

POLICY AND RESOURCES COMMITTEE

Wednesday, 9 November 2022

REPORT TITLE:	2022/23 BUDGET MONITORING FOR QUARTER TWO (THE PERIOD TO 30 SEP)
REPORT OF:	DIRECTOR OF RESOURCES

REPORT SUMMARY

This report sets out the financial monitoring information for the Council as at quarter 2 (30 September) of 2022/23. The report provides Members with an overview of budget performance, including progress on the delivery of the 2022/23 saving programme and a summary of reserves and balances, to enable the Committee to take ownership of the budgets and provide robust challenge and scrutiny to Officers on the performance of those budgets.

Managing a budget, especially in the context of largely uncontrollable, macro-economic pressures, emerging at an unprecedented pace, requires difficult decisions to ensure that a balanced position can be presented. Regular Member engagement, which this report forms part of, is considered essential in delivering effective governance and financial oversight. Directorates and Service Committees will be expected to mitigate such emerging pressures within available resources.

At the end of Quarter 2, there is a forecast balanced position on the Council's net revenue budget, of £330.6m. This position is based on activity to date, projected trends in income and expenditure and potential mitigation to offset areas of adverse variance.

This is not a key decision.

The report contributes to the Wirral Plan 2021-2026 in supporting the organisation in meeting all Council priorities.

RECOMMENDATIONS

The Policy and Resources committee is recommended to:

1. Note the balanced forecast revenue position presented at Quarter 2.
2. Note the progress on delivery of the 2022/23 savings programme at Quarter 2.
3. Note the forecast level of reserves and balances at Quarter 2.

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 Quarter 2 financial position for 2022/23.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 The Policy & Resources Committee has previously determined the budget monitoring process and this report details the agreed course of action.
- 2.2 In striving to manage budgets, available options have been evaluated to maintain a balance between service delivery and a balanced budget.

3.0 BACKGROUND INFORMATION

- 3.1 At the meeting on 28 February 2021, the Council agreed a net revenue budget for 2022/2023 of £330.6m to be met by government grants, council tax, business rates and flexible use of capital receipts. The Quarter 1 monitoring report, presented on 7 September 2022 to Policy & Resources Committee, highlighted growing in-year pressures of £5.3m, whilst also identifying several potential mitigations that could be used to present a balanced budget at the end of the year. This report sets out the updated revenue financial position at Quarter 2.

Economic Context

- 3.2 As noted in the last quarterly report, the economic backdrop has changed considerably since the Council set its 2022/23 budget back on 28 February 22, with significant emerging pressures, beyond Council control, placing large, unforeseen strains on budgets.
- 3.3 Quarter 2 has seen further instability. The Government's "Mini-Budget" was poorly received by the financial markets, triggering a huge spike in gilts yields and a further fall in sterling. In a shift from recent trends, the perceived focus moved to supporting sterling whilst also focusing on subduing high inflation.
- 3.4 The Bank of England is likely to further raise interest rates to support the currency, noting that uncertainty on the path of interest rates has increased substantially due to the possible risk from 'unknowns'. This has already led to increases in the Public Loans Work Board (PWL) borrowing rates which will impact of the future financing costs for the Council.

- 3.5 An Energy Bill Relief Scheme (EBRS), was announced aimed at limiting energy costs for businesses over an initial six-month period (1 Oct 22 – 31 Mar 23). As much of the Council’s energy prices are already fixed between 1 April 2022 to 31 March 2023, at a lower rate than any proposed cap (however a forecast overspend on utilities still exists reflective of timing differences between budget assumptions and price fixes), the support from EBRS is unlikely to impact the Council finances in 2022-23. It is still to be determined how the EBRS could impact the Council’s energy costs in 2023-24.
- 3.6 The Chancellor is expected to reveal a medium-term fiscal plan in mid-November; this follows the interim announcement on 17 October 2022, which confirmed that a Treasury-led review will be launched to consider how to support households and businesses with energy bills after April 2023.
- 3.7 These emerging and unforeseen developments and budget pressures will be closely monitored during 2022/23 and the forecast impact reported, alongside the proposed mitigations that can be identified to maintain a balanced budget. Table 2 below sets out the urgent remedial action which has already been noted to potentially mitigate these unplanned pressures. Directorates and Service Committees are expected to identify and implement mitigations to counter financial pressures arising.

Quarter 2 Forecast Revenue Outturn Position

- 3.8 Despite these challenges, at the end of Quarter 2, there is a forecast balanced position of the Council’s net revenue budget of £330.6m. Table 1 provides a summary of the revenue position at quarter 2.

TABLE 1: 2022/23 REVENUE BUDGET & FORECAST OUTTURN

	Budget	Forecast Outturn	Variance		Adverse/ Favourable
			(+ Fav / - Adv)		
			£000	£000	
Adult Care & Health	115,107	115,736	-629	-1%	Adverse
Chief Executive Office	1,786	1,824	-38	-2%	Adverse
Children, Families & Education	79,234	81,531	-2,297	-3%	Adverse
Law & Governance	5,821	5,822	-1	0%	Adverse
Neighbourhoods Services	46,215	52,587	-6,372	-14%	Adverse
Regeneration and Place	37,435	37,676	-241	-1%	Adverse
Resources	44,982	46,413	-1,431	-3%	Adverse
Total Surplus / (Deficit)	330,580	341,589	-11,009	-3%	Adverse
Potential Mitigation	0	-11,009	11,009		
Revised Total Surplus / (Deficit)	330,580	330,580	0	0%	

3.9 The corporate headlines are:

- Adverse variance on utility costs across the Council of £1m,
- Shortfall in Leisure income, due to reduced footfall, forecast to be £1.7m,
- Car Parking income forecast to be £1m down on budget expectations,
- Additional inflationary contract costs of £1m for waste collection,
- Increase in numbers of children in care, especially in the young people placed in the high-cost residential settings, estimated impact £1m
- Special educational needs and disability (SEND) assisted travel contract inflation, estimated £1.3m.
- Pay award estimate currently £3.4m higher than initial budget expectations.
- Potential remedial actions of £11m identified to help offset these unexpected pressures (see Table 2).

3.10 It is imperative that the Council reports at least a supported balanced position at the end of the year. Directorates have and will continue to incorporate mitigations into their plans. At the mid-stage of the financial year, several potential mitigations have been identified and are set out to demonstrate that a balanced budget can be presented at the end of the year. The table below identifies where these will be found and whether there is an ongoing deficit into future years. Where this is the case, the medium-term financial plan (MTFP) will be updated to reflect the recurrent pressure.

TABLE 2: 2022/23 POTENTIAL MITIGATION

Directorate	Description of Mitigation	Estimated value £000	Future impact
Adult Care & Health	Use of Social Care Reserve.	567	No potential future impact, will be permanently mitigated from future service reviews
Chief Executive Office	Planned utilisation of Covid tranche funding.	50	No future impact as functions will be prioritised accordingly
Children Families & Education	Use of Social Care Reserve to cover rising care costs.	1,300	The future recurrent impact of rising care costs has been built into the 23/24 budget planning.
Neighbourhoods Service	Planned use of Covid tranche funding for reduced income levels.	3,471	Reduced income post-covid is an emerging issue requiring an urgent fundamental review of income streams during 22/23. Pending this review, a pressure may be built into 23/24 budget.
Corporate	Allocation of specific reserves to mitigate pressures.	768	Any future recurrent impact will be built into the 23/24 budget as pressures during Q2
Corporate	Full review of reserves to clawback non-priority reserves to cover additional costs of 22-23 pay award	3,408	The future recurrent impact of pay award cost has been built into the 23/24 budget planning.
Corporate	Potential partial use of £3m contingency fund for non-achievement of savings	680	No recurrent impact as will be used to fund the delays as a result of CAT agreements which will be fully completed before 23/24
Corporate	Potential use of the remaining £3m contingency fund.	765	Income pressures to be reviewed during 22/23 and if not recovered, will be included as a pressure in 23/24 budget
TOTAL		11,009	

3.11 For further details on individual directorate positions please see **Appendix 1**.

3.12 For information, the 2022/23 budget assumptions included the planned used of £3.58m of capital receipts to support the revenue budget. In accordance with the Capital Receipts flexibilities introduced by the Government, capital receipts

generated between 1 April 2016 and 31 March 2025 can be used to support transformation of services that results in efficiencies.

- 3.13 The Council intends to use the capital receipts flexibility to fund or part fund the Service Change Programme. This programme includes the current Service Reviews in Leisure, Libraries and Revenues and Benefits and the planned Service Reviews within Adults, Children’s and Digital Transformation aimed at identifying savings from 2023/24 onwards.

Progress on delivery of the 2022/23 savings programme.

- 3.14 In terms of savings, £16.3m of the £18.2m savings targets are either delivered or on track to be delivered, representing 90% of the total savings target with a further 7% or £1.2m anticipated to be delivered through alternative means. The table below summarises the progress by Directorate:

TABLE 2: SUMMARY OF PROGRESS ON DELIVERY OF 2022/23 SAVINGS

Directorate	Approved Saving £m	Green £m	Amber £m	Red £m	Mitigation £m	Actual Savings Delivered to Date £m
Adult Care & Health	3.890	3.890	0.000	0.000	0.000	2.425
Chief Executive Office	0.110	0.060	0.050	0.000	0.050	0.060
Children, Families & Education	3.150	3.100	0.050	0.000	0.050	1.782
Law & Governance	0.659	0.659	0.000	0.000	0.000	0.434
Neighbourhoods Services	5.251	3.811	0.860	0.580	0.860	2.721
Regeneration and Place	1.838	1.750	0.088	0.000	0.088	0.325
Resources	3.338	3.038	0.200	0.100	0.200	2.707
TOTAL	18.236	16.308	1.248	0.680	1.248	10.454

- 3.15 For savings rated as Amber, an equal amount of temporary in-year mitigation has been identified to cover any shortfalls which may occur. For saving rated as red, a bid will need to be made from the £3m contingency fund set up for non-achieved savings at the end of the year.

- 3.16 Full details on the progress on specific savings can be found in **Appendix 2**.

Reserves and Balances

Earmarked Reserves

- 3.17 Earmarked reserves represent money that has been set aside for a clearly defined purpose, and which is available to meet future expenditure in that area. Earmarked reserves are set aside for a number of reasons, including:
- To hold funding for specific projects, often including income received from third parties.
 - To hold monies on behalf of Schools, Public Health or other public sector partnerships. These reserves can only be spent on the services they are assigned for.
 - To 'equalise' expenditure that is subject to annual fluctuation
 - To temporarily smooth payments due under specific contracts
 - To address specific mismatches between funding and expenditure
 - To cover both insurance excesses and self-insurance in a bid to smooth out and reduce ongoing expenditure.
- 3.18 Reserves are a vital part of prudential financial management, including the ongoing ability of local authorities to meet the balanced budget requirement. Reserves are reviewed and updated as part of the annual budget preparation and as part of the closure of accounts process to ensure that they continue to be required and are adequate in size. Reserves are not intended to be used to balance the budget or fund recurrent expenditure.
- 3.19 On 1 April 22, earmarked reserves totalled £104.9m. Of the total earmarked reserves, more than half 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.

TABLE 3: SUMMARY OF EARMARKED RESERVES

Directorate	Opening Balance £000	Forecast Use of Reserve £000	Forecast Contribution to Reserve £000	Closing Balance £000
Adult Care & Health	14,865	-7,941	0	6,924
Children, Families & Education	5,150	-2,210	0	2,940
Law & Governance	355	-260	72	167
Neighbourhoods Services	2,258	-1,667	600	1,191
Regeneration and Place	7,580	-2,104	344	5,820
Resources	17,712	-8,098	3,004	12,618
Other Corporate	57,016	-30,359	33	26,690
Total	104,936	-52,639	4,053	56,350

- 3.20 **Appendix 3** provides the full list of all earmarked reserves.

General Fund Balances

- 3.21 The purpose of a general fund balance (general reserve) is to minimise possible financial impacts to the Authority and provide financial resilience in relation to such matters as:
- Emergencies
 - In-year emerging financial issues
 - Reacting to investment opportunities
- 3.22 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 spend 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.
- 3.23 Following a review of the risk assessed minimum level requirement, general reserves remained at £10.68m on 31 March 2022. It is anticipated that the Council will hold general reserves at a minimum between £10.68m and £17.41m by 2027. This is based on achieving a general fund balance 5% of net revenue budget by 2027 and will be completed as part of the financial recovery plan.
- 3.24 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.

Medium Term Financial Plan (MTFP)

- 3.25 An update on the Council's 2023/24 budget position and MTFP was presented to the Policy & Resources Committee on 5 October 2022. This highlighted changes in the approach to budget setting and to the assumptions made and presented to the Committee in March 2022. These changes have arisen as a result of the national picture of high inflation and rising costs which are impacting on the budget gap, causing it to increase significantly for 2023/24. The report set out the work already undertaken as well as the need for further work to develop the 2023/24 budget in order to urgently mitigate the gap.
- 3.26 Over the summer, further modelling of increasing pressures was undertaken as the national economic picture worsened at an unprecedented rate with record high inflation and rising energy costs. During August, a review was conducted to re-assess the scale of pressures in 2023/24 across all Council Directorates and to re-set the MTFP against worse/mid-range/best case scenarios. It should be noted that these financial challenges are facing the whole country and Wirral, like most other Council's, is now facing a significantly worsened assumed budget gap for 2023/24, which currently stands at £49m.
- 3.27 Given the scale of the budget challenge, an approach of salami-slicing all budgets is not considered sustainable and more radical approaches will need to be considered. Specifically, there will be a need to re-visit the Council's core purpose and statutory duties and responsibilities for providing essential services to those with the greatest needs, over those services which are discretionary and have been delivered by choice rather than legal or statutory duty.

- 3.28 Officers will continue to monitor the financial situation closely given the level of volatility in the external environment and factors that have led to the worsened budget position. It is only once the government's financial settlement is made clear, that a robust and final budget position can be presented. It is the responsibility of officers to ensure there is a sufficient package of policy options for members to decide upon as a gap position for the forthcoming budget year emerges.

4.0 FINANCIAL IMPLICATIONS

- 4.1 This is the Quarter 2 budget monitoring report that provides information on the forecast outturn for the Council for 2022/23. 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 2022/23 is dependent on a static financial position. This is an impossible scenario due to estimated figures being provided in the calculation for the 2022/23 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 the significant emerging inflationary and cost of living pressures, 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 2022/23 budget is in place. If at any time during the year an adverse position is forecast, remedial action must be agreed and implemented immediately to ensure the budget can be brought back to balanced position.
- 7.3 The risk of this not being able to be achieved could mean that the Council does not have enough funding to offset its expenditure commitments for the year and therefore not be able report a balanced budget at the end of the year. This could result in the Section 151 Officer issuing a Section 114 notice.
- 7.4 A key risk to the Council's financial plans is that funding and demand assumptions in particular can change as more information becomes available. Significant inflation and cost of living pressures have already impacted the forecast position. and the impact of these pressures will be reviewed and considered in the MTFP as part of routine financial management.
- 7.5 Under the system of retained Business Rates, Authorities benefit from a share of any increased revenues but are liable for at least a share of any falls in income (subject to safety net triggers) and any non-collection. This includes reductions arising from appeals relating to past years which partially fall on the Authority. These risks are mitigated through a combination of the operation of the Collection Fund, General Fund Balances and a Business Rates Equalisation Reserve.

8.0 ENGAGEMENT/CONSULTATION

- 8.1 Consultation has been carried out with the Senior Leadership Team (SLT) in arriving at the governance process for the 2022/23 budget monitoring process and the 2022/23 budget setting process. This report will also be shared and reviewed by the Independent Panel.
- 8.2 Since the budget was agreed at Full Council on 28 February, 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**

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APPENDICES

- APPENDIX 1 – Directorate Summary Financial Positions
APPENDIX 2 – Progress on the delivery of the 2022/23 Saving Programme
APPENDIX 3 – Earmarked Reserves

BACKGROUND PAPERS

Policy & Resources Committee Report 5 Oct 22: 2023-24 Budget Update

Bank of England – Monetary Policy Report – August 2022

DLUHC External Assurance Reports

CIPFA's Financial Management Code

Guidance on flexible use of capital receipts

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Policy and Resources Committee	7 September 2022
Policy and Resources Committee	13 July 2022
Council	28 February 2022
Policy and Resources Committee	15 February 2022
Policy and Resources Committee	17 January 2022
Policy and Resources Committee	1 December 2021
Policy and Resources Committee	30 November 2021

APPENDIX 1 - Directorate Summaries

1 Adult Care and Health

- 1.1 As at the end of September 2022 (Quarter 2), the forecast outturn position for Adult Care and Public Health is an adverse variance of £0.629m against a budget of £115.107m. £0.567m of this pressure will be offset by the use of the social care grant reserve. The remaining pressure represents the impact of the current pay offer which will be met by reserves. Use of these reserves will support a balanced outturn for Adult Care and Public Health services.
- 1.2 The current forecast assumes full achievement of the £3.89m savings target.
- 1.3 Increasing pressure within residential services continues to impact on the forecast. If placements continue to increase, the current forecast will be unsustainable.

TABLE 1 2022/23 Adult Care and Public Health – Service Budget & Forecast Outturn

	Budget £000	Forecast Outturn £000	Variance (+ Fav / - Adv)		Adverse/ Favourable
			£000	%	
Adult Social Care Central Functions	8,400	8,263	137	2%	Favourable
Older People Services - WCFT	52,228	54,060	-1,832	-4%	Adverse
Mental Health & Disability Services - CWP	54,129	53,333	796	1%	Favourable
Other Care Commissions	93	-177	270	290%	Favourable
Public Health	-262	-262	0	0%	Favourable
Wirral Intelligence Service	519	519	0	0%	Favourable
Directorate Surplus / (Deficit)	115,107	115,736	-629	-1%	Adverse

- 1.4 **Central Functions:** A favourable variance of £0.137m is reported at quarter 2. The staffing budgets are reported here current reflecting a variance against a small number of vacancies and delays in recruitment. The employee forecast contains £0.062m pressure from the current pay offer proposed. This will be met by the use of corporate reserves.
- 1.5 **Older People Services:** An adverse variance of £1.832m is reported at quarter 2. The variance reflects the pressure within community care of discharging clients from hospital into short term residential settings. This had previously been supported by the hospital discharge fund in the last financial year. The forecast assumes full achievement of the £1.945m savings target attributed to Older People services.
- 1.6 **Mental Health & Disability Services:** A favourable variance of £0.796m is reported at quarter 2. Savings made in 2021-22 are having a cumulative impact on the forecast for 2022-23. The forecast assumes full achievement of the £1.945m savings target attributed to complex care services for the current financial year.

- 1.7 **Other Care Commissions:** A favourable variance of £0.270m is reported at quarter 2. This area contains services accessed across all client groups, for example the Early Intervention and Prevention services and the hospital discharge provisions. The favourable position reflects the movement from reserves of the Better Care Fund balance supporting hospital discharge costs in the first quarter of the financial year.
- 1.8 **Public Health:** A balanced position (following contribution to reserves) is reported at quarter 2.
- 1.9 The Public Health Grant for 2022-2023 is £30.99m an increase of £0.857m from the 2021/22 allocation of £30.142m. Approximately £20m of the grant is assigned to commissioning services delivering Wirral residents services in the following areas:
- The 0-19 Healthy Child Programme
 - Drug and Alcohol prevention and Treatment
 - Sexual Health services
 - Community Connectors
 - Information and Advice support
 - Smoking Cessation
 - Infection Control
 - NHS Health check programme
- 1.10 A further £6.7m of the grant funds internal Council services which meet the following priorities:
- Economic regeneration and a strong local economy
 - A healthy standard of living for all
 - Support for children, young people, and families
 - Action to address differences in health outcomes and prevention
 - Facilitating residents and partners working together
- 1.11 £0.390m funds directly delivered services within the Council such as Drug and Alcohol support for Young People and the Response service.
- 1.12 Finally running costs for the service equates to approximately £2m.
- 1.13 In addition to the Public Health Grant, Wirral has been awarded £1.72m in supplemental funding for substance misuse and recovery, inpatient placement support and inpatient detox.
- 1.14 **Wirral Intelligence Team:** A balanced position is reported at quarter 2.

TABLE 2 2022/23 Adult Care & Public Health – Subjective Budget & Forecast Outturn

	Budget	Forecast Outturn	Variance		Adverse/ Favourable
			(+ Fav / - Adv)		
	£000	£000	£000	%	
Income	-87,149	-88,131	982	-1%	Favourable
Expenditure					
Employee	7,838	7,586	252	3%	Favourable
Non-Pay	59,672	59,873	-201	0%	Adverse
Cost of Care	134,746	136,408	-1,662	-1%	Adverse
Total Expenditure	202,256	203,867	-1,611	-1%	Adverse
Directorate Surplus / (Deficit)	115,107	115,736	-629	-1%	Adverse

Budget Virements

1.15 There have been no budget virement in quarter 2.

2. Chief Executive Office

- 2.1 As at the end of September 2022 (Quarter 2), the forecast outturn position for Chief Executive Office is an adverse variance of £0.038m against a budget of £1.786m. This is due to forecast increased costs from the proposed pay award, over and above the original 3% built into the 2022-23 budget and which will be mitigated corporately.

TABLE 3: 2022/23 Chief Executive Office – Service Budget & Forecast Outturn

	Budget	Forecast Outturn	Variance		Adverse/ Favourable
			(+ Fav / - Adv)		
	£000	£000	£000	%	
Chief Executive Office	160	160	0	0%	
Comms & Marketing	963	1,046	-83	-9%	Adverse
PAs/Exec. Support	663	618	45	7%	Favourable
Directorate Surplus / (Deficit)	1,786	1,824	-38	-2%	Adverse

- 2.3 **Chief Executive Office:** A balanced position is forecast for 2022/23.
- 2.4 **Comms & Marketing:** An adverse variance of £0.083m is reported for Quarter 2. The advertising and publicity budget has been reduced to contribute towards the overall savings for this Directorate. Advertising income was impacted by COVID-19 last financial year, and there is a risk that inflationary pressures will impact income generation in this area during the year as local businesses who typically use this service limit expenditure to essential items as costs rise. There are risks relating to the saving of £0.110m associated with the Directorate which equate to £0.05m. This will be mitigated corporately through utilising remaining COVID-19 funding for employees within Comms and Marketing as work on the COVID-19 response continues.
- 2.5 **PAs/ Exec. Support:** A favourable variance of £0.045m is reported for Quarter 2 which relates to employee costs. One vacant post has been deleted to contribute towards the overall savings for this Directorate.

TABLE 4: 2022/23 Chief Executive Office – Subjective Budget & Forecast Outturn

	Budget	Forecast Outturn	Variance		Adverse/ Favourable
	£000	£000	(+ Fav / - Adv) £000	%	
Income	-321	-194	-127	40%	Adverse
Expenditure					
Employee	1,953	1,937	16	1%	Favourable
Non-Pay	154	81	73	47%	Favourable
Total Expenditure	2,107	2,018	89	4%	Favourable
Directorate Surplus / (Deficit)	1,786	1,824	-38	-2%	Adverse

Budget Virements

2.6 There have been no budget virement in quarter 2.

3. Children, Families and Education

3.1 As at the end of September 2022 (Quarter 2), the forecast outturn position Children, Families and Education is an adverse variance of £2.297m against a budget of £79.234m.

3.2 There have been significant movements since the last report for quarter 2, largely due to three main issues:

- Forecast increased costs of £1.1m from the employers proposed pay award, over and above the original 3% built into the 2022-23 budget.
- SEND Assisted Travel contract, with inflation now estimated at over 30%. The budget assumed a 10% increase. This combined with increases in demand for the service.
- Increased numbers of children in care, after a year of reducing numbers, particularly in young people placed in high-cost residential settings.

Some mitigations have been taken to reduce the full impact of these adverse variances. The proposed reduction in national insurance contributions from November 2022 has been factored in, along with additional grant and income for the Early Help Service and use of specific reserves. The outturn position reflects delivery of most of the 2022/23 saving proposals.

TABLE 5: 2022/23 Children, Families & Education-Service Budget & Forecast Outturn

	Budget	Forecast Outturn	Variance		Adverse/ Favourable
			(+ Fav / - Adv)		
			£000	£000	
Children and Families	50,141	51,753	-1,612	-3%	Adverse
Early Help and Prevention	11,196	10,734	462	4%	Favourable
Modernisation and Support	4,675	4,441	234	5%	Favourable
Schools - Core	13,222	14,603	-1,381	-10%	Adverse
Directorate Surplus / (Deficit)	79,234	81,531	-2,297	-3%	Adverse

3.3 **Children and Families:** The service is forecasting an adverse variance of £1.612m. The proposed increased pay award has impacted here by moving the forecast £0.67m alongside a noticeable increase in children in care rate which is likely to be a post-covid impact that have arisen after the budgets were agreed. The forecast includes cost of living increases awarded to foster carers funded from reserves set aside for looked after children service. The underlying pressures that relate to cost of living /inflation, have been included in the MTFP for 2023/24.

The expenditure for this service includes £25.991m on care costs. Overall, performance data indicates that the Children Looked After (CLA) rate having been stable in previous years and declined over the last year are now starting to edge up. An increase in care numbers was anticipated to occur in 2023/24 due to post covid impact, it now appears that this along with cost of living is impacting the service

earlier resulting in the increase in CLA rate and pressures in costs. This service also includes expenditure to support unaccompanied asylum seekers with grant income covering the associated costs.

TABLE 6: Number of Children in Care

Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sept-22
823	825	821	819	814	795	786	770	789

- 3.4 **Early Help & Prevention:** A favourable forecast variance of £0.462m is reported for 2022/23. The Family Matters service expects to achieve the budgeted grant income and invest this in preventative services. Whilst, also expecting to claim additional income from the full activity grant. This will be invested and contribute to social care activities during the course of the year. Further grant income in Contextual Safeguarding and Youth Offending Service and staff vacancies and grade point variations across the area Early Help also contribute to the favourable variance.
- 3.5 **Modernisation and Support:** A favourable variance of £0.234m is reported for 2022/23. The favourable variance is mainly due to staff vacancies and appointments at the lower range of the salary scale. Commissioned services are being reviewed to release further efficiencies where possible.
- 3.6 **Schools – core:** An adverse variance of £1.381m against a budget of £13.222m is reported for 2022/23. There is an adverse forecast variance mainly in relation to the Children’s Assisted Travel (£1.369m), which is due to the pressure from the contract renewal effective from September 2022 and the pressure from the demand increase. The contracts have not been uplifted for the past 4 years, and together with the current inflation rate and the fuel price increase, the new contracts are significantly higher than anticipated.

TABLE 7: 2022/23 Children, Families & Education - Subjective Budget & Forecast Outturn

	Budget	Forecast Outturn	Variance		Adverse/ Favourable
			(+ Fav / - Adv)		
	£000	£000	£000	%	
Income	-20,136	-24,190	4,054	-20%	Favourable
Expenditure:					
Employee	42,885	43,759	-874	-2%	Adverse
Non-Pay	32,781	35,971	-3,190	-10%	Adverse
Cost of Care	23,704	25,991	-2,287	0%	Adverse
Total Expenditure	99,370	105,721	-6,351	-6%	Adverse
Directorate Surplus / (Deficit)	79,234	81,531	-2,297	-3%	Adverse

Budget Virements

3.7 There have been no budget virements requiring committee approval in quarter 2.

TABLE 8: 2022/23 Children, Families and Education–Dedicated Schools Grant (DSG)

	Budget	Forecast Outturn	Variance		Adverse/ Favourable
			(+ Fav / - Adv)		
	£000	£000	£000	%	
DSG Expenditure:					
Schools Block	119,142	119,142	0	0%	
Schools Block De-delegated	1,820	1,802	18	1%	Favourable
Central School Services Block	2,120	2,074	46	2%	Favourable
High Needs	52,379	54,367	-1,988	-4%	Adverse
Early Years	20,184	20,198	-14	0%	Adverse
Total Gross Surplus / (Deficit)	195,645	197,583	-1,938	-1%	Adverse
DSG Income:	-195,355	-195,389	34	0%	Favourable
Movement in DSG Reserve	-290	-2,194	1,904	657%	
Total Net Surplus / (Deficit)	0	0	0	0%	

- 3.8 An adverse variance position is forecasted for 2022/23 as a result of the High Needs block which shows an adverse forecast position of £1.938m. The adverse forecast variance is mainly due to an increase in demand and complexity. Demand on this budget is expected to grow in line with the requests for Education, Health and Care Plan (EHCP) assessments. Requests increased by around 28% in the period to August 22 compared to last year.
- 3.9 **DSG income:** A favourable forecast variance of £0.034m is reported for 2022/23 due to the grant adjustments in High Needs and Early Years blocks.
- 3.10 The 2021-22 financial year closed with a DSG reserve cumulative deficit position of £1.690m. The 22-23 budget include an anticipated in-year deficit balance of £0.290m to be added to the reserve balance, however, the current forecast outturn position is overspend of £2.194m thus delivering a cumulative £3.884m deficit position at the end of 2022-23 This is mainly due to the pressure from High Needs block. It should be noted, there is a risk that the deficit may have to be included in the Council's overall reserves as the statutory override that separated DSG deficits from the authority's wider finances is due to expire at the end of 2022/23. Local authorities are calling for an extension to the override, however, there is no announcement is made from the DfE to date.
- 3.11 From Spring 2023, the Council is participating in the Delivering Better Value (DBV) in SEND (Special Educational Need and Disabilities) programme which is the DfE's support package to help local authorities maintain effective SEND services while functioning sustainably. The aim of the DBV programme is to improve delivery of SEND services for children and young people and to ensure that this is done so within budget.

4 Law & Governance

- 4.1 As at the end of September 2022 (Quarter 2), the forecast outturn position for Law and Governance is a small adverse variance of £0.001m against a budget of £5.821m
- 4.2 The Law and Governance Directorate is reporting minor variances across services at Quarter 2. There is, however, a forecasted shortfall in salary budgets of £0.042m due to the proposed pay award, the costs of which will be mitigated corporately.

TABLE 9: 2022/23 Law & Governance – Service Budget & Forecast Outturn

	Budget £000	Forecast Outturn £000	Variance (+ Fav / - Adv)		Adverse/ Favourable
			£000	%	
Law & Governance (Corporate)	320	309	11	3%	Favourable
Legal Services	3,214	3,150	64	2%	Favourable
Democratic & Member Services	1,435	1,405	30	2%	Favourable
Coroner Services	730	757	-27	-4%	Adverse
Electoral Services	440	484	-44	-10%	Adverse
Registrar Services	-186	-173	-13	7%	Adverse
Licensing	-132	-110	-22	17%	Adverse
Directorate Surplus / (Deficit)	5,821	5,822	-1	0%	Adverse

- 4.3 **Law & Governance:** A small favourable variance of £0.011m is forecast for 2022/23.
- 4.4 **Legal Services:** A small favourable variance of £0.064m is forecast 2022/23.
- 4.5 **Democratic & Member Services:** A small favourable variance of £0.030m is forecast for 2022/23.
- 4.6 **Coroner Services:** A small adverse variance of £0.027m is forecast for 2022/23.
- 4.7 **Electoral Services:** A small adverse variance of £0.044m is forecast for 2022/23.
- 4.8 **Registrars Services:** A small adverse variance of £0.013m is forecast for 2022/23.
- 4.9 **Licensing:** A small adverse variance of £0.022m is forecast for 2022/23. The Licensing service is forecasted to make a loss which has been reduced by £0.120m with use of reserves. The current fee structure has been in place since 2019 and cannot sustain the service. A fees and charges review is being conducted and a report will be presented in due course.

TABLE 10: 2022/23 Law & Governance – Subjective Budget & Forecast Outturn

	Budget	Forecast Outturn	Variance		Adverse/ Favourable
			(+ Fav / - Adv)		
	£000	£000	£000	%	
Income	-3,516	-3,709	193	-5%	Favourable
Expenditure					
Employee	4,172	4,599	-427	-10%	Adverse
Non-Pay	5,165	4,932	233	5%	Favourable
Total Expenditure	9,337	9,531	-194	-2%	Adverse
Directorate Surplus / (Deficit)	5,821	5,822	-1	0%	Adverse

Budget Virements

4.10 There have been no budget virements requiring committee approval in quarter 2.

5 Neighbourhood Services

- 5.1 As at the end of September 2022 (Quarter 2), the forecast outturn position for the Neighbourhoods Directorate is £6.372m adverse against a budget of £46.215m. £1.446m of this relates to an adjustment for the proposed 2022/23 pay award and similar adjustments are being made to other Directorates to reflect this. This is mitigated in part by £0.097m relating to the proposed National Insurance reduction from November.
- 5.2 The Directorate continues to recover from the impact of COVID-19 and all services that were operating in a limited capacity in 2021/22 have now reopened. However, income generation has not yet returned to pre pandemic levels in Quarter 2 due to footfall and usage in some areas being less than it was in 2019/20, which is in line with the national position. There has been some improvement since Quarter 1 due to new pricing structures and a slight increase in footfall in some areas. The ongoing cost of living pressures have adversely impacted income generation and energy costs and there is a risk of further impact in Quarters 3 and 4. Income levels within Leisure are currently at 75% of pre pandemic levels, which reflects the current national position for the sector.
- 5.3 The 2022/23 budget incorporates £5.26m of savings. Work commenced to achieve these savings following agreement at Budget Council in February. As at Quarter 2, the Directorate has achieved approximately half of these savings. However, there are risks and pressures associated with some of these areas such as income generation. There will also be additional ongoing pressures within some areas until the Community Asset Transfer (CAT) process is finalised.

TABLE 11: 2022/23 Neighbourhoods – Service Budget & Forecast Outturn

	Budget £000	Forecast Outturn £000	Variance (+ Fav / - Adv)		Adverse/ Favourable
			£000	%	
Cross Cutting funding & Neighbourhoods Management Team	-6,336	-6,342	6	0%	Favourable
Community Safety and Transport	3,327	3,746	-419	-13%	Adverse
Highways and Infrastructure	5,193	6,300	-1,107	-21%	Adverse
Leisure, Libraries and Customer Engagement	7,904	11,306	-3,402	-43%	Adverse
Parks and Environment	36,127	37,577	-1,450	-4%	Adverse
Directorate Surplus / (Deficit)	46,215	52,587	-6,372	-14%	Adverse

- 5.4 **Cross Cutting funding and Neighbourhood Management Team:** A broadly balanced position is forecast for 2022/23. This area comprises Neighbourhoods management costs and cross cutting funding.

- 5.5 **Community Safety and Transport:** An adverse variance of £0.419m is forecast for 2022/23. £0.223m relates to the adjustment for the proposed pay award. The remaining £0.196m relates to income shortfalls within Community Patrol due to the cessation of an external contract. Work has been undertaken to increase income generation through commissioning external work but there is insufficient capacity within the team due to increasing demands within the service. A review of the service is currently underway but at present the team continue to be engaged in activities associated with the longer-term response to the pandemic in addition to their usual monitoring and response team duties. This includes additional pressures within the Community Patrol team which are being funded from carried forward planned COVID-19 tranche funding. In addition, some of the team are engaged in functions associated with the Community Safety Partnership and are being funded from the reserve for these activities. This is temporary funding utilised in 2022/23 only, which will mitigate £0.096m of lead in pressures associated with the savings within this area.
- 5.6 **Highways and Infrastructure:** An adverse variance of £1.107m is forecast for 2022/23. This is made up of the following variances:
- £0.179m adverse variance relates to the adjustment for the proposed pay award.
 - £0.571m adverse variance relates to a shortfall in car parking income as ticket sales are approximately 75% of pre pandemic levels due to an increase in hybrid working and changes in customer behaviour.
 - £0.5m adverse variance relates to Car Parking charges at the proposed new sites which has not yet been implemented. This is pending a further report being brought to Members for proposed charges in new locations which will be informed by the strategic parking strategy but based upon the need to efficiently manage parking and traffic within the borough and recover the costs of the service.
 - This is mitigated in part by a £0.143m favourable variance due to additional income in relation to fees from utility companies for temporary traffic order road closures.
- 5.7 To mitigate the overall adverse variance, several remedial actions have been identified and are being actioned. These are included in the Table 2, section 3.10 of the report above and in summary are:
- £0.572m use of the carried forward Covid tranche funding planned for the expected continuing reduction in car parking income due to lower than pre-pandemic levels of footfall. As this is one-off funding, plans are in development to fully mitigate any recurrent shortfall in 23/24 and will be brought forward in that year
 - There are mitigations of £0.05m relating to employee buy back of annual leave, with opportunities for further mitigation if employees choose to buy back a proportion of their leave in year.
- 5.8 **Leisure, Libraries and Customer Engagement:** An adverse variance of £3.402m is reported for 2022/23. This is made up of the following adverse variances:

- £0.667m relates to the adjustment for the proposed pay award. This is a council financial impact, given Leisure, Libraries and Customer Engagement has the largest workforce, this area has been impacted the most.
- £1.710m within Sports and Recreation relating to income pressures as it has still to see full recovery of membership and casual user numbers, which reduced as a consequence of the pandemic. However, this is an improving trend. This position reflects the worst-case scenario assuming no further recovery in membership and casual usage levels in 2022/23.
- £0.400 relates to energy pressures due to inflationary increases.
- £0.200m of this relates to ongoing holding costs for Woodchurch Leisure Centre
- £0.380m relates to ongoing holding costs for Libraries whilst the Community Asset Transfer process is finalised.

5.9 Overall footfall is approximately 75% of 2019/20 levels which has adversely impacted income generation. This level of reduced recovery rate is consistent with national averages. It was expected at the start of the year that income would not fully recover to pre pandemic levels and as such a £0.5m income contingency budget was set aside. Until the year continues, it will not be fully known what the level of recovery will be as it is anticipated that footfall will increase as the year goes on, as it did in 2021/22. However, it is expected that the full £0.5m will be required in-year. If it appears that recovery will not be back to pre-pandemic levels going into 2023/24 then the value of the Leisure expenditure will have to be decreased to ensure there is not a recurrent pressure going forward. This will be considered as part of the 2023/24 budget proposals.

5.10 The service faces pressures associated with energy price increases and a rise in general costs due to increasing inflation. In a response to mitigate and improve footfall, the following initiatives are being driven:

- The service continues to review all expenditure with a view to reducing or stopping non-urgent expenditure to mitigate the risk of further lost income. As at Quarter 2, costs relating to supplies and premises have been reviewed and areas where efficiencies can be achieved have been identified. To seek to compensate for these challenges, the service is looking to further maximise income generation and the identification of new opportunities as follows:
- Memberships & Income – A drive on usage and memberships including bespoke offers at appropriate sites such as the new Europa Gym, and the introduction of offers for targeted groups. Direct Debits and memberships have increased slightly in Quarter 2 and income generation continues to improve at the remaining sites as some customers have transferred from closed sites and services.
- Golf – Two council eighteen-hole golf courses are currently not in use. Together with price and membership remodelling, this has seen the anticipated transition of players to our two remaining sites at Arrowe Park (predominantly) and the Warrens – successfully reducing cost while increasing income.
- Introduction of activities aimed at children and young people such as holiday camps and pool-based inflatables at selected sites to improve income generation. This increased income generation at Guinea Gap during Quarter 2, which has significantly contributed to the improved position.

- A new marketing campaign was launched in the final month of Quarter 2 to promote the service and the new “Active Wirral” brand, which demonstrates attractive rates and benefits compared to competitor offers. The impact on memberships and income generation will be reflected in Quarters 3 and 4.
- As at Quarter 2 work is still underway to seek out new income aligned to corporate outcomes to improve health and wellbeing, this included funding from NHS / Social Care / third sector partner organisations.
- Work is still underway to introduce pool covers at pool sites to improve energy conservation. The impact of this on energy bills will be reflected once the work is finalised later in the year.
- Working with national sporting governing bodies such as the Football Association and Lawn Tennis Association to identify and introduce delivery models that generate income and reduce cost for example the new 3G pitch builds / new operating model for tennis at Wirral Tennis & Sports Centre, and the introduction of wider offers for children and young people through soft play and interactive activity. Capital work is currently underway at Wirral Tennis & Sports Centre. However, the impact of this on income generation will not be reflected until next financial year when the work is finalised.

- 5.11 As part of the 2022/23 budget savings, some assets were recommended by Members to be available for Community Asset Transfer (CAT) as an amendment to the budget. Council agreed that demolition of Woodchurch Leisure centre will not be progressed whilst a process is undergone to consider the feasibility of any expressions of interest submitted to the Council from community groups. On 25th October 2022, Tourism, Communities Culture and Leisure Committee agreed to consider the reports in relation to the transfer of Woodchurch Leisure Centre and Brackenwood Golf Course at the next Committee scheduled for 1st December 2022. As a result of this, although Woodchurch Leisure Centre remains closed, there are asset holding costs associated with the centre for which no mitigation was put forward at the time of the amendment. The consequence of this is that £0.2m costs will be incurred for the whole financial year that were not factored into the budget. The Directorate is looking at ways that this can be mitigated but with other significant pressure risks resulting from increasing inflation, it may be unlikely that these costs can be mitigated. If this is the case, a bid will need to be made from the £3m contingency for non-achieved savings at the end of the year.
- 5.12 Floral Pavilion is currently forecast as balanced at Quarter 2. Income generation in this area is heavily weighted towards the final Quarters and as at Quarter 2 income generation is in line with pre pandemic trends. However, there are risks associated with some savings and income targets within this area. This could negatively impact income generation within the area, but this will not be apparent until Quarter 3. There are potential income pressures at the sail loft due to the impact of the coastal works which are currently being reviewed, but there are no further issues with the other catering sites as at Quarter 2. As a result, the Directorate is taking urgent action as to how this risk can be mitigated to ensure that if it materialises, costs will be reduced to ensure the budget can still be balanced.
- 5.13 As part of the 2022/23 budget savings, some library assets were recommended by Members to be available for CAT as an amendment to the budget. Members agreed that some libraries would remain open until November to enable a potential CAT. . On 25th October 2022, Tourism, Communities, Culture and Leisure Committee

agreed to enter into negotiations to transfer the assets of Pensby Library to Pioneer People and Prenton Library to St Stephen's Church. It was also agreed that further negotiations would commence with the other groups for a period of time ending 9th December 2022. This results in cost pressures up to November, resulting in £0.380m of the total saving being unachievable in-year. In addition, there will be some holding costs and decommissioning costs following closure of the libraries on 1st November that have also not been budgeted which are estimated to be £0.062m. As with the leisure CAT, the Directorate is looking at ways that this can be mitigated but with other significant pressure risks resulting from increasing inflation, it may be unlikely that these costs can be mitigated. If this is the case, a bid will need to be made from the £3m contingency for non-achieved savings at the end of the year.

- 5.14 **Parks & Environment:** An adverse variance of £1.450m is forecast for 2022/23. £0.381m relates to the adjustment for the proposed pay award. £0.965m is due to overall increases in the borough wide waste collection and disposal costs, which is linked to rises in inflation and the Consumer Price Index (CPI) rate.
- 5.15 The remaining adverse variance of £0.030m relates to a shortfall in income due to enforcement fines associated with litter and dog fouling. This reflects the Council's current policy relating to education and encouragement of behaviour change.
- 5.16 Parks and Tree Management is forecasting an adverse variance of £0.243m. This is due to inflationary increases and changes to specifications following a review of the contract. This is mitigated in part through utilising the remaining reserve relating to this area. The service will aim to mitigate the remaining adverse variance within Parks through maximising income generating opportunities and reviewing expenditure on planned preventative maintenance and through favourable variances relating to Regulatory Services. There will be an ongoing pressure in 2023/24 in relation to Tree Management as this area has previously been funded through use of reserves which will be fully utilised in 2022/23.
- 5.17 Regulatory Services is reporting a favourable variance of £0.169m. This is due to employees, as the service has faced challenges in recruiting and retaining staff due to current market demand. To address this the service has appointed apprentices in Quarter 2 who will be trained in these roles and fill the skills gaps. Some employee costs are funded through COVID-19 grants as they continue to complete work on the outgoing COVID-19 response which has resulted in a favourable variance in 2022/23. This funding will end during the year and will not present any recurrent pressures into 2023/24.

TABLE 12: 2022/23 Neighbourhoods – Subjective Budget & Forecast Outturn

	Budget	Forecast Outturn	Variance		Adverse/ Favourable
			(+ Fav / - Adv)		
	£000	£000	£000	%	
Income	-38,537	-37,720	-817	2%	Adverse
Expenditure:					
Employee	31,342	32,907	-1,565	-5%	Adverse
Non-Pay	53,410	57,400	-3,990	-7%	Adverse
Total Expenditure	84,752	90,307	-5,555	-7%	Adverse
Directorate Surplus / (Deficit)	46,215	52,587	-6,372	-14%	Adverse

Budget Virements

5.18 There have been no budget virements requiring committee approval in quarter 2.

6 Regeneration & Place

- 6.1 As at the end of September 2022 (Quarter 2), the year-end position for Regeneration & Place is an adverse position of £0.241m on a budget of £37.435m. This includes the potential costs of the Pay Award which is £0.345m above the 3% pay award budget that had been built in to 22-23; without this there would be an overall favourable position of £0.104m. This compares to a balanced budget as at Quarter 1.

TABLE 13: 2022/23 Regeneration and Place – Service Budget & Forecast Outturn

	Budget	Forecast Outturn	Variance		Adverse/ Favourable
			(+ Fav / - Adv)		
	£000	£000	£000	%	
Regeneration	24,614	24,543	71	0%	Favourable
Housing	6,540	6,610	-70	-1%	Adverse
Asset Management & Investment	4,693	4,835	-142	-3%	Adverse
Planning	1,074	1,173	-99	-9%	Adverse
Special Projects	114	115	-1	-1%	Adverse
Local Plan	400	400	0	0%	Favourable
Directorate Surplus / (Deficit)	37,435	37,676	-241	-1%	Adverse

- 6.2 **Regeneration:** A favourable variance of £0.071m is forecast for 2022-23, which includes £0.049m for the proposed pay award. This includes capitalisation of staff who are supporting the delivery of assets of 1.3m (against a savings target of 1.4m) and the planned use of the Regeneration reserve (665k) to help fund the cost of regeneration in year. Work on the Regeneration Financial Strategy is underway which will include the potential funding required and planned resolutions to deliver the regeneration programme over the long term to ensure this does not present a recurrent pressure on the budget .
- 6.3 **Housing:** An adverse variance of £0.07m is forecast for 2022-23, including £0.123m for the proposed pay award. Supported Housing contracts are currently being re-tendered, which is likely to impact the future forecast position.
- 6.4 **Asset Management & Investment:** An adverse variance of £0.142m is forecast for 2022-23, of which £0.109m is from the proposed pay award. Income pressures of over £0.7m exist across the rental accommodation within Birkenhead, with forecast income being at 50% of budgeted income targets, principally at Europa House (£0.3m), Birkenhead Market (£0.3m). These are partially offset with reduced spend on unoccupied buildings, with reduced maintenance costs (£0.3m) and a reduction in running costs (£0.3m), although this remains volatile as some buildings become operational increasing these costs and any newly vacated buildings transferring into Assets require holding costs.

- 6.5 **Planning:** An adverse variance of £0.099m is forecast for 2022-23, of which £0.065m relates to the Pay Award. The costs of the MEAS (Merseyside Environmental Advisory Service) contract are being partially offset by improved income forecasts for planning charges.
- 6.6 **Special Projects:** A break-even position is reported for 2022-23, aside from £0.001m relating to the proposed pay award.
- 6.7 **Local Plan:** A break-even position is reported for 2022/23, with the planned utilisation of available reserves of £366k in support of developing the local plan.

TABLE 14: 2022/23 Regeneration and Place – Subjective Budget & Forecast Outturn

	Budget	Forecast Outturn	Variance		Adverse/ Favourable
			(+ Fav / - Adv)		
	£000	£000	£000	%	
Income	-13,629	-13,333	-296	2%	Adverse
Expenditure:					
Employee	13,659	14,450	-791	-6%	Adverse
Non-Pay	37,405	36,559	846	2%	Favourable
Total Expenditure	51,064	51,009	55	0%	Favourable
Directorate Surplus / (Deficit)	37,435	37,676	-241	-1%	Adverse

Budget Virements

- 6.8 There have been no budget virements requiring committee approval in quarter 2.

7. Resources

7.1 As at the end of September 2022 (Quarter 2), the forecast year end position for Resources is an adverse variance of £1.431m against a budget of £44.982m. This, however, includes a forecasted shortfall in salary budgets of £0.590m due to the proposed pay award which will be mitigated corporately.

TABLE 15: 2022/23 Resources– Service Budget & Forecast Outturn

	Budget £000	Forecast Outturn £000	Variance (+ Fav / - Adv)		Adverse/ Favourable
			£000	%	
Finance & Investment	23,220	23,740	-520	-2%	Adverse
HR & OD and Payroll	3,788	3,611	177	5%	Favourable
Digital & Improvement	7,466	8,656	-1,190	-16%	Adverse
Revenues & Benefits	2,297	2,280	17	1%	Favourable
Audit, Risk & Business Continuity	537	557	-20	-4%	Adverse
Strategic Change	7,674	7,569	105	1%	Favourable
Directorate Surplus / (Deficit)	44,982	46,413	-1,431	-3%	Adverse

7.2 **Finance & Investment:** An adverse forecast variance of £0.520m is reported for 2022/23. Bad Debts have increased by £314k due to the worsening position on recovery of Vulnerable People Debt and is likely to increase further with the current economic factors. Aged debt is increasing and has been re-profiled. A movement of £0.138m additional spend in the quarter due to an increase in the estimated interest payable costs for the year. This is a consequence of revised interest rate forecast from our external advisor, Arlingclose, regarding the Bank of England Base Rate. Rates are expected to increase further than originally thought as inflation continues to cause major economic issues.

7.3 **HR & OD:** A favourable forecast variance of £0.177m is reported for 2022/23. There has been a high staffing turnover and a number of vacancies.

7.4 **Digital & Improvement:** An adverse forecast of variance of £1.190 is reported for 2022/23. This is due to the loss of income within the Traded Services areas as a result of schools not renewing their support contracts, and Print Services losing income as more digital ways of working is adopted. The renewal of IT systems is also a factor in this adverse forecast with the increase in licensing costs and the adoption of cloud technologies. Following the centralisation of all IT budgets at the beginning of the 2022/23 financial year, contract spend is being reviewed with a view to creating budget savings

7.5 As part of the Strategic Change Programme, a full Service Review is being undertaken to ensure the service is as lean as it can be and identify where efficiencies can be realised. The outcome of this service review will be reported to committee with options to remove the deficit and mitigate future years pressures.

- 7.6 **Revenues & Benefits:** A favourable forecast variance of £0.017m is reported for 2022/23. As reported at quarter 1, there is a £3.00m annual shortfall in receipts of subsidy received from central government in respect of housing benefit payments. This is countrywide phenomenon and not a Wirral specific issue. This mainly relates to the following areas Supported and Specified Accommodation, Homelessness accommodation provision and Housing Benefits Overpayments. We can mitigate significantly against this shortfall with collections of Housing Benefits overpayments and investigations are ongoing in examining further mitigations from other connected income sources from within the council.
- 7.7 **Audit, Risk and Business Continuity:** A small adverse variance of £0.020m forecast position is reported for 2022/23.
- 7.8 **Strategic Change:** A favourable forecast variance of £0.105m is reported for 2022/23.

TABLE 16: 2022/23 Resources – Subjective Budget & Forecast Outturn

	Budget	Forecast Outturn	Variance		Adverse/ Favourable
			(+ Fav / - Adv)		
	£000	£000	£000	%	
Income	-97,598	-96,610	-988	1%	Adverse
Expenditure					
Employee	27,119	27,963	-844	-3%	Adverse
Non-Pay	115,461	115,060	401	0%	Favourable
Total Expenditure	142,580	143,023	-443	0%	Adverse
Directorate Surplus / (Deficit)	44,982	46,413	-1,431	-3%	Adverse

Budget Virements

- 7.9 There have been no budget virements requiring committee approval in quarter 2.

Appendix 2 - Progress on the delivery of the 2022/23 saving programme

Saving Proposal	Approved Saving	Green	Amber	Red	Mitigation	Comment	Actual Savings Delivered to Date
Adults Care & Health							
Adult Care & Health demand mitigations	£3.890m	£3.890m	£0.000m	£0.000m	£0.000m	On target to be achieved. Adult Care and Health work closely with both NHS Wirral Community Health and Care Foundation Trust (WCHFT) and Cheshire and Wirral NHS Partnership Trust (CWP) to achieve the savings target set each year. The Trusts have been informed of the 2022-23 target and regular meetings are set up to discuss their approach and progress throughout the year. They are currently progressing well and a further savings has been identified by the Trusts but is yet to be validated.	£2.425m
Total Adult Care & Health	£3.890m	£3.890m	£0.000m	£0.000m	£0.000m		£2.425m

Saving Proposal	Approved Saving	Green	Amber	Red	Mitigation	Comment	Actual Savings Delivered to Date
Chief Executive Office							
Service Redesign	£0.110m	£0.060m	£0.050m	£0.000m	£0.050m	Savings have been identified through deletion of vacant post and reduction marketing budget. Mitigation to be achieved as some employees have been seconded to work on the COVID-19 response and funded through Contain Outbreak Management Fund (COMF). Savings achieved to date relate to a reduction in the marketing budget and removal of one vacant post	£0.060m
Total Chief Exec Office	£0.110m	£0.060m	£0.050m	£0.000m	£0.050m		£0.060m

Saving Proposal	Approved Saving	Green	Amber	Red	Mitigation	Comment	Actual Savings Delivered to Date
Children Families & Education							
Reduction of Historic Teacher's Pensions Costs	£0.200m	£0.200m	£0.000m	£0.000m	£0.000m	Saving is fully achieved. This historic commitment reduces year on year as the cohort ages budget has been reduced accordingly.	£0.200m
Alternative Accommodation Provision for Children Looked After	£1.000m	£1.000m	£0.000m	£0.000m	£0.000m	Has some risks as is dependent on delivery of new accommodation and identifying / matching young people to places. A reserve was established at the end of 21/22 of £470k to mitigate any potential non-achievement and will be used in 22/23. Two projects are currently forecast to come on-stream towards the end of the financial year.	£0.470m
Utilisation of demand reserve for COVID pressures	£0.467m	£0.467m	£0.000m	£0.000m	£0.000m	Saving is fully achieved. Reserve has been drawdown and utilised.	£0.467m
Children's Services Redesign and posts deletion/closure	£0.294m	£0.294m	£0.000m	£0.000m	£0.000m	Saving is achieved. Redesign has been completed and posts deleted.	£0.290m

Saving Proposal	Approved Saving	Green	Amber	Red	Mitigation	Comment	Actual Savings Delivered to Date
Reduction in adoption orders	£0.050m	£0.000m	£0.050m	£0.000m	£0.050m	Approved saving has been delayed but will be achieved 2023-24. The savings was to be found by a reduction in Wirral's Adoption in Merseyside (AIM) budget allocation due to falling numbers of adoption placements, as a historic backlog has been cleared. Whilst some of this has come through in 2022/23, the full impact is expected to occur in 23/24. An update from in-year monitoring is that an underspend is being forecast for the Service Level Agreement (unrelated to placements). This will mitigate / offset the impact of the budgetary saving not being implemented as originally planned. The savings are expected to be delivered by underspend in AIM during the year and Wirral's contribution to AIM budget being reduced in 23/24.	£0.020m
Reduction in Looked After Children (LAC) numbers	£0.564m	£0.564m	£0.000m	£0.000m	£0.000m	On target to be achieved. Headline rate of LAC has fallen recently. The number of leaving care remain as expected and should deliver the savings	£0.100m
Review of Youth Offending Service (YOS)	£0.025m	£0.025m	£0.000m	£0.000m	£0.000m	Saving is fully achieved. Service has been redesigned	£0.025m

Saving Proposal	Approved Saving	Green	Amber	Red	Mitigation	Comment	Actual Savings Delivered to Date
Special Educational Needs (SEND) Transport Review	£0.150m	£0.150m	£0.000m	£0.000m	£0.000m	On target to be achieved by meeting the needs of young people in a more flexible manner. Working with families and young people to reconfigure services.	£0.010m
Increase funding for placements from CCG and SEND	£0.200m	£0.200m	£0.000m	£0.000m	£0.000m	On target to be achieved. There are ongoing discussions for funding from Integrated Care Boards (ICBs) and health partners. Wirral has been successful in bidding for capital funding for valuing care residential which is included in the accommodation strategy savings. We expect Health contribution towards the funding of the unit. A more detailed focus on individual placements is also increasing funding where appropriate. Funding is now actively explored on all new placements. With joint funding 50% contribution agreed for a recent high-cost placement.	£0.000m
Redesign of Youth Offer	£0.200m	£0.200m	£0.000m	£0.000m	£0.000m	Saving is fully achieved. Youth redesign is implemented.	£0.200m
Total Children Families & Education	£3.150m	£3.100m	£0.050m	£0.000m	£0.050m		£1.782m

Saving Proposal	Approved Saving	Green	Amber	Red	Mitigation	Comment	Actual Savings Delivered to Date
Law and Governance							
Capitalisation of salaries	£0.200m	£0.200m	£0.000m	£0.000m	£0.000m	Ongoing monitoring of eligible costs for capitalisation indicates that from time recording, the saving will be fully met by capitalising salaries against projects.	£0.000m
Removal of individual ward member budgets	£0.184m	£0.184m	£0.000m	£0.000m	£0.000m	Saving is fully achieved by reducing the individual ward member budgets.	£0.184m
Reduction in the Number of Committees	£0.150m	£0.150m	£0.000m	£0.000m	£0.000m	Saving is fully achieved as straight reduction in the budget and posts have been removed.	£0.125m
Whole Council Elections	£0.125m	£0.125m	£0.000m	£0.000m	£0.000m	Saving is fully achieved. Budget has been removed with a contribution to reserve each year to smooth the effective of the four yearly elections and any by-elections.	£0.125m
Total Law & Governance	£0.659m	£0.659m	£0.000m	£0.000m	£0.000m		£0.434m

Saving Proposal	Approved Saving	Green	Amber	Red	Mitigation	Comment	Actual Savings Delivered to Date
Neighbourhood Services							
Highways Operational Services - Income Exploration	£0.030m	£0.030m	£0.000m	£0.000m	£0.000m	On target to be achieved. No actual savings achieved to date, as due to income trends it will not be clear how much of this saving has been delivered until the end of the financial year and will be monitored monthly	£0.000m
Closure of Europa Fun/Leisure Pool & Enhanced Gym Offer	£0.266m	£0.266m	£0.000m	£0.000m	£0.000m	Fun Pool has remained closed since March 2020, therefore this saving is expected to be fully achieved. A new staffing structure was put in place last financial year to reflect the reduced costs associated with running a gym in place of the fun pool.	£0.133m
Catering Pod at Leasowe Leisure Centre for Football Traffic	£0.021m	£0.021m	£0.000m	£0.000m	£0.000m	Catering pod has been purchased and located at Leasowe. Trading commenced mid-September to coincide with the football season when income generation opportunities are greatest. Since commencing trading, the catering pod is currently achieving an average of £600 per weekend, meaning it is on track to fully achieve the target by the end of the year if trends continue.	£0.000m

Saving Proposal	Approved Saving	Green	Amber	Red	Mitigation	Comment	Actual Savings Delivered to Date
Fleet efficiencies in Transport - going green	£0.020m	£0.000m	£0.020m	£0.000m	£0.020m	This saving will be achieved through a review and replacement of some fleet vehicles with newer models which are more efficient. There is a risk associated with this saving due to increased inflation impacting fuel bills. Mitigation to be achieved through opportunities that have arisen since April 2022 in relation to a review of the transport fleet and sale of vehicles which are no longer required.	£0.010m
Capitalisation of Highways salaries	£0.015m	£0.015m	£0.000m	£0.000m	£0.000m	On target to be achieved. Full year costs of £0.015m have been identified which relate to employees currently working on capital projects.	£0.007m
Highways maintenance Contracts	£0.025m	£0.025m	£0.000m	£0.000m	£0.000m	Savings have been achieved. Maintenance spend will be reduced this year and expenditure will only be incurred for essential works.	£0.025m

Saving Proposal	Approved Saving	Green	Amber	Red	Mitigation	Comment	Actual Savings Delivered to Date
Street Lighting Service Savings	£0.050m	£0.050m	£0.000m	£0.000m	£0.000m	On target to be achieved. No actual savings achieved to date as this expenditure usually occurs in the winter months and relates to street light inspectors employed to check lights to ensure they are working correctly	£0.000m
Car park maintenance 1 year budget reduction	£0.050m	£0.050m	£0.000m	£0.000m	£0.000m	On target to be achieved but noting the ongoing risk of potential maintenance works if a Health and Safety issue is identified in year that was not foreseen at the time the savings was approved. Maintenance spend will be reduced this year as expenditure will only be incurred for essential works.	£0.000m
Eco and Forest School Income	£0.020m	£0.000m	£0.020m	£0.000m	£0.020m	Saving is classified as "At Risk" as opportunities for income generation cannot be realised until the service is fully staffed. Mitigation will be achieved through a current vacancy within the Forest Schools service.	£0.010m

Saving Proposal	Approved Saving	Green	Amber	Red	Mitigation	Comment	Actual Savings Delivered to Date
Tree management Team Commercial Offer	£0.025m	£0.000m	£0.025m	£0.000m	£0.025m	Saving is classified as "At Risk" as due to the unforeseen departure of the Tree Manager, delays have been encountered to progress the saving meaning the service had to put temporary cover in to complete this project. Mitigation will be achieved through a vacant Tree Manager post whilst work continues to generate the income associated with this saving. Work commenced in July to explore options for income generation.	£0.025m
Rent of Café - Royden	£0.010m	£0.010m	£0.000m	£0.000m	£0.000m	This saving will not be achieved as rental income as this was not deemed viable given the recent review of the condition of the café. Refurbishment has been completed and the cafe opened in August with an in-house offer. This saving is expected to be fully achieved this financial year. The site has generated £0.007m per month in the first 2 months of operation, which is currently offset against the initial set up costs. Therefore, no savings will be achieved until Quarters 3 and 4.	£0.000m

Saving Proposal	Approved Saving	Green	Amber	Red	Mitigation	Comment	Actual Savings Delivered to Date
Income increase on allotments	£0.050m	£0.050m	£0.000m	£0.000m	£0.000m	On target to be achieved. This saving is based on a price increase from £74 to £120 for a full plot and from £40 to £60 for a half plot. Customers have been notified of price changes. No actual savings achieved to date, as renewals are not due until October and no significant drop in non-renewals are expected	£0.000m
Increase in charges for Waste and Environmental services.	£0.462m	£0.462m	£0.000m	£0.000m	£0.000m	Garden waste prices have been increased from 01/04/22. Subscriptions are currently at 39,500 as at the end of September and are expected to achieve at least 40,000 subscribers by the end of the year. Most residents have re-subscribed to the garden waste service during Q1 and Q2, meaning there is only £0.072m remaining to be achieved. This is expected to be achieved by the end of the year as some residents typically re-subscribe in Q3.	£0.410m
Removal of Vacancies in Environmental and Waste team	£0.100m	£0.100m	£0.000m	£0.000m	£0.000m	Saving is fully achieved as straight reduction in the budget for vacant posts which have been deleted	£0.100m

Saving Proposal	Approved Saving	Green	Amber	Red	Mitigation	Comment	Actual Savings Delivered to Date
Suspension of Climate Emergency Initiatives	£0.125m	£0.125m	£0.000m	£0.000m	£0.000m	Saving is fully achieved as straight reduction in the budget. The team will use capital funding to meet additional requirements during the year	£0.125m
Remodelling of Street Cleansing: Plus special events	£0.214m	£0.214m	£0.000m	£0.000m	£0.000m	Saving is fully achieved as this relates to a removal of the permanent presence service and renegotiation of the contract with Biffa	£0.214m
Review of overtime budget in Parks	£0.015m	£0.015m	£0.000m	£0.000m	£0.000m	Saving is fully achieved as straight reduction in the budget to reflect reduced requirements	£0.015m
Reduce grass cutting from 10 to 8 cuts	£0.100m	£0.100m	£0.000m	£0.000m	£0.000m	Saving is fully achieved as fewer seasonal staff have been recruited in line with the budget available	£0.100m
Cease community firework displays	£0.030m	£0.030m	£0.000m	£0.000m	£0.000m	Saving is fully achieved as straight reduction in the budget. Firework displays will not take place this year	£0.030m
Income Strategy - Cemeteries and crematorium service	£0.053m	£0.053m	£0.000m	£0.000m	£0.000m	On target to be achieved. The saving is based upon price increases benchmarked against other Local Authorities and the price changes came into effect from April 2022. Income projections are currently on track and are being monitored monthly	£0.026m

Saving Proposal	Approved Saving	Green	Amber	Red	Mitigation	Comment	Actual Savings Delivered to Date
Fund ASB Post from PCC grant	£0.050m	£0.050m	£0.000m	£0.000m	£0.000m	Saving is fully achieved as funding has been changed from revenue budget to PCC grant funding.	£0.050m
Review Engagement Officer secondment	£0.035m	£0.035m	£0.000m	£0.000m	£0.000m	Saving is fully achieved. Post is now vacant and has been deleted.	£0.035m
Introduce Overnight Camper Van Parking Charge in New Brighton	£0.035m	£0.001m	£0.034m	£0.000m	£0.034m	Saving is at risk. The option went live on 8th July. An Experimental Traffic Regulation Order (ETRO) allows for comments to be received during the first 6 months and amendments to be made if required. Income to date is £600, no penalties have been issued to campervans parking in contravention as compliance has been achieved. Any income shortfalls this year will be mitigated through other income streams within Highways.	£0.001m
Deletion of Vacant Posts	£0.302m	£0.302m	£0.000m	£0.000m	£0.000m	Saving is fully achieved as straight reduction in the budget for vacant posts which have been deleted	£0.302m
Reduction in budget for office related expenditure	£0.023m	£0.023m	£0.000m	£0.000m	£0.000m	Saving is fully achieved as straight reduction in the budget to reflect reduced requirements	£0.023m

Saving Proposal	Approved Saving	Green	Amber	Red	Mitigation	Comment	Actual Savings Delivered to Date
Review of Leisure service	£0.178m	£0.130m	£0.048m	£0.000m	£0.048m	This has been fully achieved from EVR/VS requests within the service.	£0.178m
Increase catering across all Leisure Sites	£0.060m	£0.040m	£0.020m	£0.000m	£0.020m	Introduction of new rotas which are more efficient will reduce spending and an increase income generation at the remaining sites. There is a risk that the continuing cost of living increases will impact income. Mitigation to be achieved through part year vacant posts and a review repairs and maintenance to ensure only essential work relating to Leisure Centres is carried out.	£0.010m
Outdoor Water Sports Offer at West Kirby Marine Lake	£0.015m	£0.000m	£0.015m	£0.000m	£0.015m	This saving is at risk. Visitors, footfall and income at the site are still recovering following the impact of COVID-19 and have also been negatively impacted by inflation increases. No actual savings achieved to date. This will be mitigated through a review of non-essential expenditure within Leisure.	£0.000m

Saving Proposal	Approved Saving	Green	Amber	Red	Mitigation	Comment	Actual Savings Delivered to Date
Temporary Closure and Remodelling of Bidston Tennis Centre	£0.114m	£0.114m	£0.000m	£0.000m	£0.000m	On target to be achieved. On 16/06/22 Tourism, Communities, Culture and Leisure Committee agreed that the Authority would work in partnership with the Lawn Tennis Association to run this site. Options relating to cost and income contributions have been finalised which will mean this saving is fully achieved. No savings have been achieved to date as the LTA only commenced operations from mid-September.	£0.000m
Review of Golf Offer	£0.328m	£0.246m	£0.082m	£0.000m	£0.082m	Prices have been increased from April 2022 and sites linked to this saving have closed. Savings have been achieved through deleting posts relating to employees who have now left the Authority and through additional income from the revised price offer. Approximately £0.082m additional income has been achieved due to retention rates with customers transferring to Arrowe Park and Warrens.	£0.246m

Saving Proposal	Approved Saving	Green	Amber	Red	Mitigation	Comment	Actual Savings Delivered to Date
Exercise referral programme	£0.100m	£0.080m	£0.020m	£0.000m	£0.020m	The service is working with health partners to achieve this saving. However, agreement was not reached until after 1st July. It was announced in April 2022 that the Weight Management grant had been discontinued which was not foreseen when the budget was set. There is a risk this could impact income generation associated with this saving. Mitigation will be achieved through new grant applications as opportunities arise throughout the year. Confirmation of new grants and funding applications will be finalised during Quarter 3.	£0.000m

Saving Proposal	Approved Saving	Green	Amber	Red	Mitigation	Comment	Actual Savings Delivered to Date
Floral pavilion - plans to reduce subsidy	£0.350m	£0.150m	£0.200m	£0.000m	£0.200m	Income generating opportunities could be impacted by increases in the cost of living which was unforeseen at the time the saving was approved and may cause delays in fully implementing this proposal. Mitigation to be achieved through part year vacant posts and a review repairs and maintenance to ensure only essential work relating to the Theatre is carried out. No actual savings achieved to date, as most of the income associated with this service relates to the annual pantomime and does not materialise until Quarter 3.	£0.000m
Transport efficiencies	£0.070m	£0.040m	£0.030m	£0.000m	£0.030m	It was expected that savings would not be achieved in Quarter 1, due to consultation periods and the requirement for employees to work notice periods. Mitigation to be achieved through a review of the transport fleet and sale of vehicles which are no longer required. This will create one off income generation opportunities to assist in mitigating the saving this year. £0.035m of savings achieved to date.	£0.035m

Saving Proposal	Approved Saving	Green	Amber	Red	Mitigation	Comment	Actual Savings Delivered to Date
Reduction in Community Patrol Service	£0.150m	£0.100m	£0.050m	£0.000m	£0.050m	It was expected that savings would be delayed due to consultation periods and the requirement for employees to work notice periods. Mitigation to be achieved through one off use of remaining COVID-19 funding for staff who continued to work on COVID-19 activities during Q1 Agreement as to what is available from remaining COMF (Contain Outbreak Management Fund) grant is still being finalised.	£0.100m
Cessation of Constituency Team and Remodelling of Section	£0.346m	£0.300m	£0.046m	£0.000m	£0.046m	The restructure of this area is now complete and employees have moved to new roles from Q2 onwards. Due to these delays, mitigation is being achieved through the Community Safety Grant	£0.300m

Saving Proposal	Approved Saving	Green	Amber	Red	Mitigation	Comment	Actual Savings Delivered to Date
Review of Neighbourhoods Service Directorate	£0.360m	£0.110m	£0.250m	£0.000m	£0.250m	Delay in commencing whilst EVR/VS requests are considered in line with the new requirements for the service and links with other service reviews and consultations. Mitigation to be achieved through part year vacant posts.	£0.110m
Permanent Closure and Demolition of Woodchurch Leisure Centre	£0.402m	£0.202m	£0.000m	£0.200m	£0.000m	As full Council agreed to keep the centre open until September to explore the opportunities for Community Asset Transfer, holding costs are being incurred that were not forecast, resulting in the full saving now being unachievable. If alternative savings cannot be found in year, a bid will be made to the contingency budget for non-achievement of savings at the end of the year. Small actual savings recorded to date further saving dependent on outcome of CAT. Some employees are still working their notice periods/awaiting redeployment during Q1.	£0.101m

Saving Proposal	Approved Saving	Green	Amber	Red	Mitigation	Comment	Actual Savings Delivered to Date
Reprovision of the Library Service	£0.652m	£0.272m	£0.000m	£0.380m	£0.000m	Due to the agreement by Council to delay the closure of the libraries in scope until 1 November due to CAT opportunities, it was agreed that if mitigating savings could not be found in-year as a result of the delay, then a bid would be made to access monies from the £3m contingency pot to offset costs at the end of the year. Actual savings will not be achieved until 1 November when the libraries will be closed.	£0.000m
Total Neighbourhood Services	£5.251m	£3.811m	£0.860m	£0.580m	£0.860m		£2.721m

Saving Proposal	Approved Saving	Green	Amber	Red	Mitigation	Comment	Actual Savings Delivered to Date
Regeneration & Place							
Cease support for Community Alarms	£0.200m	£0.200m	£0.000m	£0.000m	£0.000m	On target to be achieved. Contracts due to end in-year so will deliver saving from Q3 onwards. Full saving will be achieved as lead time to deliver was built into saving	£0.000m
Reconfiguration of Commissioned Homelessness accommodation	£0.115m	£0.115m	£0.000m	£0.000m	£0.000m	On target to be achieved. Contracts changes due in-year so will deliver saving from Q3 onwards. Full saving will be achieved as lead time to deliver was built into saving	£0.000m
The Closure Public Conveniences	£0.050m	£0.050m	£0.000m	£0.000m	£0.000m	On target to be achieved. Actual saving achieved to date is from a vacant post, with remaining savings to be delivered over rest of year	£0.025m
Corporate buildings - holding costs	£0.050m	£0.050m	£0.000m	£0.000m	£0.000m	On target to be achieved. No actual savings achieved to date. Full savings will not be known until year end when all building costs are in but buildings remain closed so there is no reason the saving will not be achieved	£0.000m

Saving Proposal	Approved Saving	Green	Amber	Red	Mitigation	Comment	Actual Savings Delivered to Date
Capitalisation of Regeneration Staff Salaries	£1.423m	£1.335m	£0.088m	£0.000m	£0.088m	Continued review with expectations of the saving being achieved at 94%. Potential for additional project management funding to be available from new grants during the year which will mitigate the shortfall. Vacancy management will also support mitigation with the imminent departure of the Director. Timesheets being produced and a line-by-line review is being undertaken to ensure compliance with capitalisation guidance.	£0.300m
Total Regeneration & Place	£1.838m	£1.750m	£0.088m	£0.000m	£0.088m		£0.325m

Saving Proposal	Approved Saving	Green	Amber	Red	Mitigation	Comment	Actual Savings Delivered to Date
Resources							
To reduce heating in occupied council buildings by 2 degrees	£0.113m	£0.113m	£0.000m	£0.000m	£0.000m	On target to be achieved. Progress on saving will be updated in Q3 and Q4 once we head into the winter months and more data is available on energy usage. However, rising energy prices may negate some of the saving if costs escalate over and above the estimated pressure included	£0.000m
One Stop Shop establishment review	£0.099m	£0.099m	£0.000m	£0.000m	£0.000m	Saving is fully achieved. Service review completed and budget for vacancies removed.	£0.099m

Saving Proposal	Approved Saving	Green	Amber	Red	Mitigation	Comment	Actual Savings Delivered to Date
Review of Treasury activity	£0.500m	£0.200m	£0.200m	£0.100m	£0.200m	Work is continuing on renegotiating a number of LOBO loans to reduce borrowing costs. Meetings have been held with advisers on progressing a number of investments which will generate higher returns. Market conditions will have to be considered in any decisions made. Markets have experienced high volatility with increases in borrowing costs. Some mitigation has arisen through increases in investment returns but this may not be sufficient to fully achieve the saving in year. This saving will be reassessed once more is known in Q3.	£0.000m
Revenues & Benefits Review and Restructure	£0.750m	£0.750m	£0.000m	£0.000m	£0.000m	Saving is achieved. Additional demands have been placed on the service from Central Government for example Emergency Support Fund / Council Tax Fuel Rebate which require additional support staff and attract New Burdens Funding.	£0.750m

Saving Proposal	Approved Saving	Green	Amber	Red	Mitigation	Comment	Actual Savings Delivered to Date
Strategic Change revenue budget reduction	£0.650m	£0.650m	£0.000m	£0.000m	£0.000m	This saving is predicated on the achievement of the 2022/23 disposal of assets target. The current disposal list indicates that the target will be met but is dependent on Member approval for disposals. If after Q2 there is a risk that the disposals target will not be met, Strategic Change activity will be reduced to ensure the saving can still be made. Reported as fully achieved, as a straight reduction in the budget has already been made.	£0.650m
Restructure of Commercial Income Team	£0.230m	£0.230m	£0.000m	£0.000m	£0.000m	Savings achieved. Service review completed in 2021/22.	£0.230m
Review of Finance Team Structure	£0.050m	£0.050m	£0.000m	£0.000m	£0.000m	Saving is fully achieved by removing a post and associated budget.	£0.050m
Cease Business Rates Contribution	£0.696m	£0.696m	£0.000m	£0.000m	£0.000m	Budget has been removed in 2022/23 and the saving is fully achieved.	£0.696m
Modernisation of Information & Communications Technology Service	£0.050m	£0.050m	£0.000m	£0.000m	£0.000m	Saving is fully achieved as straight reduction in the budget to reflect reduced requirements	£0.050m

Saving Proposal	Approved Saving	Green	Amber	Red	Mitigation	Comment	Actual Savings Delivered to Date
Review of Business Support Unit	£0.020m	£0.020m	£0.000m	£0.000m	£0.000m	Saving achieved as the review is complete and budget and post removed.	£0.020m
Review of Internal Audit - Efficiencies and Income	£0.080m	£0.080m	£0.000m	£0.000m	£0.000m	£62k savings have been realised with staffing movements and sales of audit services. The service is confident that the full saving will be realised.	£0.062m
Reduction in Learning & Development Budget	£0.100m	£0.100m	£0.000m	£0.000m	£0.000m	Saving is fully achieved by removal of budget and reducing spend.	£0.100m
Total Resources	£3.338m	£3.038m	£0.200m	£0.100m	£0.200m		£2.707m

Appendix 3 - Earmarked Reserves 2022/23

Adult Care and Public Health

Reserve	Opening Balance £000	Forecast Use of Reserve £000	Forecast Contribution to Reserve £000	Closing Balance £000
Adult Social Care – Safeguarding	106	-106	0	0
Public Health Ringfenced Grant	6,594	-542	0	6,052
Champs Innovation Fund	3,163	-3,163	0	0
Champs Covid-19 Contact Tracing Hub	3,894	-3,894	0	0
Project ADDER (Addiction, Diversion, Disruption, Enforcement, Recovery)	872	0	0	872
Better Care Fund	236	-236	0	0
Total	14,865	-7,941	0	6,924

Children, Families and Education

Reserve	Opening Balance £000	Use of Reserve £000	Contribution to Reserve £000	Closing Balance £000
Intensive Family Intervention Project	505	-160	0	345
School Improvement -	1,094	-331	0	763
Schools Causing Concern	500	0	0	500
SEND OFSTED Inspection Improvement Action Plan	1,051	-424	0	627
Children's Centre – Outdoor Play	92	0	0	92
Help for Young People	36	0	0	36
Looked After Children Education Services	211	-135	0	76
Local Safeguarding Children's Board	23	0	0	23
SEND - High Needs	248	-100	0	148
YOS - Remand & Mobile Youth Centre	157	-157	0	0
Early Help & Play Development	123	-123	0	0
DRIVE Safe lives & Domestic Abuse Hub	50	-50	0	0
Children's Transformation	32	-32	0	0
Children IT data system	127	0	0	127
Mersey & Cheshire ICS Pilot	20	-20	0	0
Care Leaver Accommodation Development	358	-155	0	203
Wirral Apprentice Programme	53	-53	0	0
Looked after Children Placement Reserve	470	-470	0	0
Total	5,150	-2,210	0	2,940

Law and Governance

Reserve	Opening Balance £000	Use of Reserve £000	Contribution to Reserve £000	Closing Balance £000
Licensing Reserve	60	-60	0	0
Taxi, Marriage & Scrap Metal Licences	145	-80	41	106
Electoral Reserve	150	-120	31	61
Total	355	-260	72	167

Neighbourhoods

Reserve	Opening Balance £000	Use of Reserve £000	Contribution to Reserve £000	Closing Balance £000
Community Safety Initiatives	801	-400	0	401
Health & Safety Flood Prevention	455	-455	0	0
Parks Tree Maintenance	187	-187	0	0
Environmental Health	300	-260	0	40
Climate Emergency	100	-100	0	0
Les Mills Classes	89	-42	0	47
Litter Enforcement - development of initiatives	49	-49	0	0
Weed Spraying : Mitigate against additional costs	41	-41	0	0
Birkenhead Park World Heritage Site Lottery Bid	40	-40	0	0
Coastal Protection	35	-35	0	0
Sports Development Reserve	22	0	0	22
Environmental Health F.S.A. Backlog	28	-28	0	0
Trading Standards	25	0	0	25
Hilbre Island - Legacy	21	0	0	21
Health & Safety Armed Forces Welfare Pathway	14	0	0	14
Bike Safe	10	0	0	10
Repairs & Maintenance upgrades on Public Conveniences	8	0	0	8
LAMPS to Concerto system replacement	2	0	0	2
Library Donations	1	0	0	1
Storeton Quarry	30	-30	0	0
Waste Levy	0	0	600	600
Total	2,258	-1,667	600	1,191

Regeneration and Place

Reserve	Opening Balance £000	Use of Reserve £000	Contribution to Reserve £000	Closing Balance £000
Selective Licensing	1,354	-119	112	1,347
Wirral Ways to Work	496	0	0	496
Regeneration and Inward Investment	1,423	-665	0	758
Urban Development Corporation Bid	410	-127	0	283
Building Control Fee Earning	468	0	137	605
HMO Licence Fees	164	0	80	244
Major Infrastructure Project Development	183	-121	0	62
Property Repairs rental income	276	-22	0	254
DCLG Empty Shops Grant	41	0	0	41
ERDF 4.2 Match Funding	18	0	0	18
Europa Centre Dilapidations	83	-83	0	0
A/M GMT – Community Fund CAT	76	-76	0	0
Licence Survey Work	56	-56	0	0
Emergency Maintenance and Work in Default	206	0	0	206
Heritage Fund	12	-27	15	0
Resettlement Programme Grant	992	-252	0	740
Supporting People Programme	141	-141	0	0
Homelessness	180	-71	0	109
Domestic Abuse Bill Grant	602	0	0	602
Economic Growth	342	-342	0	0
Birkenhead Future High Street funding	57	-2	0	55
Total	7,580	-2,104	344	5,820

Resources

Reserve	Opening Balance £000	Use of Reserve £000	Contribution to Reserve £000	Closing Balance £000
Commercial Management	205	0	0	205
Discretionary Housing Payments	185	-95	0	90
HR/OD Talent Management	50	0	4	54
HR Reserve – Schools	41	-41	0	0
Transformation Challenge Award	4	-4	0	0
Asset Consolidation Staff Relocation Contingency	111	0	0	111
ICT Records Management	288	-120	0	168
Business Rates Equalisation Reserve (100%) rates retention pilot)	7,000	0	0	7,000
Enterprise Zone Contingency Fund	29	0	0	29
Financial Resilience Reserve	887	-2,332	3,000	1,555
Financial Instrument Equalisation Reserve	2,123	-2,123	0	0
Year 2 of EVR/VS Termination Payments	1,883	-1,516	0	367
Social Care Fund	3,340	-1,867	0	1,473
Digital Transformation	1,566	0	0	1,566
Total	17,712	-8,098	3,004	12,618

Other Corporate

Reserve	Opening Balance £000	Use of Reserve £000	Contribution to Reserve £000	Closing Balance £000
Covid-19	14,062	-14,062	0	0
Insurance Fund	9,772	-2,500	0	7,272
NNDR3 S31 grants	11,794	-11,794	0	0
Enterprise Zone Investment	610	0	33	643
Local Council Tax Support Grant	3,943	-1,731	0	2,212
Local Income Tax Guarantee	272	-272	0	0
Schools Capital	256	0	0	256
Schools Balances	16,307	0	0	16,307
Total	57,016	-30,359	33	26,690

GRAND TOTAL (excluding DSG)	104,936	-52,639	4,053	56,350
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