

Appendix 7 Medium Term Financial Strategy

Medium Term Financial Strategy

2024/25 to 2028/29

Wirral Metropolitan Borough Council



FINANCE
FEBRUARY 2024

Above picture is of the new office buildings in Birkenhead built by the Council

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Introduction

The Medium-Term Financial Strategy (MTFS) 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. The MTFS explains how the Council will distribute its resources in this endeavour over the next five years. In order to deliver the 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. 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.

Matthew Bennett CPFA
Director of Finance & Section 151 Officer

Council Plan

The organisational values and priorities for the Borough are set out in the Council Plan, updated and agreed by Council in December 2024. The Council's vision is:

Working Together to Promote Fairness and Opportunity for People and Communities.

To achieve our vision there will be a renewed focus on the following six themes: -

- Efficient, effective and accessible Council – this being the underpinning enabling theme for the Council.
- Early help for children and families
- Promoting independence and healthier lives
- People focussed regeneration.
- Protecting our environment
- Safe, resilient and engaged communities

In ensuring that the Council delivers against these six themes there are several priorities: -

Theme	Priority
Efficient, effective and accessible Council	<ul style="list-style-type: none"> • Deliver within budget, appropriate levels of reserves maintained. • Demonstrate cost effectiveness and value for money. • Council services are accessible and inclusive. • Assets and property support our vision and priorities
Working together to improve early help for children and families	<ul style="list-style-type: none"> • Children and young people have their needs met early. • Children and young people stay safe and are protected from harm. • Children and young people achieve their potential and are prepared for adulthood
Promote independence and healthier lives	<ul style="list-style-type: none"> • People live independently for longer. • People get the right care at the right time. • Quality improvements are made within the care sector. • Inequalities in health are reduced
Working together to deliver people	<ul style="list-style-type: none"> • More investment secured and

focused regeneration	<p>created in Wirral.</p> <ul style="list-style-type: none"> • More jobs created and more people in good quality, sustainable work. • More quality, affordable, sustainable homes • More businesses (including community social enterprise) established and survive
Working together to protect our environment	<ul style="list-style-type: none"> • A cleaner and sustainable borough • Net zero targets achieved. • Improved transport infrastructure
To create safe, resilient and engaged communities	<ul style="list-style-type: none"> • People and communities feel safer where they live, work, and socialise. • More residents lead active and healthy lives

The Council Plan 2023-27 describes in detail the activities taking place to deliver these priorities. Each service will develop a bespoke service plan which describes the achievements, priorities and activities of the services which collectively make up the Council.

It is important to note that the theme efficient, effective and accessible council cuts across all the other five themes of the new Council Plan and is key to all decision making.

Medium Term Financial Strategy - Form & Purpose

1. The purpose of the MTFs is to set down the approaches that will be used by the Council in assembling, organising and deploying its financial resources to deliver the improvements described in the Council Plan (Annex 1) and the supporting plans and strategies to deliver that overarching undertaking.
2. The MTFs contains a Medium Term Financial Plan (MTFP) which sets out the planning assumptions and financial limits formed by the relevant funding constraints. The MTFP appears at Annex 4.
3. The MTFs sets out the Guiding Principles which the Council has used and will continue to use in seeking to obtain financial balance in the medium term as well as specific programmes and other initiatives that will be developed on the journey.
4. The MTFs and accompanying MTFP provide a framework within which Council can set the annual Budget. Accordingly, these documents are an integrated and dynamic part of the Council's financial cycle.

Strategic Goals

5. The MTFS has the following strategic goals:
 - a. To provide a framework within which the Council can achieve a series of balanced budgets in the medium term.
 - b. To deliver financial sustainability in the short, medium and long term.
 - c. To enable successive budgets to be balanced using a set of Guiding Principles that are commonly adopted across the Local Government sector and to apply these rigorously; and
 - d. To provide a structure within which the Council Plan and supporting strategies and plans can be delivered successfully.

The Guiding Principles

6. In undertaking its financial operations over the period of the MTFS the Council has adopted the following Guiding Principles ('The Principles'). The Principles are based on sound management and professional practice. They are presented as Guiding Principles because there may be occasions where - after careful consideration - the exigencies of strategic or operational management may necessitate from time to time a departure from the Principles.

No.	Guiding Principles
	Overarching principle - All investment and savings decisions will be aligned to the priorities within the Council Plan and affordability criteria.
1.	Fees & Charges will be reviewed annually and adjusted for inflation, regulatory guidance, and competitiveness. When setting charges, the impact on vulnerable groups will be considered.
2.	Capital decisions will be based upon strong business cases, taking account of invest to save principles where appropriate. Whole life capital financing costs impacting the net revenue position of the Council will be fully considered and reflected in the MTFP.
3.	Service level spend will be benchmarked with suitable peer groups and regularly reviewed to ensure the principle of an efficient Council is being achieved.
4.	The Council will maximise the opportunities from automation and a policy of 'Digital First' in service delivery.
5.	Service reviews will be undertaken Council wide within the timeframe of the MTFS. This will ensure that operating models, organisational design and costs are subject to regular reviews and adjustment.
6.	Service development, savings, and investment will be brought forward based on business cases that demonstrate alignment to the Corporate Plan, feasibility, deliverability and value for money.
7.	The Council will consult with stakeholders across the borough in forming budget proposals.
8.	The Council will review alternate delivery models and seek joint working and management initiatives with regional and other partners to align to the Council Plan.
9.	The Council will continually review its Earmarked Reserves for appropriateness and purpose. Unearmarked reserves will be brought to a level of 5% of net expenditure within the term of the MTFP.
10.	Given the challenging financial position of the Council and the need to maintain key statutory services. The Council will seek to maximise receipts from all funding streams, including Council Tax over the period of the MTFS.

The National and Local Government Financial Background.

7. International economic events are driving the national economy not least the continuing impact of the war in Ukraine, ongoing issues with international supply chains and the residual impact of the pandemic. When setting the 2023-24 budget the Country was subject to extremely high inflation of more than 10%. This severely impacted the Council's budget setting ability. Inflation has been falling over the past period. The Bank of England forecast is for inflation to be around 4% at the start of 2024 and reach the 2% target in the first half of 2025. This will ease the ability in setting the budgets for goods and services. However, there are still challenges in the labour market, especially in the care sector and specific issues around energy, whilst noting these are diminishing.
8. Local Government receives a much higher proportion of its funding from local sources than has historically been the case (Council Tax and Business Rates). Within the Local Government sector, it has been widely reported that several Councils have faced financial difficulties and subsequently issued S114 notices, effectively meaning that the Council is bankrupt. For example, because of issuing a S114 for 2023-24 Croydon Council increased its Council Tax level by 15% and Slough Council's increase was 9.99%. Local Government has been experiencing inflation, demographic and other increases for a sustained period. The result is that much of the financial pressure has been left for local councils to manage and this has resulted in a call for largescale savings across the Local Government sector. This has brought pressures on delivery of savings whilst maintaining financial sustainability.

The Financial Background: Wirral

9. Wirral Council continues to face a challenging financial position. It has been reported that since 2010/11 Local Government has lost some 40% or more of its real terms funding whilst also having to absorb growth factors, especially in social care services. However, as the Council continue to develop its MTFs and MTFP issues are being highlighted and accommodated within the planning process. Financial monitoring is highlighting pressures, savings delivery and demographic growth and these matters are being reviewed and actions considered on a systematic basis. On going behavioural changes have resulted following the pandemic such as, reduced town centre footfall affecting car parking and leisure income, waste collection and children in local authority care. These factors are forecast to level over the medium term and the new norm be allowed for. Many of the factors being faced by Wirral are common across the local government sector.

Council Tax

10. As a response to the inflationary pressures in the economy, for financial years 2023-24 and 2024-25, the Government allowed the threshold for Council Tax & Adult Social Care Precept to increase by an overall total of 5% before a referendum would be required, previously it was 2.99%. Increasing Council Tax levels by 1% generates around an additional £1.7m in revenue to the Council to provide essential services. The MTFP models the assumption that council tax will be maximised to the allowed level. This is twofold, to do otherwise would imperil the Council's ability to sustain statutory services and in addition would challenge the Council's financial sustainability over the medium term.

National Non-Domestic Rates (NNDR)

11. Since 2017/18 Wirral has participated in a 100% Business Rates Retention (BRR) pilot, as opposed to the national 50% BRR scheme. This means Wirral retains 99% of business rates collected (Merseyside Fire & Rescue Service receive 1%) rather than 50% being transferred to Central Government. Authorities in the pilot are also not paid Revenue Support Grant or Improved Better Care Fund, which are instead devolved as part of the BRR pilot.

The pilot is in conjunction with Liverpool City Region authorities, and operates on a "no detriment" basis, where should any of the LCR authorities be in a worse position because of being in the pilot, they would be compensated by the other LCR authorities to ensure they were no worse off than being in the national scheme. To date, all authorities have been in a betterment position each year, with Wirral being approximately £7m better off per year because of being in the pilot.

The national business rates retention system includes a Safety Net and Levy mechanism to encourage growth and enterprise by Councils. Also, to protect authorities from seeing a sudden decline or increase in their non-domestic rating income.

A Safety Net threshold is calculated by the Government for each local authority and if income from the Business Rates Retention System (including any Top-Up or Tariff and Section 31 grants) drops below this threshold then a Safety Net payment will be made by the Government to bring the income up to the threshold level. Under the 50% Rates Retention Scheme this threshold is set at 92.5% of baseline funding (i.e., retained business rates, as estimated by the Government, plus or minus any Top-Up or Tariff).

Wirral has not previously fallen below the Safety Net threshold and based on the national 50% Rates Retention Scheme would have needed to reduce Business Rates Retention income by £12.8m (14%) in 2023/24 to do so.

The provisional Local Government Funding Settlement confirmed continuation of the pilot in to 2024-25.

The Capital Programme

12. The budget process has a review process for existing and new capital schemes. Existing schemes are reviewed with the intention of refinement and ensuring that they are meeting organisational objectives. New schemes are considered on an invest to save basis, meeting strategic goals and a full whole life costing financial appraisal. This ensures affordability, revenue consequences are fully considered, and that external borrowing is minimised. Incremental revenue costs, for example legal or other support costs, which result from schemes that are financed by external grant are accounted for within those grant resources, where appropriate.
13. External borrowing will be considered where proposals return a measurable revenue saving, i.e., invest to save. During the period of the MTFS, capital receipts, when generated – will be used to repay the loans taken following the two capitalisation directives. This reflects the expectations of external stakeholders and financial prudence because it will reduce pressure on the revenue resources of the Council. In addition, capital receipts could be considered to fund service reviews and other factors, when allowed by regulation, to release revenue resources.

The Finance Settlement 2024/25

- A The Provisional Local Government Finance Settlement has been issued in December 2023 and will become final in February 2024.
- B The MTFP has been modelled assuming the full 5% Council Tax increase the Government spending power calculations assume the full increase will be taken.
- C The policy statement included

Headlines that an additional £3.9 billion of funding would be “made available” to councils, representing a 6.5% cash terms increase, with a minimum increase being guaranteed at 3% before local Council Tax decisions and additionally a 2% adult social care precept can be levied.

Clarification on the funding from a range of avenues including:

- Improved better care fund.
- Social care grants
- New homes bonus
- Services grant
- Public health grant
- Business rates retention.

The full overall implication of the announcement was that there is a £3.7m adverse position on the November committee reported MTFP modelled scenarios for 24-25.

However, since the draft financial settlement was announced in December 2023, the Government announced additional measures for local authorities, worth £600million. This includes £500million of new funding for councils with responsibility for adults and children's social care, distributed through the Social Care Grant. The exact details of this announcement have yet to be released but it is expected to increase Wirral Council's funding by approximately £3.7m.

Strategy for setting a balanced budget.

Despite the pressures being faced and the financial issues the Council has had to contend with over the last years, it is determined to deliver on the agreed priorities for the borough set out in the refreshed Council Plan.

The budget provides the opportunity to review where resources should be invested to align with resident priorities. This includes working with partners and maintain investment in preventative services that reduce the requirement for more costly support in the future.

A difficult balance has to be maintained between the provision of high quality general services for all residents alongside investing in regeneration to generate growth and protecting the most vulnerable.

To support the budget strategy a prudent approach is to be adopted to the use of reserves, disposal of assets and borrowing to fund the capital programme.

Reserves

14. In previous years, the Council has used significant contributions from Reserves to support service delivery. As a result, the level of Reserves has significantly reduced. At the closure of the 2022/23 Financial Year the Council's *Earmarked* Reserves were £71.831m and are forecast to decrease to £52.8m by the end of 2023-24. Of this figure it is estimated that a sum in the region of just £10m could be allocated to deal with an acute financial demand. For this reason, the Council will seek to ensure the adequacy and appropriateness of its *Earmarked* Reserves over the period of this MTFP, taking account of relevant factors including financial sustainability principles. A table showing the overall position for Reserves appears at Annex 3 to this document.

15. The Council's *Unearmarked* Reserves (sometimes referred to as 'General Balances') are forecast to be circa £13.1m at 31 March 2024, this does not presently reflect the sector standard of 5% of Net Expenditure. The 2023-24 net expenditure of the Council is £368.6m hence the present 5% target is £18.4m. The target will change as the net revenue of the Council increases over the period. It is anticipated the 5% level will be reached over the term of this MTFP.

The budget report to Policy and Resources committee on 21 November 2023 sets out a series of principles adopted to finalise the revenue budget:

- Limited use of reserves, £2m, to fund the specific pressure in relation to the new Birkenhead Commercial District offices. The use of reserves should be a last resort, the planned use recognises that this should be a one off cost and would otherwise negatively impact core service provision.
- Recommendation to increase both the base Council Tax and social care precept to the maximum available so this is reflected in the base funding position. This is alongside continued support to the VCSE, vulnerable residents and care market sustainability measures.
- Adult Social Care – the costs of demography, care sector inflation and real living wage costs are met from the additional ringfenced funding.
- Any additional grants for new requirements are passported through to meet them.
- Reductions in energy costs are used to remove the previous reliance on reserves to balance the budget.
- Savings from the change programme are used to offset the existing service pressures.

The final settlement and the proposed savings programme has provided potential for some limited additional investment including: -

- Additional funding for cyber security to mitigate the increasing risks in this area and protect vital Council services.
- Additional funding for basic services to enable some investment in areas that are aligned to resident priorities around service standards and visible environmental improvements. This is consistent with the priorities identified within the Council Plan.

Horizon Scanning

16 The period to the end of 2024-25 will cover a general election which is likely to bring new policy considerations for the public sector in general including local government. In recent years, the sector has considered issues around adult social care and there has also been the levelling up agenda. It is yet to be seen whether these policies will continue in this form or a differing guise when a new government of any persuasion or coalition is elected. Local government finance reform has been muted on several occasions and it is yet to be seen what each political party's proposals are on this. This makes it more important than ever for the Council to stabilise the corporate financial position, to evolve suitable responses to these challenges whilst continuing to deliver the priorities set down in the Council Plan.

The Medium Term Financial Plan

- 17 The Council's MTFP 2024/25 to 2028/29 is shown in Table 1 below. The MTFS is the product of (a) detailed technical analysis (b) detailed discussion with the Directorates and their respective management teams regarding the pressures identified and (c) further engagement to assist the Directorates to identify savings to bridge the budget shortfall identified.

Table 1: Medium term Financial Plan 2024/25 to 2028/29

	Financial Year				
	24-25 £m	25-26 £m	26-27 £m	27-28 £m	28-29 £m
Budget Requirement	368.600	399.603	414.191	430.820	436.929
Pressures	43.393	27.581	33.467	23.015	23.555
Savings	-12.390	-9.854	-8.287	-6.007	-6.118
Revised Budget Requirement	399.603	417.330	439.371	447.828	454.366
Funding	-390.988	-408.748	-425.180	-431.086	-444.275
Potential Council Tax Increases	-8.615	-5.443	-5.639	-5.843	-6.053
Total Funding	-399.603	-414.191	-430.820	-436.929	-450.328
Annual Shortfall (+) / Surplus (-)	0.000	3.139	8.551	10.899	4.038
Cumulative Shortfall (+) / Surplus (-)	0.000	3.139	11.690	22.589	26.627

- 18 In preparing to balance the 2024/25 Budget the Council produced an initial forecast shortfall of some £15m. The budget process incorporated engaging with Directorates in identifying financial pressures. The outcome was that there were some £38m of pressures identified. This is significantly less than the previous year when it was £67.05m, this being driven largely by high inflation at that time. This initial gap could fluctuate as the figures become further refined. However, over the previous period officers have undertaken an exercise to identify transformational savings to balance the budget gap in 24-25 and to provide a strategic savings framework over the medium term. This is indicating savings of c£3m in 2025-26 and c£12m in 2026-27. This is facilitating long term planning and ensuring Wirral becomes financially sustainable.

- 19 The Budget report in February 2024 will set out proposals for full Council to balance the Budget in 2024/25 and those proposals form the basis of the figures for 2024/25 in Table 1.

- 20 The MTFP will continue to be updated on a rolling basis from this point forward and will be reported regularly to Policy and Resources Committee (P&R) as part of the normal governance cycle. This will enable the P&R Committee to receive regular briefing on observed changes to the forecast shortfalls or surpluses that are from time to time observed.

Risk

21 The Council has well-structured arrangements to manage risk regarding strategic and operational dimensions. The principal risks associated with delivery of the Council's services within the financial constraints identified in the MTFS and associated MTFP are set out in Annex 6.

Summary

22 This document has set out the MTFS and the embedded MTFP and the acceptance and application of these documents can be summarised as follows:

- a. The Council has adopted a set of Guiding Principles which will assist in shaping responses to future budget shortfalls.
- b. The Council is aware of the financial pressures that bear on the 2024/25 Budget and beyond and has understood the issues that this presents.
- c. The Council is continuing to implement a set of revised financial monitoring arrangements on the back of the implementation of Enterprise Resource Planning (ERP) system.
- d. The Council has taken effective action to identify a portfolio of savings to balance the 2024/25 Budget and has prepared a Draft Budget on this agenda which allows for the continuation of statutory services across the Borough.
- e. The Council has taken steps to review the capital programme to contribute to the balancing of the Budget in 2024/25.
- f. It will be key across the years of the MTFS for the Council to maximise funding streams including Council Tax and this should continue – as in previous years – to inform planning assumptions in the MTFS and MTFP.

Council Plan & Priorities

- To deliver high quality efficient universal services to all residents
- To prioritise those with the greatest needs
- To deliver council services within the means of the council budget
- To be prepared to innovate and face the future
- To play our part in addressing the climate emergency and protecting our environment
- To work across communities with community, voluntary and faith organisations and partners to improve all residents' life chances
- To deliver our ambitious regeneration programme through increased investment, jobs and new businesses throughout the borough

Our Vision

Working together to promote fairness and opportunity for people and communities.

Delivery Themes

Efficient, effective and accessible Council

Outcomes

- Council finances stabilised.
- Services are cost-effective and deliver value for money.
- Council services are efficient, accessible and inclusive.
- Assets and property support our vision and priorities.

What we will do

- Council delivers within budget.
- Reserves replenished.
- Council secures and enhances its revenue where possible.
- All back-office services reviewed and centralised.
- Council transformation programme delivered.
- Identify and appoint a digital transformation partner.
- Universal services will be delivered to the best possible standard.
- Implement People Strategy
- Implement Customer Experience Strategy
- Review of customer access channels
- Corporate landlord model implemented.
- Review and enhance Corporate Equality & Inclusion including the Armed Forces Covenant
- Implement Assets Strategy including programme of disposals for surplus

buildings.

How it will be measured

- Annual Budget and performance
- Reserves at 5% of Council budget by 2027.
- Savings delivery targets achieved.
- Services bench marked with comparator authorities and/or externally recognised for good practice.
- Improved street and environment cleanliness
- Improved waste and recycling performance
- Equality Impact Assessments
- Call centre response times
- Qualitative feedback for face-to-face services
- Reduction in the Council's office estate
- Capital receipts delivered to schedule.
- Overall service efficiencies delivered.
- Improved customer service performance

Early help for children and families

Outcomes

- Children and young people have their needs met early.
- Children and young people stay safe and are protected from harm.
- Children and young people achieve their potential and are prepared for adulthood.

What we will do

- Continue to deliver Family Toolbox offer, Family Hubs, building community and neighbourhood capacity.
- Deliver the Breaking the Cycle programme.
- Deliver Transforming Care Programme
- Continue to develop multi-agency child protection teams.
- Delivering the Youth Justice Annual Plan
- Delivering the Safer Adolescence Strategy
- Develop and deliver the children, young people and family strand of Wirral Drugs Strategy & Remodel the Domestic Abuse Service
- Remodel Special Educational Needs & Disability (SEND) Services and launch a new SEND Strategy
- Deliver the #EveryDayCounts campaign & review Wirral Attendance Service
- Embed the Graduated Response. This helps to support children and young people to meet their learning needs.

How it will be measured

- Reduced need for social care interventions.

- A wider cost-effective range of care provisions
- Multiagency team delivering effectively.
- Delivering well against new youth justice KPIs
- Better identification of risk and risk management criminal exploitation
- Reduced repeat domestic abuse referrals.
- Better value delivered in SEND Programme
- Improved educational attainment.

Promoting independence and healthier lives

Outcomes

- People live independently for longer.
- People get the right care at the right time.
- Quality improvements are made within the care sector.
- Inequalities in health are reduced.

What we will do

- Increase housing options for older people.
- Provide services as close to home as possible.
- All Age Disability Review – new models/ ways of working to be explored.
- Provide health and social care services where people need them.
- Implementation of the on-line assessment tool to support quality improvement of providers and services that require CQC inspection.
- Deliver our Health and Wellbeing Strategy
- Deliver Wirral's Combatting Drugs Strategy, Substance Misuse Treatment and Recovery Programme
- Develop a Local Tobacco Control Plan and Local Gambling Harm Strategy

How it will be measured

- Number of Extra care housing units delivered.
- Increased use of technology in the home
- Reduced cost of care
- Quality and range of care
- CQC Inspection
- Measurable improvements in health across our population and reduced health inequalities
- Decrease in the number of drug-related deaths.
- Reduction in the number of people smoking.
- Number of adults and young people accessing substance misuse treatment services

People focused regeneration.

Outcomes

- More investment secured and created to deliver regeneration in Wirral.
- More jobs created and more people in good quality, sustainable work.
- More quality, environmentally sustainable and affordable homes
- More businesses (including community/ social enterprise) established and survive.

What we will do

- Attract new investment (grants and private sector) to support regeneration.
- Drive Brownfield Local Plan including neighbourhood masterplans.
- Progress neighbourhood master plans
- Deliver local employment and skills activity.
- Coordinate worklessness initiatives in our most deprived areas.
- Deliver new, attractive environmentally sustainable housing (including affordable)
- Tackle Homelessness
- Support local businesses.
- Enable local community wealth building and asset transfers.

How it will be measured

- Value of new investments
- Grant funding secured.
- Private sector investment secured.
- Brownfield land remediated.
- Number of jobs created and safeguarded.
- More people in well paid jobs
- Apprenticeships
- Increase in housing units and affordable homes.
- Reduction in those living in temporary accommodation.
- Business count (including social enterprise) increase.
- Social Value secured.

Protect our environment.

Outcomes

- An environmentally friendly and sustainable borough
- Net zero targets achieved.
- Improved transport infrastructure

What we will do

- Review the Council's Tree, Hedgerow & Woodland Strategy
- Implement Pollinators Policy
- Sustainable maintenance of parks, open spaces, beaches and coastline
- Improve waste and recycling performance and street cleanliness.
- Support activities on waste prevention, re-use, recycling and composting
- Implement the Biodiversity & Net Gain Strategy
- Deliver the Cool2 Climate Change Strategy
- Manage the Council's carbon budget to measure carbon emission reduction.
- Improve Wirral's air quality and implement Air Quality Strategy
- Reduce emissions from our homes and buildings e.g., by retrofitting and

reducing energy usage.

- Introduce clear highways and infrastructure and network management strategy and policy including parking and Active Travel
- Review current street light Electric Vehicle Charging Provision (EVCP) strategy.
- Implement Road Safety Plan

How it will be measured

- Increase in the number of trees planted and established each year.
- Improvement in local recycling and waste reduction
- Baselineing biodiversity and habitats
- The Council will achieve 'silver' carbon literate organisation status.
- Continue working towards net zero target by 2030.
- Increase in Active Travel (cycling and walking) networks (subject to rigorous equality impact assessments) and increased EVCP provision.
- Reduction in Killed and Seriously Injured (KSI) data and road traffic collisions.
- Transport and pavement network condition
- Improved road safety

Safe, resilient and engaged communities

Outcomes

- People and communities feel safer where they live, work, and socialise.
- More residents lead active and healthy lives.

What we will do

- Deliver our Community Safety Strategy
- Install new CCTV cameras in consultation with Merseyside Police
- Install new alley gates.
- Secure agreed Streetscene improvements
- Installation of more emergency Help Points
- Work with partners including Merseyside Police to improve community safety.
- Review Sport & Physical Activity Services and transformation programme
- Develop opportunities for Community / Commercial Transfer of any assets.
- Review playing pitch offer and implement Playing Pitch Strategy
- Develop and launch Sport England funded Performance monitor for Wirral.
- Expand Community Partner Library offer.
- Development of Moreton Library and combined Youth Hub alongside Moreton regeneration work
- Increase digitisation and accessibility to the written word e.g., Wirral Archives, libraries.

How it will be measured

- Number of new alley gates installed.
- Improved street care and cleanliness
- Incidents in anti-social behaviour
- Perception of anti-social behaviour

- Improved coverage and monitoring of CCTV.
- Meet Playing Pitch Strategy targets.
- Increase in the number of Community Partner Libraries
- Increased digitisation of services
- Increase in whole population physical activity levels.

LOCAL GOVERNMENT FINANCE SETTLEMENT 2024-25 (Provisional)

Core Spending Power

Core Spending Power is a measure of the resources available to local authorities to fund service delivery. It sets out the money that has been made available to local authorities (assuming the maximum permitted Council Tax increase is implemented) through the Local Government Finance Settlement.

The headline announcement was that an additional £3.9 billion of funding would be “made available” to councils, representing a 6.5% cash terms increase, with a minimum increase being guaranteed at 3% before local Council Tax decisions.

The main sources of the funding are summarised in the following table:

ENGLAND	23/24	24/25	Change	Change
	£M	£M	£M	%age
Settlement Funding Assessment	15,671.1	16,562.70	891.60	5.69%
Compensation for the business rates multiplier	2,204.6	2581.3	376.70	17.09%
Council Tax Requirement	33,984.3	36062.2	2,077.90	6.11%
Improved Better Care Fund	2,139.8	2139.8	0	0.00%
New Homes Bonus	291.3	291.4	0.10	0.03%
Rural Services Delivery Grant	95.0	95	0	0.00%
Social Care Grant	3,852.0	4544	692.00	17.96%
Services Grant	483.3	76.9	- 406.40	- 84.09%
Market sustainability and FCC (and improvement)	562.0	1050	488.00	86.83%
ASC Discharge Funding	300.0	500	200.00	66.67%
Rolled in grants	480.0	0	- 480.00	-100%
Minimum Funding Guarantee	133.3	196.50	63.20	0.47
Core Spending Power	60,196.7	64,099.80	3,903.10	6.48%

3.2 Council Tax

The Council Tax proposals for 2024/25 were set out in the final 2023/24 Local Government Finance Settlement and have now been reaffirmed. The proposal for core Council Tax in 2024/25 is a referendum cap of up to 3%, the same as in 2023/24.

As in 2023/24, there is also the flexibility to add up to a further 2% adult social care precept for authorities providing adult social care services.

The Settlement states that where councils need additional support from government as part of the Exceptional Financial Support framework, they will consider representations from councils on council tax provision.

3.3 **Improved Better Care Fund**

Improved Better Care Fund (BCF) is unchanged in cash terms for all upper tier councils, with funding remaining at £2,139.8m and distribution methodology also unchanged. An addendum to the 2023-25 BCF Policy Framework will be published in the new year.

3.4 **Social Care Grants**

Social Care Grants will increase by £1,380m in 2024/25, with the additional amounts allocated as follows:

- £692m of additional grant funding through the Social Care Grant.
- £488m additional funding via the Market Sustainability and Improvement Fund, including £205m rolled in through the MSIF Workforce Fund (see paragraph 3.5).
- £200m for ringfenced Adult Social Care Discharge funding (see paragraph 3.6).

Government has subsequently announced, in January, additional measures for local authorities, worth £600million. This includes £500 million of new funding for councils with responsibility for adults and children's social care, distributed through the Social Care Grant.

Allocations are related to the Adult Social Care needs formula with recognition of Social Care Council Tax precept and to previous market sustainability funding allocations. More detail will follow in due course on additional reporting requirements placed on the MSIF Workforce Fund, and use of the funding to support improvement against the objectives.

3.5 **Market Sustainability and Improvement Fund**

This grant will continue in 2024/25 and will increase from £562m to £845m. In addition to this, the two-year Work Force Fund announced during 2023/24, for which £205m had been allocated for 2024/25, will be rolled into this grant increasing the fund to £1,050m in total.

3.6 **ASC Discharge Fund**

The Adult Social Care Fund will continue in 2024/25 and will increase from £300m to £500m for 2024/25. It is intended to form part of Better Care Fund plans and is aimed at reducing delayed transfers of care.

The NHS is receiving the same amount to also put into Better Care Fund plans, for a total of £1 billion across both sectors. The £500 million grant is being allocated based on improved Better Care Fund shares (meaning all allocations are approx. 23% of iBCF allocations).

3.7 **New Homes Bonus**

The government has delayed a decision on the future of New Homes Bonus, and therefore maintained the current approach, with in-year 2024/25 payments only. There will be no legacy (i.e., second) payment of New Homes Bonus, and government will continue to review the future of New Homes Bonus.

The national amount remains at £291m for 2024/25, virtually unchanged

from 2023/24 although as no adjustments have been made to the allocation methodology this is thought to be purely coincidental.

3.8 **Services Grant**

The overall value of this grant has again reduced significantly in 2024/25, from £483m to £77m, an 84% reduction. The value of this grant nationally is determined based on remaining resources after decisions on all other grants with the reduced amount instead being used to fund the Minimum Funding Guarantee (paragraph 3.10) and other grant increases, with an undisclosed amount being held back as a contingency. Allocation of this grant will be in line with previous years.

3.9 **Public Health Grant**

Public Health grant has increased from £3,530m to £3,575m, although allocations are indicative at this stage and will be confirmed in the new year.

3.10 **Minimum Funding Guarantee**

A new funding stream introduced in 2023/24 will continue to be distributed in 2024/25 and is intended to provide a funding floor for all local authorities, so that no local authority would see an increase in Core Spending Power that is lower than 3% before Council Tax decisions. The total funding for this grant is £196.5m.

3.11 **Funding Reform**

No further announcements have been made regarding Local Government funding reform.

3.12 **Business Rates 100% Retention**

It was confirmed that authorities in certain areas, including Liverpool City Region, would continue to retain an increased proportion of business rates in 2024-25. These arrangements are separate to those which have been in place since 2013-14, whereby the rest of local government retains 50% of its business rates.

4.0 **WIRRAL COUNCIL IMPACT**

4.1 **Council Tax**

Based on the 2023/24 LGFS announcements, previous assumptions have been that a 2.99% Core increase and a 2% Social Care Precept would be applied. The confirmation of the 3% core referendum principal means the estimated Council Tax position is confirmed with a total core Council Tax increase from 2023/24 of £5.162m.

Similarly, an additional 2% Council Tax precept for Adult Social Care would generate an additional £3.453m. Both these figures are subject to confirmation of the Council Tax Base figure for 2024/25, which is due to be reported to Policy and Resources in January 2024 and results in an additional £0.735m in 2024/25, which is £0.149m more than previously anticipated.

One percent of Council Tax is equivalent to approximately £1.7m, and should these increases not be fully implemented, alternative savings will need to be found.

- 4.2 **Social Care Grant**
Provisional allocations of the ringfenced Social Care Grant indicated that Wirral would receive £38.149m in 2024/25, which is an increase of £6m, but £1.851m less than 2024/25 assumptions previously reported. However, as highlighted in paragraph 3.4 above, the Government has subsequently announced, in January, additional social care grant funding for local authorities. The exact details will be confirmed when the finance settlement is finalised in early February. Assuming the distribution methodology of the grant remains the same as previous, it is expected to increase Wirral Council's Social Care Grant funding by approximately £3.7m
- 4.3 **Market Sustainability and Improvement Fund**
Provisional allocations allocate £7.877m of this fund to Wirral for 2024/25 (including £1.538m for the Workforce Fund) which is £0.707m more than previously estimated.
- 4.4 **ASC Discharge Grant**
Wirral has been allocated £4.495m for 2024/25, which is £1.8m more than 2023/24 and in line with previous estimates. This is met by corresponding cost pressures and therefore does not impact the budget position.
- 4.5 **New Homes Bonus**
It had previously been unsure if New Homes Bonus would continue after 2023/24, or if it would be distributed with the same methodology, and previous MTFP forecasts assumed this grant would end.
- However, confirmation that the current New Homes Bonus approach would continue, and provisional allocations indicate Wirral will receive £0.08m in 2024/25.
- 4.6 **Services Grant**
Previous forecasts had assumed this grant would be unchanged from 2023/24. However, as the national fund has been reduced to fund other grant increases and the Minimum Funding Guarantee, Wirral has only been allocated £0.518m for 2024/24, a reduction of £2.777m from 2023/24 and previous forecasts.
- 4.7 **Minimum Funding Guarantee**
As in 2023/24, and as previously forecast, Wirral has not been allocated any of this fund.
- 4.8 **Business Rates 100% Retention**
The settlement confirmed that the increased Business Rates Retention arrangements would continue in 2024/25. This means that the 100% retention pilot that Wirral participates in alongside Liverpool City Region authorities will continue and will therefore continue to benefit from the resulting increased level of Business Rates receipts for another year. This was already budgeted for in the MTFP but is positive news as Wirral benefits by approximately £6-7m per year because of participating in the pilot.

Government will continue to review the role of such arrangements as a source of income for areas and its impact on local economic growth, and as part of deeper devolution commitments as set out in the Levelling Up White

Paper.

4.9 Business Rates Top-up

The latest assumptions were that the Business Rates Top-up would increase by 6.3% in line with September 2023 CPI to £61.758m. Settlement confirms Wirral's 2024/25 allocation as £60.611m which is only a 3.4% increase from 2023/24. This is a reduction of £1.148m from previous assumptions.

This is assumed to be due to the government for the first time increasing the standard business rates multiplier whilst freezing the multiplier for small businesses, which affects the baseline funding levels in the top-up grant calculation. The government has committed to compensate local authorities for the reduction in income resulting from the decision to freeze the small business rates multiplier, so it is assumed that this will be recovered via Section 31 grants through the NNDR1 process although the value of those grants will not be known until the second half of January when the NNDR1 return can be completed.

4.10 MTFP Assumptions Comparison

In total, the provisional impact of the Local Government Finance Settlement on Wirral's MTFP was a deterioration of £4.99m. This assumes the permitted Council Tax increases are implemented in full. Assuming the top-up grant decrease is compensated via S31 grants, this leaves a reduction of £3.84m.

The higher than anticipated Council Tax base (paragraph 4.1) gave an overall funding deficit against the previously reported position of £3.69m. However, with the additional social care grant funding announcement, estimated in paragraph 4.2, the latest position is now marginally better by £0.060m than previously reported, as summarised in the following table:

	2023-24 Budget	2024-25		
		Funding per Nov- 23 P&R	Provisional Settlement	MTFP Impact
	£m	£m	£m	£m
Social Care Grant	-32.140	-40.000	-41.900	-1.900
Market Sustainability	-4.220	-7.170	-7.880	-0.710
New Homes Bonus	-0.440	0.000	-0.080	-0.080
Services Grant	-3.300	-3.300	-0.520	2.780
Business Rates Top-Up	-59.240	-61.760	-60.610	1.150
<i>Business Rates S31 grant (assumed)</i>				-1.150
Funding impact of LGFS measures (prov)				0.090
Council Tax base increase	-171.910	-181.110	-181.260	-0.150
Total provisional 2024/25 MTFS impact				-0.060

ANNEX 3 Earmarked Reserves and Balances

Earmarked Reserves

Opening Balance 1 April 23	71,831
Forecast Use of Reserve	-27,127
Forecast Contribution to Reserve	8,125
Forecast Closing Balance 31 Mar 24	52,829
Forecast Opening Balance 1 April 24	52,829
Forecast Use of Reserve	
<u>Movements to support the 2024-25 budget</u>	
Children, Families & Education	-1,508
Regeneration & Place	-1,834
Wirral Growth Company Profit	-2,000
EVR/VS Termination Payments	-2,000
Other	-45
Sub Total	-7,387
Forecast Contribution to Reserve	250
Forecast Closing Balance 31 Mar 25	45,692
<u>Deduct Ringfenced Reserves</u>	
Schools Balances	-13,517
Insurance Fund	-8,002
Wirral Growth Company	-7,579
Public Health Ringfenced Grant	-6,912
Selective Licensing	-1,370
Schools Capital	-686
Enterprise Zone Investment	-639
Resettlement Programme Grant	-513
Building Control Fee Earning	-220
Intensive Family Intervention Project	-205
Freeport Investment Zone	-203
HMO Licence Fees	-119
Other	-352
Sub Total	-40,317
Remaining Balance	5,375

General Fund Balances

Opening Balance 1 April 23	13,180
Forecast Use of Reserve	0
Forecast Contribution to Reserve	0
Forecast Closing Balance 31 Mar 24	13,180
Forecast Opening Balance 1 April 24	13,180
Forecast Use of Reserve	0

Forecast Contribution to Reserve	0
Forecast Closing Balance 31 Mar 25	13,180

**Medium term Financial Plan 2023/24
to 2027/28**

	Financial Year				
	24-25 £m	25-26 £m	26-27 £m	27-28 £m	28-29 £m
BUDGET REQUIREMENT	368.600	399.603	414.191	430.820	436.929
Pressures					
Adult Care & Health	16.333	16.000	20.200	13.870	14.550
Children, Families & Education	6.713	2.430	1.830	1.760	1.870
Finance	0.000	0.000	0.000	0.000	0.000
Law & Corporate Services	0.300	0.000	0.000	0.000	0.000
Neighbourhood Services	5.104	0.530	0.655	2.681	0.708
Regeneration & Place	1.692	0.000	0.000	0.000	0.000
Resources	0.000	0.000	0.000	0.000	0.000
Levies	1.070	1.091	1.112	1.134	1.157
Strategic Holding Account & Corporate Items	12.181	7.530	9.670	3.570	5.270
Total Pressures	43.393	27.581	33.467	23.015	23.555
Savings					
Adult Care & Health	-4.800	-5.040	-5.292	-5.557	-5.668
Children, Families & Education	-2.980	-0.714	-0.425	0.000	0.000
Finance	0.000	0.000	0.000	0.000	0.000
Law & Corporate Services	0.000	0.000	0.000	0.000	0.000
Neighbourhood Services	-1.300	-1.250	-2.000	0.000	0.000
Regeneration & Place	-0.050	-0.250	-0.120	0.000	0.000
Resources	0.000	0.000	0.000	0.000	0.000
Levies	0.000	0.000	0.000	0.000	0.000
Strategic Holding Account & Corporate Items	-3.260	-2.600	-0.450	-0.450	-0.450
Total Savings	-12.390	-9.854	-8.287	-6.006	-6.118
REVISED BUDGET REQUIREMENT	399.603	417.330	439.371	447.828	454.366
Funding	-390.988	-408.748	-425.180	-431.086	-444.275
Potential Council Tax Increases	-8.615	-5.443	-5.639	-5.843	-6.053
TOTAL FUNDING	-399.603	-414.191	-430.820	-436.929	-450.328
Annual Shortfall (+) / Surplus (-)	0.000	3.139	8.552	10.899	4.038
Cumulative Shortfall (+) / Surplus (-)	0.000	3.139	11.691	22.590	26.627

Council Net Budget 2023-24

Directorate	Budget £000
Adult Social Care & Health	131,257
Children, Families & Education	88,344
Law & Corporate Services	7,827
Finance	7,861
Neighbourhoods Services	39,950
Regeneration & Place	14,779
Resources	17,733
Corporate items	60,849
Total Net Budget	368,600

Annex 6 – Draft Budget 2024/25

	Adult Care & Health	Children, Families & Education	Finance	Law & Corporate Services	Neighbourhood Services	Regeneration & Place	Resources	Levies	Strategic Holding Account & Corporate Items	TOTAL
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
2023/24 Budget	131.257	88.344	7.861	7.827	39.950	14.779	17.733	40.939	19.910	368.600
<u>Pressures</u>										
Inflation	11.53	3.85	0.00	0.10	0.83	0.00	0.00	1.07	0.50	17.88
Demographics	3.00	0.66	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.66
Service Pressures	0.00	2.20	0.00	0.00	4.22	0.50	0.00	0.00	0.00	6.92
Corporate Items	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7.68	7.68
Policy Changes	1.80	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.80
Removal of 23-24 one offs	0.00	0.00	0.00	0.20	0.06	1.19	0.00	0.00	4.00	5.45
Total Pressures	16.33	6.71	0.00	0.30	5.10	1.69	0.00	1.07	12.18	43.39
<u>Savings</u>										
Increasing Business Efficiencies	0.00	-1.25	0.00	0.00	0.00	-0.05	0.00	0.00	-2.51	-3.81
Increasing Income	0.00	0.00	0.00	0.00	-0.74	-0.01	0.00	0.00	0.00	-0.75
Changing how we fund or provide services	-4.80	-1.73	0.00	0.00	-1.30	0.00	0.00	0.00	0.00	-7.83
Reducing or stopping services	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Savings	-4.80	-2.98	0.00	0.00	-2.04	-0.06	0.00	0.00	-2.51	-12.39
Amendments due to Directorate changes			8.909	8.909			-17.818			0.000
2024/25 Budget	142.790	92.077	16.770	17.032	43.014	16.415	-0.085	42.009	29.581	399.603

Principal Financial Risks to Delivery of the MTFs (and embedded MTFP)

Risk	Mitigation
Failure to constrain expenditure within relevant budget targets.	The Council has launched revised financial monitoring arrangements following the implementation of an ERP system using Oracle Fusion Cloud solutions.
Balancing future Budget shortfalls over the medium term.	The Council will be updating the MTFP on a rolling basis and is preparing savings for 2024/25 and beyond commencing a programme of work.
Inadequate levels of financial reserves.	The Council is planning to re-build Earmarked Reserves over the course of the MTFs and to set Unearmarked Reserves at 5% of Net Expenditure by 2026/27.
Failure to review debt structure to maximise the potential financial opportunities.	The Council is planning to undertake these operations during the remainder of 23-24.
Delivery of savings.	The Council has a strong track record of monitoring & delivering savings in 2023/24 and will combine review of attainment in the revised financial reporting arrangements associated using the new ERP system.
Continued inflationary pressures.	Inflation and other pressures were known or otherwise forecast have been included in the Draft Budget proposals.
Challenges to Fund the Capital Programme resulting from continued increases in interest rates and higher cost of borrowing.	The Council operates a Treasury Management function guided by a Treasury Management Strategy which seeks to manage risks in a balanced way.