

POLICY AND RESOURCES COMMITTEE

Wednesday, 19 March 2025

REPORT TITLE:	BUDGET RECOVERY ACTION PLAN
REPORT OF:	DIRECTOR OF FINANCE

REPORT SUMMARY

The purpose of this report is to establish the principles and governance arrangements for the Council over the next 12 months in light of the recently agreed request from Government for Exceptional Financial Support.

The report supports the Medium-Term Financial Strategy in setting out the strategic approach to ensure the Council's continued financial stability through two key mechanisms. Firstly, through rigorous management and adherence to the recently approved 2025/26 budget and secondly, through an enhanced and refined methodology for future budget setting processes. The strategies detailed in this report establish a framework for both immediate financial responsibility and longer-term financial sustainability through improved budgetary practises

It is recognised that the Council must change the way it works and reduce its overall expenditure to operate within the overall resources it has available.

This matter relates to all Wards within the Borough and is not a key decision.

RECOMMENDATIONS

It is recommended that the Policy & Resources Committee:

1. Agree the principles outlined in this report regarding the approach to budget setting and management.
2. Recognise the need to prioritise the Council's financial stability above all other considerations.
3. Agree the Finance Working Group's broader remit and requirement to meet fortnightly.

SUPPORTING INFORMATION

1.0 REASONS FOR RECOMMENDATIONS

- 1.1 Following the forecast for an adverse outturn position in 2024/25 and approval of Exceptional Financial Support for the financial year 2024/25 (£20m) and 2025/26 (£7.5m), it is imperative that the Council implements more robust principles and governance for budget monitoring and setting. Enhanced financial oversight including regular variance analysis, accountability measures for Directorate spending and more stringent approval processes for expenditure outside planned parameters will be crucial. By strengthening financial controls and establishing clearer reporting structures, financial stability can be restored and maintained going forward. This improved approach will ensure early identification of potential issues and allow for more timely corrective action.
- 1.2 The 2025/26 budget was agreed at Full Council on 3 March 2025. This budget was made up of savings proposals, pressures/growth items and funding that were based on actual known figures or best estimates available at the time. At any point during the year, these estimated figures could and do change and need to be monitored closely to ensure, if adverse, mitigating actions can be taken immediately to ensure a balanced budget can be reported at year end.
- 1.3 The Council has a legal responsibility to set an annual balanced budget, which sets out how financial resources are to be allocated and utilised. In order to successfully do so, engagement with members, staff and residents is undertaken. The recommendations in this report inform that approach.
- 1.4 Managing a budget requires difficult decisions to ensure that a balanced position can be presented and maintained. Regular Member engagement, which this report forms part of, is considered essential in delivering effective governance and financial oversight.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 The proposals set out in this report are presented to allow for efficient and effective budget monitoring and setting activity that can be conducted in a timely manner. As such, it is considered that to meet the business needs, expectations from Ministry of Housing, Communities and Local Government (MHCLG) and external auditors and address the challenges that the Council faces, no reasonable alternative options are appropriate at this time.
- 2.2 Not engaging with the Committee at this time, on the matters set out, was an option that was available, however it is considered that involvement of Committees as soon as practical after the agreement of the 2025/26 budget will best assist in delivering lasting financial stability for the Council.
- 2.3 In the event of the Section 151 Officer determining that a balanced financial position could not be presented, the Section 151 Officer would be required to

issue a section 114 notice and report this to all Members of Full Council. The outcome of which could result in intervention by the Government.

3.0 BACKGROUND INFORMATION

- 3.1 Following the application for Exceptional Financial Support (ESF) for the financial years 2024/25 (£20m) and 2025/26 (£7.5m), the Council must take action to improve and update the way it has previously operated. This is essential to regain the financial stability required to enable the Council to operate effectively and deliver the objectives of the Council Plan. This financial stability includes increasing the Council's financial reserve position. Noting that the recently approved ESF amounts are in addition to the Council's previous capitalisation directive of £12m.
- 3.2 As a consequence of the Council's current financial position, for the majority of 2024/25 there have been ongoing spending and recruitment restrictions. These restrictions will need to continue into 2025/26 and until such time that the Council is able to operate within the agreed revenue budget.
- 3.3 This position requires the Council to re-evaluate the priorities it has until financial recovery has been achieved. This process should be informed by the reviews that have been undertaken by the Chartered Institute of Public Finance and Accountancy (CIPFA) in respect of the overall budget process, Appendix 1, and the specific challenges within Adult Care & Health, Appendix 2.
- 3.4 The local government financial settlement received in draft in December 2024 provided some recognition of the funding challenges that have faced Local Authorities, such as Wirral, that have relatively high levels of deprivation and limited ability to raise revenue through Council Tax. It is expected that this trend will also be reflected in the Government's proposed three-year funding settlement due later in 2025.
- 3.5 The Council cannot assume that a significant increase in funding will materialise however and will also need to accommodate the repayment of the EFS. It would be reasonable to assume however that funding would be broadly in line with the settlement received for 2025/26.

Budget Analysis

- 3.6 On 3 March 2025 Full Council approved the 2025/26 budget which included significant budget savings/efficiencies and contained £70m of service pressures that covered a broad range of issues. This corrected budgets to ensure they reflected the current level of activity and addressed issues with historic undeliverable savings and overly optimistic assumptions around income generation.
- 3.7 Importantly, it also better aligned the current budgets to actual activity. This is particularly evident within Children's Services with significant revisions made to the actual levels of activity for both Looked After Children (LAC) and Home

to School Transport. These were areas which have been historically overspent due to significant increases in demand and overly optimistic savings targets. The baseline budget for 2025/26 has been mapped against current activity and is currently still running in line with those projections.

- 3.8 Budgets across Neighbourhood Services have also been significantly realigned over the past two years. The outturn position in 2022/23 saw a deficit of £9.4m and in 2023/24 a further deficit of £6.1m against a budget of c.£40m excluding levies. Given the large proportion of fixed costs (staff / contracts) within this area the level of overspend was highly unusual and a result of many factors. This included deviations between budgets and operating models, such as contractual flexibility payments within Leisure, Libraries and Community Safety not being accurately reflected in budget assumptions. These factors were previously poorly understood and compounded by the introduction of a £5m savings target across the Council in 2023/24 which reduced all staffing budgets to the mid-point of the grade and included a vacancy factor. Although this was achievable from a global staffing budget perspective, the impact was skewed between directorates.
- 3.9 The Corporate Services budget overspend has been heavily influenced by rising Information and Communications Technology (ICT) costs and decentralised decision making. The costs and decision making have now been centralised alongside a realigned budget. This provides a stable platform for decision making around both hardware and software solutions. Further work is still required, particularly around data, to enable digital transformation to take place.
- 3.10 The Adults budget has seen a large spike in demand since 2022/23. The budget was moved from being underspent in 2022/23 to a forecast c.£8m overspend in 2024/25. This is despite the budget increases exceeding the expectations set by Government and the inclusion of the 2% precept on Council Tax each year. This remains the most volatile budget and can be heavily impacted by external factors, such as the capacity and effectiveness of Health Services.
- 3.11 The Regeneration budget has been underspent in recent years as a consequence of the spending restrictions and successfully applying alternative funding sources (grants, capital, reserves, etc), where possible. However, it must be recognised that there is continuing pressure within the Asset Management service due to the Council's aging and extensive estate as well as pressures in Homelessness and Temporary Accommodation services, which have heavily impacted on other Local Authorities across the country.
- 3.12 To set a balanced budget and enable the realignment of budgets to match demand, a challenging savings target has been agreed within the 2025/26 budget. The external assurance work (see appendices 1 & 2) has suggested an initial confidence in delivery of only around two thirds of the overall target. This would represent a slight reduction compared to past years' savings delivery and would be considered unacceptable from a financial management

perspective. Chief Officers and Committees are expected to work together to successfully deliver on all savings requirements.

- 3.13 The Council must also reduce its overall baseline expenditure beyond the agreed savings to provide further headroom within the budget to increase financial stability, provide capacity to undertake transformation and invest further in prevention within Children's and Adults.
- 3.14 The voluntary severance/retirement process that commenced in February 2025 is a key component of this process. In addition to delivering the agreed staff related savings, it is anticipated that further reductions will be made through opportunities to restructure or rationalise services as opportunities present.
- 3.15 An exercise in relation to third party spend, as identified within the external review, is also proposed to be undertaken. The findings will be reported initially to Finance Working Group and will represent a detailed review of all third-party expenditure within each directorate identifying any opportunities for savings either immediately or through future procurement activities. This will be led by the Head of Procurement and overseen by the Director of Finance as the Senior Responsible Officer (SRO). Following which, information will be provided, as necessary, to Policy & Service Committees.

Budget Setting 2026/27 -2028/29

- 3.16 The process for setting the budget for 2026/27 onwards will begin in April 2025, in preparation for the proposed 3-year funding settlement from Government. It will commence by first identifying a range of principles to be endorsed by the Policy and Resources Committee.
- 3.17 This will need to consider and conclude the Council's approach including but not limited to, the following areas:
- Potential to move towards delivery of only statutory duties and the service level targets associated with the relevant areas.
 - Level of investment in preventative services to manage pressures from statutory duties and the focus of this expenditure.
 - Scale and spread of any discretionary services, including geographic coverage, service standards, etc.
 - Approach to income generation and the potential to increase charges beyond the current levels.
 - Approach to support schemes – such as Council Tax Support and Discretionary Rate Relief.
 - Level and scope of central support functions, noting there will be minimum requirements to address statutory requirements and ensure effective legal and financial compliance, provide effective performance monitoring information and back-office support to operational services.
 - Priorities for capital expenditure.
 - Asset strategy.
 - Review of staff terms & conditions

- Outsourcing of functions and services.
 - Maximising receipts from all funding streams, including Council Tax over the period of the MTFS.
- 3.18 These considerations will serve as the foundation for updating the Council's Medium Term Financial Strategy (MTFS) and for creating budget envelopes for each Directorate. In some cases, this may involve a zero-based budgeting approach. This process will enable early engagement of Committees, providing them with the parameters needed to develop savings strategies and reshape services within the available resources. Members of the Policy & Resources Committee supported by the Group Leaders will need to hold workshops to consider these principles which will inform the update process of the MTFS. The current MTFS guiding principles can be found in Appendix 3. Following consideration by the workshop, the principles will need to be formally adopted by the Policy and Resources Committee to ensure their application to each of the Policy Service Committees.
- 3.19 Officers will develop business cases for any proposals, these will be shared via the regular committee Budget Oversight Panel meetings in the first instance. Directors will take responsibility for developing a deliverable plan by September.
- 3.20 The Budget Oversight Panels, a number of which will be convened between now and August in line with individual committee requirements, will allow current budget intelligence to be reviewed, challenged and improved upon. In order to close the budget gap, it will be necessary to consider a number of approaches, which will include:
- reviewing budget pressures with the aim of reducing them
 - reviewing income streams to ensure that maximum benefits are being obtained and that achievable targets are set and delivered upon.
 - reviewing opportunities for budget efficiencies and savings.
- 3.21 It is considered vital that clear direction is given by Policy & Resources Committee to each Service Committee in respect of their budget setting objectives. To facilitate this, it is recommended that budget envelopes are constructed for each Committee to work to in order to provide a framework and clear goals to the approaches noted in paragraph 3.18. These envelopes will take account of the work of the Corporate Change Portfolio and any justifiable budgetary pressures or additional factors that necessitate strategic management and mitigation. The Group Leaders will play a key role in this process.
- 3.22 Each Committee, via the Budget Oversight Panels, will be accountable for identifying, developing and agreeing reductions in pressures and deliverable savings proposals to close the 2026/27 budget gap and ensure a draft balanced budget can be considered by the Policy & Resources Committee in November 2025, to enable budget consultation to start in a timely manner. See Appendix 4 for an outline of the budget setting timetable for 2025/26.

- 3.23 Public consultation has been identified by Members during the budget setting process for 2025/26 as an area in which they wish to see improvements. There will be the opportunity to undertake a general consultation around resident priorities early in the process followed by more specific statutory and where desired, non-statutory consultations at the point where Committees are determining future savings or service levels.
- 3.24 Further to consideration of the MTFs guiding principles, the following specific key assumptions will be used for the initial formulation of 2026/27 budget figures:
- Council Tax increase of 2.99% (1.99% general fund 1% Social Care Precept)
 - A minimum 3% inflation increase within social care services (largely linked to the real living wage (RLW)).
 - 3% Increase in pay costs
 - 3% Contract inflation.
 - Levies to be increased in line with levying body forecasts.
 - The financial pressures faced by the Adults and Children's Directorates must be addressed within their existing budgetary allocations, supplemented by any funding increases derived from the social care precept and any other additional grant funding enhancements.
 - Any funding gap for the Birkenhead Commercial District (BCD) will be met from the available Wirral Growth Company (WGC) profits.
 - The remaining Budget Gap will be bridged from savings identified via the Corporate Change Portfolio and Strategic Transformation activity.

Governance

- 3.25 The Policy and Resources Committee has ultimate responsibility for taking any necessary steps required to ensure a whole Council budget can report a balanced position throughout the year. This involves overseeing any proposed mitigating actions from Service Committees, aimed at balancing the budgets and includes implementing measures to address any forecasted adverse variances, which may involve directing other Service Committees. The Section 151 Officer, in consultation with the Monitoring Officer, will be responsible for ensuring that any budget actions, proposals and mitigations are achievable and legal.
- 3.26 The Policy and Resources Committee will be responsible for advising Full Council on organisation-wide financial activity
- 3.27 To achieve these budgetary aims and the Council's long term financial stability, it is essential the Council maintains tight control over spending and decision making. Notably the Finance Working Group will more regularly review the capital strategy and monitoring alongside oversight of the Corporate Change Portfolio
- 3.28 It is proposed that the Finance Working Group meet on a fortnightly basis, alternating between a focus on the in-year financial position and performance

and the longer-term issues around the Corporate Change Portfolio and budget strategy. The product of these meetings will be included within the quarterly budget monitoring / performance reports to the full Policy and Resources Committee.

- 3.29 In relation to budget controls in-year, it is recognised that there is a continuing need to minimise any unnecessary expenditure until the Council has recovered its financial position, as determined by the Section 151 officer. To achieve this, the following measures will apply:
- The spending controls formally implemented in September 2024 will remain in place.
 - The recruitment controls formally implemented in September 2024 will remain in place.
 - Maximise the use of grant / external funding to substitute core expenditure.
 - Optimise all potential income streams
 - Strengthen financial regulations by prohibiting budget transfers between staffing and non-staff budgets as well as provide more clarity and remove ambiguity by harmonising wording across sections within the document.
 - An internal officer governance process is in place, in line with past activity, to scrutinise and challenge budget performance in advance of financial forecasts being presented to the Committees. This process is detailed in Appendix 5.
- 3.30 All decisions will be considered in the context of their financial impact first, in terms of both the immediate financial impact and any longer-term financial implications.
- 3.31 Decisions will continue to be presented against the agreed objectives within the Council Plan and previous policy decisions. Potential changes in policy will be brought forward that could positively impact the long-term financial position and financial resilience of the Council.
- 3.32 Policy and Service Committees and Officers are required to implement the Council's budget and policy framework as set out at Budget Council. Chief Officers must ensure that no commitments are made that would result in an approved budget being exceeded, unless required due to statutory responsibilities.
- 3.33 Each Committee will be responsible for:
- Ensuring that the committee budget is utilised effectively and responsibly and remains within the relevant budget envelope,
 - Implementing corrective measures, when appropriate, to address adverse financial situations that may arise during the fiscal year. Such actions could include curtailing expenditure or reassessing spending priorities.
 - Identifying, developing and agreeing actions that will reduce pressures, deliver savings strategies and reshape services to close future years' budget gaps and ensure a draft balanced budget can be considered by the Policy & Resources Committee.

- 3.34 To enable the Committees to manage and monitor budgets effectively in-year, in addition to the regular budget oversight panel meetings, a suite of detailed information will be provided on a quarterly basis, comprising:
- A report monitoring the revenue budget, including the most recent full-year financial forecast and evaluation, including available/potential mitigating measures.
 - Full list of budget savings proposals and the progress for their achievement.
 - A report monitoring the capital budget, including the most recent full-year financial forecast and evaluation.
 - Other specific financial information relevant to the individual committee's decision-making process.
- 3.35 This information will be made available at the earliest committee meeting, following the quarter end and completion of the internal governance process. The anticipated timetable for reporting quarterly financial information to committee is:
- Quarter 1 (1 Apr – 30 Jun): July 25
 - Quarter 2 (1 Jul – 30 Sep): November 25
 - Quarter 3 (1 Oct – 31 Dec): February 26
 - Quarter 4 (1 Jan – 31 Mar): June 26
- 3.36 Each Committee should have established a Budget Oversight Panel to facilitate a regular meeting to review the budget position in between scheduled committee meetings during stages of the financial year.
- 3.37 The purpose of this group is to:
- Ensure that Members are receiving the most current financial data and are proactively monitoring the budget throughout the year.
 - Discuss with the Director the implications of the financial data ahead of the scheduled Committee meeting.
 - Seek further information from the Director/Assistant Director where necessary.
 - Make reasonable requests for certain additional information to facilitate strategic decision-making.
 - Make links between financial performance and activity, to inform decision-making of the Committee.
 - Inform the process of efficiency target setting and monitor performance against delivery of agreed efficiency targets.
- 3.38 The Committees have the autonomy (subject to delegation levels within the Financial Procedure Rules) to enact budget virements (transfers) from one function to another within their overall committee budget envelope. Virements will also need to be agreed by the Section 151 Officer as there are certain conditions where budgets are not allowed to be transferred for the purposes of gaining a specific benefit.
- 3.39 The Committees will be responsible for containing net expenditure within their overall budget envelope and not overspending. Where an adverse variance is

forecast, each committee, with the relevant Director, will be required to agree remedial action, with detailed plans and timeframes, to bring the budget back in line and ensure that overspends are mitigated. Where a committee has taken all possible steps for remedial action and is unable to fully mitigate an overspend, this must be reported to the Policy and Resources Committee who will then take an organisational-wide view of how this adverse variance will be managed. There must be immediate action agreed to ensure a deliverable, balanced forecast position can be reported and ultimately delivered, and this will be monitored on a regular basis by the Policy and Resources Committee.

- 3.40 Whilst each committee is required to remain within its annual budget envelope, situations may transpire that demonstrate an in-year favourable forecast variance being reported to a Committee. Committees wishing to use any forecast underspend, must have approval from the P&R Committee. The assumption is that all underspends are harnessed to contribute either toward mitigating overspends elsewhere in the budget or the Council's financial reserves.
- 3.41 The Council must not be in a situation where one Committee is forecasting an overspend, unable to mitigate it, and another Committee is forecasting an underspend and takes a decision to utilise this for unplanned growth purposes. The Policy and Resources Committee will be responsible for ensuring that operating in silos does not occur and that resources are aligned to Council objectives at all times.
- 3.42 The Group Leaders will meet to support the Policy and Resources Committee in its aims of providing strategic direction to the operation of the Council, to maintain a strategic overview of budgets and to provide a coordinating role across all other service committees through a 'whole council view' of budget monitoring.
- 3.43 Additionally all Senior Leadership Team (SLT) members and budget holders will be required to attend refreshed financial training covering their responsibilities, processes and requirements to provide accurate and timely forecasting data. This training will emphasise the responsibility of:
- Strict adherence to financial and procurement regulations, including the no purchase order (PO), no pay process and ongoing spending freeze and restrictions around recruitment of staff.
 - Monthly directorate budget monitoring meetings – focused on in-year position and delivery of agreed savings, and to record and monitor financial management actions that will be presented to Finance Working Group to ensure Member awareness and oversight of progress.
 - Accountability for ensuring that spending remains within budget and developing proposals to ensure spending remains within the budget envelopes for future years.
- 3.44 Alongside this, there will be a reset of the Council's transformation programme, with a renewed emphasis on rapid reorganisation and change, focussing on:

- Successful execution of the transformation programme within defined timescale and budget
- Deliver demonstrable improvements in operational efficiency and cost savings.
- Adoption and integration of new processes, tools and technologies.
- Member oversight panel to be created, meeting monthly, to oversee progress.
- Panel to report through to Policy and Resources Committee alongside budget monitoring and performance management information.

4.0 FINANCIAL IMPLICATIONS

- 4.1 This report sets out the strategic approach to ensuring the Council's continued financial stability in 2025/26 onwards and has no direct financial implications. The outcome of the processes, if not adhered to or a suitable alternative process agreed, will have significant financial implications. However, the proposals set out present control environments and a timeline of activity deemed necessary as part of sound financial management regime.
- 4.2 If the annual budget cannot be balanced, this may result in a Section 114 report being issued by the Section 151 Officer - once issued there are immediate constraints on spending whereby no new expenditure is permitted, with the exception of that funding statutory services, including safeguarding vulnerable people, however other existing commitments and contracts can continue to be honoured.
- 4.3 The Council delivers both statutory and non-statutory services at present – the requirement to eliminate subsidies provided to non-statutory services is considered to be a key requirement in delivering value for money and ensuring that finite resources are targeted on beneficial outcomes.
- 4.4 The Financial Management 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, that 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.

5.0 LEGAL IMPLICATIONS

- 5.1 The Policy and Resources Committee, in consultation with the respective Policy and Service Committees, has been charged by Council to formulate a draft Medium Term Financial Plan (MTFP) and budget to recommend to the Council.
- 5.2 The Council must set the budget in accordance with the provisions of the Local Government Finance Act 1992 and approval of a balanced budget each year is a statutory responsibility of the Council. Sections 25 to 29 of the Local Government Act 2003 impose duties on the Council in relation to how it sets and monitors its budget. These provisions require the Council to make prudent allowance for the risk and uncertainties in its budget and regularly monitor its finances during the year. The legislation leaves discretion to the Council about the allowances to be made and action to be taken.
- 5.3 Once a budget is in place, Council has delegated responsibility to the Policy and Services Committees to implement it. The Committees **may not within, normal business operating conditions**, 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.
- 5.4 It is essential, as a matter of prudence that the financial position continues to be closely monitored. In particular, Members must satisfy themselves that sufficient mechanisms are in place to ensure both that agreed savings are delivered and that new expenditure is contained within the available resources. Accordingly, any proposals put forward must identify the realistic measures and mechanisms to produce those savings.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

- 6.1 At this time, there are no additional resource implications. There may be resource requirements of any action resulting in remedial or mitigating tasks if an adverse forecast is reported with regards the 2025/26 budget in year, however these will be reported at the appropriate time.

7.0 RELEVANT RISKS

- 7.1 The Council's ability to maintain a balanced budget is dependent on a proactive approach due to estimated figures being provided in the calculation for the budget, albeit the best estimates available at the time, plus any amount of internal and external factors that could impact on the budget position in

year. Examples of which are new legislation, increased demand, loss of income, increased funding, decreased funding, inability to recruit to posts, etc.

- 7.2 A robust monitoring and management process for the budget is in place. If at any time during the year an adverse position is forecast, remedial action must be agreed and implemented immediately to ensure the budget can be brought back to balanced position.
- 7.3 The risk of this not being able to be achieved could mean that the Council does not have enough funding to offset its expenditure commitments for the year and therefore not be able to report a balanced budget at the end of the year. This could result in the Section 151 Officer issuing a Section 114 notice.
- 7.4 A key risk to the Council's financial plans is that funding and demand assumptions in particular can change as more information becomes available. As such, the MTFP is regularly reviewed and updated as part of routine financial management.
- 7.5 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.
- 7.6 Assumptions have been made in the current budget outlook for income and funding from business rates and council tax and social care grants as the main sources of funding. If there is an adverse change to these assumptions as a result of government announcements, additional savings proposals or reduced expenditure would need to be identified as soon as possible to ensure a balanced five-year MTFP can be achieved. Committees will be kept updated with any announcements regarding the local government finance settlement through the year.
- 7.7 Sections 25 to 29 of the Local Government Act 2003 impose duties on the Council in relation to how it sets and monitors its budget. These provisions require the Council to make prudent allowance for the risk and uncertainties in its budget and regularly monitor its finances during the year. The legislation leaves discretion to the Council about the allowances to be made and action to be taken.

8.0 ENGAGEMENT/CONSULTATION

- 8.1 Consultation has been carried out with the Senior Leadership Team in arriving at the governance process for the budget monitoring and setting processes.

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 There are no specific equality implications of this report regarding processes, however, it is recognised that some of the developing proposals for budgets could have equality implications. Any implications will be considered and any negative impacts will be mitigated where possible.
- 9.3 Equality implications will be assessed during planning, decision and implementation stages and will be recognised as an ongoing responsibility. Any equality implications will be reported to the Committees. Equality issues will be a conscious consideration and an integral part of the process.

10.0 ENVIRONMENT, BIODIVERSITY AND CLIMATE IMPLICATIONS

- 10.1 At this time, there are no additional environmental and climate implications as these have already been identified for the proposals agreed and submitted. However, where the budget is unbalanced and further proposals are required, then there may be environment and climate implications associated with these that will be addressed within the relevant business cases presented to the Committee.

11.0 COMMUNITY WEALTH IMPLICATIONS

- 11.1 This report has no direct community wealth implications however any budget proposals to be developed should take account of related matters across headings such as the following:

- **Progressive Procurement and Social Value**
How we commission and procure goods and services. Encouraging contractors to deliver more benefits for the local area, such as good jobs, apprenticeship, training & skills opportunities, real living wage, minimising their environmental impact, and greater wellbeing.
- **More local & community ownership of the economy**
Supporting more cooperatives and community businesses.
Enabling greater opportunities for local businesses.
Building on the experience of partnership working with voluntary, community and faith groups during the pandemic to further develop this sector.
- **Decent and Fair Employment**
Paying all employees a fair and reasonable wage.
- **Making wealth work for local places**

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APPENDICES

- Appendix 1 CIPFA Budget Assurance Review.
- Appendix 2 CIPFA Budget Assurance Adult Social Care.
- Appendix 3 Current MTFS guiding principles.
- Appendix 4 Budget Setting Timetable.
- Appendix 5 Internal Governance Process.

BACKGROUND PAPERS

- Annual Audit Report 2023/24
- Wirral Council's Exceptional Financial Support Application
- CIPFA's Financial Management Code
- Wirral's Council Plan
- Revenue Growth and Pressures Statements
- Budget Savings Option Summary Forms
- Final Local Government Finance Settlement 2025/26
- Council Constitution

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Full Council	10 March 2025
Policy and Resources Committee	19 February 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
Environment, Climate Emergency and Transport Committee	15 July 2024
Tourism, Communities, Culture & Leisure Committee	24 July 2024
Children, Young People & Education Committee	23 July 2024
Economy Regeneration & Development Committee	16 July 2024
Adult Social Care and Public Health Committee	18 July 2024