

**POLICY AND RESOURCES COMMITTEE****Wednesday, 19 February 2025**

<b>REPORT TITLE:</b>	<b>2025/26 BUDGET AND MEDIUM-TERM FINANCIAL STRATEGY</b>
<b>REPORT OF:</b>	<b>DIRECTOR OF FINANCE (S151 OFFICER)</b>

**REPORT SUMMARY**

This report sets out the budget for the forthcoming financial year 2025/26. It is based on the usual work and analysis undertaken by the Section 151 Officer and team.

This draft budget is proposed for approval by the Policy and Resources Committee and onward recommendation to Council on 3 March 2025. At the Council meeting Members of the Council will need to agree a budget to fulfil their legal obligation to set a balanced and sustainable budget for 2025/26. The draft budget is offered for consideration accordingly.

The report presents the following financial aspects:

- details of the annual budget for 2025/26
- the key elements contributing towards the preparation of the Budget.
- recommendations on the budget and council tax
- the Medium-Term Financial Strategy (MTFS), which incorporates the Medium-Term Financial Plan (MTFP) covering the period from 2025/26 to 2029/30.

The report contains several appendices, some that are required to be published as part of the statutory annual budget process and others that provide the Committee with relevant information relating to short and medium-term budget planning, inclusive of consultation aspects and financial assumptions. These assumptions will change and will be reported through the Council's governance process for budget monitoring within the Committee system.

The 2025/26 budget has been compiled using the figures in the Final Local Government Finance Settlement for 2025/26, which was laid before the House of Commons and approved on 5 February 2025.

The budget proposals, which have been produced with the engagement of Policy & Resources Committee and other Service Committees during the last year, and the associated recommendations laid out in this report are a key step in achieving the Council's commitment to produce a stable, prudent and sustainable financial basis to operate from, recognising the finite resources available and prioritising them for the best outcomes for Wirral, with the ongoing aim of delivering better services.

The report is necessarily extensive, covering complex information on a number of areas including:

- The Section 151 officer's report on the robustness of estimates for budget calculations
- The national context and local government funding

- The approach to formulating the Budget.
- The Budget Proposals
- The Medium-Term Financial Strategy (MTFS) with Medium-Term Financial Plan (MFTP)
- Council Tax
- Business Rates
- Schools' Budgets
- Levies
- The Council's Financial Reserves

The report supports the delivery of the Wirral Plan as part of the process of delivering a balanced budget for all Council activity, and therefore all Wirral Plan aims and objectives, for 2025/26.

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

## RECOMMENDATIONS

The Policy and Resources Committee is recommended to:

- 1) Delegate authority to the Section 151 Officer, following consultation with the Chair and Group Spokespersons of the Policy & Resources Committee, to do anything necessary to give effect to the proposals contained in this report and address any funding changes. This extends to adding any further increases in funding to reserves.
- 2) Delegate authority to the Assistant Director for People and Organisational Culture to carry out any measures in respect of staffing that is required to achieve savings or implementation. This may include consultation (both individual and collective), the serving of any statutory notices or other notices as required (such as HR1 and Section 188 documentation if required), support and seeking alternatives in respect of employment.
- 3) Delegate authority to the Assistant Director for Governance and Corporate Support to carry out public consultation as required in respect of any policy decisions within the agreed savings.
- 4) Note and consider the response to the financial proposals forming a draft budget for the purposes of consultation under section 65 of the Local Government Finance Act, set out as:

Appendix 1	Budget Proposals
Appendix 2	Budget consultation
Appendix 3	Policy & Service Committee budget proposals feedback
Appendix 4	The Dedicated Schools Grant Schools Budget
Appendix 5	Provisional Council Tax Statutory Calculations
Appendix 6	Discretionary Rate Relief Policy
Appendix 7	Medium-Term Financial Strategy
Appendix 8	Budget proposal changes since November 2024
Appendix 9	Council Tax Base Calculation Process and Associated Background Information
Appendix 10	Budget Pressures and Growth

- 5) Recommend to Council a Revenue Budget of £444.722m, noting that the Section 151 Officer in liaison with the Monitoring Officer and Head of Paid Service may need to make

adjustments to the Budget estimates before the preparation of final reports for Full Council on 3 March 2025.

6) Accordingly recommend that Council:

- a) Approve the Medium-Term Financial Strategy (MTFS) set out as Appendix 7
- b) Approve increases to the Council's fees and charges equal to or above the annual Consumer Price Index reported by the Office for National Statistics in September 2024, unless either of the following conditions apply:
  - i. There is a statutory constraint that prevents such an increase,
  - ii. The Council is operating in a market whereby such an increase would result in the Council being uncompetitive.
- c) Approve the Discretionary Rate Relief Policy for Business Rates for 2025/26 set out as Appendix 6.
- d) Approve that Unearmarked Reserves (General Fund Balances) are increased by £3.562m to a total of £16.738m in 2025/26 (including a one-off £1.187m contribution from the collection fund surplus.)
- e) Authorise, in respect of the Budget Proposals, that the Director with portfolio undertake such actions as they consider necessary to implement the agreed Budget and deliver the savings, income and efficiency proposals developed as part of the formulation process and update Committees accordingly.
- f) Note the rigorous monitoring process established to track both overall budget performance and the delivery of savings proposals, as previously reported to Policy and Resources committee in July 2024, with an updated report scheduled for March 2025. Furthermore, note the establishment of a Member Oversight Panel specifically tasked with reviewing and monitoring the progress of the transformation and change programme.
- g) Approve the 2025/26 Schools Budget of £421.858m

7) Recommend (subject to a separate vote at Council) that Council:

- a. Sets the Band D Council Tax at £1,982.44 for the Wirral Borough Council element of the Council Tax, representing a general increase of 2.99% and 2.00% ringfenced increase to Adult Social Care, and the Council Tax requirement for the Council's own purposes for 2025/26, as detailed in Appendix 5.
- b. Notes that the additional precepts from the Police & Crime Commissioner for Merseyside and the Merseyside Fire & Rescue Authority remain in estimated form and delegates authority to the Section 151 Officer to implement any variation to the overall council tax arising from the final notification of the precepts.

## SUPPORTING INFORMATION

### 1.0 REASONS FOR RECOMMENDATIONS

- 1.1 Setting a budget, in a period of both acute financial constraints and growing demand for council services, requires challenging decisions to ensure that a balanced position can be presented. Members have been engaged in the process through the work of the Policy and Service Committees, Budget Oversight Panels and the Policy and Resources Finance Working Group.
- 1.2 Failure to set a balanced budget may lead to intervention from the Secretary of State under section 15 of the Local Government Act 1999. Failure to set a lawful budget by the required deadline will lead to a loss of revenue that is likely to be irrecoverable and incur significant additional costs and reputational damage. This report is to ensure that the Council has appropriate information to be able to set a lawful budget and to protect the Council, the Borough, and Members from the consequences of failing to take the necessary decisions.
- 1.3 The Medium-Term Financial Strategy (MTFS) provides a robust, consistent, and sustainable approach to establishing and maintaining a stable and prudent financial basis on which the Council's services are to be delivered.
- 1.4 To fulfil the aims of the MTFS, it is imperative that budget proposals are evidence based and achievable. To ensure that this is the case, rigorous review has been undertaken through:
  - Directorate Management Teams (DMT)
  - Senior Leadership Team (SLT)
  - Internal Challenge Panels
  - Council Committees.
- 1.5 The Council has a legal responsibility to set a balanced budget, which sets out how financial resources are to be allocated and utilised. Previous reports to this Committee have highlighted the external challenges that have impacted on the 2025/26 budget setting process and have highlighted the extent of the financial challenge faced.
- 1.6 Policy and Resources Committee is required to recommend a Budget to the Council for its meeting on 3 March 2025. The Council has to set a budget for 2025/26 by 11 March by law. The issues detailed in this report support the recommendations to recommend a Budget proposal accordingly.
- 1.7 The budget proposals for 2025/26 have been formulated via a rigorous and collaborative process and each of the Policy Committee's Budget Oversight Panels and the Policy and Resources Finance Working Group have met on a regular basis during recent months to review proposals and assumptions. As such, the proposals presented are considered to provide a robust, consistent, and sustainable approach to establishing and maintaining a stable and prudent financial basis on which the Council's services are to be delivered.
- 1.8 This Budget Report updates the draft budget position presented to Policy & Resources Committee on 6 November 2024. Several items have been adjusted following consultation and further review. Details of these changes are provided in Appendix 8.
- 1.9 Section 25 of the Local Government Act 2003 requires the Chief Financial Officer to report on the robustness of the estimates made for the purposes of the Council's Budget calculations and the adequacy of the General Fund Balances and Reserves (Section 3.1).

- 1.10 The Medium-Term Financial Plan (MTFP) supports the delivery of the Council Plan and is key to ensuring the Council is financially stable. Progress against budget is monitored by the relevant Committees and reported to Policy & Resources Committee throughout the year, as part of routine financial management, to ensure that plans are on track and any necessary corrective action is taken at the earliest opportunity.
- 1.11 In making any amendments to the Draft Budget as currently presented, such amendments must be validated by the Section 151 Officer to confirm that, in line with his responsibilities under the Local Government Act 1972, such amendments do not impair the ability to set a lawfully balanced budget.

## **2.0 OTHER OPTIONS CONSIDERED**

- 2.1 The setting of a legal budget is a statutory requirement and therefore no other options have been considered.

## **3.0 BACKGROUND INFORMATION**

### **3.1 Report of the Section 151 Officer as to the Robustness of the Estimates Made for the Purposes of the Calculations and the Adequacy of the Proposed Financial Reserves.**

#### **Summary and Background**

- 3.1.1 Under Section 25 of the Local Government Act 2003, the Authority's Chief Financial Officer (presently the Director of Finance as the Section 151 Officer) is required to report on the robustness of the estimates made for the purposes of the Council's Budget calculations and the adequacy of the General Fund balances and reserves. The Council must have regard to this report, which is set out below, when making decisions in respect to the budget.
- 3.1.2 In expressing the opinion, the Director of Finance (S151 Officer) has considered the financial management and control frameworks that are in place, the budget assumptions, the financial risks facing the council and the level of reserves.
- 3.1.3 Section 25 of the Local Government Act 2003 concentrates primarily on the uncertainties within the forthcoming budget year, however longer-term uncertainties and increasing pressures on the Council's finances also inform the reserves balances for the medium-term.

#### **Financial Controls**

- 3.1.4 The Director of Finance has responsibility for ensuring that an effective system of internal control is maintained to provide an assessment of the current position across the whole General Fund and identifying areas for improvement where appropriate.
- 3.1.5 The Code of Practice for Financial Management (the FM Code) was introduced by CIPFA in November 2019. The Code clarifies how Chief Finance Officers should satisfy their statutory responsibility for good financial administration as required in section 151 of the Local Government Act 1972. An internal assessment has been undertaken to ensure the Council's full compliance with the FM Code.

#### **Assurance Statement of the Council's Section 151 Officer**

- 3.1.6 The budget is capable of being balanced for 2025/26 and the forecast overspend in financial year 2024/25 has been addressed within the budget setting process. The

pressures existing in both financial years, which are significant, are largely as a consequence of increased demand and costs for social care services.

- 3.1.7 However, the Council's current financial forecast indicates that nearly all available reserves and balances will be needed to achieve a balanced position by year-end, 2024/25. This approach is neither prudent nor sustainable, potentially leaving the Council vulnerable to unforeseen circumstances. Consequently, the Council will need to maintain strict financial controls for the foreseeable future and the Council has sought support from Ministry for Housing, Communities and Local Government (MHCLG) for exceptional financial support.
- 3.1.8 An application for Exceptional Financial Support represents a critical step in addressing the severe financial challenges currently facing Wirral Council.
- 3.1.9 Going forward, the Council also urgently requires Government financial assistance to support the one-off transformation costs essential for driving service reform and operational efficiencies and to help mitigate the ongoing increasing demand for social care costs. Reserve levels have been critically depleted, through ongoing efforts to mitigate budgetary overspends, leaving us without the necessary resources to fund crucial transformation initiatives. While the extension of the flexible use of capital receipts offers some potential relief, the process of generating sufficient funds through asset sales is inherently time consuming, creating a challenging cycle where the very investment needed to improve long term financial stability cannot be immediately pursued due to our current financial pressures.
- 3.1.10 To further stress the critical nature of the Council's financial position, within the Council's Annual Audit Report for the year ending 31 March 2024, the external auditor made the following Statutory Recommendation, which Full Council has considered at its Extraordinary Meeting on 14 January 2025:

“The Council is in an extremely challenging financial situation with significant financial pressures creating budget overspends combined with low levels of reserves. There is a risk that the Council will need exceptional financial support to balance the financial position in 2024/25 and to set a balanced budget in 2025/26. We (the auditors) recommend the Council take immediate action to manage the risks, this should include:

- Identify additional savings and efficiencies to mitigate forecast overspends in 2024/25, especially in consideration of the Council's low level of reserves and the unfunded budget gap within the Council MTFS.
- Ensuring the Council has the necessary organisation grip to progress the Council's planned transformation programme at scale and pace to identify budget savings and wider efficiencies.
- Satisfying itself that social care services have the required focus, skills, and capacity to ensure efficiency of delivery.
- Revising the robustness and relevance of performance reports, recently introduced, and planned to be introduced, to ensure these are adequate in supporting the Council to respond to the serious financial challenges it faces.
- Reviewing the sufficiency of the finance team resources to the necessary capacity is in place to support the organisational responses to the critical financial position.
- Ensuring that member oversight of the Council's actions to address its financial challenges is optimal and reflects the significance of the situation.”

- 3.1.11 The Council recognises that significant deliverable cost reductions need to be identified and approved for the Council to meet its statutory obligation to set a legal and balanced budget.
- 3.1.12 There is a growing disparity between the resources available to local government and the demand pressures that the sector faces. The growing demand for social care for both Adults and Children's services cannot be sustained over the MTFP period without additional funding, the long-awaited review of local authority funding is of paramount importance in this respect.
- 3.1.13 The difference between the pressures facing the Council in 2025/26 and the available resources will require difficult decisions to be made around the level of support that can be provided and a continued focus on increasing efficiency and reducing costs. It will require the organisation to shrink overall in terms of the number of established posts and a reorganisation of how some services are provided.
- 3.1.14 Within the context set out above, Directorates were asked to prepare a set of cost cutting, efficiency and income generating proposals, which give consideration to all aspects of the organisation's operations.
- 3.1.15 In responding to this request the Council has consulted on a suite of potential budget savings and has identified £25.446m which are to be used to balance the 2025/26 Budget. The impact and deliverability of all the proposals have been considered by the relevant Policy Committees with feedback provided to Policy and Resources Committee to inform the decision making.
- 3.1.16 To form the budget for the 2025/26 financial year, and to give consideration across the medium-term to 2029/30, best estimates have been incorporated to determine the financial landscape, making allowances for anticipated and unavoidable pressures and future business plans as part of this process.

### **Council Tax**

- 3.1.17 A further key component in balancing the Budget has been the officer recommendation for the agreement by Council of an increase in Council Tax and Adult Social Care Precept to an overall increase of 4.99%. This is the maximum allowable increase before a Council Tax referendum is required. It is of the utmost importance that this stream of funding is agreed in order to secure future streams of funding that will moderate cuts to key services in the future. It should be noted that every 1% change in council tax assumptions increases or decreases the budget gap by approximately £1.8m in 2025/26.
- 3.1.18 If the 4.99% is reduced as part of a resolution of an amendment laid before Policy & Resources Committee or before Council then it is required that the amendment should propose adoption of further savings equivalent to £1.8m for every 1% change.

### **Amendment to the Budget**

- 3.1.19 Amendments that do not enable the budget to be lawfully balanced by taking realistic and deliverable savings will not be agreed by the Section 151 Officer and under these circumstances the budget cannot be lawfully agreed by Council.
- 3.1.20 Arising from the statutory responsibilities of the Section 151 Officer it will not be acceptable for any replacement saving to reduce the proposed contribution to Reserves or draw further from the diminishing pool of forecast Reserves held by the Council, and which is already forecast to reduce markedly by 31 March 2025.

## **Budget Assumptions**

3.1.21 The Section 151 Officer is satisfied that the draft Budget has been based on the best available information and has used reasonable assumptions, the impact of which has been calculated using approaches and techniques commonly used within the Local Government sector.

3.1.22 In addition, a number of key processes have been in place and the Section 151 Officer is satisfied that:

- Existing and future expenditure pressures have been suitably estimated using financial monitoring reports and business insight for the current year.
- The senior members of the Finance Team and/or the Section 151 Officer have provided advice throughout the process.
- Detailed support has been provided to Service Managers in drafting business cases to define and confirm the availability of the savings identified.
- The relevant Policy and Services Committees have been consulted and briefed regarding savings in their respective areas.
- Policy and Resources (P&R) Committee and the P&R Finance Working Group have been providing governance and leadership for the process.
- Challenge panels and budget surgeries have been held by the Director of Finance.
- There has been full engagement of the Senior Leadership Team and ownership of proposals to ensure a balanced budget position and how to manage down overspends.
- An effective financial monitoring process exists.
- A suitable governance and decision-making framework is in place that identifies, manages and monitors financial risks.
- Revenue and capital expenditure is differentiated along with appropriate sources of funding, including revenue implications of capital expenditure.
- Consultation in line with statutory requirements has been conducted with the Members, council taxpayers and general public and other groups as required.

## **Deliverability of Savings**

3.1.23 As in financial year 2024/25, a Contingent Sum has been set aside to cover off the risk that the Council may encounter difficulties in delivering all of the £25.446m savings target in full and also to provide resilience for any unforeseen inflationary growth/ demand for service during the financial year 2025/26. The existence of this sum, which equates to approximately 1% of the revenue budget, is considered to be essential by the Section 151 Officer.

## **Conclusion**

3.1.24 It is the opinion of the Director of Finance (S151) that in their view the budget estimates are robust and satisfactory as required by the Local Government Act 2003; the level of reserves is at a minimum and will require replenishing. This statement is being made on the assumption that the proposed council tax funding increases by £9.225m (inclusive of additional properties, increase in Council Tax charge of 2.99% plus 2% precept for social care) for the budget year 2025/26.

3.1.25 Whilst the 2025/26 budget can be balanced, there remains a significant gap between estimated spend and funding streams for 2026/27 onwards. Therefore, the council needs to maintain focus on financial sustainability to produce a balanced budget over the medium-term.



3.1.26 No budget can ever be completely free from risk. Assumptions are made which means that the budget will always have an amount of uncertainty. The risks identified will be proactively monitored and mitigating action taken as soon as reliable trends emerge. Budget monitoring reports are routinely presented to Members during the financial year and will set out the latest position and action being taken, where applicable. The control environment and associated processes in place are robust.

3.1.27 It is the opinion of the Director of Finance (S151) that the General Fund Balances require urgent replenishment, full details of all the reserves held and their purpose are set out in the Medium-Term Financial Strategy.

## **Impact of the National Context**

- 3.2 In October 2024, the Chancellor of the Exchequer announced information regarding the Spending Review in the Autumn Statement. The details of this have been provided in the provisional Local Government Funding Settlement, received on 19 December 2024, in the form of a one-year settlement for 2025/26.
- 3.3 The impact of the assumptions in the provisional settlement was reported to Members via a briefing note in December 2024. Consultation took place on the provisional settlement and closed on 15 January 2025. The final 2025/26 settlement was laid before the House of Commons and approved on 5 February 2025.

## **2025/26 Budget**

- 3.4 On 6 November 2024, Policy & Resources committee received a report updating on the progress and developments in budget setting activity for 2025/26 and beyond. The report detailed how the Council faces an extraordinary financial challenge, particularly from the demand led services of Adults and Children's social care. The budget gap, presented at the time, was a £36m deficit position for 2025/26, based on specific assumptions. This Budget Report updates the draft budget position presented to Policy & Resources Committee on 6 November 2024.
- 3.5 The 2025/26 budget has been compiled using the figures in the Final Local Government Finance Settlement for 2025/26, which was published on 3 February 2025 and approved on 5 February 2025.
- 3.6 The Council's draft budget has been balanced in the context of a significant in year overspend, which has necessitated an application for Exceptional Financial Support (EFS) from the Ministry of Housing, Communities and Local Government (MHCLG). While this Draft Budget has provided for the impact of the 2024/25 deficits, as well as inflationary and demographic pressures, the Council will continue to face financial challenges with substantially depleted reserves. As a result, an additional EFS application has been submitted for 2025/26 to ensure the Council has sufficient resources to cover any emergency/ unexpected costs, to fund the potential one-off transformational costs required to deliver some of the budget savings proposals and to help manage the ongoing increasing demand for social care costs.
- 3.7 The rigorous process of review and challenge that has been delivered by the budget setting process ensures that the budget proposals included in this report have been fully scrutinised and are fit and proper in terms of readiness for decision-making.
- 3.8 Following the approval of the 2025/26 budget, monitoring of financial activity will take place via the relevant Committees throughout the year, to ensure that agreed savings proposals are delivered upon and a balanced budget position can be reported at the end of 2025/26. Where budgets are at risk of reporting an adverse position, Committees will be required to take remedial action to ensure they can be brought back in line.
- 3.9 The 2025/26 budget proposal is considered robust, although it is recognised that there are significant savings that need to be delivered – savings proposals have been challenged in terms of deliverability and phasing and assurances have been obtained from Directors that these are achievable. Estimates within the budget are based on professional advice and contingencies within the budget, alongside the 2025/26 EFS application for additional resources, are considered sufficient to deal with unforeseen or uncertain items.

3.10 A rigorous process to monitor progress of savings delivery forms part of the standard budget monitoring process, which will continue in 2025/26.

3.11 The proposed budget for 2025/26 is summarised as follows:

**TABLE 1: PROPOSED BUDGET**

	<b>25-26 (£m)</b>	<b>25-25 (£m)</b>
<b>FUNDING</b>		
Council Tax	-184.874	
Proposed Council Tax increases	-9.225	
Business Rates	-143.242	
Social Care Specific Grants	-83.575	
Other	-23.806	
<b>TOTAL FUNDING</b>		<b>-444.722</b>
<b>BUDGET REQUIREMENT</b>		
<b>Baseline Restated</b>		<b>399.655</b>
<b>Total Pressure/ Investment</b>		<b>70.514</b>
<b>Saving Income and Efficiencies</b>		
Previously Identified Savings	-9.779	
Increasing Business Efficiencies	-4.680	
Increasing Income	-0.502	
Changing how we fund or provide services	-8.532	
Reducing or stopping services	-1.953	
<b>Total Savings Income and efficiencies:</b>		<b>-25.446</b>
<b>TOTAL BUDGET REQUIREMENT</b>		<b>444.722</b>
<b>REVISED BUDGET GAP</b>		<b>0.000</b>

### **Funding**

3.12 The Council's main source of funding is made up of Income from Council Tax and Business Rates, with a number of lower value funding sources also contributing to matters as outlined in the table above. The provisional statutory calculation for Council Tax for 2025/26 is included within Appendix 5. The Business Rates calculations include business rate relief as set out in the Discretionary Rate Relief Policy included within Appendix 6. The total business rate funding is made up of:

- Business rate income and Section 31 grants of £101.794m
- Government top-up grant of £41.448m, (excluding the notional amount of Local Authority Better Care Grant which is shown in Social Care specific grants)

3.13 Council funding also includes a number of Social Care specific grants. The Social Care grant totals £49.545m in 2025/26, an increase of £7.65m from the previous year. The grant is provided to upper tier authorities for social care expenditure, on both Adult and Children's

Social Care, and is used to address care needs that are a result of age, illness, disability or any significant change in life in addition to specific care needs of children, young people and their families. Discretion is available for local authorities to determine how much of it should be spent on adult social care and how much should be spent on children's social care. Other Social Care Specific grants include:

- Market Sustainability & Improvement Fund to enable improvements to be made to adult social care - £7.877m
- Children's Social Care Prevention Grant - Wirral has been allocated £2.419m of this new funding for 2025/26. This new grant is aimed at laying the groundwork for children's social care reform, enabling direct investment in additional prevention activity through transition to Family Help.
- Local Authority Better Care Grant £23.734m (notional amount extracted from Government top-up grant. Local Authority Better Care Grant is forgone because of the Council's involvement in the Business Rates Retention Scheme pilot).

The Council also has the discretion to apply an Adult Social Care precept of 2% on Council Tax bills; approximately £3.697m could be generated through the application of the precept, which has been factored into the budget assumptions.

3.14 Included within the other sources of funding is:

- New Homes Bonus of £0.416m
- Domestic Abuse Safe Accommodation Grant of £0.974m, previously paid as a standalone specific grant but now rolled into the general settlement.
- Extended Producer Responsibility for packaging grant of £4.561m. A new grant allocation to help fund efficiency costs associated with collection of household packaging waste from kerbside and communal collections, and waste brought to bring sites only.
- Recovery Grant of £9.758m. A new one-off, unringfenced grant distributed using a formula based on deprivation and population less the ability to raise income through council tax.
- Employer National Insurance Contributions compensation grant of £2.701m. New funding to provide support to councils with the costs associated with the increase in employer National Insurance Contributions (NICs). The allocation of this grant is not expected to fully cover the cost pressure of the Council's increased NICs.
- Flexible Use of Capital Receipts of £2.6m. To be applied to fund transformation-related revenue expenditure within the budget.

Full details of funding is provided in the MTFs which can be found in Appendix 7 of this report.

### **Baseline budget requirement and approach to budget setting**

- 3.15 At the meeting on 26 February 2024, the Council agreed a net revenue budget for 2024/2025 of £399.6m to be met by government grants, council tax, and business rates. However, throughout the year, a critical financial position for the Council was reported which required significant mitigation in-year through all available measures to reduce expenditure and generate cost savings. The source of the overspend reflected the outturn position from 2023/24 and the continued increase in demand for social care.
- 3.16 Following initial budget challenge sessions with Directors and a review of the early Q2 budget monitoring information, a position around the current and future pressures was ascertained. This represented the best available information at the point in time and formed the baseline for the pressures within the draft MTFP for current and future years (see Appendix 10).

3.17 At the Policy and Resources Committee on 6 November 2024, a potential budget gap of £36.1m for 2025/26 was presented. Members were asked to note that the budget gap is an ever-moving target due to a number of factors; these included:

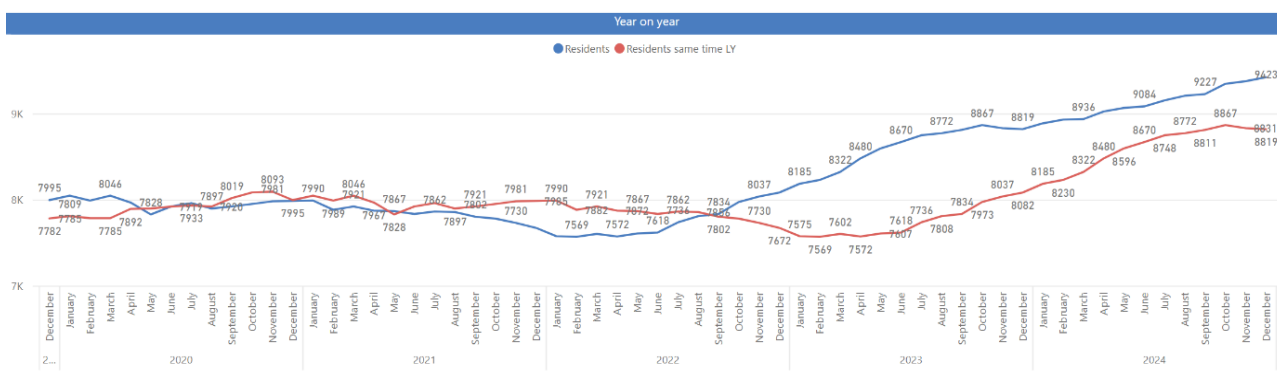
- Ongoing Government announcements of funding, including specifically the Provisional Local Government Financial Settlement for 2025/26.
- A process of challenge and refinement within the Council to ensure that the proposals are evidence based. Addition of new pressures that continue to materialise as further local and national evidence comes to light.
- The continuing refinement of budget assumptions, including inflation.
- The development and refinement of budget options.

3.18 Against this backdrop, Directorates were asked to prepare a set of cost cutting proposals. These measures should focus on preserving only those services that are statutorily required while identifying all possible areas for budget reduction.

3.19 It should be noted that included within the MTFP approved by Council in February 24 was a suite of savings proposals previously identified for consideration in this year’s budget setting process. Officers developed business cases for these proposals which were shared, along with new savings proposals, with the regular committee Budget Oversight Panel meetings, concurrently serving as budget workshops for the Committees.

3.20 There are a number of transformation themes that are designed to deliver savings over the MTFP period.

3.21 Social care accounts for a growing proportion of the overall budget and therefore strategies and practices aimed at understanding, predicting and managing social care services to meet the needs of the population in a sustainable manner in partnership is part of the overall strategic demand management in the medium term.



3.22 Social Care service user numbers are showing a significant upward trajectory, with an additional 604 individuals now accessing our range of support services in the past year. Notably assistive technology services accounts for 49% of all users. This substantial proportion of assistive technology users aligns with our strategic focus on early intervention and prevention enabling residents to maintain their independence and safety within their own homes for extended periods. The high uptake of assistive technology demonstrates both its effectiveness as a preventative measure and its crucial role in our broader care strategy, potentially reducing the need for more intensive and costly care interventions in the future.

<b>Client Group</b>	<b>Average % Increase over Past 2 years</b>	<b>Budget Pressure (£m)</b>
Older People	5.63%	£5.95
Adults (18-64)	5.93%	£4.07
<b>Total</b>		<b>£10.02</b>

- 3.23 The projected demographic pressures on adult social care services have been calculated using the growth patterns observed over the past two years, encompassing both older people and adults (18-64). While these baseline projections establish expected service demand, they exclude the anticipated benefits of several key strategic initiatives currently underway. These include transformation projects; the implementation of a new front door service model, the modernisation of day services and improvements to preparing our adulthood pathway, all of which have associated savings targets within the MTFP attached to their delivery.
- 3.24 The Council has also made bold decisions and taken leadership by investing in more extra care housing, more supported housing, transfer of Care Hub and more recently the Able Me service, focused on prevention. All with the aim of managing demand and thereby reducing costs.
- 3.25 Similarly, within the Children's, Families & Education Directorate, the pathfinder programme is transforming systems around social care to provide earlier and more integrated support aimed at reducing demand for higher cost statutory services.
- 3.26 The children's social care budget includes a significant pressure of £12.340 million. This comprises of two main components: demographic pressures and inflationary costs.
- The demographic elements total £9.849m, consisting of £8.967m to rebase the budget to reflect current activity levels, particularly addressing the 24% increase in residential placements observed in the final quarter of 2023/24 and adjusting from the previous assumption of 68 children to actual numbers at budget setting. In addition, £0.882m has been included to account for a projected 2% growth across social care placements.
  - The inflationary component accounts for an average 5% uplift in placement costs generating a pressure of £2.491m.
- 3.27 Proposed savings of £2.442m within social care are predicated on reducing the number of high-cost residential placements. This target is achievable based on current trajectory as evidence of impact from the recently endorsed Care Programme which is changing the approach to care on the Wirral. It provides a system wide focus on practice and priority for edge of care activity (Child Protection, Family Matters, Commissioning, Youth Work and aspects of Family Help), targeting a reduction in levels of children looked after and re-balancing the local profile to ensure fewer children and young people require high-cost residential care; and to reduce reliance on this high-cost option due to a lack of capacity elsewhere.
- 3.28 Another key objective is to retain and optimise the foster care resources the Council currently has and to attract new foster carers through improved foster care packages in relation to finances, training, development and supervision, to safely reduce our reliance on residential care placements. Further reductions are anticipated through planned transitions out of residential care and natural progression as young people reach adulthood.

- 3.29 The Council's corporate savings will continue to focus on cross cutting initiatives, particularly the continuation of the enabling services review and the integration of the digital transformation opportunities into this workstream. Reviews are also underway to identify further opportunities to modernise and improve services through increased efficiency, greater use of automation and maximising income generation. This includes improving procurement and commissioning, workforce planning and the estate transformation programme to support service modernisation and the delivery of savings.
- 3.30 Policy & Service Committees undertook budget oversight panels workshops through December and January to review these proposals. Actions and feedback from the outcomes of the workshops was presented back to Policy & Resource Committee and can be found in Appendix 3 of this report.

### **Budget Construction**

- 3.31 A full list of the budget proposals to set a balanced budget for 2025/26 is included within Appendix 1.
- 3.32 The MTFS inclusive of the embedded MTFP (Appendix 7) provides further detail on the 2025/26 budget components.

### **Medium-Term Financial Strategy (MTFS)**

- 3.33 The MTFS inclusive of the embedded MTFP (Appendix 7), is a key document in the Council's financial planning cycle. This document sets out the strategic financial approach that the Council will adopt in supporting delivery of the Council Plan and the matrix of other strategies and plans that support delivery of the improvements that the Borough is clearly expecting.
- 3.34 The MTFS, and other accompanying appendices to this report, explain how the Council will distribute its resources in this endeavour over the next five years. In order to deliver the Council Plan, the Council will need to operate carefully within specific quantitative financial targets. These targets manifest themselves as budget limits within which the Council must deliver its services over the period of the MTFS.
- 3.35 On the future journey, the Council needs to refresh its approach to operate highly disciplined financial management activities. By doing so, the Council will enhance prospects of attaining the far-reaching improvements to which its residents rightly aspire.
- 3.36 The MTFP component of the MTFS illustrates that a budget deficit will need to be bridged in future years based on current assumptions. The Council's Change Programme, Service Reviews and the forthcoming round of budget setting for 2026/27 will focus on delivering a balanced position with multi-year considerations in light of the position presented by the most recent iteration of the MTFP.

### **Capital Programme**

- 3.37 The Capital Programme has two purposes. Firstly, to carry out routine work to develop and/or maintain the Council's existing asset base. Secondly it can act as a catalyst to accelerate the pace and scale of regeneration and growth in the borough across the medium and long term. This encourages market confidence, demand and growth from developers, inward investors and local businesses that will boost the revenue potential through direct income and/or future increased business rate receipts. Recent spending

review announcements have identified opportunities to either fund these programmes at a lower cost, or fund new programmes, which may not have been manageable within the current Capital Programme. The revenue impact of the Capital Programme will continue to be routinely monitored in order to ensure that no unmanageable financial pressures transpire.

### **Setting Council Tax Levels**

- 3.38 Policy and Resources Committee agreed the Council Tax Base for use in 2025/26 on 15 January 2025. A summary of the calculation process and associated background information is provided at Appendix 9.
- 3.39 In setting the Council Tax, the Council is required to have regard to the various determinations set out in the Local Government Finance Act 1992 as amended by the Localism Act 2011. The Council must calculate a Council Tax requirement, set out the total amount of Council Tax for the different categories of dwellings and determine that the Council Tax for 2025/26 is not excessive and that a Referendum is not necessary.
- 3.40 The Statutory Calculations form part of the Policy & Resource Committee recommendation to Council in respect of the Council element of the Council Tax bill. Any agreed increase will be considered against the principles determined by the Secretary of State under the Act (as amended) in determining whether a Referendum is required. This compares the Band D Council Tax for 2025/26 with that for 2024/25 for the Council's basic amount of Council Tax and the Adult Social Care Precept. The provisional statutory calculations are contained in Appendix 5.
- 3.41 The precepts to the Council, issued by the Police & Crime Commissioner for Merseyside and by the Merseyside Fire & Rescue Service, in accordance with Section 40 of the Local Government Finance Act 1992 will be added to the Council element to set the Council Tax for Wirral for 2025/26, once known. If this information is available before the publishing date for Budget Council, this will be included as a separate report within the Council papers agenda. In 2025/26, the Liverpool City Region Combined Authority (LCR CA) will continue to levy a precept for the LCR CA Mayoral precept.

### **Business rates**

- 3.42 National Non-Domestic Rates (NNDR), or Business Rates, are payable by businesses based on the rateable value of the premises they occupy, which is calculated according to how much rent the premises would achieve if rented out. Valuations are carried out by the Valuation Office Agency. This was previously done on a five-year cycle, but the latest valuation list came into effect from 1st April 2023 and will now operate on a three-year cycle with the next valuation due from April 2026.
- 3.43 The Council is responsible for calculating actual rates bills and for collecting rates and use the rateable value in working out how much a business will have to pay. The actual rates bill is calculated by applying the rate multiplier (a rate in the pound) to the rateable value (as assessed by the Valuation Office Agency (VOA), which is an agency of HM Revenue and Customs) and then deducting any reliefs that are applicable.
- 3.44 Whilst presenting opportunities, the localisation of Business Rates brings additional risks to the Council's financial position because of its complexity and volatility. The forecast income to the Council has to be reflected in the Council Budget. The amount received may fluctuate due to a number of reasons including:



- Appeals against rating decisions, dealt with by the Valuation Office Agency and can be large and backdated a number of years;
- Changes in liability relating to changes in occupancy;
- Changes in building use;
- Alterations to buildings size and layout;
- Demolitions and new builds;
- Actions to avoid full liability including empty property/charitable reliefs;
- Assessment of bad and doubtful debts.

3.45 Policy and Resources Committee are asked to approve the Discretionary Rate Relief Policy for Business Rates for 2025/26 - Appendix 6 for onward recommendation to Council.

3.46 A declaration of an estimated surplus or deficit position as at 31 March 2025, together with a forecast for 2025/26, has to be submitted to Government by 31 January 2025. Any surplus or deficit would be allocated to Wirral Council at 99% and to Merseyside Fire and Rescue Service at 1%. As at 31 March 2025, no surplus or deficit has been declared.

3.47 Since April 2013, the Government has implemented changes to reliefs and also capped the Rates increase at below the inflation rate. To compensate local authorities for these decisions the Government has allocated Councils a series of Section 31 Grants. These are calculated as part of the National Non-Domestic Rates 1 return which is submitted to government by 31st January each year plus any supplementary grants awarded in year should government introduce new rating policy changes.

### Schools Budgets

3.48 The detailed budget proposal for schools' budgets is provided in Appendix 4 and a summary is provided as follows:

	<b>Budget £m</b>
<b>DSG Block costs:</b>	
Schools Block	281.286
Schools de-delegated	0
Central Schools Costs	2.04
High Needs	88.134
Early Years	50.398
<b>Total Expenditure</b>	<b>421.858</b>
<b>Funding</b>	
DSG Grant Income	-403.809
Contribution from reserve	-18.049
<b>Total DSG Budget</b>	<b>0</b>

\*The table above excludes the Council's contribution to the PFI affordability gap which is included in the Council's revenue budget.

The contribution from reserve reflects the difference between the funding available and planned expenditure. The DSG deficit reserve is expected to be a cumulative deficit of £46.933m at the end of 2025-26. It was announced in December 2022 that the statutory

override that separated DSG deficits from the authority's wider finances was extended for a further 3 years and is due to expire at the end of 2025/26. It should be noted, there is a risk that without further extension of this statutory override the deficit may have to be included in the Council's overall reserve. The 2025/26 school's budget has been approved by Schools Forum on 14 January 2025. However, the Forum members have expressed their concerns with the budget set as a significant deficit position. It has been agreed that schools and the authority will endeavour to find further mitigations during 2025/26.

### **Levies for Liverpool City Region Combined Authority (LCRCA) and Merseyside Recycling and Waste Authority (MRWA)**

- 3.49 There is a statutory requirement to agree the levies for 2025/26 before 15 February 2025 in respect of transport (LCRCA) and waste (MRWA). The allocation mechanism for both bodies means that there will be variations for individual authorities as the Waste Levy reflects relative tonnages and the Transport Levy reflects relative populations.
- 3.50 The Liverpool City Region Combined Authority considered the recommendation for its 2025/26 budget on 24 January 2025. The Transport Levy has increased by 1.7% for 2025/26, driven by higher transport costs and general inflation pressures. Wirral's share of the costs increased by £0.335m to £23.884m.
- 3.51 The Merseyside Recycling & Waste Authority met on 7 February 2025 to agree the final Levy for 2025/26. The Levy set out for the Council is £18.874m, representing an increase since 2024/25 of £0.773m or 4.27%.

### **Level of General Fund Balances and Earmarked Reserves**

- 3.52 The level of General Fund Balances and reserves are key components of the Council's financial management and sustainability. Both need to be maintained at sufficient levels to ensure that unforeseen financial pressures can be met without jeopardising the viability of the Council.
- 3.53 Grant Thornton, the Council's external auditors, have previously recommended that Wirral Council look to build on General Fund balances to improve the Council's financial resilience. This is addressed in the report of the Section 151 officer as to the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves (section 3.1 above) and the MTFS (Appendix 7).
- 3.54 The recommendation to increase General Fund Balances by £3.562m to £16.738m for 2025/26 represents approximately 3.8% of the Council's proposed net revenue budget. A level which it is considered to facilitate medium term financial resilience would be at 5% – one of the principles of the MTFS is that by 2029/30 general fund balances will be increased and maintained at 5% of net revenue budget along with the maintenance of a suite of earmarked reserves that will be used for specific projects to support the key priorities and safeguard against financial risk.
- 3.55 A summary of reserves is provided in the MTFS (Appendix 7).

## **4.0 FINANCIAL IMPLICATIONS**

- 4.1 This report is part of a programme of activity to ensure that a fully balanced, legal budget can be recommended by the Policy and Resources Committee to Full Council at its meeting of 3 March 2025.
- 4.2 The programme to develop a robust budget position, which this paper forms part of, will support the Council in ensuring that CIPFA's Financial Management Code (FM Code) is complied with, in particular in relation to Section 4 of the FM Code – The Annual Budget.
- 4.3 The FM Code requires the Council to demonstrate that the processes they have in place satisfy the principles of good financial management, based on the following six principles:
- Organisational Leadership – demonstrating a clear strategic direction based on a vision in which financial management is embedded into organisation culture.
  - Accountability – based on Medium-Term Financial Planning, which derives the annual budget process supported by effective risk management, quality supporting data and whole life costs.
  - Financial management - undertaken with transparency at its core using consistent, meaningful and understandable data, reported frequently with evidence of periodic officer actions and elected member decision making.
  - Professional standards - Adherence to professional standards is promoted by the leadership team and is evidenced.
  - Assurance - sources of assurance are recognised as an effective tool mainstreamed into financial management, including political scrutiny and the results of external audit, internal audit and inspection.
  - Sustainability - The long-term sustainability of local services is at the heart of all financial management processes and is evidenced by prudent use of public resources.
- 4.4 Financial implications of the 2025/26 budget are included within the main body of the report and associated recommendations.

## **5.0 LEGAL IMPLICATIONS**

- 5.1 Failure to agree a legally balanced budget by Full Council on 3 March 2025 may have significant financial, administrative and legal implications and result in Government intervention.
- 5.2 The Policy and Resources Committee, in consultation with the respective Policy and Service Committees, has been charged by Council to formulate a draft Medium Term Financial Plan (MTFP) and budget to recommend to the Council.
- 5.3 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.

- 5.4 Section 30 (6) and section 31A(11) of the Local Government Finance Act 1992 provides that the Council has to set its budget and Council Tax amount before 11th March in the financial year preceding the one in respect of which the budget is set.
- 5.5 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 (Section 151) Officer as to the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves.
- 5.6 Consultation must take place in accordance with the Council's duties under section 65 of the Local Government Finance Act 1992. The summary of responses provided are attached in Appendix 2 to this report. It must be borne in mind that this is consultation on the budget proposals, not on the decision to take whatever decision is implied by the adoption of that budget. This is because the budget is a sufficiently high-level estimate or cap and, in relation to much of the estimated income and expenditure in exercise of the budget, not set in relation to the distinct decisions that will make up that expenditure throughout the year. As such, when setting and formulating the budget it would be difficult to compile a sufficiently detailed consultation document or undertake a focussed impact assessment.
- 5.7 The consultation process, including the Council's consideration of the responses, is required to comply with the following overarching obligations (unless detailed statutory rules supplant these):
- Consultation must be at a time when proposals are at a formative stage.
  - The proposer must give sufficient reasons for its proposals to allow consultees to understand them and respond to them properly.
  - Consulters must give sufficient time for responses to be made and considered.
  - Responses must be conscientiously considered in finalising the decision.
- 5.8 This is the same whether or not a public body was required to consult or chooses to do so. This is because all of those rules are aspects of an overriding requirement for 'fairness'. The process must be substantively fair and have the appearance of fairness. The setting of the budget and council tax by Members involves their consideration of choices.
- 5.9 When considering options, Members must bear in mind their fiduciary duty to the council taxpayers of Wirral. Members must have adequate evidence on which to base their decisions on the level of quality at which services should be provided.
- 5.10 Where a service is provided pursuant to a statutory duty, it would not be lawful to fail to discharge it properly or abandon it, and where there is discretion as to how it is to be discharged, that discretion should be exercised reasonably.
- 5.11 The report sets out the relevant considerations for Members to consider during their deliberations and Members are reminded of the need to ignore irrelevant considerations. Members have a duty to seek to ensure that the Council acts lawfully. Members must not come to a decision which no reasonable authority could come to; balancing the nature, quality and level of services which they consider should be provided, against the costs of providing such services.
- 5.12 There is a particular requirement to take into consideration the Council's fiduciary duty and the public sector equality duty in coming to its decision.

- 5.13 The public sector equality duty is that a public authority must, in the exercise of its functions, have due regard to the need to: (1) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010; (2) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and (3) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 5.14 Any decision made in the exercise of any function is potentially open to challenge if the duty has been disregarded. The duty applies both to Full Council when setting the budget and to the Policy and Services Committees when considering decisions.
- 5.15 Once a budget is in place, Council has delegated responsibility to the Policy and Services Committees to implement it. The Committees may not act contrary to the Budget without consent of Council other than in accordance with the Procedure Rules set out at Part 4(3) of the Constitution.
- 5.16 It is essential, as a matter of prudence that the financial position continues to be closely monitored. In particular, Members must satisfy themselves that sufficient mechanisms are in place to ensure both that savings are delivered and that new expenditure is contained within the available resources. Accordingly, any proposals put forward must identify the realistic measures and mechanisms to produce those savings.
- 5.17 Members are also individually reminded that Section 106 of the Local Government Finance Act 1992 applies to the Council meeting on the budget and therefore arguably to the formulation of the Budget. Members who are two months or more in arrears with their Council Tax must declare this to the meeting and must not vote on budget recommendations, as to do otherwise can be a criminal offence.

## **6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS**

- 6.1 There are no additional resource requirements directly from this report, however the implications for the proposals included within the 2025/26 budget and MTFP will be assessed at the time of implementation. For budget proposals that may result in reductions to the workforce, the Council have consulted with trade unions and relevant staff groups as required and in accordance with section 188(1A) of the Trade Union and Labour Relations Act (TULRCA) 1992).
- 6.2 A number of the budget proposals have staffing implications. It is estimated that the overall number of posts to be reduced is between 100 to 200 full time equivalents. This is an indicative figure at this stage. It is planned to achieve this reduction through the deletion of vacant posts and releasing staff under the terms of the voluntary severance/early voluntary redundancy (VS/EVR) scheme as far as possible. Where possible and appropriate, staff will be redeployed into other roles before considering any compulsory redundancies, with the aim being to minimise the number of instances as far as possible.
- 6.3 Depending on the number of posts that are deleted due to being vacant, numbers of staff who volunteer to leave or be made redundant from the Council and the number of compulsory redundancies, it is not yet possible to determine whether a section 188 and HR1 are required.
- 6.4 These provisions would be triggered if the Council made proposals to potentially dismiss more than 20 employees in a 30-day period. (other extended consultation periods apply with more than 99). The preferred approach taken will be as set out above. The budget proposals

do not give any immediate need to serve those notices and the Council is now in a process of asking for volunteers and utilising vacancies.

- 6.5 Ultimately, every effort will be made to avoid a compulsory redundancy situation, unless it becomes absolutely necessary. The Council will continue to work in partnership with trade unions. However, the possibility of needing to serve these documents cannot be ruled out. The numbers could occur in the various reviews or be part of any exceptional financial support condition. It is in there as a failsafe possibility.
- 6.6 Trade Unions have been engaged in relation to the budget process and have made clear that any approach should in their view avoid Compulsory Redundancies.

## **7.0 RELEVANT RISKS**

- 7.1 The Council's ability to close the funding gap is highly dependent on the accuracy of assumptions used for Government funding and levies from other bodies, as well as demand estimates for Council services. As the Local Government Finance Settlement only covers one year, the uncertainty around future funding over the MTFP period remains high.
- 7.2 The Council's ability to maintain a balanced budget is dependent on a proactive approach due to estimated figures being provided in the calculation for the budget, albeit the best estimates available at the time, plus any amount of internal and external factors that could impact on the budget position in year. Examples of which are new legislation, increased demand, loss of income, increased funding, decreased funding, inability to recruit to posts, ongoing impact of the pandemic, etc.
- 7.3 A robust monitoring and management process for the budget is in place. If at any time during the year an adverse position is forecast, remedial action must be agreed and implemented immediately to ensure the budget can be brought back to balanced position.
- 7.4 Failure to achieve a balanced budget would lead to the Section 151 Officer issuing a Section 114 notice and potential ministerial intervention under Section 15 of the Local Government Act 1999.
- 7.5 Funding and demand assumptions in particular can change as more information becomes available and pressures could increase from inflationary impacts and as a result of changes in interest rates. As such, the Medium-Term Finance Plan (MTFP) is regularly reviewed and updated as part of routine financial management.
- 7.6 There is also a risk that agreed savings will not be delivered or will be delayed. Progress on delivery of agreed savings will be monitored using Budget Monitoring reports presented to Policy and Service Committees.
- 7.7 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 and General Fund Balances.
- 7.8 A balanced budget is fundamental in demonstrating robust and secure financial management. Delivering a balanced position requires continual review and revision of plans to allow alternative financial proposals to be developed and embedded in plans as situations change. A delay in agreeing these may put the timetable for setting the 2025/26

budget at risk and may result in a balanced budget not being identified in time for the deadline of 11 March 2025.

- 7.9 Assumptions have been made in the current budget outlook for income and funding from business rates and council tax and social care grants as the main sources of funding. If there is an adverse change to these assumptions, additional savings proposals or reduced expenditure would need to be identified as soon as possible to ensure a balanced position is presented.

## **8.0 ENGAGEMENT/CONSULTATION**

- 8.1 There is a requirement for Council's to formally consult on the preparation of their annual budgets. The minimum requirement involves consulting with non-domestic rate payers. This does not require consulting on specific budget policy options and can focus more on what services residents or stakeholders want to prioritise over other services. Statutory budget consultation was therefore positioned as high-level and generic, focussing on the budget challenge and laying out the council's statutory responsibilities and discretionary services and asking stakeholders which council services they think should be prioritised. Statutory budget consultation took place in January 2025 and details are provided in Appendix 2.
- 8.2 Policy and Services Committees reviewed and debated the draft 2025/26 budget during January 2025. The feedback from the Committees is provided in Appendix 3 for the consideration of the Policy and Resources Committee in respect of the recommendations set out in this report.
- 8.3 The Policy and Resources Finance Working Group have met on a regular basis during recent months to review budget proposals and assumptions.
- 8.4 The Council has engaged regularly with trade unions about the Council's financial position. This will continue throughout the budget setting and implementation process.
- 8.5 For budget proposals that may result in reductions to the workforce, the Council have consulted with trade unions and relevant staff groups as required and in accordance with section 188(1A) of the Trade Union and Labour Relations Act (TULRCA) 1992). Statutory notices may also be required.
- 8.6 The Council is committed to mitigating the impact on staff as far as possible and will take all steps possible to avoid any compulsory redundancies in accordance with policies and procedures.

## **9.0 EQUALITY IMPLICATIONS**

- 9.1 Wirral Council has a legal requirement to make sure its policies, and the way it carries out its work, do not discriminate against anyone. An Equality Impact Assessment is a tool to help council services identify steps they can take to ensure equality for anyone who might be affected by a particular policy, decision or activity.
- 9.2 The equality implications have been considered within the individual savings proposals via the completion of equality impact assessments.
- 9.3 It is recognised that some of the budget proposals could have equality implications. Any implications will be considered and any negative impacts will be mitigated where possible.

- 9.4 Equality implications will be assessed during planning, decision and implementation stages and will be recognised as an ongoing responsibility. Equality issues will be a conscious consideration and an integral part of the process.
- 9.5 The documents associated with this report may not be suitable to view for people with disabilities, users of assistive technology or mobile phone devices. Please contact [committeeservices@wirral.gov.uk](mailto:committeeservices@wirral.gov.uk) if you would like documents in an accessible format.

## **10.0 ENVIRONMENT, BIODIVERSITY AND CLIMATE IMPLICATIONS**

- 10.1 The environment and climate implications have been considered within the individual savings proposals.
- 10.2 Setting a balanced budget puts the Council in a good position to be able to secure other necessary funding streams for future works to meet its net zero targets.

## **11.0 COMMUNITY WEALTH IMPLICATIONS**

- 11.1 The community wealth implications have been considered within the individual budget proposals taking account of matters across headings such as the following:
- Progressive Procurement and Social Value - How the Council commissions and procures goods and services. Encouraging contractors to deliver more benefits for the local area, such as good jobs, apprenticeship, training & skills opportunities, real living wage, minimising their environmental impact, and greater wellbeing.
  - More local & community ownership of the economy - Supporting more cooperatives and community businesses. Enabling greater opportunities for local businesses. Building on the experience of partnership working with voluntary, community and faith groups during the pandemic to further develop this sector.
  - Decent and Fair Employment - Paying all employees a fair and reasonable wage.
  - Making wealth work for local places.

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## **APPENDICES**

Appendix 1	Budget Proposals
Appendix 2	Budget consultation
Appendix 3	Policy & Service Committee budget proposals feedback
Appendix 4	The Dedicated Schools Grant Schools Budget
Appendix 5	Provisional Council Tax Statutory Calculations
Appendix 6	Discretionary Rate Relief Policy
Appendix 7	Medium-Term Financial Strategy
Appendix 8	Budget proposal changes since November 2024
Appendix 9	Council Tax Base Calculation Process and Associated Background Information
Appendix 10	Budget Pressures and Growth



## **BACKGROUND PAPERS**

Revenue Growth and Pressures Statements  
Budget Savings Option Summary Forms  
Final Local Government Finance Settlement 2025/26  
Pre-Budget Report – 6 Nov 24  
Annual Audit Report 2023/24  
Wirral Council's Exceptional Financial Support Application  
CIPFA's Financial Management Code  
Wirral's Council Plan  
Office for National Statistics – Consumer price inflation

## **TERMS OF REFERENCE**

This report is being considered by the Policy and Resources Committee in accordance with Section 1.2(a) of its Terms of Reference, to formulate, co-ordinate and implement corporate policies and strategies and the medium-term financial plan (budget). The report seeks a recommendation to Council in accordance with Part 3(A) of the Constitution as the setting of the Council's Council Tax requirement is a function reserved to Council.

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

<b>Council Meeting</b>	<b>Date</b>
Environment, Climate Emergency and Transport Committee	27 January 2025
Tourism, Communities, Culture & Leisure Committee	23 January 2025
Children, Young People & Education Committee	22 January 2025
Adult Social Care and Public Health Committee	21 January 2025
Economy Regeneration & Housing Committee	20 January 2025
Policy and Resources Committee	15 January 2025
Full Council	14 January 2025
Policy and Resources Committee	6 November 2024
Policy and Resources Committee	17 July 2024
Full Council	26 February 2024
Policy and Resources Committee	13 February 2024