



Cabinet

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| Date: | Thursday, 24 June 2010 |
| Time: | 6.15 pm |
| Venue: | Committee Room 1 - Wallasey Town Hall |

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AGENDA

- 18. CAPITAL OUT-TURN 2009-10 (Pages 1 - 8)
- 19. REDUCTION OF SPECIFIC GRANTS 2010-11 (Pages 9 - 16)
- 28. PERFORMANCE APPRAISAL FOR CHIEF EXECUTIVE (Pages 17 - 22)
- 31a. BUDGET PROJECTIONS 2011-14 (Pages 23 – 28)

The Chair has agreed to consideration of this item as a matter of urgent business.

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WIRRAL COUNCIL

CABINET

24 JUNE 2010

REPORT OF THE DIRECTOR OF FINANCE

CAPITAL OUT-TURN AND DETERMINATIONS 2009/10

1. EXECUTIVE SUMMARY

- 1.1 This report informs Members of the capital out-turn for 2009/10 and the resources used to fund the programme. Under Part IV of the Local Government and Housing Act 1989, the Authority is required to make a number of formal Determinations in respect of its capital expenditure and financing and this report includes those for the 2009/10 financial year.

2. CAPITAL PROGRAMME 2009/10

- 2.1. The Capital Programme 2009/12 and Capital Financing Requirements 2009/10 were approved by Cabinet on 10 December 2008 and agreed by Council on 15 December 2008. The Programme was updated as part of the Estimates 2009/10 that was agreed by Council on 2 March 2009.
- 2.2. On 19 March 2009 revisions to the Think Big Investment Fund were made in response to the recession which included use of Working Wirral funds.
- 2.3. On 28 May 2009 a report detailing the Schools Capital Funding 2009/10 was provided by the Director of Children & Young People.
- 2.4. On 25 June 2009 the Capital Out-turn and Determinations report was submitted as part of the year-end accounts for the 2008/09 financial year and detailed the slippage into the 2009/10 financial year.
- 2.5. On 23 July 2009 Cabinet approved updated resources for the Landican Crematorium scheme and the practical cooking spaces programme.
- 2.6. On 1 October 2009 Cabinet recommended to Council the revocation of the investment into Neighbourhood Centres and on 15 October 2009 further progress was reported on the New Brighton Redevelopment Phase 2.
- 2.7. On 9 December 2009 the Capital Programme 2010/13 was considered and then approved by Council on 14 December 2009. This resulted in schemes being deleted from the programme, others being transferred from the capital programme to revenue, new approvals for 2011/14 and a re-allocation between departments.

- 2.8. On 14 January 2010 Cabinet agreed to the final phase of the restoration of Birkenhead Park, confirmed the funding of the transfer of a number of schemes from revenue to capital, and additional investment in cultural services facilities and IT equipment replacement.
- 2.9. On 22 February, 2010 as part of the Estimates 2010/11 the Capital Programme was updated to reflect the agreed changes including the confirmation of the grant support received from the Government for New Brighton Phase 2 of £3.9 million.
- 2.10. Since the original approval the Government has provided additional support by bringing schemes forward from future years primarily within Children & Young People and Regeneration. The Adult Social Services programme includes the scheme at the former Mendell Lodge which is grant funded. The other main impacts were the slippage from 2008/09 and more recently the inclusion of New Brighton Phase 2 supported by grant funding. The major reductions were the removal of the Neighbourhood Centres investment and schemes such as property maintenance that have been transferred to the revenue budget.

3. CAPITAL OUT-TURN

- 3.1 The capital spend for the year on the accruals basis amounted to £64 million. This compared to the Original Programme of £80 million and the latest Forecast Programme of £96 million (which was then subject to re-profiling and re-assessment based upon the comment in section 2.8). This is summarised in the following table:-

| Spend | Original Approval £000 | Forecast March £000 | Actual Out-turn £000 |
|-------------------------|---------------------------------------|------------------------------------|-------------------------------------|
| Adult Social Services | 127 | 3,533 | 1,603 |
| Children & Young People | 39,927 | 48,575 | 30,684 |
| Corporate Services | 2,900 | 3,243 | 415 |
| Finance | 0 | 2,418 | 1,001 |
| Law, HR and Asset Mgt | 8,210 | 1,710 | 0 |
| Regeneration | 17,117 | 23,785 | 19,400 |
| Technical Services | 11,876 | 13,222 | 11,301 |
| Total spend | 80,157 | 96,486 | 64,404 |

3.2 Adult Social Services

- 3.2.1 The main scheme is the Extra Care Housing facility which is the redevelopment of Mendell Lodge by a Registered Social Landlord as a facility for older people. This grant funded scheme is underway with the spend and associated funding now profiled to cover the 2009/10 and 2010/11 financial years hence the variation in 2009/10.

3.3. Children & Young People

- 3.3.1 The programme substantially increased in size from that of previous years through the Government releasing funding early to stimulate the local economy as well as through successful bids for grants. These included for new practical cooking spaces in schools, targeted funding to increase the uptake and quality of school meals, playbuilder initiatives and a Co-location Fund for Children's Services all of which resulted in some costs, and associated grant, being slipped into 2010/11. Together with the Harnessing Technology grant programme around £2 million was subsequently re-profiled.
- 3.3.2 The major scheme within the Secondary sector is the Woodchurch High School, One School Pathfinder project. Whilst meeting the milestones in terms of the project timetable the total spend on this particular scheme was £15 million at the end of the financial year. The balance remaining will be incurred during 2010/11 with the supporting grant available to meet the commitments.
- 3.3.3 The outline business case for the Birkenhead High School for Girls Academy has been approved by Partnerships for Schools (PfS). There has been intense dialogue with two competing PfS Framework contractors for design and build options for the Academy with the preferred contractor to be announced in July. With the contract award in November 2010 work will commence on site in January 2011.
- 3.3.4 The Primary Capital Programme includes Park Primary School which commenced on site in February 2010 and will be completed within a year, the work at Our Lady and St Edward's has been completed and the detailed consultation and design work to rebuild Pensby Primary School, co-located with Stanley School, is underway.
- 3.3.5 The Children's Centre programme has seen 19 centres opened and the Early Years programme will continue into its final year of 2010/11. The programme, having £2.2 million of grant funded works will now be completed during the next financial year.
- 3.3.6 A significant number of smaller schemes have been successfully delivered using national capital, including Schools Formula Capital and local capital. The implementation of the Condition / Modernisation programme is largely determined by the schools with £3.5 million of the programme now scheduled for 2010/11. In the case of some schemes, Stanton Road Primary School and Oldershaw School being examples, additional Technical Services fees have resulted in an overspend against the sums allocated. To compensate for this it is recommended that the Programme be revised as the works at the Oaklands Outdoor Centre have been completed for less than the sum allocated.

3.4 Corporate Services

- 3.4.1 Progress continues in providing financial support for businesses through the Think Big Investment Fund. However, the grant support required to deliver the Destination West Kirby and the Wirral Country Park schemes was not realised during the year. Whilst alternative grant funding is being sought to enable the schemes to proceed the schemes have been retained in the programme but have slipped to 2010/11.

3.5 Finance

- 3.5.1 IT equipment has been purchased to improve the Area Network Storage. This new capital scheme amounting to £0.7 million was funded from existing revenue resources. Purchasing the items as opposed to leasing them resulted in better value for money for this project. It is recommended that the Programme be amended to incorporate this change.
- 3.5.2 The Strategic Asset Review - IT investment programme has been deferred pending consideration of the options and in particular the findings of the external review of office accommodation.

3.6 Law, Human Resources and Asset Management

- 3.6.1 As part of the Strategic Asset Review a programme for the establishment of Neighbourhood Centres was being developed but Cabinet on 1 October 2009 recommended that Council cease the investment in Neighbourhood Centres.
- 3.6.2 The remainder of the original approval comprised areas of spending which have been re-classified as revenue and were included within those referred to in section 2.8.

3.7 Regeneration

- 3.7.1 The largest element relates to Housing Market Renewal Initiative (HMRI). The funding for this Initiative is subject to review nationally and the planned programme was structured to allow for progress to be maintained whilst anticipating potential changes in the available funding. The majority of the allocation was spent by the year end with the Homes and Community Agency (HCA) grant resources carried forward to 2010/11. Similarly Disabled Facilities – Adaptations has underspent with the commitment and funding slipping into the next year.
- 3.7.2 After an investigation of the alternative options the Landican Crematorium Mercury Abatement scheme was reported to Cabinet in July 2009 and it was resolved that the capital allocation be increased from £3 million to £3.5 million. Subsequent to this change Cabinet were advised of the re-profiled scheme in April 2010 with the bulk of the spend now taking place in 2010/11.

- 3.7.3 The Oval Sports Centre scheme was finalised and a report on the overspend, issues raised and lessons learned was reported to Cabinet in February 2010. Following lengthy negotiations with external agencies work on the Bidston Stream will commence early in 2010/11.
- 3.7.4 In terms of the Mersey Heartlands Growth Point funding the Government support was provided and negotiations continue over the implementation of the programme which has now slipped to 2010/11. After protracted negotiations, and the securing of £3.9 million of North West Development Agency grant funding, Phase 2 of the New Brighton development commenced at the turn of the year and work is progressing well to meet the grant conditions.

3.8 Technical Services

- 3.8.1 The works at Bidston Moss Viaduct are progressing well under the overall control of the Highways Agency as is the work at Thurstaston crossroads. The improvements to West Kirby Marine Lake were completed and, after initial difficulties with the contract, were completed within the funding allocated.
- 3.8.2 In terms of the capitalisation of highways spend further analysis was undertaken to ensure that such spend complied with the more stringent definitions of capital spend. As referred to in section 2.8 an element of the capital programme was transferred to the revenue budget. There was slippage of around £1 million in respect of waste and highways schemes which included the M53 junction scheme.

4. CAPITAL FINANCING

- 4.1.1 When setting the annual programme account is taken of potential slippage and an element of 'over-programming' is built into the programme. At the end of the year the following resources were used to finance the expenditure and formal approval of the actual resources used is required:-

| Resources | Original Approval £000 | Forecast March £000 | Actual £000 |
|------------------------|---------------------------------------|------------------------------------|------------------------|
| Borrowing | 23,371 | 18,686 | 11,168 |
| Grant - HMRI | 8,300 | 7,265 | 7,320 |
| Grant - Education | 31,754 | 39,179 | 23,723 |
| Grant - Other | 12,382 | 23,137 | 16,701 |
| Revenue / Reserves | 350 | 4,219 | 1,492 |
| Capital Receipts | 4,000 | 4,000 | 4,000 |
| Total resources | 80,157 | 96,486 | 64,404 |

- 4.1.2 Within the schemes funded by borrowing, grant or reserves which were delayed, deferred or slipped into 2010/11 the resources were similarly carried forward. The opportunities offered by the receipt of additional grants, particularly for housing and regeneration initiatives, together with the benefits from cash flow management meant the requirement to borrow reduced from earlier expectations.

4.2 Use of Borrowing

- 4.2.1 During the first half of 2009/10 the Borrowing Strategy was amended as the return from investments diminished.. As investments matured the money was used to temporarily reduce the need to borrow and maximise the benefits offered by the market conditions. £11.2 million was actually borrowed over the longer-term to provide the support for the capital programme. The amount referred to in the table above represents the underlying need to borrow and this can be different from the amount actually borrowed.

4.3 Use of Grants

- 4.3.1 In financing its 2009/10 capital expenditure the Authority applied £47.7 million which has been, or is expected to be, reimbursed by other parties through grants such as those for schools within Children & Young People and for Housing Market Renewal and other initiatives within Regeneration.

4.4 Expenditure Financed From Reserves and Revenue Accounts

- 4.4.1 The Authority applied £1.5 million of reserves and revenue to finance the 2009/10 capital expenditure. As referred to in section 2.8 a number of schemes within the capital programme were re-classified as revenue spend and the schemes and funding were amended accordingly.

4.5 Use of Usable Capital Receipts

- 4.5.1 The generation of capital receipts through the sale of assets is used to fund the programme and this income offers flexibility in the timing of its use. In financing the 2009/10 capital expenditure the Authority applied £4 million of usable capital receipts.

4.6 Minimum Revenue Provision (MRP)

- 4.6.1 In 2009/10 the Authority made payments from the General Fund revenue account of £8.6 million as provision for the repayment of external debt.

- 4.6.2 The Local Authorities (Capital Financing and Accounting) Regulations 2008 amended the rules governing debt redemption and the Minimum Revenue Provision (MRP). In terms of the MRP policy Cabinet on the 21 March 2009 agreed that for 2009/10 the Council would adopt the Regulatory method for supported borrowing and the asset life methodology for unsupported borrowing. The sum provided in 2009/10 meets this policy.

5. STAFFING IMPLICATIONS

- 5.1 There are no specific implications arising out of this report.

6. LOCAL MEMBER SUPPORT IMPLICATIONS

- 6.1 There are no specific implications arising out of this report.

7. LOCAL AGENDA 21 STATEMENT

- 7.1 There are no specific implications arising out of this report.

8. PLANNING IMPLICATIONS

- 8.1 There are no specific implications arising out of this report.

9. COMMUNITY SAFETY IMPLICATIONS

- 9.1 There are no specific implications arising out of this report.

10. HUMAN RIGHTS IMPLICATIONS

- 10.1 There are no specific implications arising out of this report.

11. BACKGROUND PAPERS

- 11.1. Local Government Act 2003 and subsequent amendments.
11.2. Local Government (Capital Finance and Accounting) Regulations 2008.

12. RECOMMENDATIONS

- 12.1. That the actions regarding the progress in delivering the programme, including the variations referred to in sections 3.3.6 and 3.5.1 and the slippage from 2009/10 to 2010/11 be agreed.
12.2 That the capital out-turn and financing for 2009/10 be noted
12.3. That the formal Capital Determinations be agreed.

IAN COLEMAN
DIRECTOR OF FINANCE

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WIRRAL COUNCIL

CABINET

24 JUNE 2010

REPORT OF THE DIRECTOR OF FINANCE

REDUCTION IN GRANTS TO LOCAL GOVERNMENT 2010/11

1. EXECUTIVE SUMMARY

- 1.1 This report provides details of the Government announcement on 10 June 2010 to reduce grants to local government and the implications for Wirral Council.

2. BACKGROUND

- 2.1 The Government announced on 24 May 2010 that local government would make a £1.165 billion contribution towards the overall Government savings of £6.2 billion in 2010/11. The Department for Communities and Local Government (DCLG) on 10 June 2010 issued a document called 'Reduction in Grants to Local Government'. This provided the detail of the local government share of the savings which, at this stage, have still to be confirmed as the DCLG has asked for responses on any errors by 24 June 2010.
- 2.2 The Government, in considering the various grants and funding available, has
- a) given priority to protecting the funding for schools, for Surestart and for 16-19 year olds.
 - b) not reduced funding in the specific grants and / or funding streams for social care, housing benefit administration or main programme funding for Supporting People.
 - c) removed the ring-fence on a range of specific grants to give Councils extra flexibility about where to make savings. Capital funding can only be used on capital expenditure.
 - d) not revised the main Formula Grant to ensure that frontline services can be protected.

- 2.3 In summary the headline is that no Authority will see a reduction of greater than 2% in 2010/11 and for Wirral the reduction is 0.9% being a reduction of £3,927,000 on the allocation of £421,271,000.

| GRANT | ALLOCATION | REDUCTION |
|---------------------------|------------|-----------|
| | £000 | £000 |
| Dedicated Schools Grant | 194,988 | Nil |
| SureStart Grant | 8,413 | Nil |
| Schools Development Grant | 16,643 | Nil |
| Social Care Reform Grant | 1,870 | Nil |
| Formula Grant | 157,860 | Nil |
| Area Based Grant | 41,497 | 3,927 |
| Total | 421,271 | 3,927 |

3. GRANT REDUCTIONS FOR WIRRAL 2010/11

- 3.1 Within the DCLG document are details of the reductions applied by each Department. Not all of these impact upon Wirral and those that do are:-

3.1.1 Department for Education

There is a 24% reduction in the total amount available to local authorities through Area Based Grant. This has not been analysed further by the Department but it is for authorities to manage this reduction.

3.1.2 Department for Transport

The main reduction is within the Integrated Transport Block (25%) whilst Wirral also benefits from the Primary Route Network (PRN) funding which has been reduced by 20%.

3.1.3 Department for Communities and Local Government

The Housing Market Renewal programme grant is to be reduced nationally by £50 million but how this saving is to be delivered is to be the subject of discussion with the Pathfinder areas. The DCLG is proposing a pro-rata cut and the £50 million equates to a 17% reduction on the original programme. Housing and Planning Delivery grant has been abolished. Whilst Wirral has received this grant in previous years there is no specific budget. It has been a 'windfall' receipt.

Local Area Agreement Reward Grant is now 50% of what was originally proposed. Wirral will not receive any payment in 2010/11. In total the grant was £8 million split across 2009/10 and 2010/11 which was then allocated between the Council and its partners (based on delivery of the targets) and split between capital and revenue. The Council revenue budget assumed the receipt of £1.4 million in 2010/11. In terms of the element for capital this was to be treated similar to a capital receipt.

There will be no further payments relating to the Local Authority Business Growth Incentive scheme for which Wirral has budgeted for £0.2 million in 2010/11.

Within Area Based Grant the Government has retained the funding for the Supporting People programme but removed the funding for the administration of the programme. There has been a 10% reduction in the Working Neighbourhood Fund, as there has only been limited evidence that this Fund has been effective, and a pro-rata reduction of 23.5% in the allocations for cohesion.

- 3.2 The reductions detailed in section 3.1 are a combination of capital and revenue grants for which the impact upon Wirral in 2010/11 is:-

3.2.1 REVENUE REDUCTIONS DEPARTMENT £000

AREA BASED GRANT

| | | |
|----------------------------------|--------------|-------|
| Education general reduction | Children's | 2,643 |
| Supporting People administration | Regeneration | 216 |
| Working Neighbourhood Fund | Regeneration | 1,017 |
| Cohesion | Corporate | 18 |
| Home Office | Regeneration | 33 |

GENERAL GRANTS – REVENUE ELEMENT

| | | |
|---------------------------------------|----------|-------|
| Local Authority Business Growth Grant | Budgeted | 200 |
| Local Area Agreement Reward Grant | Budgeted | 1,400 |

REVENUE GRANT REDUCTIONS 2010/11 5,527

3.2.2 CAPITAL REDUCTIONS DEPARTMENT £000

| | | |
|-----------------------------------|-----------------|-----------|
| Integrated Transport Block | Technical | 790 |
| PRN Network | Technical | 220 |
| Housing Market Renewal | Regeneration | est 1,500 |
| Local Area Agreement Reward Grant | General receipt | 1,400 |

CAPITAL GRANT REDUCTIONS 2010/11 3,910

- 3.2.3 Under the Housing Programme it has been announced that there are reductions in the funding available that has not yet been allocated to authorities. This includes the National Affordable Housing Programme and Kickstart schemes which will not now be supported.

- 3.2.4 At the time of preparing the Council Budget 2010/11 Government plans included for the implementation of Personal Care at Home during 2010. This was to be partially funded by an allocation within the Area Based Grant with Wirral forecast to receive £1.6 million to meet the £2.6 million potential costs in 2010/11. The implementation will not be during this financial year and no grant funding has been made available.

4. SPECIFIC GRANTS WHICH ARE NOW GENERAL GRANTS

- 4.1 In order to offer Councils greater flexibility a number of Specific Grants, which could only be spent for the purposes specified, have been re-classed as General Grants. There remains the restriction in respect of capital grants in that they must be used to meet properly defined capital expenditure. Those that affect Wirral are shown in the table.

| GRANT | DEPARTMENT | ALLOCATION |
|-----------------------------|---------------------|------------|
| | | £000 |
| REVENUE | | |
| Youth Opportunity Fund | Children's Services | 424 |
| Think Family Grant | Children's Services | 609 |
| Challenge & Support Funding | Children's services | 75 |
| Stroke Strategy | Adult Services | 105 |
| Aids Support | Adult Services | 48 |
| CAPITAL | | |
| Housing Market Renewal | Regeneration | 9,110 |

5. FINANCIAL IMPLICATIONS

- 5.1 The reductions in revenue grants in 2010/11 comprise:-

- 5.1.1 Area Based Grant £3,937,000

In accordance with the decision of Cabinet on 14 January 2010 this general grant was allocated to Departments based upon the indicative apportionments by the Government. The Area Based Grant allocations and the reductions are shown in the Appendix.

- 5.1.2 Local Area Agreement Reward Grant and Local Authority Business Growth Incentive Grant £1,600,000

Both of these grants were treated as general income in the Council Budget 2010/11 and the loss of income will have to be met from the General Balance.

- 5.2 The reductions in capital grants in 2010/11 comprise:-

- 5.2.1 Technical Services £1,010,000

This represents a reduction in resources available to fund the capital programme which would have to be accommodated by reducing the programme or increasing borrowing, and revenue costs, to maintain the planned programme.

5.2.2 Housing Market Renewal £1,500,000 estimated
At this stage the figures are indicative but will require the same consideration as for the reduction in Technical Services ie a reduced programme or increased Council borrowing and resultant revenue costs to maintain the planned programme.

5.2.3 Local Area Agreement Reward Grant £1,400,000
The capital element of this grant was to have been treated as a capital receipt which could be used to support the capital programme but not any specific scheme or project. The receipts are only used after they have been received and so represent 'income not received' rather than 'income lost'.

6. STAFFING IMPLICATIONS

6.1 These are none arising directly from this report.

7. EQUAL OPPORTUNITIES IMPLICATIONS

7.1 There are none arising directly from this report.

8. COMMUNITY SAFETY IMPLICATIONS

8.1 There are none arising directly from this report.

9. LOCAL AGENDA 21 IMPLICATIONS

9.1 There are none arising directly from this report.

10. PLANNING IMPLICATIONS

10.1 There are none arising directly from this report.

11. ANTI-POVERTY IMPLICATIONS

11.1 There are none arising directly from this report.

12. SOCIAL INCLUSION IMPLICATIONS

12.1 There are none arising directly from this report.

13. LOCAL MEMBER SUPPORT IMPLICATIONS

13.1 This report could have implications for all Members and Wards.

14. BACKGROUND PAPERS

14.1 Reduction in Grants to Local Government – letter from the Department for Communities and Local Government dated 10 June 2010.

15. RECOMMENDATIONS

- 15.1 That the reduction in Local Area Agreement Grant and Local Authority Business Growth Incentive Grant be met from the general balance.
- 15.2 That the Capital Programmes for Technical Services and Regeneration be reduced by the loss of capital grant and the Directors report to Cabinet in July on the revised programmes. In the case of Regeneration this will be by the grant reduction when it is formally confirmed.
- 15.3. That the use of the Area Based Grant be assessed against the contribution to delivery of the priorities in the Corporate Plan and against the outcomes achieved by the expenditure.
- 15.4. That the outcome of this assessment, to be conducted by the Deputy Chief Executive, be reported to the next meeting of the Cabinet.

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/109

APPENDIX

WIRRAL COUNCIL AREA BASED GRANT ALLOCATIONS 2010/11

| Grant | Council Dept | Govt Dept | 2010-11 Apr-10 £000 | 2010-11 Jun-10 £000 |
|--|-----------------|--------------|---------------------------|---------------------------|
| 14 - 19 Flexible Funding Pot | CYP | DfE | 97 | |
| Care Matters White Paper | CYP | DfE | 496 | |
| Carers | CYP | DH | 397 | |
| Child and Adolescent Mental Health Services | CYP | DH | 748 | |
| Child Death Review Process | CYP | DfE | 56 | |
| Children's Social Care Workforce (formerly HRDS and NTS) | CYP | DfE | 133 | |
| Children's Fund | CYP | DfE | 1,241 | |
| Children's Trust Fund | CYP | DfE | 17 | |
| Choice Advisers | Schools | DfE | 52 | |
| Connexions | CYP | DfE | 3,299 | |
| Designated Teacher Funding | CYP | DfE | 20 | |
| Education Health Partnerships | CYP | DfE | 108 | |
| Extended Rights to Free Transport | CYP | DfE | 152 | |
| Extended Schools Start up Costs | CYP | DfE | 500 | |
| Positive Activities for Young People | CYP | DfE | 756 | |
| Secondary National Strategy - Behaviour and Attendance | Schools | DfE | 68 | |
| Secondary National Strategy - Central Co-ordination | CYP | DfE | 196 | |
| Primary National Strategy -Central Co-ordination | CYP | DfE | 185 | |
| School Development Grant (LA element) | CYP | DfE | 2,343 | |
| School Development Grant (LA element) | Schools | DfE | 373 | |
| School Improvement Partners | CYP | DfE | 143 | |
| School Intervention Grant | CYP | DfE | 90 | |
| School Travel Advisers | CYP | DfE | 39 | |
| Sustainable Travel General Duty | CYP | DfE | 25 | |
| Teenage Pregnancy | CYP | DfE | 185 | |
| Young People Substance Misuse | CYP | DfE | 46 | |
| Young People Substance Misuse Partnership | CYP | HO | 104 | |
| January Guarantee | CYP | DfE | 54 | |
| LSC Staff Transfer: Special Purpose Grant | CYP | DfE | 316 | |
| | | | 12,239 | |
| Reduction in DfE grant allocations of 24% not analysed by the Department giving authorities the decision where to make the reductions | | | | -2,643 |
| Adult Social Care Workforce (formerly HRDS and NTS) | Adults | DH | 1,104 | |
| Carers | Adults | DH | 1,585 | |
| Learning Disability Development Fund | Adults | DH | 358 | |
| Local Involvement Networks | Adults | DH | 199 | |
| Mental Capacity Act and Independent Advocate Service | Adults | DH | 230 | |
| Mental Health | Adults | DH | 1,261 | |
| Preserved Rights | Adults | DH | 2,448 | |
| Supporting People Administration | Regen | DCLG | 216 | -216 |
| Supporting People | Regen | DCLG | 10,341 | |
| Working Neighbourhood Fund (ex NRF) | Regen | DCLG | 10,345 | -1,017 |

| | | | | |
|---|-------|------|---------------|---------------|
| Stronger Safer Communities Fund | Regen | HO | 296 | -33 |
| Stronger Safer Communities Fund | CYP | HO | 22 | |
| Stronger Safer Communities Fund | Regen | DCLG | 350 | |
| Youth Taskforce/Respect | Regen | DfE | 40 | |
| De-trunking | Tech | DfT | 297 | |
| Economic Assessment Duty | Corp | DCLG | 65 | |
| Climate Change | Corp | DCLG | 24 | |
| Community Call For Action | Law | DCLG | 2 | |
| Cohesion | Corp | DCLG | 75 | -18 |
| Reductions identified by the Government Departments against the particular lines within the Area Based Grant | | | | -1,284 |
| TOTAL AREA BASED GRANT | | | 41,497 | |
| TOTAL REDUCTIONS IN AREA BASED GRANT PER THE GOVERNMENT DOCUMENT OF 10 JUNE 2010 | | | | -3,927 |

WIRRAL COUNCIL

CABINET 24TH JUNE 2010

REPORT OF DIRECTOR OF LAW, HR AND ASSET MANAGEMENT

PERFORMANCE APPRAISAL FOR THE CHIEF EXECUTIVE

Purpose of the Report

The purpose of the report is to recommend options for a Performance Appraisal process for the Chief Executive. The report covers the following:

1. The background to Performance Appraisal
2. The National Agreement reached by the JNC for Chief Executives' Appraisal with good practice guidance
3. Recommendations for a Performance Appraisal process for the Chief Executive at Wirral Council

Background

On Monday 2 November 2010 Council considered a Notice of Motion in relation to Council executive pay. As part of Council's decision on this Notice of Motion (Minute 59) it was resolved as follows:

- (5) *Therefore, Council instructs the Director of Law, HR and Asset Management to investigate best practice in other authorities before bringing forward proposals for amendments to the Council's Constitution which would review the role and responsibilities of the Employment and Appointments Committee with a view to setting up a clear member route for establishing:*
 - *Policy on senior officer pay (Chief Officers and Heads of Service), having regard to job evaluation, equal pay and other relevant HR policies of the Council*
 - *The establishment, maintenance and supervision of a performance framework for Chief Officers and Heads of Service*
 - *The carrying out (alongside the Leader and Deputy Leader of the Council) of Chief Executive Appraisals.*
- (6) *Council asks that these proposals are referred to both the Cabinet and to the Employment and Appointments Committee before any recommendations are made to Council.*

The proposed process in this report seeks to establish an appraisal process for the Chief Executive.

1. National Agreement

- 1.1 Under the terms of the agreement reached by the JNC for Chief Executives in April 2008 it was agreed as part of the national pay award that Chief Executives should be subject to an appraisal process.
- 1.2 To supplement the agreement the National Joint Secretaries issued guidance and this is highlighted in the report as a summary of good practice.

- 1.3 It is recommended that each authority will develop a process to suit their local circumstances.
- 1.4 Below is a summary of the guidance developed using good practice examples from other Councils, with recommendations at each stage.

2. Aim of the Appraisal Process

The aim of the appraisal process is to identify and clarify key objectives, priorities and targets and appropriate timescales for achieving them. The focus of the appraisal will be to agree what the Chief Executive should achieve personally over the next twelve months, identify the required standards of performance and provide feedback on performance against the targets set.

3. Developing a Process

An effective process involves:

- Identifying clear targets that are linked to the job and the organisation's key objectives for the year
- Agreeing what targets should be set for the Chief Executive
- Target should be SMART (specific, measurable, achievable, realistic and time bound)
- Agreeing how progress towards achievement of the objectives should be measured
- Identifying any development needs to assist in achieving the targets
- Monitoring progress
- Reviewing performance over the year, identifying areas for further development and setting new targets

4. Who should be involved?

The National Guidance recommends that the appraisal should be conducted by a small number of Members, possibly with an independent adviser to assist Members. The group of Members could form an Appraisal Working party taking into account that the Chief Executive is employed by the whole Council and not by the controlling group or groups.

RECOMMENDATION:

It is recommended that:

- (a) The appraisal is conducted by a working party agreed by the Employment and Appointments Committee.*
- (b) the working party is supported by an External Adviser to be appointed from a recognised National or Regional body such as SOLACE Enterprises or North West Employers' Association.*
- (c) the Appraisal process is agreed by the Employment and Appointments Committee.*

5. How does the process work?

- 5.1 Good practice appraisals cover three essential areas:

- Key accountabilities

- Objectives from the Corporate Plan
- Shared Feedback

5.2 The best systems involve the Chief Executive identifying what he/she sees as the important issues to be addressed and agreeing these with senior Members. To do this the Chief Executive's job should be broken down into its key accountabilities. These define the prime purposes and function of the job.

6. Key Accountabilities

6.1 The JNC Guidance suggests the following key accountabilities for a Chief Executive:

- Managing the political interface
- Managing the Council's resources
- Providing corporate leadership
- Developing external links/partnerships
- Promoting the Council
- Identifying opportunities for developing policy
- Ensuring implementation of the Council's policies across the whole Council

6.2 In addition, Members need to consider whether they wish to add additional (or alternative) key accountabilities for the Chief Executive, having regard to local, regional and national context. Areas for consideration might include the following:

- Managing performance and delivering efficiency and improvement
- Promoting high standards of Ethical Governance
- The Promotion of Democracy (following the 2009 Act)
- Strengthening the accountability to lead and facilitate working across the external interface

RECOMMENDATION:

That the Working party considers the key accountabilities as its first task, in discussion with the External Adviser and Chief Executive.

7. Identification of Objectives

7.1 The next stage is to identify objectives from the organisation's corporate objectives and priorities for the year and translate them into actions/targets. This should demonstrate how the achievement would be measured for each of the accountabilities. These would then be put to the Working party for discussion and agreement or addition of issues/targets/measures.

7.2 It is important at this stage to ensure that the principles of setting targets are agreed and understood.

RECOMMENDATION:

That the External Adviser, in discussion with the Chief Executive, draws up proposed targets for discussion with the Working party. The targets should be ambitious and challenging whilst reflecting the political mandate and capacity to deliver.

8. Feedback

The process will also provide an opportunity for the Chief Executive to receive feedback on performance. Using a 360 degree feedback tool, this will be a facilitated discussion based on the agreed accountabilities and corporate behaviours. The Chief Executive and Members will then agree any development needs and areas where support may be required.

RECOMMENDATION:

That the 360 degree feedback process is facilitated by the External Adviser with the Working party

9. Timing

The annual appraisal meeting should take place after the process for agreeing the Authority's corporate objectives/priorities. In many authorities the Chief Executive's appraisal starts the process for the whole organisational cascade of appraisals, e.g. Chief Executive's appraisal and targets feed into the Management Team objectives and targets.

RECOMMENDATION:

That the Performance Appraisal is carried out in September annually. This will enable the Corporate Plan to have been agreed and the outturn position for the previous year to be confirmed.

10. Confidentiality

The National Agreement recommends that the content of the appraisal process is confidential and would not be made available to Members outside the Working party. The fact that an appraisal meeting is due to be/has been held should be reported to Members.

RECOMMENDATION:

That the summary outcome of the Performance Appraisal is presented to the Employment and Appointments Committee as an exempt item.

11. Communication and Training

The first appraisal will only involve the setting of targets, as any review of performance without objectives/measures would be too subjective. The National Guidance recommends that Members involved should have a short briefing to ensure:

- (a) they understand their role
- (b) they understand the process and how it works
- (c) they feel confident to get involved

RECOMMENDATION:

That the Working party participates in a short briefing session with the External Adviser for the purpose of ensuring a consistency of understanding and approach.

12. Documentation

The National Guidance recommends that some simple documentation should be prepared which suits the authority and will act as a record and reference document. The authority may choose to use its existing staff appraisal scheme process and paperwork for the Chief Executive, as long as it meets the needs of Members and the Chief Executive.

RECOMMENDATION: *That*

- (a) the key issues exchange documentation is used as the basis for the discussion, with some amendments following the agreement to the process*
- (b) the documentation be signed off by the Employment and Appointments Committee*

13. Financial Implications

There are none identified in this report

14. Staffing Implications

There are none identified in this report

15. Equal Opportunities Implications/Health Impact Assessment

There are none identified in this report

16. Community Safety Implications

There are none identified in this report

17. Local Agenda 21 Implications

There are none identified in this report

18. Anti-poverty Implications

There are none identified in this report

19. Social Inclusion Implications

There are none identified in this report

20. Local Member Support Implications

There are none identified in this report

21. Background Papers

JNC for Chief Executives National Guidance – April 2008

RECOMMENDATIONS: *That*

- (1) having regard to the National Guidance:
 - (a) The appraisal is conducted by a working party agreed by the Employment and Appointments Committee*
 - (b) the working party is supported by an External Adviser to be appointed from a recognised National or Regional body such as SOLACE Enterprises or North West Employers' Association.*
 - (c) the Appraisal process is agreed by the Employment and Appointments Committee.*
- (2) the Working party considers the key accountabilities as its first task, in discussion with the External Adviser and Chief Executive
- (3) the External Adviser, in discussion with the Chief Executive, draws up proposed targets for discussion with the Working party. The targets should be ambitious and challenging whilst reflecting the political mandate and capacity to deliver

- (4) the 360 degree feedback process is facilitated by the External Adviser with the Working party
- (5) the Performance Appraisal is carried out in September annually. This will enable the Corporate Plan to have been agreed and the outturn position for the previous year to be confirmed
- (6) the summary outcome of the Performance Appraisal is presented to the Employment and Appointments Committee as an exempt item
- (7) the Working party participates in a short briefing session with the External Adviser for the purpose of ensuring a consistency of understanding and approach;
- (8) (a) the key issues exchange documentation is used as the basis for the discussion, with some amendments following the agreement to the process
(b) documentation be signed off by the Employment and Appointments Committee.

Chris Hyams
Head of Human Resources
and Organisational Development
June 2010

WIRRAL COUNCIL

CABINET

24 JUNE 2010

REPORT OF THE DIRECTOR OF FINANCE

BUDGET PROJECTIONS 2011-2014

1. EXECUTIVE SUMMARY

- 1.1. This report updates the projected budgets for the years from 2011 to 2014.

2. ASSUMPTIONS UNDERPINNING THE PROJECTIONS

- 2.1. Inflation – HM Treasury is assuming a return to a long term inflation rate of 2%. Therefore prices are assumed to increase by 2% per annum with income to continue to increase by 3% per annum. Pay awards will be limited to 1% per annum for 2011-13.
- 2.2. Capital Financing – HM Treasury is assuming that the level of capital investment will reduce by 50% between 2009-10 and 2013-14. The annual increase in capital financing charges has therefore been reduced to £2.0m.
- 2.3. Pension Fund – the Department for Communities and Local Government (DCLG) has yet to finalise the proposed cost sharing arrangements which are now unlikely to be implemented before 2012-13. In advance of this decision the increase is projected at 1.5% or £2m per annum. In addition the outsourcing of the highways and engineering services contract is likely to increase the contributions by £0.2m per annum.
- 2.4. Waste Disposal – the increase in the levy will be dependent on delivery of the waste disposal strategy. The Landfill Tax will increase by £8 per ton per annum, an increase of 50% between 2010-11 and 2013-14. The levy is assumed to increase by 8% per annum.
- 2.5. Merseytravel – the levy is assumed to increase by 3% per annum.
- 2.6. Private Finance Initiative – the latest projections are included.
- 2.7. Benefits – the Department for Work and Pensions is estimating an annual increase of 1.7%.
- 2.8. Schools – it is assumed that the Schools Budget will vary in line with the Dedicated Schools Grant.

- 2.9. Adult Social Services Reform – the Reform Grant of £1.9m will cease in 2011-12 with the assumed implementation of the personalisation agenda.
- 2.10. Personal Care At Home – the Government has now abandoned this policy and reduced the Area Based Grant.
- 2.11. Carbon Reduction Commitment – payment of £1.0m commencing in 2011-12. It is assumed that the Authority will reduce the carbon footprint sufficiently to recover these payments.
- 2.12. National Insurance – the proposed 1% increase in the employers rate will not now be implemented.
- 2.13. Learning Disability – it is assumed that the transfer of responsibility from the PCT to the Authority from 2011-12 will be on a full cost basis.
- 2.14. Home Insulation – increased cost from 2011 of £1m.
- 2.15. Guinea Gap – restoration into budget at a cost of £0.6m.
- 2.16. Other Unavoidable Growth – a number of items of unavoidable growth of less than £0.2m will arise. These usually total about £1m per annum.
- 2.17. Efficiency Investment – in order to continue to deliver efficiencies in future years it will be necessary to continue to invest and therefore I have assumed a budget of £2m per annum.
- 2.18. Government Grants – in the Budget on 24 March 2010 the target for overall growth in public expenditure was reduced to 0.7%. After allowing for debt repayments, an increase in welfare benefits of 1.7%, and no reduction in the NHS budget, the rest of the public sector will face an annual reduction of 2.9%.
- 2.19 Council Tax – the Government has announced a freeze in Council Tax increases for 2011-12.

3. GRANT NEGOTIATIONS

- 3.1. The Government has agreed to the following elements of the Local Government Finance Settlement being reviewed as part of the 2011 settlement:-
 - a. Area Cost Adjustment
 - b. Highways Maintenance
 - c. Day Visitors
 - d. Income Support/Tax Credits
 - e. Students
 - f. Concessionary Fares
 - g. Coast Protection/Flood Defence
 - h. Capital Financing
 - i. Dedicated Schools Grant
 - j. Housing Benefit

- 3.2. The Local Government Finance Settlement due to be announced in December 2010 should cover 2011-14 as the Government has confirmed that it intends to conclude a three or four year Comprehensive Spending Review in 2010.
- 3.3. The Government has announced that it intends to conduct reviews of the following:-
- a) Local Government Finance
 - b) Public Sector Pensions
 - c) Welfare Benefits
- 3.4. During the course of this budgeting period the results of the Census 2011 will become available and will be incorporated into the grant distribution formulae. The Office for National Statistics has now released the Mid 2008 estimated populations. The reduction for Wirral is greater than for any other metropolitan or unitary authority. If this is confirmed in the Census 2011 then the reduction in grant receivable could be significant.

4. **BALANCES**

- 4.1. The budget for 2010-11 includes balances of £6.5m.
- 4.2. The financial out-turn for 2009-10 is reported elsewhere on this agenda.
- 4.3. The Government has announced that the Personal Care at Home scheme will not be proceeding. The revenue budget for 2010-11 will therefore be reduced by £2.6m with a reduction of £1.6m in Area Based Grant.
- 4.4. The Government announced on 10 June 2010 that there would be the following grant reductions for 2010-11:-

| | |
|---|------------|
| | £000 |
| Area Based Grant | 3,927 |
| LAA Reward Grant | 1,400 |
| Local Authority Business Growth Incentive | <u>200</u> |
| | 5,527 |

It is assumed that the reduced Area Based Grant will result in reduced expenditure but further detail is provided in a report elsewhere on this agenda.

- 4.5. The Chancellor of the Exchequer was due to present a Budget to Parliament on 22 June 2010.

5. **EFFICIENCIES**

- 5.1. The Government has increased the efficiency target for 2010-11 to 4% which for Wirral equates to £14.9m. The Government expects that this saving will be reinvested in order to enable delivery of increased efficiency requirements in 2011 to 2014.

5.2. A 20% reduction in controllable budgets would produce:-

| | |
|----------------------------------|--------------|
| | £000 |
| Adult Social Services | 24,562 |
| Children and Young People | 19,923 |
| Corporate Services | 1,186 |
| Finance | 5,892 |
| Law, HR, Asset Management | 3,499 |
| Regeneration - Cultural Services | 6,799 |
| - Housing & Regeneration | 6,076 |
| - Regulation | 1,264 |
| Technical Services | <u>7,731</u> |
| | 76,932 |

5.3. The main mechanism for delivery of the required efficiencies is the change programme. Cabinet on 14 January 2010 agreed a revised change programme, progress on which was to be reported quarterly to the Cabinet.

5.4. Cabinet has agreed that efficiencies of £1m will be found in office accommodation from 2011.

6. **FINANCIAL IMPLICATIONS**

6.1. The assumptions outlined above are reflected in the budget projections in the Appendix.

7. **STAFFING IMPLICATIONS**

7.1. There are none arising directly from this report.

8. **EQUAL OPPORTUNITY IMPLICATIONS**

8.1. There are none arising directly from this report.

9. **COMMUNITY SAFETY IMPLICATIONS**

9.1. There are none arising directly from this report.

10. **HUMAN RIGHTS IMPLICATIONS**

10.1. There are none arising directly from this report.

11. **LOCAL AGENDA 21 IMPLICATIONS**

11.1. There are none arising directly from this report.

12. **PLANNING IMPLICATIONS**

12.1. There are none arising directly from this report.

13. MEMBER SUPPORT IMPLICATIONS

13.1. There are none arising directly from this report.

14. BACKGROUND PAPERS

14.1. Medium Term Financial Strategy 2010-13 – September 2009
Formula Grant Settlement 2010-11 – DCLG – January 2010
Estimates 2010-11 – March 2010
Budget – HM Treasury – March 2010

15. RECOMMENDATIONS

15.1. That the budget projections be kept under review.

15.2. That further efficiencies be sought through the delivery of the strategic change programme, the further extension of that programme and by specific service efficiencies.

IAN COLEMAN
DIRECTOR OF FINANCE.

FNCE/111/10

WIRRAL COUNCIL
BUDGET PROJECTIONS 2011-2014

| | 2011-12 £M | 2012-13 £M | 2013-14 £M |
|----------------------------|---------------|---------------|---------------|
| Base Budget | 326.9 | 317.3 | 304.6 |
| Increased Requirements | | | |
| Pay Inflation | 1.7 | 1.7 | 3.5 |
| Price Inflation | 3.7 | 3.7 | 3.8 |
| Capital Financing | 2.0 | 2.0 | 2.0 |
| Pension Fund | 2.2 | 2.2 | 2.2 |
| Waste Disposal | 1.4 | 1.5 | 1.6 |
| Merseytravel | 0.8 | 0.8 | 0.8 |
| Private Finance Initiative | 0.2 | 0.2 | 0.2 |
| Benefits | 2.4 | 2.4 | 2.5 |
| Home Insulation | 1.0 | - | - |
| Guinea Gap | 0.6 | - | - |
| Other Unavoidable Growth | 1.0 | 1.0 | 1.0 |
| Efficiency Investment | <u>2.0</u> | <u>2.0</u> | <u>2.0</u> |
| | 345.9 | 334.8 | 325.5 |
| Reduced Requirements | | | |
| Income Inflation | -1.0 | -1.1 | -1.1 |
| Benefits Subsidy | -2.2 | -2.2 | -2.3 |
| Office Accommodation | <u>- 1.0</u> | <u>-</u> | <u>-</u> |
| | 341.7 | 331.5 | 322.1 |
| Resources | | | |
| Grants | 186.1 | 173.4 | 161.0 |
| Council Tax | <u>131.2</u> | <u>131.2</u> | <u>131.2</u> |
| Forecast Resources | 317.3 | 304.6 | 292.2 |
| Shortfall | 24.4 | 26.9 | 29.9 |