

POLICY AND RESOURCES COMMITTEE

Tuesday, 21 November 2023

REPORT TITLE:	2024-25 BUDGET REPORT UPDATE
REPORT OF:	DIRECTOR OF FINANCE

REPORT SUMMARY

The purpose of this report is to set out progress made by the Council to deliver a balanced budget. The Council is required to set a balanced budget each year and set a Medium Term Financial Plan which considers the future pressures and savings options that will be taken forward to result in a balanced budget position.

This report is an officer assessment of the capability of achieving balance and does not address itself to, nor pre-empt, the political decision making that must properly take its course moving forward including consideration of the Budget at Policy & Resources Committee and ultimately Full Council in February 2024.

The Council faces a challenging financial outlook due to inflationary and demand pressures alongside the previous significant reductions in Government funding and uncertainty around the future financial settlements.

The Council is developing a change programme which supports delivery of the medium-term financial plan and the expected savings required to deliver a balanced budget. The Change Programme is aligned to the overall priorities within the Council Plan, focussing on delivering operational efficiencies and better outcomes for residents through promoting independence and improving outcomes.

This report provides an update for the Committee on potential pressures and proposed savings in both 2024-25 and future years.

The Committee is asked to note the report and agree the indicative resources, pressures and required savings.

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

RECOMMENDATIONS

The Policy and Resources committee is recommended to:

1. Note the report.
2. Note the indicative resources, pressures and required savings detailed in the report.

1.0 REASONS FOR RECOMMENDATIONS

- 1.1 The Council has a legal responsibility to set a balanced budget, which sets out how financial resources are to be allocated and utilised. This report highlights the external challenges impacting the 2024/25 budget setting process and proposes options to address the challenges faced.
- 1.2 Setting a budget, especially in the context of largely uncontrollable, macro-economic pressures, requires challenging decisions to ensure that a balanced position can be presented. Members are engaged in the process through the work of this Committee, the Finance Subgroup and Policy and Service Committees.

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 The Council has a legal responsibility to set a balanced budget, which sets out how financial resources are to be allocated and utilised. To do this effectively requires engagement with staff, elected members and residents along with other stakeholders. Previous reports to the Committee have highlighted the external challenges that are impacting on the 2024/25 budget setting process and have highlighted the extent of the financial challenge faced. This report presents the culmination of the work undertaken to present options for budget formulation and to ensure the necessary preparations to facilitate a budget recommendation to Council on 26 February 2024.
- 3.2 At the Policy and Resources Committee on 4 October 2023, a potential budget gap of £14.9m for 2024/25 was presented. Members will be aware that the budget gap is an ever-moving target due to a number of factors; these include:
 - Ongoing Government announcements of funding, including specifically the Provisional Local Government Financial Settlement for 2024/25
 - 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.
- 3.3 As a result of these factors, the budget forecast presented in October 2023 has been updated and a more robust position is now available. An accurate appraisal will not be possible until details of the financial settlement for Local Authorities is received in December.
- 3.4 Following budget challenge sessions with Directors and a review of the Q2 budget monitoring information, a position around the current and future pressures has been ascertained. This represents the best available information at this point in time and forms the baseline for the pressures within the Medium Term Financial Plan (MTFP) for current and future years.

3.5 This information will be updated periodically as a significant element of the pressures is linked to inflation. Assumptions have been made that inflation will continue to fall between now and the 24/25 financial year and that this will be reflected in pay and contract negotiations for 24/25. The Asset Disposal strategy, agreed at the start of the year, is assumed to repay the Council’s capitalisation directives. There remains an ongoing risk that there will be variance within these assumptions that may subsequently need to be managed in year.

Pressures

3.6 Demographic changes have been incorporated within the pressure figures based on the current trend data and the available datasets for Adults and Children’s services. It is anticipated given the national pressures within these areas that ongoing work will be required to find efficiencies within service delivery and continue the focus on enablement and early intervention to minimise the impact of these pressures.

3.7 An assessment of the in-year budget variances has necessitated the inclusion of pressures to negate existing income targets and some additional funding for service pressures. These amounts have been minimised in recognition of previously agreed savings which are still to be delivered.

3.8 The pressures also recognise the one-off funding that was applied to balance the 23/24 budget of £5.6m. It is imperative that these one-off measures are significantly reduced to enable the Council to reach a sustainable budget position. A contribution towards the replenishment of the general reserves has also been targeted in line with previous audit recommendations and good practice.

TABLE 1: REVISED PRESSURES FORECAST*

Pressures	Year				
	24-25 £m	25-26 £m	26-27 £m	27-28 £m	28-29 £m
Inflation	18.19	16.24	16.21	16.80	17.68
Demographics	3.66	4.50	4.64	4.79	4.95
Service Pressures	5.48	-0.10	0.00	0.00	0.00
Corporate Items	9.07	1.68	3.72	1.42	0.92
Policy Changes	1.80	3.26	6.90	2.00	0.00
Removal of 23-24 one off items	5.61	0.00	0.00	0.00	0.00
Total	43.80	25.58	31.47	25.01	23.55

*Dedicated School Grant (DSG) deficit due to the High Needs Block demand is not included in table above at this point in time. There is currently a statutory override in place that separates DSG deficits from the authority’s wider finances which is due to expire at the end of 2025/26.

3.9 Appendix 1 provides further detail on the pressures included, the key assumptions include:-

- A minimum 5% inflation increase within social care services.
- A 4% increase in pay costs
- A £2m contribution to the general reserves
- Funding gap for the BCD will be met from the WGC profits in year.

Funding

3.10 The resources available to fund these pressures has also been reviewed, this constitutes the assumptions around Business Rates, Council tax and Government Grants.

Business Rates

3.11 Given that there has been no announcement to date around the ending of the current business rates retention scheme it has been assumed that this will continue for the next three years. This provides a benefit of c.£7m in comparison to the potential impact if the scheme ceased.

3.12 Inflation has also been assumed to be applied to the funding received in the same manner as 22/23 and has been updated to reflect the September CPI announcement.

Council Tax

3.13 The potential for Council Tax increases was agreed in the financial settlement for 23/24 and is up to a maximum of 4.99%. This is constituted of 3% for discretionary services and 1.99% specific to adult social care. It is assumed that this will reduce back down to a total of 3% from 25/26 onwards.

3.14 The position around grants will not be known until December when the settlement from government is announced. Assumptions have been made around the potential increase in the social care grant for 24/25 to reflect the figures stated in the Local Government finance policy statement 23-24 to 24-25 published on the 12th December 2022. The announcements that have previously been made around the new grants, such as the Market Sustainability Fund have also been incorporated.

TABLE 2: FUNDING CHANGES 2024/25 TO 2028/29

Summarised Funding	Year					
	23-24 £m	24-25 £m	25-26 £m	26-27 £m	27-28 £m	28-29 £m
Business Rates	-135.73	-142.84	-148.00	-152.89	-157.50	-162.17
Council Tax Base	-171.91	-172.53	-173.32	-174.44	-175.61	-176.79
Better Care Fund	-19.24	-19.24	-19.24	-19.24	-19.24	-19.24
Social Care Grant	-32.14	-40.00	-41.20	-42.44	-43.71	-45.02
Additional Social Care Grants	-6.91	-11.67	-14.93	-18.57	-11.67	-11.67
Services Grant	-3.30	-3.30	-3.30	-3.30	-3.30	-3.30
Other	0.63	-1.40	0.00	0.00	0.00	0.00
Total	-368.60	-390.97	-399.98	-410.87	-411.02	-418.19
<i>(Increase) / decrease</i>		-22.37	-9.01	-10.88	-0.16	-7.16
Council Tax		-5.14	-3.60	-3.73	-3.86	-3.86
Adult Social Care Precept		-3.44	-1.81	-1.87	-1.94	-1.94
Total	0.00	-8.58	-5.42	-5.60	-5.80	-5.80
<i>(Increase) / decrease</i>		-8.58	-5.42	-5.60	-5.80	-5.80
<u>Total (Increase) / decrease</u>	-	<u>-30.95</u>	<u>-14.43</u>	<u>-16.48</u>	<u>-5.96</u>	<u>-12.97</u>

- 3.15 The table above illustrates the significance that the potential increase in Council Tax has on the level of resources available. The overall uncertainty around the level of funding that local authorities will receive makes medium and long-term financial planning almost impossible.
- 3.16 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 either additional funding or the long awaited review of local authority funding.
- 3.17 The difference between the pressures facing the Council in 2024/25 and the available resources will require a number of 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 people employed and a reorganisation of how some services are provided.
- 3.18 The overall budget gap is summarised in Table 3.

TABLE 3: BUDGET GAP 2024/25 TO 2028/29

	Year				
	24-25 £m	25-26 £m	26-27 £m	27-28 £m	28-29 £m
Pressures	43.80	25.58	31.47	25.01	23.55
Funding (increase) / decrease	-22.37	-9.01	-10.88	-0.16	-7.16
Gap	21.43	16.57	20.58	24.86	16.39
Potential Savings	-12.39	-9.85	-8.29	-6.01	-6.12
Revised Gap	9.04	6.71	12.30	18.85	10.27
Cumulative Position	9.04	15.76	28.05	46.90	57.18
Potential Council Tax increase	-8.58	-5.42	-5.60	-5.80	-5.80
Final Gap	0.47	1.30	6.70	13.05	4.47
Cumulative Position	0.47	1.76	8.46	21.51	25.98

- 3.19 The budget gap for each year of the MTFP is shown in the table above with, and without, the assumed potential increases in Council Tax. The position for the next three years remains challenging even with the maximum increase in Council Tax applied due to the assumed imbalance in pressures and funding for social care.
- 3.20 There is a significant increase in the deficit forecast in 26/27, when the current 3-year pension surplus provision is reversed, and 27/28 due to the assumption that the Business rates retention scheme could end. This is compounded by assumptions around when the proposed policy changes around social care come into force. As it currently stands, these assumptions would potentially make it impossible to balance the budget at this point given the low level of reserves that are currently held. Increasing the overall position around financial resilience through achieving a balanced budget and making the planned contributions to reserves must therefore remain a priority.

Sensitivity Analysis

- 3.21 The budget gap for future years is largely driven by the potential imbalance between the assumptions that are being made around inflation and demographic growth and the available funding to meet these pressures.
- 3.22 The recent announcement around the increase in the Real Living Wage (RLW) from April 2024 would have a significant impact on the current forecast if payments to the Adult Social Care sector continued to reflect the commitment to paying the RLW within the sector. The increase for next year is c.10% and would therefore require a significant increase on the assumed inflation rate around care sector payment. This would add a further c.£5m to the pressures for next year if there is no corresponding increase in government funding for the sector.
- 3.23 The funding from Business rates and Council Tax follows historic trends and the growth in both are largely dictated by Government policy. Although reform of the Council Tax system currently appears unlikely, a greater flexibility around the increases that could be applied that reflect the increase in general inflation would have a significant impact. Increasing the maximum rate to 5% per annum each year would add an additional £3m per annum to the funding position of the Council from 25/26 onwards.
- 3.24 The most significant element of the pressures and funding imbalance comes from social care through demographic and inflationary pressures. The pressures around demographic growth are forecast over the MTFP taking account national population statistics and the historical trend analysis for the borough. This is combined with the data from Health and the shared understanding of the overall system pressures. The other key driver within this area is the increase in the national minimum wage and real living wage, as observed above, which directly impact on the cost base within the care sector. This is driving inflationary costs beyond the level of general inflation and the current assumptions for specific grant funding.
- 3.25 The new social care grants introduced in 23/24 relating to Market Sustainability and the Discharge Fund added almost £7m of additional resources to the social care budget that helped fund the inflationary and demographic pressures. The assumption for 24/25, based on government announcements, is for these social care grants to increase by a further £5m. If these grants were to be increased by a similar amount in future years to reflect the ever-increasing costs and demographic pressures faced within the service, alongside a minimum inflationary increase in the overall social care grant then the outlook for the MTFP would be far more positive.
- 3.26 The other significant factor in the forecast longer term deficit is the assumption around loss of Business rates income (£7m) from the ending of the business rates retention scheme. Confirmation that this potential reset in funding will not occur or would not lead to a decrease in current funding would also improve the longer-term assumptions.
- 3.27 The overall position despite these changes would remain challenging and would still require the ongoing efficiency and transformation programme to reduce unit costs, improve productivity and introduce new ways of working. Digital transformation

remains critical to implementing these changes and reducing the overall cost base within the Council.

- 3.28 Increasing the resources available remains a key activity through the ambitious regeneration programme in place. Delivery of the Local Plan and the current regeneration programme is crucial to the growth in the housing stock and increased economic activity that will grow the funding from Council tax and Business Rates.

Savings

- 3.29 The budget proposals, which have been produced with the engagement of Policy & Resources Committee and other Service Committees and are required 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.

TABLE 4: POTENTIAL SAVINGS 2024/25 TO 2028/29

Potential Savings	Year				
	24-25 £m	25-26 £m	26-27 £m	27-28 £m	28-29 £m
Increasing Business Efficiencies	-8.61	-7.37	-5.46	-5.56	-5.67
Increasing Income	-0.75	-0.60	-0.45	-0.45	-0.45
Changing how we fund or provide services	-3.03	-1.89	-2.38	0.00	0.00
Reducing or stopping services	0.00	0.00	0.00	0.00	0.00
Total	-12.39	-9.85	-8.29	-6.01	-6.12

- 3.30 There are a number of transformation themes that are designed to deliver these savings over the MTFP period. Work continues to be undertaken to expand and extend these proposals, where possible, to further close the forecast budget gap.

Efficient and Effective Services

- 3.31 The focus on savings from this area will be on cross cutting initiatives through the expansion of the enabling services review. This will continue to review the provision of back office and support services but will expand to include the customer journey and the opportunities for the integration of the digital transformation opportunities. An additional **£2.16m** of savings is targeted from this area in 24/25 and a further £2m the year after. This is in addition to the existing planned savings in this area.
- 3.32 Other savings include the annual increase in fees and charges to match inflation, generating **£750k** in 24/25, and the withdrawal from some traded services with schools that currently require a subsidy of **£350k** to maintain.
- 3.33 A proposal to modify the Kingsway PFI agreement should generate **£500k** of savings and the continuing reduction in teachers' pension liabilities will provide a further **£200k**.

- 3.34 The programme of asset disposal and the continued implementation of the corporate landlord model is expected to deliver savings over the medium term. The savings for 24/25 are set at a modest level of **£50k** in year whilst the new operating model is embedded. Further savings target will be applied to asset management as the overall position becomes clearer.

Early Help for Children and Families

- 3.35 The main themes within Children's Services relate to early intervention and opportunities to work across the city region in relation to high cost / demand services such as Children's Home placements, fostering and home to school transport. Savings of **£1.1m** are targeted from a reduction in high-cost placements, **£300k** from increasing independence and **£330k** from the projected number of children that will leave care placements.
- 3.36 Reorganisation of the Early Help, Family Support and Social Care into locality based teams is expected to deliver savings of **£550k**. This approach offers a relationship-based practice whilst also building on strong links and working relationships with communities, schools and partners in a defined area, leading to better results for children.

Promoting Independence and Healthier Lives

- 3.37 The focus within Adult's continues to be around assistive technology and enhancing the offer around alternatives to residential and nursing care, such as extra care housing and reablement services. Although the number of people being supported by the service continues to increase significantly, the average weekly cost of placements is increasing at a lower rate as a result of the interventions and alternatives that have been developed. The planned savings from these measures will collectively save **£2.95m** in 24/25.
- 3.38 Further savings will be delivered through increased use of Direct Payments and Shared Lives placements, these alternative forms of support are anticipated to save **£0.95m**.
- 3.39 The final element of these savings is the proposed reduction in costs for young adults from care package efficiencies and employment schemes, these are expected to save **£0.90m** in 24/25.

Protecting our Environment

- 3.40 The principal saving from this area at this time will be around the future waste and street cleansing arrangements. Work has started to explore the options available in readiness for the potential tendering exercise which will incorporate any new requirements around food waste collections and strategies to increase recycling rates.
- 3.41 Asset management will have a key role to play in the decarbonisation of the current estate, this will form part of future capital investment considerations and potential revenue savings.

Safe and Resilient Communities

- 3.42 The Neighbourhood Services will focus on efficiency of front-line delivery, such as Maintenance Services and efficiencies within waste collections and street cleansing. Any savings from these will be reinvested into the services to improve standards.
- 3.43 A revised Leisure offer will be brought forward that focuses on increased efficiencies within the delivery model, an investment strategy around the asset base and a focus on a 'Health First' approach to delivery. 'Active Wirral' will be a key initiative, but it is not expected to deliver any savings before 25/26.
- 3.44 Savings are being considered from options around how the Floral Pavilion is operated. This is currently assumed to save **£1.3m** against the current operating subsidy of the building (£1.8m), leaving a target operating subsidy of £0.5m per year for the continued operation of the building in some format.

People Focussed Regeneration

- 3.45 Regeneration activities aligned to the Local Plan are taking place in a number of areas leading to the creation of new homes and businesses. These contribute significantly to the future resources of the Council in the form of income from Business Rates and Council Tax. The creation of new employment opportunities and housing options, such as extra care housing, are an integral element of the savings proposals in other areas.
- 3.46 There will be a review of the Town Halls which will culminate in an options appraisal for their future use and the potential opportunities. This will be linked to the future capital investment proposals and regeneration plan.
- 3.47 Appendix 2 provides further detail on the proposed savings identified to bridge the gap and Appendix 3 outlines the change programme adopted to deliver these savings. Appendix 4 provides feedback from each of the Service & Policy Committee budget workshops.

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 26 February 2024.
- 4.2 The programme to develop a robust budget position, of which this report is a part, will support the Council in demonstrating compliance with CIPFA's Financial Management Code, specifically in relation to Section 4 of the FM Code which refers to the Annual Budget.
- 4.3 The FM Code requires the Council to demonstrate that the processes used 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 and are mainstreamed into financial management, including political scrutiny and the results of external audit, Internal Audit and inspection.
 - Sustainability: issues around sustainability of local services are at the heart of all financial management processes and is evidenced by prudent use of public resources.
- 4.4 Delivering financial sustainability is vitally important for the Council and the budget options presented have been drawn up with this in mind, consideration is given to areas of discretionary expenditure that could be curtailed along with demonstrating savings that can be delivered from statutory components of the Council.

5.0 LEGAL IMPLICATIONS

- 5.1 The Council must set the budget in accordance with the provisions of the Local Government Finance Act 1992 and approval of a balanced budget each year is a statutory responsibility of the Council. Sections 25 to 29 of the Local Government Act 2003 impose duties on the Council in relation to how it sets and monitors its budget. These provisions require the Council to make prudent allowance for the risk and uncertainties in its budget and regularly monitor its finances during the year. The legislation leaves discretion to the Council about the allowances to be made and action to be taken.
- 5.2 The provisions of section 25, Local Government Act 2003 require that, when the Council is making the calculation of its budget requirement, it must have regard to the report of the chief finance (s.151) officer as to the robustness of the estimates

made for the purposes of the calculations and the adequacy of the proposed financial reserves.

- 5.3 It is essential, as a matter of prudence that the financial position continues to be closely monitored. In particular, Members must satisfy themselves that sufficient mechanisms are in place to ensure both that savings are delivered and that new expenditure is contained within the available resources. Accordingly, any proposals put forward must identify the realistic measures and mechanisms to produce those savings.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

- 6.1 There are no additional resource requirements directly from this report, however the implications for the proposals included within the 2024/25 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).

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, 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.

8.0 ENGAGEMENT/CONSULTATION

- 8.1 In December 2022, consultation took place in respect of the priorities and views of the public in formulating budget plans.
- 8.2 Statutory budget consultation will commence subject to agreement by the Committee. This will take place in January 2024 and feedback will be taken into consideration by the Policy and Resources Committee when recommending a budget to Full Council at its meeting of 13 February 2024.
- 8.3 The Council has engaged regularly with trade unions about the Council's financial position.

9.0 EQUALITY IMPLICATIONS

- 9.1 Wirral Council has a legal requirement to make sure its policies, and the way it carries out its work, do not discriminate against anyone. An Equality Impact Assessment is a tool to help council services identify steps they can take to ensure equality for anyone who might be affected by a particular policy, decision or activity.
- 9.2 The equality implications will be included within the individual savings proposals currently being developed and will be addressed when these are brought forward for approval.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

- 10.1 The environment and climate implications will be considered within the individual savings proposals currently being developed and will be addressed when these are brought forward for approval.

11.0 COMMUNITY WEALTH IMPLICATIONS

- 11.1 The community wealth implications will be considered within the individual savings proposals currently being developed. The budget proposals under consideration will take account of related matters across headings such as:
- **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: Budget Pressures
Appendix 2: Potential Savings
Appendix 3: Change Programme
Appendix 4: Service & Policy Committee workshop feedback

TERMS OF REFERENCE

This matter is being considered by the Policy and Resources Committee in accordance with section 1.2(b) provide a co-ordinating role across all other service committees and retain a 'whole council' view of [budget monitoring].

BACKGROUND PAPERS

CIPFA's Financial Management Code

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Policy and Resources Committee	4 October 2023
Policy and Resources Committee	14 June 2023
Council	27 February 2023
Policy and Resources Committee	15 February 2023
Policy and Resources Committee	17 January 2022

APPENDIX 1 – Budget Pressures

Pressure	24/25 (£m)	25/26 (£m)	26/27 (£m)	27/28 (£m)	28/29 (£m)
Inflation					
Adult Social Care: Cost of care inflation	10.453	7.900	8.300	8.700	9.200
Social Care Contract Increases	0.330	0.340	0.360	0.380	0.400
Looked After Children (LAC) placement & allowances price uplifts	1.890	2.000	1.300	1.300	1.400
Home to School Transport price uplifts	0.550	0.280	0.380	0.310	0.320
Private Financing Initiative (PFI) Schools contract inflation	0.663	0.150	0.150	0.150	0.150
Refuse & Street Cleansing contract inflation (CPI)	0.800	0.630	0.655	0.681	0.708
Pay & Pensions	5.000	3.500	3.600	3.800	4.000
Energy Costs	-3.500	0.350	0.350	0.350	0.350
Waste Levy	1.310	0.380	0.380	0.380	0.380
Transport Levy	0.690	0.711	0.732	0.754	0.777

Demographics					
Adult Social Care: Growth in Adults 18-64	1.000	1.500	1.540	1.590	1.650
Adult Social Care: Growth in Older People 65+	2.000	3.000	3.100	3.200	3.300
Potential growth in numbers of Looked After Children (LAC)	0.660	0.000	0.000	0.000	0.000

Service Pressures					
Increased demand for social care assessments	0.300	0.000	0.000	0.000	0.000
LAC budget adjustment for in-year (23/24) pressures	1.900	0.000	0.000	0.000	0.000
Enforcement income	0.150	0.000	0.000	0.000	0.000
Provision of replacement wheeled bins	0.100	0.000	0.000	0.000	0.000
West Kirby and Hoylake Beach ecology support	0.060	0.000	0.000	0.000	0.000
Heswall Boat removal	0.100	-0.100	0.000	0.000	0.000
Underachievement of Community Patrol income	0.370	0.000	0.000	0.000	0.000
Car Parking income shortfall	0.200	0.000	0.000	0.000	0.000
Floral Pavilion	1.800	0.000	0.000	0.000	0.000
Europa Centre Income	0.200	0.000	0.000	0.000	0.000
Assets: Maintaining statutory maintenance and health & safety requirements	0.300	0.000	0.000	0.000	0.000

Pressure	24/25 (£m)	25/26 (£m)	26/27 (£m)	27/28 (£m)	28/29 (£m)
Corporate Items					
Treasury management	0.120	0.380	0.120	0.120	0.120
Capital Financing	3.500	1.000	1.000	1.000	1.000
Pension surplus	0.000	0.000	4.300	0.000	0.000
General Fund Balances contribution	2.000	0.000	-2.000	0.000	0.000
Cyber Security	0.450	0.000	0.000	0.000	0.000
Birkenhead Commercial District	2.000	-0.500	-0.500	-0.500	-0.500
Public Health	0.500	0.500	0.500	0.500	0.000
Increase to Business rates costs on Council Properties	0.500	0.300	0.300	0.300	0.300

Policy Change					
Social Care charging reforms	0.000	3.260	6.900	0.000	0.000
Reducing delayed transfers of care.	1.800	0.000	0.000	0.000	0.000
Food waste collections	0.000	0.000	0.000	2.000	0.000

Removal of One-off Items					
Use of NNDR reserve	3.000	0.000	0.000	0.000	0.000
Insurance reserve	1.000	0.000	0.000	0.000	0.000
Recharging of staff costs where eligible grant funding is in place for Economic Growth projects	0.070	0.000	0.000	0.000	0.000
Lease income from rental of floors 4 & 5 at Marris House	0.130	0.000	0.000	0.000	0.000
One off rental income for partial leasing of Cheshire Lines office space	0.146	0.000	0.000	0.000	0.000
Recharging of staff costs where eligible grant funding is in place for Homes for Ukraine Resettlement Programme	0.600	0.000	0.000	0.000	0.000
Capitalisation of salaries	0.260	0.000	0.000	0.000	0.000
Standing down of Wallasey Town Hall for a 12-month period	0.400	0.000	0.000	0.000	0.000
TOTAL PRESSURES	43.802	25.581	31.467	25.015	23.555

APPENDIX 2 – POTENTIAL SAVINGS

Budget Saving Proposals can be placed into the following categories:

- **Increasing Business Efficiencies:** This approach will identify efficiency measures that will result in more effective ways in which services are currently provided and may include cost reduction.
- **Increasing Income:** The Council will look to identify areas where it can raise income through fees and charges.
- **Changing how we fund or provide services:** We aim to ensure that the right service reaches the right resident when and where they need it, for the best cost. This may mean changing how we fund or provide services so that we are able to reduce costs and maintain services by becoming more efficient and by doing things differently.
- **Reducing or stopping services:** Although all efforts will be made to keep service reduction to a minimum, the scale of the financial challenge means that not all reduction proposals can be avoided.

Committee: Adult Care & Public Health							
Theme	Option	Description	24/25 Saving (£m)	25/26 Saving (£m)	26/27 Saving (£m)	27/28 Saving (£m)	28/29 Saving (£m)
Increasing Business Efficiencies	Review of Adult Social Care cost-effectiveness	There is a need to continuously review the cost effectiveness of Adult Social Care (ASC) Services against: Learning Disability costs, NHS funding, locations and supporting workstreams. To achieve this, a range of initiatives have been developed that support the overall reduction in unit cost of the service which support ASC to manage an increasing number of service users in line with demographic change and service demand.	-4.800	-5.040	-5.292	-5.557	-5.668

Committee: Children, Families and Education								
Theme	Option	Description	24/25 Saving (£m)	25/26 Saving (£m)	26/27 Saving (£m)	27/28 Saving (£m)	28/29 Saving (£m)	
Increasing Business Efficiencies	Reduction in teachers pension liabilities	This saving reflects a reduction in Teacher's pension liabilities for the Council.	-0.200	-0.075	-0.050	0.000	0.000	
	Kingsway PFI buy out	This proposal is to buy out part of the PFI contract which will result in an ongoing revenue saving.	-0.500	0.000	0.000	0.000	0.000	
	Re-organisation of Early Help, Family Support and Social Care into locality teams.	This option proposes that the current Early Help, Family Support and Social Care services move into a locality-based model, supporting multiagency teams to offer support to children and families at the earliest opportunity.	-0.550	0.000	0.000	0.000	0.000	
Changing how we fund or provide services	Reduction in looked after children (LAC) numbers	This saving reflects a reduction in Wirral's Looked After Children numbers as historic high levels align more with other authorities following practice improvements since 2019	-0.330	-0.439	-0.375	0.000	0.000	
	Reducing High Cost Residential Care	This option aims to ensure that more children remain within Wirral in more cost-effective foster placements and less children have to go into higher cost residential care.	-1.100	0.000	0.000	0.000	0.000	
	Promoting Independence	The review will consider current practice including all guidance and best practice nationally to look at how service models could change to promote independence.	-0.300	-0.200	0.000	0.000	0.000	

Committee: Economy, Regeneration & Housing							
Theme	Option	Description	24/25 Saving (£m)	25/26 Saving (£m)	26/27 Saving (£m)	27/28 Saving (£m)	28/29 Saving (£m)
Increasing Business Efficiencies	Implementation of Corporate Landlord model.	This option targets greater efficiencies through the centralisation of all functions relating to property management. Including review of asset management, repairs and maintenance and Facilities Management. Also includes incorporating options around outsourcing some / all of these functions.	-0.050	-0.250	-0.120	0.000	0.000

Committee: Tourism, Communities Culture & Leisure								
Theme	Option	Description	24/25 Saving (£m)	25/26 Saving (£m)	26/27 Saving (£m)	27/28 Saving (£m)	28/29 Saving (£m)	
Changing how we fund or provide services	Active Wirral Strategy	This option builds on the Active Wirral Strategy to review the options for modernising the Council's existing leisure offer. This will include delivery arrangements, opportunities for greater partner and service integration and an associated investment programme in new or retained facilities to ensure the future provision effectively delivers better outcomes.	0.000	-1.000	-2.000	0.000	0.000	
	Review library provision and location of Birkenhead and Wallasey libraries.	This option involves the identification of alternative locations for Birkenhead and Wallasey libraries, potentially as part of an integrated offer with other services.	0.000	-0.250	0.000	0.000	0.000	
	Floral Pavilion - Re-provision to alternative operator with budget to subsidise operator in addition to building costs.	This proposal involves pursuing an option to identify an alternative operator for the Floral Pavilion to secure this facility for the long term.	-1.300	0.000	0.000	0.000	0.000	

Committee: Policy & Resources								
Theme	Option	Description	24/25 Saving (£m)	25/26 Saving (£m)	26/27 Saving (£m)	27/28 Saving (£m)	28/29 Saving (£m)	
Increasing Income	Increase in Fees and Charges	The option involves increasing the Council's standard fees and charges each April, in line with September's CPI inflation rate, as an automatic annual exercise.	-0.750	-0.600	-0.450	-0.450	-0.450	
Increasing Business Efficiencies	Enabling Services	This option is an extension of a current programme of to review all enabling (back office) services across the whole organisation to identify economies of scale and opportunities for greater centralisation of these services.	-2.160	-2.000	0.000	0.000	0.000	
	Cease subsidised traded services.	This option gives consideration to ceasing non-statutory IT traded services for cabling and installations, repair shop, software support and technical support, along with telecoms in Schools	-0.350	0.000	0.000	0.000	0.000	
Council Tax	Increase Council Tax	This option involves increasing Council Tax to the assumed maximum limit over the Medium-Term Financial Plan period.	-8.578	-5.415	-5.601	-5.801	-5.801	
TOTAL POTENTIAL SAVINGS			20.968	15.269	13.888	11.808	11.919	

APPENDIX 3 – CHANGE PROGRAMME

1.0 INTRODUCTION

- 1.1 Alongside the refresh of the Medium-Term Financial Plan, the Council's Change Programme is being reviewed to ensure it supports projected savings in future years. This includes all the Council's strategic programmes and projects that seek to transform our business model and deliver better outcomes for residents as well as improved cost-effectiveness across front line and back-office services. The Change Programme provides a framework for the governance and control of these programmes and projects that sit outside normal business-as-usual operations and the Council's core revenue budget.
- 1.2 The Change Programme has evolved over the time. The current review and re-set will ensure the programme is re-focussed to:
- Support the delivery of the MTFP and the Council's financial sustainability,
 - Deliver the priorities set out in the refreshed Council Plan,
 - Deliver improved outcomes for residents,
 - Modernise and reform the organisation to optimise efficiency and effectiveness.

2.0 PROGRAMME DEFINITION

- 2.1 The Change Programme incorporates all strategic programmes and projects that have previously been approved into a single Council-wide programme of transformational activity. The aim is to ensure there is a single point of governance and control over the Council's total overall investment in change. This aligns with the Enabling Services Review agreed as part of the 2023/24 budget process which aims to centralise corporate and back-office activities as far as possible to create clear visibility and economy of scale over all support services. There should be no other programmes of change within the business competing for resources as this would risk undermining delivery success.

3.0 PROGRAMME STRUCTURE

- 3.1 The structure of the Change Programme has been re-set to ensure it aligns with the new Council plan priorities and themes. The Council Plan is developed around the six distinct themes which align with the Council's governance and committees:
1. Early help for children and families – Children's, Family & Education Committee.
 2. Promoting independence and healthier lives – Adult Care and Public Health Committee.
 3. People-focussed regeneration – Economy, Regeneration & Housing Committee
 4. Protecting our environment – Environment, Climate Emergency & Transport Committee.
 5. Safe and resilient communities – Tourism, Communities, Culture & Leisure Committee.
 6. Efficient, effective & accessible Council – Policy & Resources Committee.

3.2 Strategic programmes and projects that align with these themes are set out in the table below:

COUNCIL PLAN THEME	PROGRAMMES / PROJECTS		APPROVAL
Efficient, effective & accessible Council	Birkenhead Commercial District	Creation of new town centre office quarter as a central office base for Council staff to enable the rationalisation of our office estate and support improved ways of working.	November 2018 (Cabinet)
	Enabling Service Review Programme	A systematic review of all back-office functions to centralise these services and to secure an IT transformation partner to modernise the customer journey.	February 2022 (Council 23/24 budget)
	Corporate Property Programme	Implementation of a new, corporate landlord model and delivery of our asset strategy.	November 2022 (Asset Strategy)
	IT Infrastructure Programme	A collection of projects that upgrade and transform the Council's IT infrastructure to ensure it is compliant and secure.	Compliance & system support requirements
Early help for children & families	Children's Services Programme	Delivers projects that support early intervention for those in need, promoting better outcomes and more cost-effective solutions for Wirral's looked after children.	Reported through Childrens Committee
Independence & healthier lives	Adult Care & Health Programme	Delivers projects that promote greater independence for vulnerable adults including extra care housing, assistive technology and more cost-effective practices.	Reported through Adults Committee
Protecting our environment	Waste & Street Cleansing Review	This project will review the Council's refuse collection and street cleansing strategy and prepare for the re-tendering of the Council's waste contract.	Pending
Safe and resilient communities	Active Wirral Programme	The programme will modernise a number of Neighbourhood services to deliver better outcomes for residents and more cost-effective models of delivery.	June 2022 (Leisure Strategy)
	Neighbourhoods Programme	Joint Council and NHS integrated care and health programme to tailor interventions towards local need based on a nine neighbourhood's model.	NHS/Council jointly led programme
People-focussed regeneration	Regeneration Portfolio	This will deliver the Birkenhead 2040 Framework and plans across a range of other masterplan areas.	Reported through Economy Committee

4.0 PROGRAMME RESOURCING

- 4.1 The Change Programme is resourced through a mix of core revenue resources combined with the use of capital resources where these can be employed. The funding mix across programmes and projects is determined by the business case in advance of programmes and projects being approved and initiated.
- 4.2 The Business Change & Programme Management Function provides the core revenue resource to support the programme. This is through an established team of programme and project managers deployed across the respective programmes as set out above. There is also a discretionary budget to commission bespoke work or specialist support where this is required. Some project resources are also employed by directorates themselves. All posts delivering project activity across the business are currently under review and will be restructured and streamlined as part of the Enabling Services programme contributing to the overall savings target for that programme.
- 4.3 Capital funding is deployed across projects where they are capital led and project costs can be capitalised such as the Birkenhead Commercial District programme. The guidance around the flexible use of capital receipts to support transformational activity is also used to fund programme/project activity where this can be justified. In some instances, external grant funding is used to fund project activity when this is successfully bid for and secured.

5.0 PROGRAMME GOVERNANCE

- 5.1 The Director for Law and Governance has recently undertaken a review of all internal officer governance to support the Strategic Leadership Team (SLT). The Investment and Change Board (ICB) provides the required governance over strategic programmes and projects that are outside day-to-day, business as usual operations. ICB meets monthly as part of the SLT agenda and oversees the pipeline of all new project business cases, ensuring these are validated and approved before being escalated through to the appropriate decision pathway. ICB is also responsible for monitoring programme performance and being a point of escalation for any required change control.
- 5.2 The Business Change and Programme Management function provides the Head of Profession role for the Council and adopts good practice in programme and project management methodology using the Prince 2 and Managing Successful Programmes methodologies. The function seeks to promote good practice across the organisation and a consistent level of programme and project assurance. This includes:
- An identified Senior Responsible Owner for each programme and project (for programmes this is usually a member of SLT),
 - Identified programme / project manager,
 - Approved business case,
 - Programme/Project board,

- Define programme/project lifecycle,
- Clear project plan and Risk, Assumptions, Interdependencies and Decision (RAID) logs,
- Highlight reporting,
- Defined benefits and plans to realise them.

5.3 A health check is currently being conducted across all programmes and projects to highlight any gaps in the above to ensure consistency as part of the overall Change Programme definition and re-set.

5.4 In terms of Elected Member and committee involvement, there is a need to ensure greater consistency of Elected Member oversight of programme delivery and performance. Currently this is ad hoc and through individual committees. It is proposed the Policy & Resources Committee Finance Sub-Group is used to review and provide oversight of the Change Programme going forward.

6.0 BENEFITS REALISATION

6.1 Benefit realisation is an area where the Council has not performed well in the past and needs to do more to ensure benefits are clearly defined and there are robust plans in place to realise those benefits. More recent performance in achieving savings plans linked to the annual budget process has seen improvement. However, as part of the health check of all programme and projects within the overall change programme, benefit management arrangements are being reviewed. This will ensure there are more arrangements in place in terms of benefit identification, description, ownership and realisation plans.

7.0 HIGH LEVEL PROGRAMME PLAN

7.1 A high level programme plan is provided below which provides a timeline against the programmes set out in the table above.

CHANGE PORTFOLIO (1/2)

PROGRAMME	2023	2024			2025				
	OND	JFM	AMJ	JAS	OND	JFM	AMJ	JAS	OND
1. BIRKENHEAD COMMERCIAL DISTRICT	DELIVERY		CLOSURE	BAU					
2. ENABLNG SERVICE REVIEW	(TRANCHE 1) DELIVERY	(TRANCHE 2) DELIVERY			(PHASE TWO) DIGITAL TRANSFORMATION DELIVERY				
3. DIGITAL: INFRASTRUCTURE & FOUNDATIONS	DELIVERY								
4. WASTE & STREET CLEANSING	INITIATION & PLANNING	DELIVERY						Aug 2027 onwards- BAU	

CHANGE PORTFOLIO (2/2)

PROGRAMME	2023	2024				2025			
	OND	JFM	AMJ	JAS	OND	JFM	AMJ	JAS	OND
5. CHILDRENS CHANGE	DELIVERY								
6. ADULTS SOCIAL CARE CHANGE	DELIVERY								
7. ACTIVE WIRRAL	I & P	IN REFRESH							
8. CORPORATE PROPERTY	I & P	DELIVERY							
9. NEIGHBOURHOODS P'SHIP	TBC								

