of the Financial Year funding was received for staff who were working on the enforcement of Covid-19 regulations. Sales, Fees and Charges Funding and income from licence fees were more favourable than originally expected.

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

	Budget £000	Outturn £000	Variance (+ Fav / - Adv)		Adverse/ Favourable
			£000	%	
Income	-2,071	-1,789	-282	14%	Adverse
Expenditure					
Employee	4,341	4,044	297	7%	Favourable
Non Pay	3,736	3,752	-16	0%	Adverse
Total Expenditure	8,077	7,796	281	3%	Favourable
Directorate Surplus / (Deficit)	6,006	6,007	-1	0%	Adverse
Support / Admin Building Overhead	-2,103	-2,103	0	0%	
Total Surplus / (Deficit)	3,903	3,904	-1	0%	Adverse

Budget Virements

3.5.10 Following the recently agreed pay award, a budget virement to cover the cost of the agreed 1.75% pay uplift has been processed during Quarter 4.

Budget Saving Achievement Progress

3.5.11 Within each Directorate'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 have changed and needed to be monitored closely to ensure, if adverse, mitigating actions could be taken immediately to ensure a balanced budget is reported to the end of the year.

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

Saving Title	Agreed Value	Outturn Value	RAG Rating	Comments
Suspension of Individual Ward budgets	£0.184m	£0.184m	Green	Achieved
Total	£0.184m	£0.184m		

3.5.12 The savings have been fully achieved.

Earmarked Reserves

3.5.13 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	42	145
Constituency Fund Carry forward	15	-15	0	0
Electoral Reserve	0	0	150	150
Total	178	-15	192	355

3.5.14 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. A new reserve has been set up to smooth the effect of 4 yearly elections and by-elections as agreed by Full Council as part of the 2022/23 budget.

3.6 Neighbourhood Services

- 3.6.1 At the end of 2021/22, the year-end position for Neighbourhoods is a favourable variance of £0.089m against a budget of £54.532m. The Directorate delivered all 2021/22 savings, with the inclusion of mitigating items.
- 3.6.2 Included in the Directorate position is the mitigation available from the Sales, Fees, and Charges income loss compensation scheme. This was available until the end of Quarter 1 and the service has claimed 75p in the pound for eligible planned income which equates to £2.028m.
- 3.6.3 The focus for the Directorate has been on recovery in 2021/22 with services being gradually reintroduced throughout the year. However, income generating opportunities have not yet returned to pre-pandemic levels due to phased and partial reopening of some services during the year. Most sites reopened and returned to full capacity before the end of the year. However, some Leisure and Library sites were utilised for COVID-19 purposes during the year which restricted income generating opportunities.
- 3.6.4 As case rates within the Borough remained high, localised decisions were taken in Quarters 1 and 2 based on Public Health advice, which means some restrictions remained in place after the government road map date of 19th July. Income continued to recover in Quarter 3 and Quarter 4 and although it was below 2019/20 levels, it was better than anticipated in the final two quarters. This resulted in an overall favourable variance. However, income levels were significantly less than in 2019/20 and the area would have reported an adverse variance overall if income budget targets had not been temporarily reduced in 2021/22.

TABLE 17: 2021/22 Neighbourhoods – Service Budget & Outturn

	Budget £000	Outturn £000	Variance		Adverse/ Favourable
			(+ Fav / - Adv) £000	%	
Neighbourhoods Management Team	-6,404	-6,037	-367	6%	Adverse
Community Safety and Transport	3,789	3,840	-51	-1%	Adverse
Highways and Infrastructure	5,167	6,669	-1,502	-29%	Adverse
Leisure, Libraries and Customer Engagement	13,031	11,528	1,503	12%	Favourable
Parks and Environment	36,072	35,566	506	1%	Favourable
Directorate Surplus / (Deficit)	51,655	51,566	89	0%	Favourable
Support/Admin Building Overhead	2,877	2,877	0	0%	
Total Surplus/ (Deficit)	54,532	54,443	89	0%	Favourable

- 3.6.5 **Neighbourhoods Management Team:** An adverse variance of £0.367m is reported for 2021-22. This relates to additional employee costs in relation to staff acting up into posts to cover sickness within the Directorate. There are corresponding favourable variances in relation to substantive posts within other areas of the Directorate.
- 3.6.6 **Community Safety and Transport:** An adverse variance of £0.051m is reported for 2021-22 due to underachievement of income in relation to Community Patrol. This was mitigated in part through Government grants which were utilised to fund employees currently working on the COVID-19 response. In addition, increases in demands within Community Patrol and SEND Transport directly relating to COVID-19 have been mitigated through funding secured to meet the projected costs associated with this.
- 3.6.7 **Highways and Infrastructure:** An adverse variance of £1.502m is reported for 2021-22. Charging for car parking resumed at the beginning of the year, however as ticket sales throughout the year has been between 60% and 75% of the pre-pandemic levels this has adversely impacted income. This was mitigated in part in Quarter 1 through income from the Sales, Fees, and Charges income loss compensation scheme. The 2021/22 saving associated with Car Parking has not been 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 Environment, Climate Emergency and Transport Committee with the outcome of the consultation on Traffic Regulation Orders. The overall position deteriorated from what was reported in Quarter 3 due to increases in energy costs, increases in winter gritting costs and a slight reduction in ticket sales in car parks due to increases in case rates and uncertainty surrounding the omicron variant.
- 3.6.8 The standardisation of car parking charges was implemented from September, however as this was delayed by five months it has resulted in a pressure of £0.237m. 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 has not been realised this year. This has resulted in an additional pressure of £0.5m. The overall adverse variance relating to car parking in 2021/22 equates to £0.737m. However, it is expected that the saving will be fully achieved in 2022/23. A report will be taken to Environment, Climate Emergency and Transport Committee in June 2022, which will provide feedback on Traffic Regulation Order processes and recommendations for Committee to consider. Favourable variances from across Neighbourhoods have assisted in mitigating this area in 2021/22.
- 3.6.9 Additional adverse variances relating to Highways Management total £0.460m. This is due to increases in demand for maintenance and remedial work. Improvements have been made against Quarter 2 and 3 by exploring other sources of funding and capitalisation opportunities to mitigate increased 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 £0.110m as the service is not fully resourced. Street Lighting is reporting an adverse variance of £0.260m due to an increase in

energy bills from October 2021. The Authority has invested in replacement LED lighting and if this had not taken place energy bills would have been 60% higher and the adverse variance would have been £1.08m. Winter gritting is also reporting an adverse variance of £0.307m. These adverse variances are mitigated in part by favourable variances within the remainder of Highways and Infrastructure.

- 3.6.11 **Leisure, Libraries and Customer Engagement:** A favourable variance of £1.503m is reported for 2021/22. This area covers Leisure Centres, Golf Courses, Libraries, One Stop Shops, Museums, Theatre, Catering & Hospitality Services. This includes the income available from the Sales, Fees and Charges income loss compensation scheme, the compensation figure for this area was £1.485m. This has improved from a balanced position in Quarter 3 as income projections for the final quarter were conservative and based on limited footfall. At the time it was unclear what impact the omicron variant would have on figures and projections were adjusted accordingly. However, income figures rose steadily from January to March which resulted in a favourable position.
- 3.6.12 In 2021/22 the focus has been 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. 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. Although footfall is below 2019/20 levels, figures were better than what was expected once the direct debits were reintroduced. The 2021/22 budget was set based on estimates and information available at the time. Figures for Quarters 1 and 2 were in line with original estimates. However, as income improved in Quarter 4 this has resulted in a favourable variance and a change from the balanced position reported at Quarter 3.
- 3.6.13 Sports and Recreation is reporting a favourable variance of £1.482m net of the income loss compensation. When Quarter 3 was reported there was uncertainty surrounding the new COVID-19 variant and the impact on income, meaning a balanced position was reported. However, as no further restrictions were introduced income and footfall steadily improved in Quarter 4. Although income generation has improved, many customers have sought alternative arrangements during the past two years meaning overall demand for the service has reduced. Direct debits were reinstated in Quarter 3 and are currently at 10,000 (typically these would be between 13,000-14,000).
- 3.6.14 Although footfall is approximately 75% of what it was in 2019/20, this is comparable with figures for leisure centres nationally. The service has attempted to mitigate the loss this year by improving income through marketing campaigns, reducing expenditure and by exploring further cost efficiencies through the Leisure Review.
- 3.6.15 Floral Pavilion is reporting an adverse variance of £0.123m. This is due income losses in Quarters 1 and 2, which have been mitigated in part through a reduction in payments to Suppliers and through the Sales, Fees and Charges income loss compensation scheme. This service returned to business as usual from October following the extension of local conditions. This severely limited any income generating opportunities in this area in the first half of the year. Income has been recovering steadily and was better than expected in Quarter 3 and Quarter 4 now the

service is operating at full capacity. The site was used for committee meetings throughout the year which impacted normal operations and may have compromised income. The catering services located at the Theatre and Sail Loft have been generating sufficient income to cover their costs since restrictions were lifted, enabling them to operate at full capacity.

- 3.6.16 Small income losses are reported within the Libraries and Museums services. This has been mitigated in part through the Sales, Fees, and Charges income loss compensation scheme and through a reduction in premises and supplies costs. Library sites have now reopened and are offering many of their pre-pandemic services. Museums operated at restricted capacity for most of the year due to outstanding requirements to install a new ventilation system at the Williamson Art Gallery and Museum.
- 3.6.17 **Parks & Environment:** A favourable variance of £0.506m is reported for 2021-22. Garden Waste was not impacted in 2021/22 as charges for the service returned to pre pandemic levels. The service has achieved 42,000 subscribers this year which is the largest since the scheme commenced. The direct debit system was implemented in 2020/21 and this has assisted in retaining existing subscribers.
- 3.6.18 Parks and Tree Management is reporting a favourable variance of £0.227m. Income from Parks was impacted by COVID-19 in Quarter 1, which was mitigated in part by the Sales, Fees, and Charges income loss compensation scheme. Services relating to pitch hire and some events resumed from Quarter 2 and performed better than anticipated. When Quarter 3 was reported, there was uncertainty surrounding the new COVID-19 variant and the impact potential further restrictions would have on income. Therefore, conservative assumptions were made around income generation in the final quarter. However, as no further restrictions were imposed income generation was better than anticipated in Quarter 4, resulting in a favourable variance.
- 3.6.19 Regulatory Services is reporting a favourable variance of £0.278m. 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.

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

	Budget	Outturn	Variance		Adverse/ Favourable
			(+ Fav / - Adv)		
	£000	£000	£000	%	
Income	-32,732	-36,832	4,100	-13%	Favourable
Expenditure:					
Employee	32,660	32,003	657	2%	Favourable
Non Pay	51,727	56,395	-4,668	-9%	Adverse
Total Expenditure	84,387	88,398	-4,011	-5%	Adverse
Directorate Surplus / (Deficit)	51,655	51,566	89	0%	Favourable
Support/Admin Building Overhead	2,877	2,877	0	0%	
Total Surplus/ (Deficit)	54,532	54,443	89	0%	Favourable

Budget Virements

3.6.20 Following the recently agreed pay award, a budget virement to cover the cost of the agreed 1.75% pay uplift has been processed during Quarter 4.

Budget Saving Achievement Progress

3.6.21 Within each Directorate'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 have changed and needed to be monitored closely to ensure, if adverse, mitigating actions could be taken immediately to ensure a balanced budget is reported to the end of the year.

TABLE 19: 2021/22 Neighbourhoods Directorate – Budget Savings

Saving Title	Agreed Value	Outturn Value	RAG Rating	Comments
LED savings	£0.400m	£0.400m	Green	The saving has been achieved and the adverse variance reported against the area is due to energy price increases which would have been significantly higher had LED lighting not been rolled out.
Additional and increased car parking charges	£1.00m	£1.00m	Red (Amber with mitigations)	The options paper to determine how the saving was to be made was presented to June Committee and this was

				<p>subsequently called in. This has resulted in a part year delay, although the saving will be fully achieved in 2022/23. Mitigations have been sought for this year. £0.263m of this saving has been achieved through flat rate fee introduction from September. The remainder will be mitigated as follows: £0.195m income from the Sales, Fees, and Charges income loss compensation scheme. £0.542m is available due to waste and environment costs being less than anticipated.</p>
Targeted and Discretionary Environmental Enforcement	£0.150m	£0.150m	Amber (Green with mitigations)	This was not fully achieved in 2021/22 due to delays in commencement. This has been mitigated from favourable variances within Waste and Environment.
Royden Park Commercial Development	£0.080m	£0.080m	Amber (Green with mitigations)	This was not fully achieved in 21/22 due to delays in commencement and will be revisited as part of the Leisure Review. The shortfall has been mitigated from favourable variances within Waste and Environment.
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. Shortfalls this year have been mitigated through favourable variances within Waste and Environment.
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	Achieved
Contract efficiency savings with BIFFA	£0.075m	£0.075m	Green	Achieved
Ongoing Covid-19 temporary Library Closure	£0.100m	£0.100m	Green	Achieved
Ongoing Covid-19 temporary Leisure Centre Closure	£0.100m	£0.100m	Green	Achieved
Temporary closure of Europa Fun pool due to Covid-19 restrictions	£0.250m	£0.250m	Green	Achieved
Review of Museums Service	£0.090m	£0.090m	Green	Achieved
Pause re-opening of Woodchurch Leisure Centre	£0.322m	£0.322m	Green	Achieved
Income from West Kirby catering offer	£0.035m	£0.035m	Green	Achieved
Total	£3.302m	£3.302m		

3.6.22 Most savings were achieved in 2021/22 without mitigations. Car Parking is rated Amber and was not fully achieved due to delays in implementing the charges. Flat rate charges were implemented from September following the outcome of the Decision Review Committee. However, introduction of charges at new sites have been delayed until 2022/23 as it will take time to purchase and install the ticket machines. The shortfall against this saving is 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	0	246	801
Health & Safety Flood Prevention	455	0	0	455
Parks Tree Maintenance	374	-187	0	187
Environmental Health	300		0	300
Anti-Social Behaviour	112	-112	0	0
Climate Emergency	100	0	0	100
Les Mills Classes	100	-11	0	89
Litter Enforcement - development of initiatives	49	0	0	49
Weed Spraying : Mitigate against additional costs	41	0	0	41
Birkenhead Park World Heritage Site Lottery Bid	40	0	0	40
Coastal Protection	35	0	0	35
Sports Development Reserve	30	-8	0	22
Environmental Health F.S.A. Backlog	28	0	0	28
Trading Standards	25	0	0	25
Hilbre Island - Legacy	21	0	0	21
Health & Safety Armed Forces Welfare Pathway	14	0	0	14
BikeSafe	10	0	0	10
Repairs & Maintenance upgrades on Public Conveniences	8	0	0	8
LAMPS to Concerto system replacement	2	0	0	2
Brexit Preparation Grant	110	-110	0	0
Library Donations	1	0	0	1
Storeton Quarry	0	0	30	30
Total	2,410	-428	276	2,258

3.6.24 In 2021/22 reserves have been utilised in relation to Tree Maintenance, Les Mills Anti-Social Behaviour and Brexit Preparation. The Community Safety Initiatives reserve has increased by £0.279m, this relates to partnership money for the Safer Streets project and this must be utilised to fund partnership projects. A new reserve will be created for £0.030m to fund costs associated with Storeton Quarry works which will be carried out in 2022/23 to ensure the site is still health and safety compliant.

3.7 Regeneration & Place

3.7.1 As at the end of March 2022 (Quarter 4), the year-end position for Regeneration & Place is an adverse variance of £0.132m against a budget of £34.278m.

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

	Budget	Outturn	Variance		Adverse/ Favourable
			(+ Fav / - Adv)		
	£000	£000	£000	%	
Regeneration	24,252	25,343	-1,091	-4%	Adverse
Housing	6,763	5,662	1,101	16%	Favourable
Asset Management & Investment	4,157	4,278	-121	-3%	Adverse
Planning	1,019	1,038	-19	-2%	Adverse
Special Projects	109	108	1	1%	Favourable
Local Plan	400	400	0	0%	
Directorate Surplus / (Deficit)	36,700	36,829	-129	0%	Adverse
Support / Admin Building Overhead	-2,422	-2,422	0	0%	
Total Surplus / (Deficit)	34,278	34,407	-129	0%	Adverse

3.7.2 **Regeneration:** An adverse variance of £1.091m is reported for 2021-22. This includes the Wirral Growth Company (WGC) Income savings target (£1.400m) that, as previously reported, would not be achieved and is mitigated by the favourable variance reported for Housing. The Committee will be aware that the arrangements for WGC have now changed and as a result, additional receipts from asset disposals will be available for sole use by the Council from 2022/23 that will replace the Income due from WGC in 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 £1.101m is reported for 2021-22, mainly from Supported Housing where staffing costs have been able to be offset by additional specific funding which has been made available for a temporary period, as well as capitalisation of staff who deliver housing adaptations.

3.7.4 **Asset Management & Investment:** An adverse variance of £0.121m is reported for 2021-22. Included within the outturn is a liability for establishing a provision for a potential claim on construction costs dating back over several years. This liability is being funded from the financial resilience reserve but relates to the Asset Management Service. With the impact of the pandemic on major construction projects, lower than expected income from the Design Consultancy service (£0.460m

shortfall). This was partially offset with lower Property Maintenance costs (£0.300m) also reflecting the occupancy of buildings during the pandemic.

3.7.5 **Planning:** An adverse variance of £0.019m is reported for 2021-22 The Public Inquiry relating to Thornton Manor have impacted on this. Major planning applications have been impacted by the ongoing pandemic and whilst minor/ householder applications have increased significantly this has only partially offset the income due to the low value of each of these planning applications.

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 £0.363m in support of developing the local plan.

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

	Budget	Outturn	Variance		Adverse/ Favourable
	£000	£000	(+ Fav / - Adv) £000	%	
Income	-13,492	-14,104	612	-5%	Favourable
Expenditure:					
Employee	13,111	13,254	-143	-1%	Adverse
Non Pay	37,081	37,679	-598	-2%	Adverse
Total Expenditure	50,192	50,933	-741	-1%	Adverse
Directorate Surplus / (Deficit)	36,700	36,829	-129	0%	Adverse
Support/Admin Building Overhead	-2,422	-2,422	0	0%	
Total Surplus/ (Deficit)	34,278	34,407	-129	0%	Adverse

Budget Virements

3.7.8 Following the recently agreed pay award, a budget virement to cover the cost of the agreed 1.75% pay uplift has been processed during Quarter 4 increasing the budget by £0.221m.

Budget Saving Achievement Progress

3.7.9 Within each Directorate'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 have changed and needed to be monitored closely to ensure, if adverse, mitigating actions could be taken immediately to ensure a balanced budget is reported to the end of the year.

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

Saving Title	Agreed Value	Outturn Value	RAG Rating	Comments
Culture and Visitor Economy	£0.620m	£0.620m	Amber (Green with Mitigation)	Not fully achieved due to delays with staff consultations. Has been mitigated via other means.
Birkenhead Market Restructure	£0.240m	£0.240m	Amber (Green with Mitigation)	Achieved but not all via a restructure – some will be achieved via capitalising costs.
Community Alarms	£0.200m	£0.200m	Amber (Green with Mitigation)	Not achieved. The savings shortfall has been mitigated across Regeneration & Place via capitalisation of allowable costs.
Pre-application Fee Increase and PPAs	£0.020m	£0.020m	Green	Achieved
Budget Allocation for DDA	£0.200m	£0.200m	Green	Achieved
Sales, Fees and Charges Compensation – Planning	£0.050m	£0.050m	Green	Achieved
Wirral Growth Company Joint Venture income	£1.380m	£1.380m	Amber (Green with mitigation)	Not achieved. The savings shortfall has been mitigated across Regeneration & Place
Total	£2.710m	£2.710m		

Earmarked Reserves

3.7.10 Earmarked reserves are amounts set aside for a specific purpose or projects. The majority of reserves relate to ring-fenced grants or ring-fenced licences that cannot be used for any other purposes and are being carried forward to be utilised in 2022/23. Some of the grants received were notified quite late into 2021/22 and as a result did not have the opportunity to be spent in year. Non-ringfenced reserves have been created for committed projects that will take place in 2022/23. To ensure the council can remain on a financially sustainable footing, it will be important that these reserves are agreed to ensure no adverse impact is seen on the 2022/23 budget.

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

Reserve	Opening Balance £000	Use of Reserve £000	Contribution to Reserve £000	Closing Balance £000
Selective Licensing	538	0	816	1,354
Wirral Ways to Work	273	0	223	496
Regeneration and Inward Investment	763	0	660	1,423
Urban Development Corporation Bid	220	0	190	410
Building Control Fee Earning	354	-75	189	468
HMO Licence Fees	131	0	33	164
Major Infrastructure Project Development	183	0	0	183
Property Repairs rental income	22	0	254	276
DCLG Empty Shops Grant	41	0	0	41
Culture and Visitor Economy	24	-24	0	0
ERDF 4.2 Match Funding	18	0	0	18
Discover Wirral Marketing Campaigns	13	-13	0	0
DDA - Disabled Access	83	-83	0	0
Europa Centre Dilapidations	83	0	0	83
A/M GMT – Community Fund CAT	76	0	0	76
Licence Survey Work	56	0	0	56
Emergency Maintenance and Work in Default	71	0	135	206
Asset Consolidation	45	-45	0	0
Heritage Fund	7	0	5	12
Resettlement Programme Grant	0	0	992	992
Supporting People Programme	0	0	141	141
Homelessness	0	0	180	180
Domestic Abuse Bill Grant	0	0	602	602
Economic Growth	0	0	342	342
Birkenhead Future High Street funding	0	0	57	57
Total	3,001	-240	4,819	7,580

3.7.11 The local plan reserve of £0.363m that is being used this financial year is from the Financial Resilience Reserve held within the Resources directorate.

- 3.7.12 Selecting Licensing Reserve has increased by £0.816m for the ringfenced service; where income is received at the start of a 5 year programme of support and is then drawn down to fund the staffing resource and other running costs of the scheme annually as part of the business plan forecast.
- 3.7.13 Wirral Ways to Work reserve has increased by £0.223m as work was delayed during the pandemic and will be utilised over the length of the contract.
- 3.7.14 Regeneration & Inward Investment has increased by £0.660m to help fund the staff resources required to fully deliver on the ambitious regeneration programme.
- 3.7.15 Urban Development Corporate reserve is increased by £0.190m being the second tranche of funding received to develop the feasibility study exploring potential delivery vehicles for regeneration in Wirral.
- 3.7.16 Building Control Fees have increased by £0.189m, which is part of a ringfenced service and will be re-invested into the service over the following three years.
- 3.7.17 HMO Licence Fee increased by £0.033m, which is a ringfenced service and is re-invested over the following three years.
- 3.7.18 The Property Repairs rental income reserve (previously named Challenge Fund Properties reserve) has increased by £0.227m. This is rental income raised to cover the management and repair of the properties and is to cover costs following the 2021 Stock Condition Survey to ensure repairs, legislative requirements are met ensuring that homes are compliant with decent homes and compliance.
- 3.7.19 The Work In Default reserve increased by £0.135m and is to pay for emergency works to properties with hazardous housing conditions. This expenditure is recoverable and the reserve is topped up when the debt is recovered.
- 3.7.20 The Heritage Fund reserve has been increased by £0.005m as a contribution towards the 175th Anniversary events for Birkenhead Park.
- 3.7.21 The Resettlement Programme Grant is a new reserve for £0.992m and relates to the 5 year funding allocation for the resettlement of refugees as part of the local authority pledge for the UKVS resettlement programme. It is front loaded at the start of the scheme and will be used over the next 5 years for services such as ESOL payments, school uniforms VCS grant assistance, etc.
- 3.7.22 Supporting People Programme is a new reserve for £0.141m, to cover increasing cost pressures on the service where existing contracts have had no inflation uplift over the 3 year contract periods and is impacting on potential viability for providers.
- 3.7.23 Homelessness is a new reserve for £0.180m, to help support the service over 22-23; whilst grant has been awarded in 22-23 demand is expected to be high resulting from delays to evictions and possession hearings with increased notices being issued by landlords and this reserve is to help support our statutory homelessness duty.

- 3.7.24 Domestic Abuse Bill Grant is a new reserve for £0.602m, is a ringfenced grant awarded to support the new burden from the domestic abuse bill and will be spent during 22-23 on services commissioned and/or supporting families and people suffering from Domestic Abuse with both Housing and Childrens Services.
- 3.7.25 Economic Growth is a new reserve of £0.342m. This is funded from a released provision and will be used in 22-23 to cover one off costs relating to an environmental hazard insurance for the Hind Street land recently purchased and other regeneration activity that can't be met from capital.
- 3.7.26 Birkenhead Future High Street Funding is a new reserve of £0.057m created from government funding to support the development of Business Cases for the Birkenhead Future High Street programme of work.

3.8 Resources

3.8.1 As at the end of March 2022 the year end outturn position for Resources is a favourable variance of £0.219m against a budget of £33.692m.

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

	Budget	Outturn	Variance		Adverse/ Favourable
			(+ Fav / - Adv)		
	£000	£000	£000	%	
Finance & Investment	21,612	21,627	-15	0%	Adverse
HR & OD and Payroll	3,374	3,460	-86	-3%	Adverse
Digital & Improvement	5,753	6,398	-645	-11%	Adverse
Revenues & Benefits	3,613	2,933	680	19%	Favourable
Audit, Risk & Business Continuity	595	560	35	6%	Favourable
Strategic Change	4,814	4,564	250	5%	Favourable
Corporate Pressures	3,680	3,680	0	0%	
Directorate Surplus / (Deficit)	43,441	43,222	219	1%	Favourable
Support / Admin Building Overhead	-9,749	-9,749	0	0%	
Total Surplus / (Deficit)	33,692	33,473	219	1%	Favourable

3.8.2 **Finance & Investment:** A small adverse variance of £0.015m is reported for 2021/22 after the transfer to the business rates equalisation reserve. The service had been forecasting throughout the year that this funding would be available to support this reserve and has been possible at the full anticipated level, leaving a small adverse variance.

3.8.3 **HR & OD:** A small adverse variance of £0.086m is reported for the Financial Year 2021/22.

3.8.4 **Digital & Improvement:** An adverse variance of £0.645m is reported for the Financial Year 2021/22. This is due to a number of contracts with schools which have not been renewed, resulting in a loss of income. Work to turn this around will continue, 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. A programme of work has commenced to review the schools traded service and the printing service, both of which are not financially sustainable. This will be reported to the Committee in 2022/23 with options to remove the deficit and mitigate any future years' pressure.

3.8.5 **Revenues & Benefits:** A favourable variance of £0.680m is reported for the Financial Year 2021-22. At the end of the year, the final allocations for the Tax Income Guarantee grant were agreed and the Council received more than was

forecast at the start of the year. The Ministry of Justice (MoJ) have made a repayment of Magistrates Court Fees during the periods April 2014 to July 2018 is due to the Authority in a letter from Local Authority Civil Enforcement Forum (LACEF). During a review conducted by the MoJ it was identified that the court fees were inadvertently set above the cost of the service. The income from Court Summons is recovering and is being closely monitored. Service remodelling is resulting in the service holding post vacancies pending restructure which is showing as a favourable variance within Employees. Further COVID funding has been received to enable employees redeployed to other duties to continue.

- 3.8.6 **Audit, Risk and Business Continuity:** A minor favourable variance of £0.035m is reported for 2021/22.
- 3.8.7 **Strategic Change:** A favourable variance of £0.250m is reported for the Financial Year 2021/22. This is as a result of staff redeployed on Covid duties with funding or working on capital projects where their salaries have been capitalised. Over the past 6 months, the Council has been working with its strategic partner to implement the digital transformation aspect of the Strategic Change Programme, as agreed by the Committee in December 2021. Work to fully progress this has been delayed to ensure the digital transformation fully aligns with the new operating model and the priorities within the Wirral Plan. As a result, the funding earmarked for this has not yet been spent. This will be carried forward and spent into 2022/23 as a digital transformation reserve which will in turn enable significant savings to be made across the whole council. A report will be presented to the committee at later date with a full business case.
- 3.8.8 **Corporate Pressures:** A break-even position is reported for 2021-22. The social care balance has been transferred to a new reserve to protect against any long-term impact of unexpected demand arising from long-covid and the impact of the cost of living crisis on the social care setting.

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

	Budget £000	Outturn £000	Variance (+ Fav / - Adv)		Adverse/ Favourable
			£000	%	
Income	-97,173	-95,115	-2,058	2%	Adverse
Expenditure					
Employee	27,334	25,113	2,221	8%	Favourable
Non Pay	113,280	113,224	56	0%	Favourable
Total Expenditure	140,614	138,337	2,277	2%	Favourable
Directorate Surplus / (Deficit)	43,441	43,222	219	1%	Favourable
Support / Admin Building Overhead	-9,749	-9,749	0	0%	
Total Surplus / (Deficit)	33,692	33,473	219	1%	Favourable

Budget Virements

3.8.9 Following the recently agreed pay award, a budget virement to cover the cost of the agreed 1.75% pay uplift has been processed during Quarter 4.

Budget Saving Achievement Progress

3.8.10 Within each Directorate'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 have changed and needed to be monitored closely to ensure, if adverse, mitigating actions could be taken immediately to ensure a balanced budget is reported to the end of the year.

TABLE 27: 2021/22 Resources – Budget Savings

Saving Title	Agreed Value	Outturn Value	RAG Rating	Comments
Business Change Service Reduction	£0.670m	£0.670m	Green	Achieved
Review of Traded Services	£0.270m	£0.270m	Green	Achieved
Alternative funding for PFI	£0.250m	£0.250m	Green	Achieved
Bad debt write-off reduction	£1.000m	£1.000m	Amber (Green after mitigations)	Not fully achieved. Work is ongoing into the debt process especially in relation to Adult Social Care debt which is being reviewed for 22/23.

New staffing structure in IT Services	£0.620m	£0.620m	Green	Achieved
Business Support Unit Staffing Reduction	£0.240m	£0.240m	Green	Achieved
Wide Area Network savings	£0.240m	£0.240m	Green	Achieved
Restructure of Revenues & Benefits	£0.150m	£0.150m	Green	Achieved
Centralised Print Process	£0.160m	£0.060m	Amber (Green with mitigations)	Not fully achieved due to the request by Members to reinstate some printers
Workforce remodelling	£0.390m	£0.390m	Green	Achieved
Continuation of agile working	£0.500m	£0.500m	Green	Achieved
Apprenticeships First Strategy	£0.150m	£0.150m	Green	Achieved
One Stop Shop Service Reduction	£0.100m	£0.100m	Green	Achieved
Continue Temporary Building Closures	£0.750m	£0.750m	Green	Achieved
Zero Based Budgeting	£0.170m	£0.170m	Amber (Green after mitigations)	A ZBB exercise has been undertaken for Adult, Care and Health which has not generated any savings in 21/22. The full process of ZBB for all other Directorates will continue throughout 22/23 as part of the service review process.
Contract Management & Commissioning	£0.350m	£0.350m	Green	Achieved
Local Welfare Assistance Temporary Saving	£0.200m	£0.200m	Green	Achieved
Use of Brexit Reserve	£0.100m	£0.100m	Green	Achieved
Additional Capital Receipts	£0.390m	£0.390m	Green	Achieved
Total	£6.700m	£6.600m		

3.8.11 The majority of the savings within Resources are on target to be met as noted above.

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	-20	0	205
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	2,336	7,000
Enterprise Zone Contingency Fund	29	0	0	29
Financial Resilience Reserve	2,599	-3,612	1,900	887
Financial Instrument Equalisation Reserve	2,126	-3	0	2,123
Year 2 of EVR/VS Termination Payments	1,000	-1,572	2,455	1,883
Social Care Fund	0	0	3,340	3,340
Digital Transformation	0	0	1,566	1,566
Total	11,321	-5,207	11,597	17,711

3.8.13 Business Rates Equalisation Reserve

During the year there have been planned underspends within the Resources Directorate in all areas in anticipation for budget reductions as part of the 2022/23 budget setting process. As part of the expected funding formula review in 2023/24, it is anticipated that the 100% business rates pilot retention that Wirral takes part in with the rest of the Liverpool City Region will cease. When the pilot was established, Wirral benefited from an additional £7m income as part of the pilot and as the pilot is expected to cease, it is anticipated that this benefit will reverse, and the Council will be at a £7m detriment. At the time pilot was established, a business rates equalisation reserve was also established to protect the Council from having to offset the cessation of the pilot and the subsequent detriment in year of termination. Any underspends within the Resources Directorate, where available, have been used to top-up that reserve to a value of the anticipated future detriment of £7m. The planned underspend in 2021/22 will contribute to that reserve to ensure that once the pilot is expected to cease in 2023/24 there will be a one-year protection from any funding reduction in that year.

3.8.14 Financial Resilience Reserve

During the year a credit of £1.9m has been received from Merseyside Pension Fund in respect of a reduction of employers' pension contribution as the fund is fully funded for past service liabilities. This credit has been included within the Financial Resilience Reserve at quarter 4 and has been fully utilised to fund the 2021/22 staff pay award that was not budgeted for in the 2021/22 budget. The reason for this was highlighted in the 2021/22 budget report, approved at full Council and was a result of

the announcement in the Chancellor's 2020 autumn statement that all public sector pay increases would be paused for the following year. Since the statement was made however, the National Employers Association and Trade Unions have subsequently agreed a 1.75% pay award would be paid.

3.8.15 EVR Reserve

At the start of the year the EVR reserve was set at £1m. This reserve is used to fund the exit costs of staff leaving the authority on Voluntary Redundancy which encompass redundancy payments and pension strain payments. There is an option to fund pension strain payments over 5 year via the Merseyside Pension Fund but to alleviate future years costs and a medium-term debt, the council policy is the all exit costs are funded in full in the year of exit. The existing Government Flexible Use of Capital Receipts guidance, up to the end of 2021/22 allows redundancy payments to be funded from income from asset disposals, however this is not a policy that the Council has previously followed. This has proven to be a beneficial approach as from 2022/23 the Government has changed the guidance, and this is now not allowed. Due to the nature of the savings requirement for 2022/23, it was anticipated that significant costs could be realised from voluntary redundancy exit and potential compulsory redundancy exit and as a result, £2.5m additional funding was earmarked to increase this reserve from the Financial Resilience Reserve and the Transformation budget. As part of the 22/23 savings implementation, not all staff left the council by 31 March 2022 with some due to leave in 2022/23. Therefore, the reserve will be carried forward into next year to mitigate the cost of staff exit in 2022/23 and will be renamed the Exit Costs Reserve.

3.8.16 Social Care Reserve

During 2021/22 budget setting, the Social Care grant increase was earmarked to offset any additional demand within Children and Adult Social Care functions. The grant is ringfenced to social care functions and cannot be used for any other purpose. Demand had increased as planned during the year and continued to be impacted by Covid-19. As a result, the social care grant increase was attributed to the increase in demand. However, during the year additional funding has been received that was not anticipated to support continuing Covid-19 activities and as a result not all available funding for social care has been utilised. It is expected that the impact of Covid-19 will continue to be a strain on both adult and children's social care with the longer-term impact of Covid still unknown. Therefore, it is planned to carry the forward the social care funding into 2022/23 to be ring-fenced to any unplanned an unforeseen demand increases in that year and to ensure that sufficient contingency funding is available so as not to impact on core budgets and put the council at risk of future overspends.

3.8.17 Digital Transformation Reserve

In December 2021, the Policy and Resources Committee approved the Strategic Change Programme. This programme included a series of service reviews that would take place over a rolling period that will work within the principles of the Councils new operating model to ensure all services are contributing to the objectives in the Wirral plan and generating beneficial outcomes that can demonstrate value for money. Part of this change programme is an inter-linked digital transformation programme. Work has been ongoing with the Councils preferred supplier as to the implementation of the digital transformation for some time and this work was due to start in 2021/22. However, following a refresh to the

Wirral Plan and a requirement to ensure that the digital transformation programme was aligned to the improvement plans arising from the DLUHC review and the Corporate Peer Challenge, the digital transformation programme is now planned to commence during 2022/23. As a result, the programme funding is unspent and is planned to be carried forward into 2022/23 to enable this work to take place to support the change programme to ensure the council can remain on a sound financial footing and maintain future financial sustainability.

3.9 Earmarked Reserves and General Fund Balances

Earmarked Reserves

- 3.9.1 The earmarked Directorate reserves year-end total has increased by £20m from the start of the year. This is for a number of reasons:
- Late notification and receipt of grant funding that was unable to be spent
 - Increased partnership funding that Wirral is the host for
 - Proactive reductions in expenditure to fund priority actions
 - Slippage on projects due to delays in completion
 - Reserves agreed for utilisation as part of the budget process
- 3.9.2 Of the total earmarked reserves contributions, £13.6m (52%) relates to ring-fenced grants with specific conditions and other ring-fenced activities that can only be used for the purpose it was established e.g., by law, contributions from partners etc. The majority of the reserves held will be spent in 2022/23 on the activities for which they were established. There will be cases however where some of the reserves will be committed over a longer period and have been set aside now to support the council's financial sustainability and have little or limited impact on future years budgets
- 3.9.3 Appendix 1 provides the full list of all earmarked reserves and includes a further narrative on the reserves that have increased by over £100k in year.

General Fund Balances

- 3.9.4 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
- 3.9.5 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.
- 3.9.6 The 2021/22 Budget anticipated that the Council would hold general reserves of £10.68m (3.2% of net revenue budget).
- 3.9.7 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 and will be completed as part of the financial recovery plan.
- 3.9.8 In 2021, as part of the external audit, the auditors qualified the Value For Money (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 4 of 2021-22 totals £61.648m of which £34.186m is fully passported, £18.204m is partially passported, £7.230m is for use by the Council and £2.028m is for the Sales, Fees & Charges compensation claim.

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

COVID-19 FUNDING – FY21-22 YTD	£
FULLY PASSPORTED FUNDING:	
Restart Grant	14,064,813
Hospitality & Leisure/Additional Restrictions/Trading On Scheme	5,249,373
Section 31 Grants - Business Rates Relief	12,800,232
Omicron Hospitality & Leisure Grant	1,668,096
Omicron Additional Restrictions Grant	403,382
TOTAL FUNDING - FULLY PASSPORTED	34,185,896
PARTIALLY PASSPORTED FUNDING:	
ASC Infection Control Fund	5,414,742
Rapid Testing in Care Homes	1,796,261
Workforce Recruitment & Retention Fund	3,469,462
ASC - Omicron Support Fund	450,092
COVID Local Support Grant	1,440,726
Household Support Fund	3,049,345
Test & Trace Support £500 Payment Scheme	2,584,151
TOTAL FUNDING - PARTIALLY PASSPORTED	18,204,779
FUNDING FOR COUNCIL USE:	
Re-Opening High Streets Safely Fund/Welcome Back Fund	617,633
Contain Outbreak Management Fund	2,582,258
Local Authority Practical Support for those Self-isolating	760,479
Clinically Extremely Vulnerable (CEV) grant	382,851
Local Elections Funding – May 2021	85,292
New Burdens	470,108
Community Testing	2,331,187
TOTAL FUNDING - COUNCIL USE	7,229,808
Sales, Fees and Charges Compensation Scheme	2,027,899
TOTAL COVID FUNDING – FY21-22 YTD	61,648,381

TABLE 30 2021/22: Covid Grant Funding Changes Q3 to Q4 2021/22

TABLE 30 2021/22: Covid Grant Funding Changes Q3 to Q4 2021/22

Increase or (Decrease) in Funding	£
FULLY PASSPORTED FUNDING:	
Omicron Hospitality & Leisure Grant	1,668,096
Omicron Additional Restrictions Grant	403,382
TOTAL FULLY PASSPORTED FUNDING INCREASE	2,071,478
PARTIALLY PASSPORTED FUNDING:	
Workforce Recruitment & Retention Fund	2,250,462
Test & Trace Support £500 Payment Scheme	1,745,047
ASC - Omicron Support Fund	450,092
PARTIALLY PASSPORTED FUNDING INCREASE:	4,445,601
FUNDING FOR COUNCIL USE:	
Re-Opening High Streets Safely Fund/Welcome Back Fund	(-11,998)
Local Authority Practical Support for those Self-isolating	156,596
New Burdens	53,588
Community Testing	1,837,832
FUNDING FOR COUNCIL USE INCREASE:	2,036,018
Sales, Fees and Charges Compensation Scheme	(-387,271)
TOTAL COVID FUNDING INCREASE SINCE QUARTER 4 2021	8,165,825

3.10.2 Fully Passported Funding - Increase £2.071m

Omicron Funding

Additional funding received to support those businesses severely impacted by the rise of the Omicron variant

3.10.3 Partially Passported Funding - Increase £4.446m

Workforce Recruitment & Retention Fund: £2.250m

Additional funding to support the adult social care sector to recruit and retain staff.

Test and Trace £500 Payment Support Scheme: £1.745m

Further allocation to reflect final claim made for the Test and Trace payment support scheme.

Adult Social Care Omicron support: £0.450m

Grant for the adult social care sector to meet the increased pressure on existing funding sources caused by the Omicron variant.

3.10.4 Funding for Council use – Increase £2.036m

Re-Opening High Streets Safely Fund/Welcome Back Fund: Decrease (£0.012m)

Previous estimated figure adjusted down to meet value of final claim for measures supporting the public's return to the high street and public venues.

Local Authority Practical Support for those Self-Isolating: £0.157m

Final funding to Local Authorities to provide practical support for those who are Self-Isolating due to COVID-19.

New Burdens Business Grants: £0.054m

Additional funding to LAs to continue to administer and support COVID-19 business grants.

Community Testing – DHSC: £1.838m

Funding from the Department of Health to meet the costs of delivering Wirral's Community Testing response.

3.10.5 Sales, Fees and Charges – Decrease £0.387m

Adjustment from previous estimated figure to reflect final claim made to The Department for Levelling Up, Housing and Communities

3.10.6 Reserves

There has been one increase for a reserve value attributable to Covid funding received in 2021-2022. This is for the Clinically Extremely Vulnerable (CEV) grant which will be fully utilised in 2022-2023 as it is earmarked to meet the additional care costs vulnerable people within adult social care.

3.10.7 Covid-19 Tranche Funding

One strand of the funding received from Government to support Covid-19 was Tranche funding. This was paid in 5 separate tranches and totalled £39.912m. This funding was not specifically ring-fenced but had to be spent on activities to support the impact felt by Covid-19. There has not been any indication from Government that any unspent funding will be clawed back.

Since 2020/21 the tranche funding has supported cells that were established under the emergency Covid-19 delegations and all requests for funding were accompanied by a Joint Emergency Service Interoperable Procedure (JESIP) form that was either approved by the Tactical Support Group (TCG) or the Strategic Recovery Group (SRG). £8.5m of this funding remains unspent but is committed under approved JESIP forms and will be carried forward in reserve into 2022/23 to support these

commitments to offset the continuing impact of Covid-19. In 2022/23 the fund will be allocated to individual reserves and will be managed through the Council's Reserve Strategy. In the event the reserves are no longer required, in line with the tranche funding guidance that the funds must only be used to support Covid-19 activities, the funds will be used to repay the capitalisation loan early as the reason for this loan arose from the impact of Covid-19 on the Council's budget.

Children, Families & Education £1.500m – to support the impact upon children who have suffered abuse at home during lockdown that takes times to recognise and understand.

Adult, Care & Health £0.560m – to meet the demand and cost pressures required to support people discharged from hospital. Pressures that have been increased with the cessation of the Hospital Discharge fund in March 2022.

Neighbourhoods –£2.200m- Waste service pressures linked to the additional footfall at coastal areas, supporting Community Safety response plus anticipated continuing reduction in income due to ongoing public nervousness and reluctance to return to leisure activities at the level pre Covid-19 etc

Recovery £1.100m – Ventilation costs to ensure buildings are fit for purpose, funding required to support staff returning to buildings and short-term service demand needs.

Revenues and Benefits £0.300m – Allocation to meet Local Welfare Assistance demands for residents.

Strategic renewal, community engagement and support £2.9m – Continuation of mental health, digital inclusion, debt management and employment support.

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, Housing and Communities (DLUHC) 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 on 12 May the Council received written confirmation from DLUHC that, "Ministers are content to approve a total capitalisation direction to fund revenue expenditure not exceeding £6.36 million, subject to conditions". (see Appendix 1)
- 3.11.4 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 were reassessed to review the appropriateness of the estimation and provided an opportunity to reduce the requirement to access the full £10.7m of Exceptional Financial Support (EFS).
- 3.11.5 A corporate pressure of £1.000m held for Homelessness was earmarked to reduce the requirement to access EFS at quarter 2, 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.
- 3.11.6 A further £2.000m from the Contain Outbreak Management Fund (COMF) was identified for use 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.
- 3.11.7 The favourable variance of £1.854m within this Outturn report will be used to offset the need to access EFS.
- 3.11.8 Using these monies will reduce the Council's requirement to access Exceptional Financial Support by £4.854m, from £10.700m down to £5.846m.

3.11.9 When the budget was set the value of these pressures could only be estimated as the longer-term impact of Covid-19 could not be known. It was expected at this time, that the value of these pressures would inevitably change as the year progressed and more accurate data became available.

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 February 2022. Directorates have been working on early proposals for budget workshops and these will contribute to a revised MTFP.

4.0 FINANCIAL IMPLICATIONS

4.1 This is the Quarter 4 budget monitoring report that provides information on the 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 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.

5.2 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.

5.3 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.

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 3.11.1. 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 One of the recommendations of the External Assurance Review was to appoint an independent assurance panel as an advisory body with the necessary expertise to provide external scrutiny and support to the Council and assurance to DLUHC that progress is being made in achieving the required improvements. With support from the Local Government Association, the Council has now established this Panel which met for the first time in January and will continue to meet on a regular basis to ensure that the Council responds positively to the recommendations and achieves the required outcomes.
- 7.7 Whilst balancing this year and future year budgets requires some difficult decisions to be made, it provides an opportunity to stabilise and re-balance the Council's

finances. This will enable the Council to be in a position to better afford to invest in modernising and improving its service offer for the future.

- 7.8 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.

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.
- 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 This report has no direct environmental implications, however due regard is given as appropriate in respect of procurement and expenditure decision-making processes that contribute to the outturn position.

11.0 COMMUNITY WEALTH IMPLICATIONS

11.1 In year activity will have incorporated community wealth implications. Consideration would have taken 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**

REPORT AUTHOR: **Mark Goulding**
(Senior Finance Manager)
email: markgoulding@wirral.gov.uk

APPENDICES

APPENDIX 1 – Earmarked Reserves

APPENDIX 2 - Exceptional Financial Support Letter from DLUHC dates 12 May 2022

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
Policy and Resources Committee	10 November 2021
Policy and Resources Committee	15 February 2022

APPENDIX 1 – Earmarked Reserves

Adult Care and Public Health

Reserve	Opening Balance £000	Use of Reserve £000	Contribution to Reserve £000	Closing Balance £000
Adult Social Care – Safeguarding	181	-75	0	106
Public Health Ringfenced Grant	3,682	0	2,912	6,594
Champs Innovation Fund	2,419	0	745	3,164
Champs Covid-19 Contact Tracing Hub	1,962	0	1931	3,893
Project ADDER (Addiction, Diversion, Disruption, Enforcement, Recovery)	0	0	871	871
Better Care Fund	0	0	236	236
Total	8,244	-75	6,695	14,864

Notes on significant contributions to reserves:

Public Health Ringfenced Grant

Significant additional funding received from Government to support public health activities as a result of Covid-19. Public Health grant is historically always reported as fully spend with the assumption that any underspends will be added to the reserve. A 5 year plan is in place to spend the full reserves which were originally established to mitigate the risk of a grant cut and un-ringfencing to ensure a phased approach to reducing expenditure.

Champs Innovation Fund

This is partnership funding and dependent on decisions made by all partners. It is not always possible to determine how much will be spent at the end of the year.

Champs Covid-19 Contact Tracing Hub

This is part of Cheshire and Merseyside partnership funding for which Wirral holds all the funds. Spend is agreed collectively by the partnership.

Project ADDER (Addiction, Diversion, Disruption, Enforcement, Recovery)

Grant notification was received very late into 2021/22 meaning that a plan for spend was not possible in year. Report to be presented to Committee in June to agree how the funding will be spent.

Better Care Fund

Expenditure is agreed in partnership with Clinical Commissioning Group (CCG). Late agreement from Health to fund hospital discharges meant that the full funding wasn't required. Agreement with CCG to fully spend in 22/23.

Children, Families and Education

Reserve	Opening Balance £000	Use of Reserve £000	Contribution to Reserve £000	Closing Balance £000
Intensive Family Intervention Project	505	0	0	505
School Improvement -	723	0	371	1094
Schools Causing Concern	500	0	0	500
SEND OFSTED Inspection Improvement Action Plan	105	0	946	1051
Children's Centre – Outdoor Play	100	-8	0	92
Help for Young People	36	0	0	36
Looked After Children Education Services	107	0	104	211
Local Safeguarding Children's Board	23	0	0	23
SEND - High Needs	248	0	0	248
YOS - Remand & Mobile Youth Centre	0	0	157	157
Early Help & Play Development	0	0	123	123
DRIVE Safelives & Domestic Abuse Hub	0	0	50	50
Children's Transformation	0	0	32	32
Children IT data system	0	0	127	127
Mersey & Cheshire ICS Pilot	0	0	20	20
Care Leaver Accommodation Development	0	0	358	358
Wirral Apprentice Programme	0	0	53	53
Looked after Children Placement Reserve	0	0	470	470
Schools – DSG	-1679	-11	0	-1690
Total	668	-19	2,811	3,460

Notes on significant contributions to reserves:

School Improvement

Originally forecast to be fully spent but following DfE announcement that funding could be carried forward on 7 March 2022. Agreed to review the projects for best outcomes as more time is available.

SEND OFSTED Inspection Improvement Action Plan

Following OFSTED Inspection, a decision was taken to reduce spend in Directorate just after Q3 to ensure sufficient funds were available to support the Improvement Action Plan. Late notice of a refund for PFI also contributed to this reserve.

Looked After Children Education Services

Grant funding that was intended to be spent in-year but issues with recruitment meant that slippage occurred. Allowable to be carried forward under the grant conditions.

YOS – Remand & Mobile Youth Centre

Review of the grant conditions took place at month 11 when it was envisaged that it would be fully spent. Flexibility was found within the grant conditions and the project reviewed to ensure the most beneficial outcomes to avoid clawback

Early Help & Play Development

This reserve is made up of expenditure on various one-off projects which individually are immaterial.

Children IT data system

Slippage on implementation of the new system at the last quarter in the year.

Care Leaver Accommodation Development

These funds have been moved from another reserve that is no longer needed (LSC Grant - clawback period expired) and will be used to support 16-19 Care Leavers new initiative.

Looked after Children Placement Reserve

Prudent forecast at Q3 to mitigate against any new Children in Care cases occurred in the last quarter. As no additional significant cases were presented, the reserve is being established to mitigate against partial non-achievement of savings in 22/23 and to establish a contingency for unknown additional demand presenting in-year.

Law and Governance

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	42	145
Constituency Fund Carry forward	15	-15	0	0
Electoral Reserve	0	0	150	150
Total	178	-15	192	355

Notes on significant contributions to reserves:

Electoral Reserve

Established as part of the 22/23 budget setting process for elections on a four-year cycle.

Neighbourhoods

Reserve	Opening Balance £000	Use of Reserve £000	Contribution to Reserve £000	Closing Balance £000
Community Safety Initiatives	555	0	246	801
Health & Safety Flood Prevention	455	0	0	455
Parks Tree Maintenance	374	-187	0	187
Environmental Health	300	0	0	300
Anti-Social Behaviour	112	-112	0	0
Climate Emergency	100	0	0	100
Les Mills Classes	100	-11	0	89
Litter Enforcement - development of initiatives	49	0	0	49
Weed Spraying : Mitigate against additional costs	41	0	0	41
Birkenhead Park World Heritage Site Lottery Bid	40	0	0	40
Coastal Protection	35	0	0	35
Sports Development Reserve	30	-8	0	22
Environmental Health F.S.A. Backlog	28	0	0	28
Trading Standards	25	0	0	25
Hilbre Island - Legacy	21	0	0	21
Health & Safety Armed Forces Welfare Pathway	14	0	0	14
BikeSafe	10	0	0	10
Repairs & Maintenance upgrades on Public Conveniences	8	0	0	8
LAMPS to Concerto system replacement	2	0	0	2
Brexit Preparation Grant	110	-110	0	0
Library Donations	1	0	0	1
Storeton Quarry	0	0	30	30
Total	2,410	-428	276	2,258

Notes on significant contributions to reserves:

Community Safety Initiatives

This is partnership funding and is dependent on decisions made by all partners. It is not always possible to determine how much will be spent at the end of the year.

Regeneration and Place

Reserve	Opening Balance £000	Use of Reserve £000	Contribution to Reserve £000	Closing Balance £000
Selective Licensing	538	0	816	1,354
Wirral Ways to Work	273	0	223	496
Regeneration and Inward Investment	763	0	660	1,423
Urban Development Corporation Bid	220	0	190	410
Building Control Fee Earning	354	-75	189	468
HMO Licence Fees	131	0	33	164
Major Infrastructure Project Development	183	0	0	183
Property Repairs rental income	22	0	254	276
DCLG Empty Shops Grant	41	0	0	41
Culture and Visitor Economy	24	-24	0	0
ERDF 4.2 Match Funding	18	0	0	18
Discover Wirral Marketing Campaigns	13	-13	0	0
DDA - Disabled Access	83	-83	0	0
Europa Centre Dilapidations	83	0	0	83
A/M GMT – Community Fund CAT	76	0	0	76
Licence Survey Work	56	0	0	56
Emergency Maintenance and Work in Default	71	0	135	206
Asset Consolidation	45	-45	0	0
Heritage Fund	7	0	5	12
Resettlement Programme Grant	0	0	992	992
Supporting People Programme	0	0	141	141
Homelessness	0	0	180	180
Domestic Abuse Bill Grant	0	0	602	602
Economic Growth	0	0	342	342
Birkenhead Future High Street funding	0	0	57	57
Total	3,001	-240	4,819	7,580

Notes on significant contributions to reserves:

Selective Licensing

Funding received to cover the operation of the selective licencing scheme to 2025.

Wirral Ways to Work

Match funding with the European Social Fund to support salaries for officers working on the programme which will continue in 2022/23

Regeneration and Inward Investment

Funding salaries of officers working on the Council's Regeneration Programme many of which are currently being recruited to and covered by Interims.

Urban Development Corporation Bid

Government awarded funding to determine the feasibility for the establishment of a UDC. Work in progress with Deloitte as the appointed consultants.

Building Control Fee Earning

This contribution is dependent on the demand for the service and the level of fees received. It is used to cover staffing costs and to mitigate when demand is lower and fees do not cover the full cost of the team.

Property Repairs rental income

Income from occupants which was forecast at Q3 and could have been reported but value not fully known at the time.

Emergency Maintenance and Work in Default

Covers emergency works to properties with hazardous housing conditions in exceptional health & safety risk circumstances and is recoverable in most but not all cases hence the establishment of the reserve.

Resettlement Programme Grant

Grant notified late from government.

Supporting People Programme

Additional homeless grant received meant that core funding was available to be carried forward and used when grant funding is exhausted.

Homelessness

Additional homeless grant received meant that core funding was available to be carried forward and used when grant funding is exhausted.

Domestic Abuse Bill Grant

Grant notified late from government.

Economic Growth

Required for Environmental Hazard Insurance on recently acquired land at Hind Street as part of the Council's Regeneration Programme.

Resources

Reserve	Opening Balance £000	Use of Reserve £000	Contribution to Reserve £000	Closing Balance £000
Commercial Management	225	-20	0	205
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	111	0	0	111
ICT Records Management	288	0	0	288
Business Rates Equalisation Reserve (100%) rates retention pilot)	4,664	0	2,336	7,000
Enterprise Zone Contingency Fund	29	0	0	29
Financial Resilience Reserve	2,599	-3,612	1,900	887
Financial Instrument Equalisation Reserve	2,126	-3	0	2,123
Year 2 of EVR/VS Termination Payments	1,000	-1,572	2,455	1,883
Social Care Fund	0	0	3,340	3,340
Digital Transformation	0	0	1,566	1,566
Total	11,322	-5,207	11,597	17,712

Notes on significant contributions to reserves:

Business Rates Equalisation Reserve (100%) rates retention pilot)

Established as part of the 23/24 budget setting process to mitigate against the cessation of the 100% business rates pilot which resulted in a £7m benefit on commencement.

Financial Resilience Reserve

Funding in from a pensions credit from Merseyside Pension Fund as a result of being 100% funded. This funding is recurrent and is included as part of the 22/23 budget process. Funding out is the cost of the 21/22 pay award that was not budgeted and earmarked funding to support the Local Plan.

Year 2 of EVR/VS Termination Payments

Funding in from the Strategic Change Service that supports transformational activity across the council to support budget savings. Funding out is the cost of exit on early voluntary retirement or voluntary severance.

Social Care Fund

Mitigates against future unknown spikes in social care cost and demand, so as to not impact on the in-year budget. Reported as Corporate Budget throughout 2021/22 in the quarterly budget monitoring.

Digital Transformation

Part of the Council's Strategic Change programme agreed at P&R in December 2021 to realise future savings from digital transformation. Report to be presented to P&R Committee in July 2022.

Other Corporate

Reserve	Opening Balance £000	Use of Reserve £000	Contribution to Reserve £000	Closing Balance £000
Covid-19	26,196	-12,463	329	14,062
Insurance Fund	9,445	0	327	9,772
NNDR3 S31 grants	33,430	-33,430	11,794	11,794
Enterprise Zone Investment	482		128	610
Local Council Tax Support Grant	0		3,943	3,943
Local Income Tax Guarantee	3,839	-3,567		272
Schools Capital	256	0	0	256
Schools Balances	13,481	-49	2,876	16,308
Total	87,129	-49,509	19,397	57,017

GRAND TOTAL (excluding DSG)	114,631	-55,482	45,787	104,936
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APPENDIX 2 – Exceptional Financial Support Letter from DLUHC dates 12 May 2022



Department for Levelling Up,
Housing & Communities

Kemi Badenoch MP
*Minister of State for Equalities and Levelling
Up Communities*

***Department for Levelling Up,
Housing and Communities***

4th Floor, Fry Building
2 Marsham Street
London SW1P 4DF

Councillor Janette Williamson
Leader, Wirral Council

Email: kemi.badenoch@levellingup.gov.uk

By email

www.gov.uk/dluhc

12 May 2022

Dear Councillor Williamson,

EXCEPTIONAL FINANCIAL SUPPORT FOR WIRRAL COUNCIL

Thank you for your letter of 1 December where you set out your response to the External Assurance Review led by the Chartered Institute for Public Finance and Accountancy (CIPFA). I am writing in response to that letter and to your Council's request for exceptional financial support in respect of 2021/22.

In relation to this request, in February 2021, we wrote to you to confirm that the Secretary of State was minded to approve a capitalisation direction of a total not exceeding £10.7 million for 2021/22. This was subject to the consideration of a number of factors, including providing the Department with evidence of a plan to address the recommendations outlined in your External Assurance Review commissioned by the Department. The review was published on 2 November 2021. You have now provided us with your draft plan for addressing these recommendations, and it is encouraging that the Council has made some positive progress implementing the recommendations set out in the review.

On 17 February 2022, Wirral officers wrote to the Department to confirm that they were reducing the request for a capitalisation direction in 2021/22, from £10.7 million to £6.36 million. The main reasons for this reduction are additional grant support provided by Government, and Council underspends over the course of the financial year 2021/22. Ministers have fully considered your updated capitalisation request for 21/22 and although this does not constitute a capitalisation direction, this letter sets out the current position.

With respect to the financial year of 2021/22, Ministers are content to approve a total capitalisation direction to fund revenue expenditure not exceeding £6.36 million, subject to conditions. The conditions would be set out in the capitalisation direction when issued –

please find the conditions attached to this letter. The Department would be happy to meet with your officers should they wish to discuss the position set out in this letter.

I would be grateful if the Council could consider the Department's position with respect to your request and provide my officials with final confirmation that you wish to proceed with your request for exceptional financial support with the conditions outlined in this letter by 20 May. I would also like to thank you and your officers for your continued cooperation throughout this process.

Yours sincerely,

A handwritten signature in black ink that reads "Kemi Badenoch". The signature is written in a cursive, flowing style.

KEMI BADENOCH MP

**Minister of State for Equalities and
Levelling Up Communities**

Conditions for 2021/22 capitalisation direction

- A. The Council may only capitalise expenditure when it is incurred.
- B. Where the Council's capital financing requirement is increased as a result of the capitalisation of expenditure under this direction:
- i. Any further borrowing from the date of the capitalisation letter up to and including, but not exceeding, the increase in the financing requirement must be obtained from the PWLB (Public Works Loan Board) and must be subject to an additional 1 percentage point premium on the interest rate above the rate the loan would otherwise be subject to. This requirement does not apply to borrowing in relation to your Housing Revenue Account. Where any borrowing to which these conditions initially apply is refinanced, the conditions must continue to apply to the resulting borrowing.
 - ii. The Council shall charge annual Minimum Revenue Provision using the asset life method with a proxy 'asset life' of no more than 20 years, in accordance with the Department's Statutory Guidance on Minimum Revenue Provision issued by the Secretary of State under section 21(1A) of the Local Government Act 2003.
- C. That within three months of this capitalisation direction, the Council develops and shares with the Department a plan for the generation of additional capital receipts (either through asset disposals or changes to its capital programme). To help reduce the Council's future borrowing requirement the plan should, as far as possible, aim to reduce the Council's capital financing requirement by an amount at least equal to the total revenue expenditure treated as capital under this direction (in addition to revenue capitalised under the Council's 2020/21 direction).
- D. The Council develops and shares with the Department a final Improvement Plan and makes good progress towards completing the actions outlined in this plan, as well as the plan required by condition C, as assessed by the Independent Assurance Panel in their regular reports to the Council that will also be provided to the Secretary of State.
- E. It is a further condition that the Council maintains a regular dialogue with the Department and reporting on progress against implementing that plan to the Department every six months. The frequency of progress reporting will be reassessed after two years.