



Council Excellence Overview and Scrutiny Committee

Date:	Wednesday, 16 March 2011
Time:	6.15 pm
Venue:	Committee Room 1 - Wallasey Town Hall

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AGENDA

1. MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST/PARTY WHIP

Members are asked to consider whether they have personal or prejudicial interests in connection with any item(s) on this agenda and, if so, to declare them and state what they are.

Members are reminded that they should also declare, pursuant to paragraph 18 of the Overview and Scrutiny Procedure Rules, whether they are subject to a party whip in connection with any item(s) to be considered and, if so, to declare it and state the nature of the whipping arrangement.

2. MINUTES (Pages 1 - 18)

To receive the minutes of the meetings held on 31 January, 16 and 23 February 2011.

3. PRESENTATION - OPERATION BLACK VOTE

Presentation by Mr S Woolley (Operation Black Vote)

4. REACHING EXCELLENT LEVEL OF THE EQUALITY FRAMEWORK FOR LOCAL GOVERNMENT (Pages 19 - 22)

5. FINANCIAL MONITORING STATEMENT (Pages 23 - 28)

6. FINAL LOCAL GOVERNMENT FINANCE SETTLEMENT 2011-2013 (Pages 29 - 32)

7. SPECIFIC GRANTS (Pages 33 - 40)

8. **EARLY VOLUNTARY RETIREMENT/VOLUNTARY SEVERANCE FUNDING (Pages 41 - 46)**
9. **REVENUES INCOME AND BENEFITS (Pages 47 - 52)**
10. **HOUSING BENEFITS REFORM AND THE BENEFITS BUDGET (Pages 53 - 60)**
11. **TREASURY MANAGEMENT THIRD QUARTER 2010/2011 PERFORMANCE MONITORING REPORT (Pages 61 - 70)**
12. **TREASURY MANAGEMENT AND INVESTMENT STRATEGY 2011-2014 (Pages 71 - 94)**
13. **PROCUREMENT - REVIEW OF CONTRACT EFFICIENCIES 2010/2011 (Pages 95 - 108)**
14. **IMPACT OF A REDUCTION IN THE EARLY INTERVENTION GRANT (Pages 109 - 114)**
15. **EMPLOYEE PAY COSTS (Pages 115 - 136)**
16. **EVR/STAFFING RESOURCES UPDATE**

Report of the Director of Law, HR and Asset Management to be circulated separately
17. **OFFICE RATIONALISATION (Pages 137 - 144)**
18. **MOBILE PHONE POLICY**

Report of the Director of Law, HR and Asset Management to be circulated separately
19. **2010/2011 THIRD QUARTER PERFORMANCE AND FINANCIAL REVIEW (Pages 145 - 166)**
20. **FORWARD PLAN**

The Forward Plan for the period March to June 2011 has now been published on the Council's intranet/website. Members are invited to review the Plan prior to the meeting in order for the Council Excellence Overview and Scrutiny Committee to consider, having regard to the work programme, whether scrutiny should take place of any items contained within the Plan and, if so, how it could be done within relevant timescales and resources.
21. **REVIEW OF SCRUTINY WORK PROGRAMME (Pages 167 - 178)**
22. **ANY OTHER URGENT BUSINESS APPROVED BY THE CHAIR**

COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

Monday, 31 January 2011

<u>Present:</u>	Councillor	P Gilchrist (Chair)	
	Councillors	A Brighouse J Keeley P Davies P Kearney	B Kenny D McCubbin J Stapleton S Williams
<u>Deputies:</u>	Councillors	C Meaden (In place of A McArdle)	
<u>Cabinet Member:</u>	Councillor	JE Green S Holbrook R Moon Mrs L Rennie	

105 MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST/PARTY WHIP

Members were asked to consider whether they had personal or prejudicial interests in connection with any item(s) on the agenda and, if so, to declare them and state what they were.

Members were reminded that they should also declare, pursuant to paragraph 18 of the Overview and Scrutiny Procedure Rules, whether they were subject to a party whip in connection with any item(s) to be considered and, if so, to declare it and state the nature of the whipping arrangement.

Councillor Mrs C Meaden declared her personal interest in relation to agenda item 3 – Strategic Change Programme Update (see minute 107 post), insofar as it relates to projects within CYP, by virtue of her daughters employment in the Children and Young People's Department.

106 MINUTES

Resolved – That the minutes of the meetings held on 18 and 22 November and 8 December 2010, be approved.

107 STRATEGIC CHANGE PROGRAMME UPDATE

The Director of Technical Services/Programme Director (Strategic Change) presented an update report of progress on the Council's Strategic Change Programme, which was to be considered by the Cabinet at its meeting on 3 February 2011. He set out the key issues in relation to the programme and reported that detailed planning and a review of projects had been undertaken in conjunction with project managers and Chief Officers, which had culminated in a re-stated Strategic Change Programme. The savings had been reported to the Cabinet on 9 December 2010 and totalled £10.725m for 2011/2012. He indicated that the profile of the savings was set out in appendices to his report and could be summarised as –

- £1.249m from Strategic Change Projects (appendix A)
- £2.630m from Efficiency Projects/business as usual (appendix B)
- £6.846m from the Transformation of Adult Social Services (appendix C)

The Programme Director (Strategic Change) commented that he had taken a cautious approach to the declaration of efficiencies and indicated that the programme currently specified budget savings for 2011/2012 only. The savings had been reviewed and approved by the appropriate Chief Officer and the Director of Finance had agreed they were deliverable from within existing budgets. Analysis had been undertaken to ensure the savings were net of the recent EVR/VS exercise, so as to avoid 'double counting'. Where there was insufficient detail in specific projects or they required further work to ascertain the benefits, the projects had been included, but with benefits either 'to be determined' or set at zero for budgeting purposes. This was to ensure that the programme did not include unrealistic targets, but also allowed for cashable benefits from those projects to contribute to efficiencies in subsequent years of the programme.

The Director provided a summary of projects included within the programme and indicated that the next steps were to ensure that projects were adequately resourced and developed. The main risk associated with the programme was the non-delivery of benefits, particularly financial, which was mitigated by careful monitoring by the Strategic Change Programme Board. Risk registers were maintained by project managers and the Strategic Change Programme Office maintained the risk register for the whole programme.

In response to questions from Members, the Director indicated that all projects were managed from within existing resources and, at the present time, he did not envisage the need for the appointment of consultants. He was confident that the total saving of £10.725m would be achieved and the Leader of the Council emphasised the cautious approach that had been taken in relation to projects included within the programme. Discipline had been introduced into the process, which ensured that the figures quoted were both realistic and achievable. In addition, the creation of a risk register for all projects gave transparency to the process to ensure that action was taken to mitigate risks. The Director confirmed that all suggestions from members of staff were investigated and properly evaluated and he referred also to research work that had been undertaken by some members of staff as part of an MBA course.

In response to further questions, the Programme Director (Strategic Change) clarified that the £200k saving to be delivered from PACSPE related to those services which had now been excluded from the PACSPE contract. He agreed to circulate to Members the recommendations of the Strategic Asset Review Board in relation to the disposal of assets. In addition, the Director of Finance agreed to circulate a list of the fifty largest contracts, which were subject to a review to identify and achieve any opportunities, which were in the financial interests of the Council.

Resolved –

- (1) That Committee welcomes the update report upon the progress of projects within the Strategic Change Programme.**
- (2) That the confidence of the officers in the delivery of the projects be noted.**
- (3) That the Leader of the Council and Cabinet Members be thanked for their attendance.**

108 PERFORMANCE MANAGEMENT

The Interim Head of Corporate Planning, Engagement and Communications reported that the 3rd Quarter Performance Update Report, to be considered by the Cabinet on 3 February 2011, would be presented to the next meeting of the Committee. She commented that the national indicator set, which had been a key part of the Comprehensive Area Assessment (CAA) and contained some 198 performance indicators, would be replaced from April 2011, with a single data list which, it was hoped, would reduce the collection of unnecessary data and facilitate transparency.

In response to comments from Members, she indicated that although reporting procedures would be streamlined, performance would continue to be measured to provide information that Members and residents wished to see. What was measured would be largely within the gift of the authority and the data list would be circulated to Members. Further information in relation to continued benchmarking against other local authorities would also be presented to the March 2011 meeting. In response to further questions in relation to the abolition of the Audit Commission, the Director of Finance reported that the DCLG had confirmed that some form of external regulation would continue to be undertaken.

Resolved – That the verbal report be noted and a further, more detailed report be presented to the next meeting of the Committee.

109 ADULT SOCIAL SERVICES - IMPROVEMENT PLAN AND BUDGET UPDATE

The Interim Director of Adult Social Services reported and gave a detailed presentation upon progress towards addressing the service issues raised by the Care Quality Commission (CQC) Inspection of Adult Social Services in May 2010. He commented upon the judgements that had been made with regard to performance, which indicated that, although the Department had performed well for the majority of outcomes, it had been assessed as poor in relation to Choice (Personalisation) and Dignity (Safeguarding). He expected that improvement targets would be achieved but expressed concern that the CQC would not now return to Wirral to assess the significant progress that had been made against the improvement plan. He referred to the considerable work that was being undertaken in relation to policies, practices and safeguarding; integrated working and localism; personalised support; and early intervention and prevention, all of which were underpinned by the Medium Term Financial Strategy, Communication and Engagement Strategy and the Workforce Strategy.

He referred also to the financial challenge faced by the Department and, in particular, the need to reduce the projected overspend. In view of the expected budget reduction from £85m to £74m in 2011/2012, the Interim Director set out a number of measures that he considered to be necessary to reduce costs. Those included stopping being a provider of certain services to becoming an intelligent commissioner and to make greater use of the voluntary and independent sector. He reported that tendering was being undertaken for a variety of services, including respite care, and he anticipated that a range of offers would result in increased quality and choice for service users. Although there had been a renegotiation of fees, he expected the market to tender for all services and to accept the Wirral price. However, as there appeared to be an excessive provision of care home beds in Wirral, it was possible that the least popular providers, or those least able to absorb a reduction in fees, could close. In response to further comments from Members, the Interim Director provided more detailed information in relation to the take up of personal budgets.

Resolved – That the report and presentation be noted and the thanks of the Committee be accorded to the officers for the clear explanation of the work undertaken with providers to secure services.

110 **OFFICE RATIONALISATION AND AGILE WORKING**

Further to minute 81 (18 November 2010), the Director of Law, HR and Asset Management presented an update upon proposals for office rationalisation and upon progress in relation to agile working, both of which supported the corporate priority to improve the use of the Council's land and assets and would help facilitate improvements in service delivery. A key issue related to the sale of Westminster House and he commented that the timetable for vacating the building was crucial in order for its sale to Wirral Partnership Homes to be completed. Although the timescales were considered to be realistic, there remained a number of issues still to be addressed. The relocation of Adult Social Services staff from Westminster House had been used as an opportunity to extend agile working within the department and he indicated that in order to ensure that deadlines were met, staff would migrate to five separate locations.

In response to comments from Members, the Director proposed to present to the next meeting of the Committee, an update in relation to the impact on the Office Accommodation Strategy of large numbers of staff having recently left the employment of the Council. In response to further questions, the Director of Finance reported upon changes to the ICT infrastructure that would be required in order to support agile working. He commented also upon the withdrawal of grant support for capital schemes and indicated that a report on a review of the capital programme would be presented to the budget meeting of the Cabinet.

Resolved –

- (1) That the Committee remains anxious that Westminster House should be vacated in a timely manner.**
- (2) That a further update report be presented to the March 2011 meeting of the Committee.**

111 **COMMUNITY BASED BUDGETS**

The Director of Finance presented a briefing note prepared by the Interim Chief Executive, in relation to 'Community Based Budgets', which built upon the progress made under the previous government's 'Total Place' agenda. Total Place had looked at how public money that was spent in a local area could be used more effectively and he indicated that with the change of Government in May 2010, the evolved Community Based Budgets now appeared to provide a greater emphasis on de-ringfencing funding and allowed greater levels of autonomy for all local authorities.

He reported that in October 2010, sixteen areas, covering 28 Councils and their partners were selected, with effect from April 2011, to take direct control over local spending in their areas, free of centrally imposed conditions. The 'Community Budgets' would pool various strands of government funding into a single account for tackling social problems around families with complex needs and, the Director commented that it was the Government's intention to roll out the initiative nationally in 2013/2014.

He commented also upon additional 'Place Based' initiatives that had evolved out of the 'Total Place' agenda and commented that their emphasis appeared to be identifying, building upon and sharing good practice, with the Local Government Group taking the lead. At a local level, he reported that Wirral was developing its approach to localism, whilst at the same time reviewing the Local Strategic Partnership structure. In response to comments from Members in relation to shared services, the Director indicated that discussions with partners had taken place on a regular basis with a view to making economies and improving services.

Resolved –

(1) That the report be noted.

(2) That Committee looks forward to the issue of Community Based Budgets being progressed within the City Region structure.

112 **FINANCIAL MONITORING STATEMENT**

The Director of Finance provided a summary of the position of the revenue accounts and General Fund balances as at 31 December 2010. The statement included the composition of the original 2010/2011 budget by Department including agreed savings and policy options; monitoring against the 2010/2011 budget including the financial implications of any changes agreed by the Cabinet; anticipated variances not agreed by the Cabinet against the original budget and an explanation of variances and areas identified as requiring further attention.

At this stage of the financial year only Children and Young People were projecting an overspend and the Director set out the potentially volatile areas within Adult Social Services, Children and Young People, Finance and Technical Services.

Resolved – That the Financial Monitoring Statement be noted.

113 **REVENUES INCOME AND BENEFITS**

The Director of Finance reported upon the position regarding Council Tax, National Non Domestic Rate, general debt and cash income collection and the payment of benefits. He commented that income levels in certain areas were in decline and highlighted that benefits claimants were increasing by approximately 150 per month. With regard to comments from the Chair in relation to Housing Benefit changes and to significant changes to the legislation surrounding the determination of Local Housing Allowance (LHA) claims, the Director advised Members that a detailed report would be presented to the March 2011 meeting of the Committee.

Resolved – That the report be noted.

114 **BUDGET PROJECTIONS 2011 - 2013**

The Director of Finance presented an update in relation to the projected budgets for 2011/2012 and 2012/2013, taking into account the Spending Review presented on 20 October 2010 and the provisional Local Government Finance Settlement, presented to the Cabinet on 13 January 2011 (minute 276 refers). He reported upon the various assumptions which underpinned the projections and commented upon negotiations that had taken place on a number of specific grants. The Director reported that HM Treasury had presented the Spending Review on 20 October 2010 and the Department for Communities and Local Government (DCLG) had indicated a

reduction in Government Grants equal to 7.1% per annum for 2011/2015. Subsequently, the DCLG had indicated that the reduction would be front loaded. He set out also the latest position in relation to balances and savings agreed by the Cabinet and reported a projected surplus of £3.3m for 2011/2012 and a projected shortfall of £26.5m for 2012/2013.

In response to a comment from a Member, the Director confirmed that, in addition to a general grant reduction of £41m, the Government had announced a further reduction of £11m in specific grants.

It was moved by Councillor P Davies and seconded by Councillor B Kenny –

“(1) That this Committee recognises the difficult financial challenges faced by the Council.

(2) That Committee notes that Wirral Council will lose over £52m in the form of central government funding in 2011/2012, which will impact on the Council’s ability to deliver high quality services.

(3) That the Cabinet be requested to make vigorous representations to the Government, to reconsider the scale of savings which Wirral is being asked to achieve, given the level of need in Wirral which must be met”.

The following amendment, as an addendum to Councillor Davies’ substantive motion, was moved by Councillor P Gilchrist and seconded by Councillor P Davies –

“That this Committee recognises the considerable difficulties facing this and other local authorities. It considers that the Local Government Association (LGA) and the Government must assess the consequences of front loading and recognise that, without dialogue and a deeper understanding, the ability of local Councils to deliver services and respond to the localism agenda can only be compromised”.

The amendment was put and carried (6:5) on the Chair’s casting vote.

Resolved (6:5) (Councillors Brighthouse, Kearney, Keeley, McCubbin and Williams voting against) –

(1) That this Committee recognises the difficult financial challenges faced by the Council.

(2) That Committee notes that Wirral Council will lose over £52m in the form of central government funding in 2011/2012, which will impact on the Council’s ability to deliver high quality services.

(3) That the Cabinet be requested to make vigorous representations to the Government, to reconsider the scale of savings which Wirral is being asked to achieve, given the level of need in Wirral which must be met.

(4) That this Committee recognises the considerable difficulties facing this and other local authorities. It considers that the Local Government Association (LGA) and the Government must assess the consequences of front loading and recognise that, without dialogue and a deeper understanding, the ability of local Councils to deliver services and respond to the localism agenda can only be compromised.

115 CARD PAYMENT TENDER

The Director of Finance reported upon the process used to determine the replacement for the card payment system currently in use for internet, telephone and counter payments. He commented that during 2009/2010, the Council processed over £6.6m in card transactions through its core systems and he reported that the current system had been in place for over six years. Although it had been tailored and enhanced in recent years to meet a number of Council needs, he reported that the card schemes had introduced a variety of security standards that required the compliance of all merchants that accepted card payments. Failure to gain compliance could lead to the Council being fined or having the ability to take card payments compromised, thereby potentially impacting upon income levels. A replacement solution would be capable of being upgraded with chip and pin functionality to ensure fully secure face to face card processing at a range of Council locations and it would also make the Council web pages more transactional by the integration of service provision and payment.

Resolved – That the action of the Director of Finance in awarding the contract to Capita Business Services, in the sum of £51,306 implementation costs and £44,482 licence and maintenance costs over the five year term, be noted.

116 PUBLICATION OF EXPENDITURE

Further to minute 54 (21 September 2010), the Director of Finance presented an update on the impact of the monthly publication, from 1 April 2010, of all third party expenditure over £500, as part of the Council's commitment to be open and transparent. The Director set out the key issues associated with the decision and commented that Members had requested the update with a view to responding to any identified workload pressures. However, he reported that the impact had dissipated, and there was no requirement to increase the staffing establishment.

Resolved – That the report be noted.

117 PROVISIONAL GRANT SETTLEMENT

The Director of Finance reported that the Spending Review on 20 October 2010 announced the total Formula Grant that local authorities would receive over the four years 2011/2015. It identified a national reduction in Government funding of around 30% with those reductions being higher in the initial years. The Local Government Finance Settlement set out how the Formula Grant would be distributed between local authorities and how much each authority would receive. He reported that an announcement of the Provisional Local Government Finance Settlement for 2011/2013 was issued on 13 December 2010 and that following the consultation period, which ended on 17 January 2011, the Final Settlement was expected to be issued in early February 2011.

The Director reported that, whilst the Formula Grant could be used to support general spending, the Government also allocated a number of specific grants to local authorities, which were only useable for the purposes specified. Based upon the information received as at 4 January 2011, the Director set out Wirral's grant allocation and highlighted the effect of a 'damping' mechanism contained within the Provisional Settlement to mitigate the impact of grant reductions on those local authorities that were more reliant upon Government grant.

In response to comments from Members, the Director indicated that the Provisional Settlement also included Special Grants, not all of which were ring-fenced for the activities stated. Whilst they included continuing grants and replacement funding, the Early Intervention Grant showed an overall reduction in local resources in 2011/2012 of £4,875,000. However, an unringfenced grant of the entire £15.1m could be used to support Council services whereas in 2010/2011, the previous funding had been split between Schools (£10.8m) and Children and Young People (£9.1m).

Resolved –

- (1) That the implications of the Provisional Local Government Finance Settlement be noted.**
- (2) That every opportunity continue to be used to state the case for further improvement to the Provisional Settlement.**
- (3) That a report be presented to the next meeting of the Committee upon the impact of a reduction in Early Intervention Grant funding of £4.8m.**

118 **FORWARD PLAN**

The Director of Law, HR and Asset Management reported that the Forward Plan for the period January - April 2011 had now been published on the Council's intranet/website. Members had been invited to review the Plan prior to the meeting in order for the Committee to consider, having regard to the work programme, whether scrutiny should take place of any items contained within the Plan and, if so, how it could be done within relevant timescales and resources.

Resolved – That the Forward Plan be noted.

119 **REVIEW OF SCRUTINY WORK PROGRAMME**

The Chair provided an update on the current status of the Committee's Work Programme, which included scrutiny of the work of the Community and Customer Engagement, Corporate Resources and Finance and Best Value portfolio holders. He invited suggestions from Members for additions to the work programme, having regard to how scrutiny could be undertaken within relevant timescales and resources.

Resolved – That the following items contained within the Work Programme, scheduled for consideration at the March 2011 meeting be noted –

Director of Finance

- **Financial Monitoring**
- **Revenues and Benefits**
- **Budget Projections 2011/2015**
- **Treasury Management**
- **Proposed Changes to Housing Benefit/Council Tax Benefit System**
- **EVR/Severance Funding**

Director of Law, HR and Asset Management

- **Allowances Paid to Staff – Follow Up Report**
- **Mobile Phone Policy**
- **Early Voluntary Retirement/Staffing Resources Update**
- **Forward Plan**

Interim Director of Corporate Services

- **Reaching Excellent Level of the Equality Framework for Local Government**
- **Operation Black Vote – Presentation**

Interim Head of Corporate Planning, Engagement and Communications

- **Q3 Performance Monitoring**
 - **Future of Performance Management**
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COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

Minutes of the meeting held on Wednesday 16 February 2011 (adjourned)
and reconvened on Wednesday 23 February 2011

Wednesday 16 February 2011

<u>Present:</u>	Councillor	P Gilchrist (Chair)	
	Councillors	A Brighouse P Davies J Keeley B Kenny	A McArdle D McCubbin J Stapleton S Williams
<u>Deputies:</u>	Councillor	P Johnson (In place of P Kearney)	
<u>Cabinet Member:</u>	Councillor	J Green	
<u>In attendance:</u>	Councillors	G Davies D Dodd D Elderton S Foulkes	P Glasman C Meaden W Smith

Wednesday 23 February 2011

<u>Present:</u>	Councillor	P Gilchrist (Chair)	
	Councillors	A Brighouse P Davies P Kearney J Keeley	B Kenny A McArdle D McCubbin S Stapleton
<u>Deputies:</u>	Councillor	W Clements (in place of S Williams)	
<u>Cabinet Member:</u>	Councillor	J Green	
<u>In attendance:</u>	Councillors	G Davies I Lewis	

120 PROCEDURE

The Conservative Group spokesperson expressed the view that it would be more appropriate for the Committee to consider matters related to budget proposals following the budget meeting of the Cabinet, in order that the Committee could make then make representation, if it was considered necessary, to Budget Council on 1 March 2011. Accordingly –

It was moved by Councillor Keeley and seconded by Councillor McCubbin –

“That the Committee stand adjourned to a date, to be agreed by the group spokespersons, following Budget Cabinet and prior to Budget Council”.

The Chair commented upon the terms of reference of the Committee and considered that the matters on the agenda fell within its remit. He believed that Members should have the opportunity to gain information in relation to the budget but accepted that it may become necessary at some point for the meeting to stand adjourned to a later date.

The Labour Group spokesperson referred to the custom and practice for Overview and Scrutiny Committees to be able to discuss budget proposals, before the budget was set, and to the action by the Council on 13 December 2010 to suspend the relevant parts of the Constitution. In response, the Director of Law, HR and Asset Management explained that the rationale for the suspension of the Budget and Policy Framework Procedure Rule 2 was that the Cabinet, at that time, had not made budget proposals and that the Procedure Rule was not applicable in December, but had been suspended for the avoidance of doubt.

It was moved as an amendment by Councillor Gilchrist and seconded by Councillor Brighthouse –

“(1) That this meeting remain in session to consider aspects of the budget being prepared and consider such information as members consider relevant at this stage.

(2) That having considered this information the Committee will then adjourn, to reconvene on a date to be agreed by the group spokespersons, once Budget Cabinet has outlined its proposals”.

The amendment was put and carried (6:4)

The amendment, then becoming the substantive motion was put and it was:

Resolved – (6:4) (Councillors Johnson, Keeley, McCubbin and Williams voting against) –

(1) That this meeting remain in session to consider aspects of the budget being prepared and consider such information as members consider relevant at this stage.

(2) That, having considered this information the Committee will then adjourn, to reconvene on a date to be agreed by the group spokespersons, once Budget Cabinet has outlined its proposals.

121 MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST/PARTY WHIP

Members were asked to consider whether they had personal or prejudicial interests in connection with any item(s) on this agenda and, if so, to declare them and state what they were.

Members were reminded that they should also declare, pursuant to paragraph 18 of the Overview and Scrutiny Procedure Rules, whether they were subject to a party

whip in connection with any item(s) to be considered and, if so, to declare it and state the nature of the whipping arrangement.

No such declarations were made.

122 BUDGET PROPOSALS

The Director of Law, HR and Asset Management reported that the meeting had been called, in accordance with the Overview and Scrutiny Procedure Rules, by Councillors P Davies, J Stapleton and A McArdle, in order to give consideration to matters concerned with budget proposals. Councillor Davies advised the Committee that the meeting had been convened in the light of –

- the failure of the administration to refer any budget savings to the relevant Overview and Scrutiny committees for proper scrutiny;
- the decision taken by Council on 13 December 2010 to suspend the relevant part of the Constitution in order to avoid any such scrutiny;
- the lack of any detailed Cabinet reports setting out the details of the budget savings, and their consequences;
- the lack in particular of any explanation of the impact of the loss of over 1300 posts, the restructuring necessary to protect services, the costs of that restructuring, and the costs of the EVRs themselves; and,
- the lack of any report on increases in fees and charges.

Councillor Davies set out those matters he wished the Committee to investigate and advised Members that, with the agreement of the Chair, he had invited Diane Kelly, Assistant Branch Secretary of Wirral UNISON to attend the meeting, in order to assist the Committee in its deliberations. The Conservative Group spokesperson commented that whilst he did not object to the attendance of Ms Kelly, he expressed his concern that Members had received no advanced notice and had not been given an opportunity to formulate questions. Ms Kelly advised Members that she was also the union's North West Regional Convenor and had 37 years experience of labour relations at all levels, both within Wirral Council and across the North West region.

In response to questions from Members, Ms Kelly commented upon the detrimental impact of large numbers of staff, and managers, leaving the employment of the authority as a result of EVR/severance, within such a short timescale. The loss to the Council of experience and knowledge was a cause for concern, as was the impact of staffing reductions on morale. UNISON members had also expressed their concerns in relation to the stress that had been caused as a result of the difficulties in maintaining the current levels of service. She commented also that frontline services were not always easily defined and indicated that reductions in the numbers of 'back office' support staff were having a severe impact on the ability of 'frontline' workers being able to do their jobs. In response to further questions in relation to the impact of staffing reductions on morale, Ms Kelly stated that, in addition to the uncertainty with regard to further job losses, UNISON members were particularly concerned about increased hours being worked and further detriment to their terms and

conditions. She emphasised that consultation with the trade unions was vital to ensure service delivery.

At the request of the Chair, the Director of Law, HR and Asset Management provided up to date information in relation to the numbers of staff that had left, or were leaving the authority as a result of EVR/severance. The total figure, at the present time, stood at 1109, not 1300 as had been suggested. In response to questions from Members, the Director proposed to circulate details to the Committee of the numbers of staff who had subsequently resigned, having been refused EVR/severance.

He reported also that within the rationale that had been applied by Chief Officers, when considering requests for EVR/severance, was a clear understanding that where a post was to be deleted, there must not be a material impact, either directly or indirectly, on frontline services, the public or service users. Consequently, 357 people had been refused EVR/severance because of the need to maintain service quality. However, local authorities faced a severe financial challenge and considerable savings had been made as a result of staff leaving on a voluntary basis, with the support of their trade unions. He reported that risks had been fully evaluated as part of the process. However, in the Law, HR and Asset Management Directorate, as the measures taken were not expected to result in a material impact in service delivery and there had been no suggestion of gender bias in the selection of leavers, there had not been a requirement to undertake Equality Impact Assessments.

In response to questions from Members, the Director of Finance indicated that some restructuring had been necessary in the light of large numbers of staff leaving the authority and Chief Officers had been required to set out their restructure plans in order to identify costs, having been considered initially by the Interim Chief Executive and the Head of Human Resources and Organisational Development. The Director assured Members that the papers for Budget Cabinet would soon be available and that they would contain details of restructuring costs.

In response to questions from Members in relation to the loss of trained reference librarians and other areas of expertise, the Director of Finance commented upon proposals to merge the library service and one stop shops. He accepted that whilst there had, inevitably, been a loss of some expertise, restructuring would result in no loss of service provision. In addition, work was ongoing with partners with a view to more services being brought into libraries. The Director commented also upon the loss of Specific Grant and upon the impact on contracts of zero inflation within the Council's budget, when the actual rate was predicted to rise to 4%.

It was moved by Councillor Davies and seconded by Councillor Kenny –

“That this Committee believes that the savings package put forward by the Administration is fundamentally flawed for the following reasons –

- (1) The Administration failed to engage this and other Scrutiny Committees in a debate about savings earlier in the year, and at Council on 13 December 2010 they suspended the Constitution to avoid having to consult Scrutiny Committees on the savings.
- (2) Decisions have been taken to allow staff to leave without proper restructuring plans being in place.

- (3) Because the EVR process only started in October 2010, there has been insufficient time to carry out effective service re-organisations and no reports have been submitted to Cabinet or any Overview and Scrutiny Committee on this vital issue.
- (4) Insufficient information has been presented to this Committee to enable Members to be confident that severe damage is not being done to valuable front-line services.
- (5) There is no evidence that the savings package proposed by the Administration has been subject to a proper Risk Assessment and Equality Impact Assessment.

Committee therefore agrees to refer the savings package back to Cabinet and ask them to provide the information referred to at (1) to (5) above, including a formal Risk Assessment and Equality Impact Statement on their proposed package, before the final budget proposal is submitted to the Cabinet”.

It was moved as an amendment by Councillor Gilchrist and seconded by Councillor Brighthouse –

“(1) That, at this stage, the Committee recognises that a considerable amount of work has been undertaken on the budget since last Spring and wishes to await the outcome of the Cabinet’s proposals, in order that it may assess them.

(2) That the meeting stand adjourned, to reconvene on a date to be agreed by the group spokespersons once Budget Cabinet has outlined its proposals”.

The amendment was put and carried (6:4)

The amendment, then becoming the substantive motion was put and it was:

Resolved – (6:4) (Councillors Davies, Kenny McArdle and Stapleton voting against) –

- (1) That, at this stage, the Committee recognises that a considerable amount of work has been undertaken on the budget since last Spring and wishes to await the outcome of the Cabinet’s proposals, in order that it may assess them.**
- (2) That the meeting stand adjourned, to reconvene on a date to be agreed by the group spokespersons once Budget Cabinet has outlined its proposals.**

Reconvened Meeting - 23 February 2011

123 BUDGET PROPOSALS

Following on from minute 122, the Director of Law, HR and Asset Management circulated the Budget Proposal agreed by the Cabinet at its Budget Meeting held on 21 February 2011 (minute 327 refers). The Labour Group spokesperson indicated to the Committee that he wished to examine a number of matters contained within the budget in relation to –

- Early Voluntary Retirement (EVRs)/Voluntary Severance
- Restructuring
- Specific Grants
- Inflation
- Adult Social Care
- Solar Energy

In response to questions from Members, the Director of Finance provided information in relation to the funding of **EVRs/Voluntary Severance** and, in particular, the capitalisation through prudential borrowing of the statutory redundancy element of £6.4m over 2010/2011 and 2011/2012., based upon approximately 1100 members of staff leaving the authority, on a voluntary basis, between December 2010 and June 2011. The Director of Law, HR and Asset Management commented also that an additional 212 people, who were materially affected by the Council's proposals, had subsequently been given the opportunity to apply for EVR/severance. Of those, approximately 100 had expressed an interest and were in the process of being evaluated. However, no savings assumptions had been made in relation to those posts and the Director of Finance confirmed that if they were to leave, the saving to the Council would exceed the cost of severance.

The Labour Group spokesperson expressed his concern that no evidence had been provided, in advance of the Budget Council meeting, to demonstrate to Members how services would be provided following 1100 members of staff leaving the Council and he sought clarification as to how the figure within the budget proposal of £2m for **restructuring** and retraining had been arrived at. In response, the Leader of the Council indicated that the figure represented the totality of assessments that had been undertaken by all Chief Officers, who had also been required to prepare an appropriate business case that would be considered by the Strategic Change Programme Board, for funding from the Efficiency Investment Budget. The Director of Law, HR and Asset Management commented that at the present time, the various restructure plans were in various stages of completeness, given that in some areas, significant numbers of staff would not leave until June 2011. He envisaged that plans would be made available for scrutiny, once they had been completed.

In response to a question from a Member as to how the budget process this year differed from previous years, the Director of Finance suggested that the fundamental difference was a loss of £51m in Government grants to the Council. He commented that, of that sum, there had been a loss of £10.1m in **Specific Grants**. In response to questions from Members, as to the impact of the loss on Council services, he commented that the main loss related to Early Intervention Grant (£4.8m). However, no overarching analysis had been undertaken and individual Chief Officers would be better placed to evaluate the impact on services. Although there had been a grant

funding shortfall of £10.1m, there had been major changes to grant provision, with many now included within the general grant, which gave local authorities the greater flexibility that had previously been sought.

In response to comments from Members, the Director of Finance confirmed that a zero provision for **inflation** had been included within the budget proposal, despite the rate of inflation currently at 4%. However, the rate of inflation was due, in part, to the increase in VAT, which was recoverable by the Council. He commented also that the Council was looking to renegotiate all of its 50 largest contracts, but accepted that the reduction in grant provision meant that the Council would not be able to spend that money in the local economy. Nevertheless, Chief Officers were expected to manage their budget allocation accordingly and take such steps as were necessary to contain expenditure. In response to a request from the Chair, the Director agreed to present his Cabinet report on Procurement Efficiencies (minute 252 (Cabinet – 9 December 2010) refers) to the next meeting of the Committee for consideration.

In response to further questions from Members with regard to the increased budget of Adult Social Services by approximately £2m to meet an increased demand in relation to the care of older people, the Director of Finance indicated that it would, in part, be funded from the additional £4.9m made available by the Government to be deployed, with the agreement of NHS Wirral, to support **Adult Social Care**, where there was a health benefit.

The Labour Group spokesperson referred also to the proposed capital investment of £2.8m in **solar energy** on appropriate Council buildings and requested information related to the timescales for payback. The Director of Finance indicated that the proposal was an Invest to save scheme that would result in payback within five years. A detailed report would be presented to the Cabinet and, if approved, would be built into the capital programme. The Director of Law, HR and Asset Management commented that assessments were being undertaken regarding the suitability of provision of photovoltaic cells on all Council buildings and a business case for each would be included in a detailed report to the Cabinet. Although payback would vary from building to building, the use of solar energy would also have a significant impact in reducing the Council's carbon footprint.

It was moved by Councillor Gilchrist and seconded by Councillor Brighouse –

“That this Committee has considered the explanations given by officers in response to questions covering the steps in hand to re-organise and restructure services in the current financial situation.

The opportunity has also been taken to hear from the senior representative of the trades union setting out concerns about the pressures facing the workforce as services are reorganised and restructured.

This Committee understands the challenges facing senior officers, management and workforce in the current climate and does not underestimate the scale of the task ahead.

Members are therefore anxious that future progress reports on the Change Programme, the monitoring of performance and the changes underway should be clear on the risks and issues that arise.

Committee recognises that the Cabinet's Budget proposal has set out to retain and maintain services in this period of financial uncertainty and therefore welcomes the proposals".

It was moved as amendment by Councillor Davies and seconded by Councillor Kenny –

"That this Committee believes that there is a significant lack of information on key issues relating to the budget, notably EVRs, restructuring plans, the impact of cuts in specific grants and how a zero provision for inflation will be funded. This lack of information raises serious doubts about the sustainability of the budget proposed by the Conservative/Liberal Democrat administration. Committee therefore asks the Council to reconsider these budget proposals".

The amendment was put and lost (4:6)

The motion was put and carried (6:4)

Resolved (6:4) (Councillors P Davies, B Kenny, A McArdle and J Stapleton voting against (1) to (5) below) –

- (1) That this Committee has considered the explanations given by officers in response to questions covering the steps in hand to re-organise and restructure services in the current financial situation.**
 - (2) The opportunity has also been taken to hear from the senior representative of the trades union setting out concerns about the pressures facing the workforce as services are reorganised and restructured.**
 - (3) This Committee understands the challenges facing senior officers, management and workforce in the current climate and does not underestimate the scale of the task ahead.**
 - (4) Members are therefore anxious that future progress reports on the Change Programme, the monitoring of performance and the changes underway should be clear on the risks and issues that arise.**
 - (5) Committee recognises that the Cabinet's Budget proposal has set out to retain and maintain services in this period of financial uncertainty and therefore welcomes the proposals.**
 - (6) That Committee places on record its thanks to officers and staff witnesses for their advice and assistance during this especially busy period.**
-

WIRRAL COUNCIL

COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

WEDNESDAY 16 MARCH 2011

SUBJECT:	REACHING EXCELLENT OF THE EQUALITY FRAMEWORK FOR LOCAL GOVERNMENT
WARD/S AFFECTED:	ALL
REPORT OF:	INTERIM DIRECTOR OF CORPORATE SERVICES
RESPONSIBLE PORTFOLIO HOLDER:	COUNCILLOR IAN LEWIS
KEY DECISION?	NO

1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to highlight changes to equality legislation and Government equality policy that will affect the method of / timescale to reaching 'excellent' status of the Equality Framework for Local Government. This work is part of the Corporate Plan 2010/2011 (strategic objective 5, create an excellent council) to encourage efficiencies as well as tackling Wirral's inequalities, and as part of the Council's legal obligations within the Equality Act 2010.

2.0 RECOMMENDATION/S

- 2.1 That this report be noted.
- 2.2 To note that the action plan for reaching 'excellent' status is being reviewed and refreshed to reflect the requirements of the new Equality Duty 2010, the Government's Equality Strategy 'Building A Fairer Britain' (December 2010), and the changes to the role of the Local Government Improvement and Development's Equalities Team.
- 2.3 To note that the deadline for being assessed for 'excellent' status of the Equality Framework for Local Government will need to move from November 2011 to July 2012.

3.0 REASON/S FOR RECOMMENDATION/S

- 3.1 The introduction of the general and specific duties contained within the Equality Duty 2010, which come into effect from the 6 April 2011.
- 3.2 The publication of the Government's Equality Strategy 'Building a Fairer Britain' (December 2010) – to tackle the causes of inequality within the guiding principles of freedom, fairness and responsibility.
- 3.3 The Local Government Improvement and Development's Equalities Team are undergoing changes following the introduction of the Government's Equality Strategy and budget cuts, which will affect how and when Council's will be

assessed for the different levels of the Equality Framework.

4.0 BACKGROUND AND KEY ISSUES

4.1 The Equality Duty 2010 places general and specific duties on public organisations:

General Duties (legal requirement)

- To eliminate unlawful discrimination, harassment and victimisation
- To advance equality of opportunity
- To foster good relations between different groups of people

Specific Duty (legal requirement)

- Publish sufficient information to demonstrate compliance with general duties **by 30 July 2011**, including:
 - Information on the effect that policy / funding decisions will have / have had on protected groups (race, gender, disability, gender reassignment, age, pregnancy and maternity, religion and belief, sexual orientation, marriage and civil partnership).
 - Evidence of analysis undertaken, evidence of information used in analysis, and details of any engagement undertaken (internal and external)
- Publish a revised set of equality objectives **by 6 April 2012**

4.2 The Government's Equality Strategy 'Building a Fairer Britain' (December 2010) sets out a new approach to equality which moves away from identity politics to recognising people's individuality. The 5 guiding principles will be:

- (i) Creating equal opportunities for all – develop frameworks that help create fairness and opportunities for everyone.
- (ii) Devolving power to people – devolve power, free up businesses, public services, the voluntary sector, communities and citizens to develop solutions and promote good practice.
- (iii) Transparency – shining a light on inequalities and giving individuals and communities the tools and information to challenge organisations that are not offering fair opportunities, and public services that are not delivering effectively for all the people they serve.
- (iv) Supporting local action – giving voluntary and public sectors the freedom to work together to innovate and drive effective measures which build a more inclusive and cohesive society based on tolerance and respect for all.

- (v) Embedding equality – leading by example and embedding equality as an integral part of our policies and programmes.

5.0 RELEVANT RISKS

- 5.1 Legal challenges from staff, service users, residents, businesses, community organisations, the Equality and Human Rights Commission, and Government if the Council does not adhere to the requirements of the Equality Duty 2010.

6.0 OTHER OPTIONS CONSIDERED

- 6.1 Not applicable.

7.0 CONSULTATION

- 7.1 Both internal and external consultation will take place when the Council is refreshing its equality objectives.
- 7.2 Other public sector organisations in Wirral will need to meet the same equality requirements. Any private or voluntary sector organisation providing services on the Council's behalf will also need to give due regard to the Equality Duty 2010 requirements.

8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 8.1 Any voluntary, community or faith sector organisation providing services on the Council's behalf will also need to give due regard to the Equality Duty 2010 requirements.

9.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

- 9.1 No additional resource implications are contained in this report

10.0 LEGAL IMPLICATIONS

- 10.1 Legal challenges from staff, service users, residents, businesses, community organisations, the Equality and Human Rights Commission, and Government may arise if the Council does not adhere to the requirements of the Equality Duty 2010.

11.0 EQUALITIES IMPLICATIONS

- 11.1 The action plan for reaching 'excellent' status is being reviewed and refreshed to reflect the requirements of the new Equality Duty 2010, the Government's Equality Strategy 'Building A Fairer Britain' (December 2010), and the changes to the role of the Local Government Improvement and Development's Equalities Team.

- 11.2 Equality Impact Assessment (EIA)

(a) Is an EIA required? No

12.0 CARBON REDUCTION IMPLICATIONS

12.1 There are no implications contained in this report.

13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

13.1 There are no implications contained in this report.

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APPENDICES

No appendices are contained within this report.

REFERENCE MATERIAL

All reference material is publicly available.

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Council Excellence Overview and Scrutiny Committee	21 September 2010 17 March 2010 16 September 2009

Agenda Item 5

WIRRAL COUNCIL

COUNCIL EXCELLENCE OVERVIEW & SCRUTINY COMMITTEE

16 MARCH 2011

SUBJECT	FINANCIAL MONITORING STATEMENT
WARD/S AFFECTED	ALL
REPORT OF	DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER	COUNCILLOR JEFF GREEN
KEY DECISION	NO

1.0 EXECUTIVE SUMMARY

- 1.1 This report provides a summary of the position of the revenue accounts and General Fund balances as at 31 January 2011.

2.0 RECOMMENDATION

- 2.1 That the contents of the Financial Monitoring Statement be noted.

3.0 REASON FOR RECOMMENDATION

- 3.1 The Statement is sent out after the end of each month to all Members of the Council. At each meeting of this Committee a formal report is produced to accompany the latest available Statement.

4.0 BACKGROUND AND KEY ISSUES

MONITORING STATEMENT

- 4.1 The Statement is attached to this report and includes the following:
- Composition of the original 2010/11 budget by Department including agreed savings and policy options.
 - Monitoring against the 2010/11 budget including the financial implications of any changes agreed through Cabinet decisions.
 - Anticipated variances, changes not agreed by Cabinet, against the original budget.
 - Comments providing an explanation of variances and areas identified as requiring further attention.

IMPACT OF CABINET DECISIONS HAVING BUDGETARY IMPLICATIONS

- 4.2 On 18 March 2010 Cabinet allocated £90,000 to meet the inflationary increase in the costs of fostering.

- 4.3 On 24 June 2010 Cabinet agreed the financial out-turn for 2009/10 following the completion of the year-end accounts. Overall this resulted in an increase in the projected balance at 31 March 2010 of £3 million after the release of £2.5 million from the Insurance Fund.
- 4.4 The same meeting also considered a report on the reduction in grants to local government in 2010/11. Cabinet requested a further report on 22 July 2010 on the Area Based Grant reduction of £3.9 million. The expected £1.4 million of Local Authority Business Growth Incentive and £0.2 million of Local Area Agreement will not now be received and this loss of 'one-off' funding is being met from balances.
- 4.5 On 22 July 2010 Cabinet agreed to a number of reductions in departmental budgets to offset the loss of the £3.9 million of Area Based Grant in 2010/11.
- 4.6 On 2 September 2010 Cabinet agreed a report on the Insurance Fund Actuarial Review which included the release of £3.4 million from the Insurance Fund to balances.
- 4.7 On 4 November 2010 Cabinet agreed to the appropriate budget virements to reflect the re-allocation of the former Regeneration Department activities.
- 4.8 On 9 December 2010 the mid-year review of Balance Sheet Management resulted in £1.2 million being released to balances. The same meeting approved the new Energy Contracts for which there was an increased cost of £150,000 in 2010/11 to be met from balances and to the funding of any additional Highways winter maintenance costs from balances.

LATEST DEPARTMENTAL PROJECTIONS

- 4.9 The Statement presents an update of the revenue budget and General Fund balances as at 31 January 2011. At this stage of the financial year only Children & Young People are projecting an overspend whilst the potentially volatile areas within departments are:-

Adult Social Services

There are continuing pressures on the community care budgets (particularly learning disabilities), income targets and transport. These have been assessed at around £3.5 million which is a reduction from the £4.4 million identified at 31 December 2010 through working with health partners and the impact of austerity measures. The Interim Director is reviewing options before declaring a potential overspend.

Children and Young People

There are significant pressures on the budget, particularly care services. The number of children in residential care is above the target and foster care placements have increased during the year. These form the major part of the projected overspend which is partially offset by vacancy control savings giving a net £1.8 million projected overspend.

Finance

Housing benefit and treasury management activities remain the key areas. The management of the cash-flow and the increase in investment income is expected to achieve a surplus of £0.7 million.

Technical Services

Income streams particularly planning and development control and car parking are likely to result in a shortfall of £0.6 million. Within Cultural Services income forms a significant element of the budget and is proving difficult to achieve. The Director is looking to identify compensatory savings but has identified £0.3 million of pressures around the theatre. Overall pressures of £0.9 million have been reported by the Director. In respect of winter maintenance a report will be presented to Cabinet on the costs incurred. Cabinet have agreed to meet any additional costs from balances.

5.0 RELEVANT RISKS

- 5.1 The risks are incorporated within section 4 of this report. Any variations from the agreed budget will impact, positively or negatively, upon Council balances and so affect the financial position.

6.0 OTHER OPTIONS CONSIDERED

- 6.1 There are no options considered in this report.

7.0 CONSULTATION

- 7.1 No specific consultation has been undertaken with regard to this report.

8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 8.1 There are no direct implications arising from this report.

9.0 RESOURCE IMPLICATIONS

FINANCIAL

- 9.1 As at 31 January 2011 the decisions taken by Cabinet and the overspend in Children & Young People if realised, would result in balances at 31 March 2011 of £12.1 million. This is more favourable than £6.5 million that was projected when setting the 2010/11 budget. All Directors continue to look at actions to address any pressures within their departmental budgets.

Details	£million	£million
Projected General Fund balance at 31 March 2011 when setting the budget for 2010/11		6.5
Cabinet decisions		
18 March - Foster care costs increased for inflation		-0.1
24 June - Financial out-turn 2009/10 showed an underspending and increase in balance		+3.0
24 June - Reduction in grants to local authorities 2010/11. Area Based Grant of £3.9 million and 'One-off' LABGI/LAA grants of £1.6 million		-5.5
22 July - Reduction in grants to local authorities 2010/11 . Agreed savings from departmental budgets		+3.9
2 September - Actuarial Review released Insurance Fund resources to balance		+3.4
9 December – Balance Sheet Management review released £1.2 million. Increased Energy Contract costs of £0.1 million in 2010/11		+1.1
Personal Care at Home initiative not progressed by the Government (Council reduction net of grant)		+1.0
Projected variances / potential overspends		
Overspend		
Children & Young People	+1.8	
Underspend		
Finance	-0.7	-1.1
General Fund balance at 31 March 2011 based upon the latest projections		12.2

STAFFING

9.2 There are no staffing implications arising directly from this report.

10.0 LEGAL IMPLICATIONS

10.1 There are none arising directly from this report.

11.0 EQUALITIES IMPLICATIONS

11.1 There are none arising directly from this report.

11.2 Equality Impact Assessment (EIA) is not required for this report.

12.0 CARBON REDUCTION IMPLICATIONS

12.1 There are none arising directly from this report.

13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

13.1 There are none arising directly from this report.

FNCE/49/11

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APPENDICES

Financial Monitoring Statement 2010/11 - Position as at 31 January 2011.

REFERENCE MATERIAL / SUBJECT HISTORY

Council Meeting	Date
In respect of the 2010/11 financial year:- Council Excellence Overview & Scrutiny Committee – Financial Monitoring Statement	8 July 2010
Council Excellence Overview & Scrutiny Committee – Financial Monitoring Statement	21 September 2010
Council Excellence Overview & Scrutiny Committee – Financial Monitoring Statement	18 November 2010
Council Excellence Overview & Scrutiny Committee – Financial Monitoring Statement	31 January 2011

WIRRAL COUNCIL

FINANCIAL MONITORING STATEMENT 2010/11

POSITION AS AT 31 JANUARY 2011

Department	ORIGINAL BUDGET			MONITORING			COMMENTS (INCLUDING Red/Amber/Green RATING)	
	Policy Option	Saving Target	Agreed Budget	Changes Agreed	Changes Not agreed	Forecast	Rate	Comments
Expenditure	£000	£000	£000	£000	£000	£000		
Adult Social Services	3,600	2,967	85,897	-2,650	Pressures of £3.5m	83,247	A	Additional NHS income and enhanced austerity measures reduced pressures from £4.4m. Challenges within community care, learning disabilities and transport. Changes agreed being a contribution to reduction in ABG and Personal Care at Home not proceeding.
Children & Young People	100	280	78,406	-1,230	+1,800	78,976	A	Residential care (+£2.2m), foster care (+£1.1m) increases are partially offset by vacancy control (-£0.7m) and the use of grants (-£0.5m). Changes agreed are contribution to the reduction in ABG and Regeneration budget disaggregation.
Corporate Services	345	-	6,008	+25,269	-	31,277	G	No issues. Changes agreed are contribution to reduction in ABG and Regeneration budget disaggregation.
Finance	505	1,410	26,096	+6,760	-700	32,156	G	Housing Benefit largest budget and demand continues to increase. Treasury Management income is expected to exceed the budget. Change agreed is Regeneration budget disaggregation.
Law, HR and Asset Mgt	66	-	8,384	+10,048	-	18,432	G	No issues. Change agreed is contribution to reduction in ABG and the Regeneration budget disaggregation.
Regeneration	4,166	-	60,837	-60,837	-	-	G	Budget re-allocated following Cabinet in November.
Technical Services	1,033	640	43,504	+16,203	Pressures of £900	59,707	A	Income pressures building/development control, land charges, car parking, cultural services and architects fees. Changes agreed are contribution to reduction in ABG and Regeneration budget disaggregation.
Merseytravel	-	-	27,344	-	-	27,344	G	Fixed amount - no change.
Local Pay Review	-	-	1,130	-	-	1,130	G	Available to meet implementation of the Review.
Contribution from Balances	-	-	-4,223	-	-	-4,223	G	Before changes agreed by Cabinet.
LABGI / LAA grants	-	-	-1,600	+1,600	-	0	R	Govt announced in June that grants not now being allocated.
Budget Requirement	9,815	5,297	331,783	-4,837	+1,100	328,046		
Income								
Revenue Support Grant	-	-	20,016	-	-	20,016	G	Fixed amount - no change
Area Based Grant	-	-	42,725	-5,527	-	37,198	A	Govt reduced grant by £3.9m. Care at Home of £1.6 now deleted.
National Non Domestic Rate	-	-	137,844	-	-	137,844	G	Fixed amount - no change
Council Tax	-	-	131,198	-	-	131,198	G	Fixed amount - no change
Total Income			331,783	-5,527	-	326,256		
Statement of Balances								
As at 1 April	-	-	10,723	-	-	10,723		Opening balance – forecast for 1 April 2011 is £6.5 million.
Contributions from Balances	-	-	-4,223	-	-	-4,223		Before changes agreed by Cabinet.
Contributions to Reserves	-	-	-	-	-	-		No changes approved by Cabinet.
Cabinet decisions	-	-	-	+7,600	-	+7,600		2009/10 Accounts +£3m (24 Jun), + £3.4m Insurance Fund (2 Sept), + £1.2m Review of Reserves and Provisions (9 Dec).
Changes – Agreed Cabinet	-	-	-	-840	-	-840		Fostering +£90k (18 Mar), Reduction in grants +£1.6m (24 Jun) for LABGI/LAA loss, Personal Care at Home not proceeding saves -£1m (£2.6m option less £1.6m of ABGrant), Energy +£150k (9 Dec).
Changes – Not Agreed	-	-	-	-	-1,100	-1,100		Based on departmental projections (excluding Adult Social Services and Technical Services). These have not been approved by Cabinet.
BALANCES			6,500	+6,760	-1,200	12,160		Projected balance at start / end of year

WIRRAL COUNCIL

COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

16 MARCH 2011

SUBJECT:	FINAL LOCAL GOVERNMENT FINANCE SETTLEMENT 2011/13
WARD/S AFFECTED:	ALL
REPORT OF:	DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER:	COUNCILLOR JEFF GREEN
KEY DECISION	YES

1.0 EXECUTIVE SUMMARY

- 1.1. The Final Local Government Finance Settlement for 2011/13 was announced on 31 January 2011 for debate in Parliament on 9 February 2011. This contained some minor changes to the Provisional Settlement that was announced on 13 December 2010 and reported to Cabinet on 13 January 2011.

2. RECOMMENDATION

- 2.1 That the Final Local Government Finance Settlement be noted.

3. REASONS FOR RECOMMENDATION

- 3.1. The Local Government Finance Settlement provides key funding for the budget.
- 3.2. This report was requested by the Committee.

4. BACKGROUND AND KEY ISSUES

- 4.1. The Provisional Local Government Finance Settlement was announced on 13 December 2010 and reported to Cabinet on 13 January 2011. Wirral was allocated £158.8 million of Formula Grant for 2011/12 and £144.8 million for 2012/13/
- 4.2. Following a consultation period, the Department for Communities and Local Government (DCLG) issued the Final Settlement for 2011/13 on 31 January 2011 in advance of the debate in Parliament on 9 February 2011.

- 4.3. In general terms, the Final Settlement confirmed the Formula Grant provisionally allocated to local authorities. The Wirral Formula Grant allocation has been reduced by £10,000 and an additional Specific Grant of £17,000 relating to Inshore Fisheries Conservation has been announced. For a number of other grants, announcements regarding individual allocations are still awaited, particularly from the Home Office. In overall terms there will be a 25% reduction in Home Office grant allocations in 2011/12.
- 4.4. The Final Settlement has increased the minimum guarantee to ensure that no local authority will receive a 'revenue spending power' reduction of more than 8.8% in either 2011/12 or 2012/13. This figure was 8.9% in the Provisional Settlement.
- 4.5. The 'spending power' includes the element for NHS support for health related care services. This allocation has been paid to the health sector but should then be transferred to the Council. The sum of £4.928 million in 2011/12 is to be spent on jointly agreed initiatives to support Adult Social Care where there is a health benefit.

5. **RELEVANT RISKS**

- 5.1. There are none resulting directly from this report.

6.0. **OTHER OPTIONS CONSIDERED**

- 6.1. There are none to be considered in respect of this report.

7. **CONSULTATION**

- 7.1. The Final Local Government Finance Settlement was announced following a consultation period administered by the DCLG which closed on 17 January 2011.

8. **IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

- 8.1. There are no direct implications for these groups from this report.

9.0. **RESOURCE IMPLICATIONS**

FINANCIAL

- 9.1. The Final Settlement has resulted in a decrease of £10,000 in the Formula Grant and an additional Specific Grant has been announced which provides £17,000 of funding relating to Inshore Fisheries Conservation.

9.2. Wirral will receive the following Formula Grant Allocated over components:-

Components	2011/12	2012/13
	£ million	£ million
Formula Grant		
Relative Needs	130.8	120.3
Relative Resources	- 31.1	- 28.7
Central Allocation	42.5	37.7
Floor Damping	3.0	2.0
Grants Rolled in	13.6	13.5
Total Formula Grant	158.8	144.8

9.3. A Council Tax freeze grant equivalent to the revenue generated by 2.5% Council Tax increase will be available to local authorities who do not increase their basic level of Council Tax. The Government also announced that for local authorities who do increase their Council Tax then it is prepared to take action against excessive increases.

9.4. On 10 February 2011 the Government announced that it will take action against excessive Council Tax increases in 2011-12. An increase will be considered to be excessive if the 2011-12 budget requirement is greater than 92.5% of the 2010-11 budget requirement and the Band D Council Tax increase is greater than 3.5%.

9.5. Dedicated Schools Grant is based upon pupil numbers. It also includes a number of grants totalling £34 million previously paid as specific grants or which formed part of the Area Based Grant.

Dedicated Schools Grant	2010/11	2011/12
	£ million	£ million
Estimated on pupil numbers	194.0	229.4

9.6. The use of the Spending Power allocation for health related care services is subject to agreement between the Council and the PCT.

Spending Power	2010/11	2012/13
	£ million	£ million
Health related care services	4.9	4.7

STAFFING

9.7. There are no direct staffing implications arising from this report.

10.0 LEGAL IMPLICATIONS

10.1. There are none arising directly from this report.

11.0 EQUALITIES IMPLICATIONS

11.1. There are none arising directly from this report.

11.2. Equality Impact Assessment (EIA) is not required for this report.

12.0 CARBON REDUCTION IMPLICATIONS

12.1. There are none arising directly from this report.

13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

13.1. There are none arising directly from this report.

FNCE/41/11

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APPENDICES - None.

REFERENCE MATERIAL

None

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Cabinet – Provisional Local Government Finance Settlement 2011/13	13 January 2011

WIRRAL COUNCIL

COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

16 MARCH 2011

SUBJECT:	SPECIFIC GRANTS
WARD/S AFFECTED:	ALL
REPORT OF:	DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER:	COUNCILLOR JEFF GREEN
KEY DECISION	YES

1.0 EXECUTIVE SUMMARY

- 1.1. This report compares the Specific Grants received in 2010/11 with those now announced by the Government for 2011/12. It identifies the movement in the grants between the two years and the implications arising from those grants that have ceased or been reduced.

2.0 RECOMMENDATION

- 2.1. That the report be noted.

3.0 REASON FOR RECOMMENDATION

- 3.1. This report was requested by the Committee.

4.0 BACKGROUND AND KEY ISSUES

- 4.1. The Government provides financial support to local authorities in the form of grant assistance. This essentially comprises general grants and specific grants. The main general grant is the Formula Grant, as announced in the Local Government Finance Settlement, which is available to support all Council services. Specific grants have reduced in number in recent years and are issued to support specific services or projects by a range of Government Departments. The main grants are the Dedicated Schools Grant and the Housing & Council Tax Benefit Grant.
- 4.2. The Appendix provides an analysis of the Grants received in 2010/11 and identifies what has happened to them in 2011/12. The general assumption is that as the grant is provided for a service or project then the ending of the grant will result in that service or project ceasing. Chief Officers considered the implications of the grants ceasing/reducing as part of the preparation of the budget.

- 4.3. The Local Government Finance Settlement for 2011/13 was announced on 31 January 2011. This essentially confirmed the Provisional Settlement and subsequent notifications of grants from Government departments. The latest position on reductions and ceased grants is:-

Department	Grant	£000	Change
Adults	Social Care Reform	1,870	Ceased
Adults	Stroke Strategy	105	Ceased
Children's	Early Intervention	4,875	Reduction
Children's	Play (Pathfinders & Playbuilders)	18	Ceased
Corporate	Housing Market Renewal	2,589	Ceased
Corporate	Single Programme	200	Ceased
Corporate	European Community Grants	75	Ceased
Finance	Housing/Council Tax Benefits	153	Reduction
Law	Registrars	10	Ceased
Law	Workstep	50	Ceased
Technical	Waste Infrastructure Grant	202	Ceased
		10,147	

- 4.4. The main reductions are:-

a. Social Care Reform/Stroke Strategy

Within the Formula Grant there is an increase of £2.3 million for Adult Social Services for additional resources for social care flowing from the recycling of the Social Care Reform and Stroke Strategy Grants. This amount was prior to the overall reduction in Formula Grant of 12.3% in 2011/12 and a further 8.4% in 2012/13.

b. Early Intervention

In overall terms the amount available to meet a range of services including Sure Start, Children's Centres, Aiming High for Disabled Children and Connexions has reduced by £4,875,000.

Part of this reduction was implemented following the in-year reduction in 2010/11 of Area Based Grants totalling £2,643,000. A further £383,000 will be achieved through the EVR/VS exercise, and the budget for 2011/12 included an increase of £1million.

A separate report on this agenda from the Interim Director of Children's Services provides further detail on the Early Intervention Grant.

c. Housing Market Renewal (HMR)

The HMR overall allocation for 2010/11 was £7.43 million. The Government has now ended the HMR Programme and funding. Staffing resources will significantly reduce through the EVR/Voluntary Severance Scheme to a minimum level to enable delivery of statutory functions and residual HMR activity including work on Houses in Multiple Occupation, Empty Properties, Private Sector Landlords, Housing Health and Safety and housing partnership working to deliver new and refurbished homes. Cabinet on 3 February 2011 agreed to a bid of £600,000 to use Community Fund resources in 2011/12 to facilitate the continuation of services.

d. Waste Infrastructure

This was used to support delivery of the waste and recycling contracts. As the contracts continue to be paid this loss of grant has been replaced in the budget for 2011/12 at £202,000.

5.0 RELEVANT RISKS

5.1. The reduction in grants has largely been managed by departments.

6.0 OTHER OPTIONS CONSIDERED

6.1. Other than those reductions which can be managed the options are set out in section 4.

7.0 CONSULTATION

7.1. No specific consultation has been undertaken with regard to this report.

8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

8.1. There are no direct implications arising from this report.

9.0 RESOURCE IMPLICATIONS

9.1. There is a net reduction in 2011/12 of £10.1 million.

10.0 LEGAL IMPLICATIONS

10.1. There are none arising directly from this report.

11.0 EQUALITIES IMPLICATIONS

11.1. There are none arising directly from this report.

11.2. Equality Impact Assessment (EIA) is not required for this report.

12.0 CARBON REDUCTION IMPLICATIONS

12.1. There are none arising directly from this report.

13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

13.1. There are none arising directly from this report.

FNCE/42/11

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APPENDICES

Grant Comparisons 2010/11 v 2011/12

REFERENCE MATERIAL

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Budget Cabinet	21 February 2011
Cabinet	13 January 2011

APPENDIX

GRANT COMPARISON 2010/11 v 2011/12

GRANTS	2010-11 Original Allocation £000	Transfer to Formula Grant £000	Transfer from ABG Grant £000	Grants Ceasing Reducing £000	New Add'l Grant £000	2011-12 Prov Allocation £000	Comments / implications Of ceasing and reduction in grants
Children's Services							
Early Intervention							
ContactPoint	96	-	-	-	-)	
Think Family Grant	649	-	-	-	-)	
Youth Opportunity	424	-	-	-	-)	
Aiming High for Disabled Children	1,641	-	-	-	-)	
Foundation Learning	133	-	-	-	-)	
Targeted mental health	150	-	-	-	-)	
Challenge & Support Grant	75	-	-	-	-)	
YCAP	190	-	-	-	-)	
Children's Social Care Workforce	-	-	133	-	-)	
Childrens Fund	-	-	1,241	-	-)	15,066
Childrens Trust Fund	-	-	17	-	-)	£1m included in Budget 2011/12. See Section 4.4. (b) of report.
Connexions	-	-	3,299	-	-)	
Positive Activities for Young People	-	-	756	-	-)	
Youth Taskforce (Respect)	-	-	40	-	-)	
Teenage Pregnancy	-	-	185	-	-)	
Young People Substance Misuse	-	-	46	-	-)	
January Guarantee	-	-	54	-	-)	
Childrens Centres	7,688	-	-	-	-)	
Early Years Sustainability	1,463	-	-	-	-)	
Early Years Workforce	1,324	-	-	-	-)	
2 Year old learning	337	-	-	-	-)	
CYP Early Intervention total	14,170	0	5,771	-4,875	0	15,066	
FE funding from LSC 19+	1,565	-	-	-	-	1,565	To be announced in summer
Play (Pathfinders & Playbuilders)	18	-	-	-18	-	0	Reduction can be managed

GRANTS	2010-11 Original Allocation £000	Transfer to Formula Grant £000	Transfer from ABG Grant £000	Grants Ceasing Reducing £000	New Add'l Grant £000	2011-12 Prov Allocation £000	Comments / implications Of ceasing and reduction in grants
Children's Services							
PFI	5,472	-	-	-	-	5,472	Part of the Capital Block
Youth Offending Teams Grant	1,007	-	-	-	-	1,007	Announcement expected
Music Service	712	-	-	-	-	712	Announcement expected
Extended Rights to Free Transport	-	-	152	-	-	152	Announcement expected
Young People Substance Misuse (HO)	-	-	104	-	-	104	Included in Budget 2011/12
CYP Other	8,083	0	256	-18	0	9,032	
CYP TOTAL	22,964	0	6,027	-4,893	0	24,098	
Adult Services							
AIDS support	48	-48	-	-	-	0	Now in Formula Grant
Social Care Reform	1,870	-	-	-1,870	-	0	Known to be ending. Government recycled funds into Formula Grant.
Stroke Strategy	105	-	-	-105	-	0	Reduction managed. Government recycled funds into Formula Grant
Learning Disability & Health Reform	-	-	-	-	6,709	6,709	Formerly paid from the PCT
	2,023	-48	0	-1,975	6,709	6,709	
Finance							
Housing & Council Tax Benefit Admin	3,417	-	-	-153	-	3,264	Reduction managed by EVR / VS
Mandatory Rent Allowances: subsidy	113,195	-	-	-	-	113,195	Ongoing based on actual spend
Council Tax Benefit Subsidy	28,166	-	-	-	-	28,166	Ongoing based on actual spend
HB Discretionary payments	311	-	-	-	-	311	Ongoing based on actual spend
NNDR Cost of collection	388	-	-	-	-	388	Ongoing
	145,477	0	0	-153	0	145,324	

GRANTS	2010-11 Original Allocation £000	Transfer to Formula Grant £000	Transfer from ABG Grant £000	Grants Ceasing Reducing £000	New Add'l Grant £000	2011-12 Prov Allocation £000	Comments / implications Of ceasing and reduction in grants
Law,HR & Asset Management							
Registrars	10	-	-	-10	-	0	Reduction can be managed
Workstep	50	-	-	-50	-	0	Reduction can be managed
Stronger Safer Communities Fund (HO)	-	-	288	-	-	288	Included in Budget 2011/12
In shore fisheries	-	-	-	-	17	17	New grant January 2011
	60	-	288	-60	17	305	
Corporate Services							
Housing Market Renewal	2,589	-	-	-2,589	-	0	Cabinet 3 February agreed to bid of £600k to use Community Fund. Staff reduced to minimum through EVR/Voluntary Severance scheme.
Single Programme	200	-	-	-200	-	0	Reduction can be managed
Housing Strategy	239	-239	-	-	-	0	Now in Formula Grant
Homelessness	50	-	-	-	171	221	Increase of £75k for work on under-occupation £80k for tenancy fraud
European Community grants	75	-	-	-75	-	0	Reduction can be managed
	3,153	-239	0	-2,864	171	221	
Technical Services							
Road Safety training via CYP	39	-	-39	-	-	0	Staff on fixed term contracts and training will cease
Waste Infrastructure Grant	202	-	-	-202	-	0	Included in Budget 2011/12
Flood Defence	-	-	-	-	122	122	New but private sewer grant ended
	241	0	-39	-202	122	122	
Total excluding Schools	173,918	-287	6,276	-10,147	7,019	176,787	

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Agenda Item 8

WIRRAL COUNCIL

COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

16 MARCH 2011

SUBJECT	EARLY VOLUNTARY RETIREMENT / VOLUNTARY SEVERANCE FUNDING
WARD/S AFFECTED	ALL
REPORT OF	DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER	COUNCILLOR JEFF GREEN
KEY DECISION	YES

1.0 EXECUTIVE SUMMARY

- 1.1 This report provides Cabinet with information on the cost and funding of the Early Voluntary Retirement / Voluntary Severance Scheme.

2.0 RECOMMENDATION

- 2.1 That the report be noted.

3.0 REASON FOR RECOMMENDATION

- 3.1 This report was requested by the Committee.

4.0 BACKGROUND AND KEY ISSUES

- 4.1 Based upon information supplied by the Director of Law, Human Resources and Asset Management the position regarding those who have left the Council, or have indicated an intention to leave as at the time of preparation of the budget, is shown below. As some individuals have a future leaving date this will be subject to change.

Department	Numbers	Severance Payments £000	Statutory Redundancy £000	Savings pa (Gross) £000	Savings pa (Budget) £000
Adult Social Services	443	8,073	2,779	10,571	10,528
Children & Young People	282	5,058	1,602	5,953	5,343
Corporate Services	37	954	314	1,078	892
Finance	176	3,493	1,225	3,928	3,511
Law, HR & Asset Management	64	1,386	490	1,671	1,634
Technical	109	2,687	889	2,888	2,096
TOTALS	1,111	21,651	7,299	26,089	24,004

4.2. The elements of the table are;-

- a) Severance payments are based upon the former scheme. All employees were given a final opportunity to leave before it was amended.
- b) Statutory redundancy element of the severance payments. This is important as only this element can be classed as capital spend.
- c) Savings pa (gross) are net of any on-going pension strain / liability. The early release of pension brings a liability that can be spread over five years.
- d) Savings pa (budget) are the revenue savings. Not all leavers realise a General Fund budget saving e.g. some Children and Young People staff are funded by the Schools budget, some Finance staff occupy Pension Fund and Schools IT funded posts and some Technical Services staff are charged against capital schemes.

4.3 Chief Officers are assessing any increased costs resulting from re-structuring in order to maintain delivery of services. Restructuring proposals are to be considered by the Director of Finance, the Head of HR and the Interim Chief Executive before any additional funding is allocated from the provision included in the budget.

SOURCES OF FUNDING - CAPITALISATION

4.4 Capitalisation is the relaxation of the normal accounting requirement that long-term borrowing or capital receipts should only be used to fund capital expenditure. The Local Government Act 2003 allows the Secretary of State to issue capitalisation directions. These permit specified items of expenditure that would normally be classified as revenue expenditure to be treated as capital expenditure.

4.5 The Government recognises that capitalisation provides financial flexibility to Councils in managing one-off unexpected costs and thereby easing the pressure on Council Tax and on services. For 2010/11 capitalisation continued to be subject to an application process. The guidance note supporting the 'Capitalisation directions (excluding equal pay) 2010-11 :Policy and procedures' allows revenue spend to be capitalised but subject to strict criteria; one of which is for one-off costs such as statutory redundancy costs (under the Employment Rights Act 1996 Part 11 which would not include enhanced costs, lump sum pension payments for added years or the elimination of pension fund deficits resulting from premature retirements) and applicable only for the year of submission.

4.6 In accordance with the criteria and timescales Wirral applied for a capitalisation direction in 2010/11 of £9 million in respect of statutory redundancy payments. On 17 December 2010, clarified on 24 January 2011, the Department for Communities and Local Government (DCLG) advised that Wirral could capitalise up to £3,420,000 on properly incurred spend in 2010-11. The Council must formally confirm the amount that was actually capitalised by 15 July 2011.

- 4.7. The DCLG has announced that £200m will be available for capitalisation in 2011-12 but has yet to announce the bidding process or timetable.

SOURCES OF FUNDING - REVENUE AND BALANCES

- 4.8 Officers commenced leaving the Council on 31 December 2010 with further departures planned to take place until 30 June 2011. At this stage the costing of future departures is estimated and will be subject to review and to confirmation that the individuals will indeed take up the offer.
- 4.9 Those leaving the Council before 31 March 2011 will realise a part year saving in the financial year 2010/11 which can be used to offset the cost of implementing the scheme. This equates to £1.9 million.
- 4.10 No pay award has been offered for 2010/11 but there was an amount of £1.4 million included within the original Estimates 2010/11 in respect of a pay award from April 2010. This sum has been removed from departmental budgets and returned to the General Balance in order to partially meet the cost of the Scheme.
- 4.11 The Efficiency Investment Budget is available to support initiatives that Cabinet approve which will lead to the delivery of future efficiencies. The balance presently remaining for 2010/11 is £3.5 million.
- 4.10 The minimum recommended level of General Fund balances for 2010/11 is £6.5 million. The latest position shows projected balances at 31 March 2011 of £14 million, after the use of £2.6m. An additional £4.4m is projected to be used from balances in 2011-12.

5.0 RELEVANT RISKS

- 5.1 In terms of the funding the costs of the Scheme the risk relates to the potential bid for Capitalisation in 2011/12. Otherwise the funding is available, including the use of one-off reserves and balances.
- 5.2 The loss of the number of individuals will have implications for future service delivery which are being addressed by Chief Officers.

6.0 OTHER OPTIONS CONSIDERED

- 6.1 The funding options for meeting the cost of the Early Voluntary Retirement / Voluntary Severance Scheme as set out in section 4 of this report.

7.0 CONSULTATION

- 7.1 No specific consultation has been undertaken with regard to this report.
- 7.2. Where these reductions have service implications then Chief Officers are undertaking consultation.

8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

8.1 There are no direct implications arising from this report.

9.0 RESOURCE IMPLICATIONS

FINANCIAL

9.1 Cabinet on 9 December 2010 agreed savings of £24.3 million from the Early Voluntary Retirement / Voluntary Severance Scheme. This was prior to the announcement of the Provisional Local Government Finance Settlement for 2011/13, and was subject to individuals confirming their acceptance of an offer, and a review by Chief Officers of service implications to include an assessment of the cost of any necessary restructurings.

9.2 The proposed funding of the severance payments is:

	2010/11 £m	2011/12 £000
Cost of severance payments	12.8	8.8
Funding from capital		
Statutory redundancy element	3.4	3.0
Funding from Revenue		
From part year savings	1.9	0
From pay award not needed 2010/11	1.4	1.4
From Efficiency Investment Budget	3.5	0
From General Balances	2.6	4.4
Funding	12.8	8.8

STAFFING

9.3. The budget for 2011-12 was prepared on the assumption that 1,100 individuals will have taken up the Scheme offer and will have left the employment of the Council by 30 June 2011.

10.0 LEGAL IMPLICATIONS

10.1 There are none arising directly from this report.

11.0 EQUALITIES IMPLICATIONS

11.1 There are none arising directly from this report.

11.2 Equality Impact Assessment (EIA) is not required for this report.

12.0 CARBON REDUCTION IMPLICATIONS

12.1 There are none arising directly from this report.

13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

13.1 There are none arising directly from this report.

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FNCE/38/11

APPENDIX - None.

REFERENCE MATERIAL

Capitalisation directions (excluding equal pay) 2010-11: Policy and procedures - A guidance note. Department for Communities and Local Government July 2010.

SUBJECT HISTORY

Council Meeting	Date
Cabinet	9 December 2010
Cabinet	21 February 2011

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Agenda Item 9

WIRRAL COUNCIL

COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

16 MARCH 2011

SUBJECT:	REVENUES, INCOME AND BENEFITS
WARD/S AFFECTED:	ALL
REPORT OF:	DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER:	COUNCILLOR JEFF GREEN
KEY DECISION?	NO

1.0 EXECUTIVE SUMMARY

1.1 This report provides information on the position regarding Council Tax, National Non Domestic Rate, general debt and cash income collection and the payment of benefits.

2.0 RECOMMENDATION/S

2.1 That the report be noted.

3.0 REASON/S FOR RECOMMENDATION/S

3.1 To update Members on financial issues.

4.0 BACKGROUND AND KEY ISSUES

4.1 REVENUES COLLECTION

4.1.1 The following statement compares the amount collected for **Council Tax** in the period 1 April 2010 to 31 January 2011 with the amount collected in the same period in 2009/10:

	Actual 2010/11 £	Actual 2009/10 £
Cash to Collect	123,827,907	122,324,234
Cash Collected	117,226,089	115,680,553
% Collected	94.7	94.6

Work is currently being undertaken under the Audit Commission National Fraud Initiative comparing the Council Tax Single Person Discount records against the Electoral Register. To date 1,565 cases have been processed and another 263 are currently under investigation. As at 31 January 2011 it has been established that 40 frauds have been perpetrated and 289 claims classified as errors. The net result has been savings totalling £50,339.48 of reclaimed discount.

4.1.2. The following statement compares the amount collected for **National Non-Domestic Rates** in the period 1 April 2010 to 31 January 2011 with the amount collected in the same period in 2009/10:

	Actual 2010/11 £	Actual 2009/10 £
Total Collectable (including arrears)	65,667,267	69,785,867
Amount Outstanding	8,311,991	9,789,315
% Outstanding	12.66%	14.03%
Amount Collectable 2010-11	61,598,689	63,390,727
Net Cash Collected	57,485,401	58,064,074
% Collected	93.32%	91.60%

4.1.3 The following statement provides information concerning the collection of local taxes from 1 April 2010 to 31 January 2011:

	Council Tax	Business Rates
Reminders/Final Notices	53,708	3,241
Summonses	13,996	714
Liability Orders	8,254	615
Recovery action in progress		
Attachment of Earnings	1,673	
Deduction from Income Support	3,473	
Accounts to Bailiff	7,900	495
Pre-Committal Warning Letters	4,074	-
Committal Orders Issued	7	0
Debtors Committed	0	0

Current Status of Agent Work in respect of Committals for 1 April 2010 to 31 January 2011:

Warrants of Arrest issued by Court (Bail and No Bail)	59
Warrants of Arrest (Bail) to Warrant officer	46
Warrants of Arrest (No Bail) to Warrant officer	25
Returned successful (Bail)	23
Returned successful (No Bail)	18
Returned other reasons (Bail)	4
Returned other reasons (No Bail)	5

Insolvency cases to 31 January 2011

The following information concerns Council Tax recovery work which involves cases where Insolvency action or charging orders against properties are used:

Bankruptcy cases	284
Charging orders	113
Winding up orders	3

New cases from 1 April 2010 to 31 January 2011

Bankruptcy	24
Charging orders	51
Winding up orders	0

Status of Insolvency cases at 31 January 2011

Winding-up paid	1
Charging orders granted	109
Winding up Order	1
Supporting other petitions	3
Cases paid	92
Bankruptcy orders	114
Cases closed	124
Ongoing cases	31
	475

4.1.4 Sundry Debtors

	Actual 2010/11	Actual 2009/10
Net Amount Billed in last 12 months @ 31.01.11	£90,420,753	£81,010,232
Total outstanding @ 31.01.11	£23,200,416	£20,959,148
Net Arrears @ 31.01.11	£15,009,605	£12,414,261
Number of invoices in arrears @ 31.01.11	15,804	12,796
Number of reminders 01.04.10 to 31.01.11	23,511	22,899

4.2. INCOME

4.2.1. The following budgets and income received relate to other sources of cash income generated by the Council:

	2009/10 Budget	Income to 31-Jan-10	2010/11 Budget	Income to 31-Jan-11
i. School Meals	£1,607,800	£1,354,724	£1,575,100	£1,431,782
ii. Sports Centres	£3,867,300	£3,298,411	£3,941,300	£3,570,497
iii. Golf Courses	£912,200	£706,845	£939,600	£679,941
iv. Burials and Cremations	£2,429,200	£1,757,448	£2,502,000	£1,801,683
v. Building Control Fees	£494,900	£543,400	£494,900	£376,843.75
vi. Land Charges	£358,300	£240,700	£358,300	£175,566.56
vii. Car Park (Pay and Display)	£2,496,900	£1,761,200	£2,496,900	£1,693,093.93
viii. Car Park (Penalty Notices)	£1,149,800	£751,300	£1,149,800	£618,944.41

4.2.2. Further explanation of the above budgets and income collection performance is provided below:

- (i) School Meals: It is expected that income will be slightly more than the budget.
- (ii) Sports Centres: This is a volatile area and income is being monitored closely. The Invigor8 income is expected to exceed budget.
- (iii) Golf Courses: It is anticipated that income will underachieve against budget by £175,000. The budget for golf income has not been achieved for at least the last three years.
- (iv) Burials and Cremations: Income levels are down when compared to this time last year. It is anticipated that income will underachieve against budget by around £80,000.
- (v) Building Control Fees income is declining and there was a deficit of £91,500 in 2009/10.
- (vi) Land Charges: Fee income is declining and there was a deficit of £61,500 in 2009/10.
- (vii) Car Park Income (Pay and Display Tickets). It is unlikely that the income will be achieved. The deficit in 2009/10 was £285,000.

4.3 HOUSING BENEFITS

4.3.1 The following statement details the number of claimants in respect of benefit and the expenditure for Private Tenants and those in receipt of Council Tax Benefit up to 31 January 2011:

	2010/11	2009/10
Number of Private Tenant recipients	29,805	29,134
Total rent allowance expenditure	£104,066,394	
Number under the Local Housing Allowance scheme (<u>included in the above</u>)	9,782 £39,730,751	7,661
Number of Council Tax Benefit recipients	39,040	38,304
Total Council Tax Benefit expenditure	£31,020,345	
Total expenditure on benefit to date	£135,086,739	

4.3.2 The following statement provides information concerning the breakdown according to client type as at 31 January 2011:

	Private Tenants	Owner Occupiers
Working age and in receipt of J.S.A.	14,936	1,779
Elderly and in receipt of J.S.A.	7,088	5,584
Working age and not receiving J.S.A.	5,758	1,193
Elderly and not in receipt of J.S.A.	<u>2,023</u>	<u>3,273</u>
Total	29,805	11,829

There are **41,634** benefit recipients in Wirral as at 31 January 2011.

4.3.3 **Housing Benefit Fraud and Enquiries** **To 31 January 2011**

New Cases referred to Fraud team in period	1,464
Cases where fraud found and action taken	100
Cases investigated, no fraud found and recovery of overpayment may be sought	618
Cases under current investigation	306
Surveillance Operations Undertaken	0
Cases where fraud found and action taken:	
Administration penalty	16
Caution issued and accepted	57
Successful prosecution	27
Summons issued for prosecution purposes	19

4.3.4 **Discretionary Housing Payments**

Discretionary Housing Payments (DHP) may be awarded to provide short term financial assistance to Housing and Council Tax Benefit claimants who are experiencing difficulty meeting a shortfall in their rent or Council Tax because maximum benefit is not being paid.

DHP is not a payment of Housing/Council Tax Benefit and is funded separately from the main scheme. The Government contribution for 2010/11 is £245,200 with an overall limit of £613,000 which the Authority must not exceed. To date I have paid £90,228 and committed a further £93,181 to the end of the financial year.

5.0 RELEVANT RISKS

5.1 None.

6.0 OTHER OPTIONS CONSIDERED

6.1 None.

7.0 CONSULTATION

7.1 None.

8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

8.1 There are none arising directly from this report.

9.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

9.1 There are none arising directly from this report.

10.0 LEGAL IMPLICATIONS

10.1 There are none arising directly from this report.

11.0 EQUALITIES IMPLICATIONS

11.1 There are none arising directly from this report.

12.0 CARBON REDUCTION IMPLICATIONS

12.1 There are none arising directly from this report.

13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

13.1 There are none arising directly from this report.

FNCE/48/11

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APPENDICES

None.

REFERENCE MATERIAL

Information from relevant systems.

SUBJECT HISTORY (last 3 years)

Council Meeting	Dates
Report submitted to each Council Excellence Committee.	31 January 2011 18 November 2010 21 September 2010 08 July 2010

WIRRAL COUNCIL

COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

16 MARCH 2011

SUBJECT	HOUSING BENEFITS REFORM AND THE BENEFITS BUDGET
WARD/S AFFECTED	ALL
REPORT OF	DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER	COUNCILLOR JEFF GREEN
KEY DECISION	YES

1.0 EXECUTIVE SUMMARY

- 1.1 This report advises Members of the changes to Housing Benefits (Local Housing Allowance) which come into effect from April 2011; outlines proposals to reform the welfare system by creating a new 'Universal Credit' under the Welfare Reform Bill; provides information on the Lean Review of Benefits; presents the budget for 2011/12; and reviews the reserves and provisions.

2.0 RECOMMENDATION

- 2.1 That the legislative changes planned for 2011/12, and proposals for future changes, to Housing Benefits be noted.
- 2.2. That the preliminary outcome of the Lean Review of Benefits be noted.
- 2.3. That the saving of £1.2 million in the Benefits Service in 2011/12 be noted.
- 2.4. That the Benefits Budget for 2011/12 be noted.
- 2.5. That the release of £0.2 million of the Housing Benefit Provision and £2 million of the Housing Benefit Reserve to General Fund balances be noted.

3.0 REASON/S FOR RECOMMENDATION/S

- 3.1 Housing Benefit spend is the largest individual budget within the Council Budget. Members are advised of any changes which impact upon this whilst the budgets, including sums set aside in provisions and reserves, are kept under review to ensure sums no longer required are released.
- 3.2 This report was requested by Council Excellence but could not be presented to the meeting on 31 January 2011 as the financial implications were not agreed until Budget Cabinet on 21 February 2011 and the initial presentation on the Lean Review did not take place until 25 January 2011.

4.0 BACKGROUND AND KEY ISSUES

HOUSING BENEFIT CHANGES 2011

- 4.1 The Department for Work and Pensions (DWP) has announced changes to Local Housing Allowance (LHA) which come into effect from 1 April 2011.
- 4.2 The changes affect people claiming Housing Benefit (HB) or Local Housing Allowance (LHA) who are claiming from a private sector landlord who made their claim on or after 7 April 2008, or who make a new claim for benefit, or move home, from 1 April 2011. The DWP have announced, since making the original proposals, that existing claimants, with the exception of those receiving the £15 'top-up' payment, will be afforded transitional protection meaning that for many claimants the impact of the changes will be deferred until 1 January 2012.
- 4.3 The following changes are effective from 1 April 2011:-
- Removal of the LHA £15 'top-up' allowance. Claimants will no longer be able to retain any excess LHA allowance (previously being able to keep up to £15 weekly) where the LHA rate is higher than their rent liability.
 - Restriction of the 'room rate' – there will no longer be a five bedroom LHA rate; the maximum level will be for a four bedroom property.
 - Capping of all LHA rates – restrictions will be applied to all bedroom rates. This will not affect Wirral claimants and probably only affect claimants in London.
 - Revised calculation of LHA rates – this change has been brought forward to April 2011 from October 2011. Rates will be set at the 30th percentile of rents in the area rather than the median. It is anticipated that approximately 3 in 10 properties in an area would be affordable to people on HB rather than 5 in 10. The change in the way LHA rates are calculated is expected to bring about a reduction of approximately 10% when compared to current rates.
 - Additional bedroom for non resident carer- previously there was no provision in the HB/LHA assessment to include a room used by a carer who is required to stay overnight. This has now been addressed and a room is allowed for the purposes of deciding size criteria in considering the claim.
- 4.4 Existing safeguards have been broadened with a temporary extension of the LHA 'direct payment' (to landlords) provisions. A key 'default' of the original LHA scheme was that benefit would be paid to the customer rather than to the landlord. In principle this remains in place, although provision has now been made for payment to be made to the landlord where the local authority considers it will assist the customer in securing or retaining a tenancy. Significantly, this is intended as an incentive to landlords to reduce rents to a level that is affordable to customers.
- 4.5 The DWP has committed a further £50 million to the Discretionary Payment scheme for the duration of the period leading up to the transfer to Universal Credit. It is likely to be actively accessed, particularly given the amendments to the basis of the LHA rate calculation. The DWP is to issue guidance on its administration. As such it is likely that I will need to undertake a review of the current allocation policy.

- 4.6 The DWP has issued guidance on the changes. Officers will be considering this guidance as they make the necessary preparations, which will include working closely with staff at the One Stop Shops and Call Centre as the changes will generate significant numbers of new enquiries. Provision will be made for the following:-
- Communicating with customers and external stakeholders.
 - Staff awareness and training.
 - Software changes.
 - Liaising with Landlords.
 - Internal communications.
 - Publicising the changes including on the website.
 - Money advice.
- 4.7 To support the preparations for the changes the DWP have also issued an implementation package which the Authority can use and adapt to suit local need. As soon as the regulations are laid it is intended to commence a local promotion campaign which will include making contact with all existing LHA claimants to advise of the potential changes to their benefit. I will also use the normal communication methods to make landlords aware of the scheme changes.

LONGER TERM WELFARE REFORM

- 4.8 In November 2010 the Government published a White Paper (*Universal Credit : Welfare that Works*) concerning the future of the welfare benefit system and this has now been progressed to the Welfare Reform Bill published in February 2011. Over time the financial support delivered by local authorities through Housing Benefit will be replaced by Universal Credit.
- 4.9 The DWP has written to Local Authority Benefit Managers outlining the key implications for the service. It is important to note that there will be a long transition to Universal Credit (UC) and that it is not anticipated to be operational for all existing customers until 2017, although the process will start in 2013.
- 4.10 As with the April 2011 changes it is expected that the DWP will develop implementation and publicity strategies that can be accessed by local authorities. It is likely that there will be some form of pilot of UC, potentially commencing October 2013 which will probably involve new claims being the first to be considered for UC.
- 4.11 The following amendments to the Housing Benefit / Local Housing Allowance scheme are proposed from April 2013;
- The Government intends to change the way in which LHA rates are set. From April 2013 therefore, the LHA rates will be uprated on the basis of the Consumer Price Index in the same way as other claim elements are uprated. This means that local rents within the Broad Rental Market Areas will no longer be used.
 - The 'single room rate' for LHA will be extended to single claimants under the age of 35, currently claimants over the age of 25 are not restricted to the single room rate of LHA.

- Size criteria rules for accommodation will be introduced for working age claimants living in the social rented sector and further consultation on how this will be applied will be undertaken by the DWP.
- Deductions from Benefit in respect of non dependant adults living in the household will be increased. Rates which were originally uprated annually have not been reviewed since 2001.

UNIVERSAL CREDIT

4.12 Universal Credit will replace the current system which is considered to be too complex and can trap people into benefit dependency. UC will incorporate out-of-work benefits, in-work support and appropriate amounts for housing, disability and families for people of working age.

4.13 UC is intended to replace: Working Tax Credit, Child Tax Credit, Housing Benefit, Income Support, income-based Job Seekers Allowance and income-related Employment and Support Allowance. It will be accessed on a household basis and is intended to ensure that anyone starting work will be better off than they would have been on benefits. Five of the six benefits are personal based with Housing Benefit being the only one in respect of housing costs. This is the only one currently administered by the Authority. There are a number of other Government benefits that have not been included within the Universal Credit proposals such as Child Benefit.

4.14 At this time the main matters are:-

- HB will not be administered as it is now and will largely be abolished. The DWP may leave some residual parts of HB with local authorities as more complex claims such as Supported Accommodation do not fit well with the proposals and their administration remains with local authorities. It is expected that local authorities will administer some form of HB for the next six years.
- In the main it is intended that UC claims will be taken on- line or through what is expected to be centralised contact centres. There may be a residual role for local authorities to help administer UC particularly on local customer contact. This could include 'take-up' work for customers who are unable to access the proposed digital services. There will be a national IT solution to facilitate administration of UC.
- Council Tax Benefit will be replaced by a local rebate scheme as part of this wider reform. The Government has not decided how this will be administered
- It is proposed that for persons of pensionable age that payment of Housing Benefit will be made directly through Pension Credit administered by HMRC.
- There may be a role for local authorities in administering elements of the Social Fund which is currently within the DWP auspices, for example Crisis Loans and certain Discretionary Payments.
- During and after transition Housing Benefit overpayment will remain the responsibility of local authorities to collect.
- The introduction of a new single, centralised Fraud Investigation Service, potentially from 2012/13 would include Local Authority HB fraud functions. Local Authority Benefit Fraud Investigative staff will form part of this new service, which will be administered by the DWP

LEAN REVIEW OF THE BENEFITS SERVICES

- 4.15. The DWP, through the Performance Development Team, is currently assisting with a lean review of the benefits services in the Authority. The initial presentation of recommendations was made on 25 January 2011. It is intended that implementation of the recommendations will be achieved over the period 2011 to 2013.
- 4.16. The main issue in preparing the budget for 2011/12 is the transfer of workload, and thus resources, from the Housing Benefit and Council Tax offices to the One Stop Shops and the Call Centre. At this stage I anticipate the transfer of £1 million from the Benefits Budget to the One Stop Shops Budget together with a reduction in the net budget of £1.2 million in 2011/12, including £0.3 million to be achieved from staffing reductions achieved through EVR/Severance.

5.0 RELEVANT RISKS

- 5.1 The proposed changes may impact upon the accurate and timely processing of benefits which could result in hardship and arrears for claimants or landlords or impact upon the grant and subsidy received by the Authority. These risks are addressed as part of planning for the introduction of any change which occurs regularly in respect of Housing Benefits.
- 5.2. Any change needs to be understood by current and potential recipients. The need for ongoing communication and publicity will be delivered both nationally and locally by the Government and the Authority as well as through advice and voluntary agencies. Landlords need to understand the changes and levels of LHA that prospective tenants can expect to receive and so the Authority will work closely with those who represent local private sector landlords.

6.0 OTHER OPTIONS CONSIDERED

- 6.1 The welfare reform changes are statutory and so no options exist for their implementation.
- 6.2. The Authority volunteered for the lean review, which the DWP was keen to facilitate. Wirral has a good reputation for the efficient delivery of benefits services and the DWP welcomed the opportunity to assist in the delivery of further efficiencies.

7.0 CONSULTATION

- 7.1 As outlined in the preceding sections consultation involves national and local government as well as with landlords, voluntary and advice sectors in the area.

8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 8.1 There are no direct implications arising from this report.

9.0 RESOURCE IMPLICATIONS – FINANCIAL

9.1 In 2010/11 Wirral is estimated to pay out £154.2 million in Housing & Council Tax Benefits to over 41,000 claimants with the vast majority funded by the DWP. In terms of administration there is a grant from DWP of £3.4 million and overall the net cost to the Council of the service is budgeted at £10.5 million in 2010/11.

9.2 For 2011/12 Benefits payments are expected to rise to £163.9 million as the number of cases is increasing by around 150 per month. The DWP Administration Grant is being reduced by £152,761 (4.4% reduction) which is part of a continuing annual grant reduction. Although the Provisional Local Government Finance Settlement was for the two years 2011-13, the DWP has not yet announced the Administration Grant for 2012/13.

Housing Benefits	Base Estimate 2010/11 £	Current Estimate 2010/11 £	Base Estimate 2011/12 £
Administration Expenditure			
Employees	3,613,900	3,557,100	3,306,900
Transport	26,400	27,400	27,400
Supplies and Services	281,200	281,200	281,200
Third Party Payments	63,700	63,700	63,700
Support Services	4,096,500	4,107,000	4,107,000
Total Expenditure	8,081,700	8,036,400	7,786,200
Income			
Government Grants	-3,416,500	-3,416,500	-3,263,700
Net Expenditure	4,665,200	4,619,900	4,522,500
Payments Expenditure			
Transfer Payments	147,497,800	154,200,000	163,900,000
Income			
Government Grants	-141,672,200	-148,363,000	-159,103,000
Net Expenditure	5,825,600	5,837,000	4,797,000
Benefits Total	10,490,800	10,456,900	9,319,500

9.3 I reported to Cabinet on 9 December 2010 a review of resources held on the Council Balance Sheet in the form of balances including those identified as provisions and reserves. The Constitution and Financial Regulations require that any provisions and reserves are established, monitored and used in accordance with statutory financial guidelines. These are managed and controlled and subject to a twice yearly review to ensure relevance and adequacy. The review of the Housing Benefit provision and reserve was to be reported separately.

9.4. Housing Benefit Provision	At 1 April 2010 £ million	Required £ million	Release £ million
For payment received 2001	2.1	2.1	0
For settlement of claims to 2005	0.9	0.9	0
For settlement of claims 2005/08	0.2	0.0	0.2
Total	3.2	3.0	0.2

9.5. Whilst the long outstanding claims have now been agreed by the DWP the amounts have still to be recovered. The more recent claims have been agreed, and recovered, and therefore £0.2 million can be returned to general balances.

9.6. Housing Benefit Reserve	At 1 April 2010 £ million	Required £ million	Release £ million
For supported accommodation	7.3	7.3	0
For settlement of claims	4.5	2.5	2.0
For recession and bad debts	1.7	1.7	0
For system developments	1.8	1.8	0
Total	15.3	13.3	2.0

9.7. At the start of the financial year the claims for 2008/10 remained to be resolved by the DWP and formal confirmation is still awaited. An earlier review by the Audit Commission highlighted potential concerns over elements of the claim which may have resulted in a significant liability for the Council and, as these have been resolved, the reserve can be reduced by £2 million. The economic position has raised the likelihood of an increasing level of potential bad debts in recovering overpayments and £1.7 million was set-aside for that purpose. The £1.8 million has been provided to meet the on-going development of the Integrated Housing Benefit and Council Tax Systems and the closely related technology issues to ensure the continuance of what is an effective and efficient service.

Staffing

9.8 There is limited change to staffing requirements in respect of the April changes. The Early Voluntary Retirement / Voluntary Severance Scheme has reduced the staff numbers. Implementation of the recommendations of the lean review will result in the transfer of staff to the One Stop Shops and the Call Centre. In terms of Universal Credit this will be a wholesale change to the welfare system and will have a significant impact on staffing at local authorities. Roles and responsibilities will change although at present the extent of this is unknown but there will be further changes as the system develops.

10.0 LEGAL IMPLICATIONS

10.1 There are none arising directly from this report.

11.0 EQUALITIES IMPLICATIONS

11.1 As the changes to be implemented under Universal Credit have the potential to affect certain protected groups of people, the DWP has detailed Equality Impact Assessment as part of a broader set of Impact Assessments included in the Welfare Reform Bill.

12.0 CARBON REDUCTION IMPLICATIONS

12.1 There are none arising directly from this report.

13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

13.1 There are none arising directly from this report.

FNCE/39/11

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APPENDICES

None.

REFERENCE MATERIAL / SUBJECT HISTORY

The Welfare Reform Bill published February 2011
<http://www.dwp.gov.uk/policy/welfare-reform/legislation-and-key-documents/welfare-reform-bill-2011>

Information regarding the April 2011 changes to Local Housing Allowance are also available on the DWP website:-
<http://www.dwp.gov.uk/local-authority-staff/housing-benefit/claims-processing/local-housing-allowance>

Council Meeting	Date
Cabinet	4 February 2010

WIRRAL COUNCIL

COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

16 MARCH 2011

SUBJECT	TREASURY MANAGEMENT PERFORMANCE MONITORING
WARD/S AFFECTED	ALL
REPORT OF	DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER	COUNCILLOR JEFF GREEN
KEY DECISION	YES

1.0 EXECUTIVE SUMMARY

- 1.1 This report presents a review of Treasury Management activities during the third quarter of 2010/11 and confirms compliance with treasury limits and prudential indicators. It has been prepared in accordance with the revised CIPFA Treasury Management Code and the revised Prudential Code and was presented to the Cabinet on 3 February 2011.

2.0 RECOMMENDATION

- 2.1 That the Treasury Management Performance Monitoring Report be noted.

3.0 REASON FOR RECOMMENDATION

- 3.1 The Treasury Management Code requires public sector authorities to determine an annual Treasury Management Strategy and, as a minimum, to formally report on their treasury activities and arrangements to Council mid-year and after the year-end. These reports enable those tasked with implementing policies and undertaking transactions to demonstrate that they have properly fulfilled their responsibilities and enable those with responsibility/governance of the treasury management function to scrutinise and assess its effectiveness and compliance with policies and objectives.

4.0 BACKGROUND AND KEY ISSUES

- 4.1 Treasury Management in Local Government is governed by the CIPFA Code of Practice on Treasury Management in the Public Services and in this context is the "management of the Council's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks".

- 4.2 Cabinet approves the Treasury Management Strategy at the start of each financial year. This identifies proposals to finance capital expenditure, borrow and invest in the light of capital spending requirements, the interest rate forecasts and the expected economic conditions. At the end of each financial year Cabinet receives this Annual Report which details performance against the Strategy. In accordance with the revised Treasury Management Code, a Treasury Management monitoring report is presented to Cabinet and Council on a quarterly basis.

CURRENT ECONOMIC ENVIRONMENT

- 4.3 The Spending Review announced on 20 October 2010 set out how the Government will carry out the deficit reduction plan over the next four years, with the aim of eliminating the structural deficit by 2015. Particular focus was given to “reducing welfare costs and wasteful spending”. Departmental budgets (other than Health and Overseas Aid) are to be cut by an average of 19%, with around £81 billion cut from public spending overall, over four years. The Office of Budget Responsibility (OBR), commented that there was a better than even chance of hitting the fiscal mandates and that the rebalancing of the economy could be relatively pain-free.
- 4.4 The Bank of England (BoE) November Quarterly Inflation Report projected inflation to remain above the 2% target throughout 2011. In the BoE view the recovery in economic activity was likely to continue, with GDP growth more likely to be above the historical average than below it for much of the two year forecast period. Consumer Price Inflation (CPI), rose to 3.3% year-on-year to November 2010 and was expected to remain high into 2011.
- 4.5 The UK economy grew in the third calendar quarter of 2010 by 0.8%, twice as much as economists forecast, as services and construction helped sustain the recovery. The annual growth rate increased to 2.8%. The Monetary Policy Committee (MPC) maintained the Bank Rate at 0.5%, and although the MPC maintained Quantitative Easing at £200 billion, minutes of the MPC meetings showed the MPC was clearly ready to resume asset purchases if the economy slowed faster than expected.

THE COUNCIL TREASURY POSITION

- 4.6 The table shows how the position has changed since 30 September 2010.

Table 1 : Summary of Treasury Position

Investments	Balance at 30 Sep 2010 £m	Maturing Investments £m	New Investments £m	Balance at 31 Dec 2010 £m
Internal managed investments	146	158	159	147
TOTAL INVESTMENTS	146	158	159	147

Borrowings	Balance at 30 Sep 2010 £m	Maturing Borrowings £m	New Borrowings £m	Balance at 31 Dec 2010 £m
Long-term fixed rate	282	13	5	274
Long-term variable rate	0	0	0	0
Temporary borrowing	0	0	0	0
TOTAL BORROWING	282	13	5	274
NET BORROWING	136			127

INVESTMENTS

4.7 The Treasury Management Team can invest money for periods varying from 1 day to 10 years, in accordance with the Treasury Management Strategy, to earn interest until the money is required by the Council. These investments arise from a number of sources including General Fund Balances, Reserves and Provisions, Grants received in advance of expenditure, Money borrowed in advance of capital expenditure, Schools' Balances and Daily Cashflow/ Working Capital.

4.8 At 31 December 2010 the Council held investments of £147 million

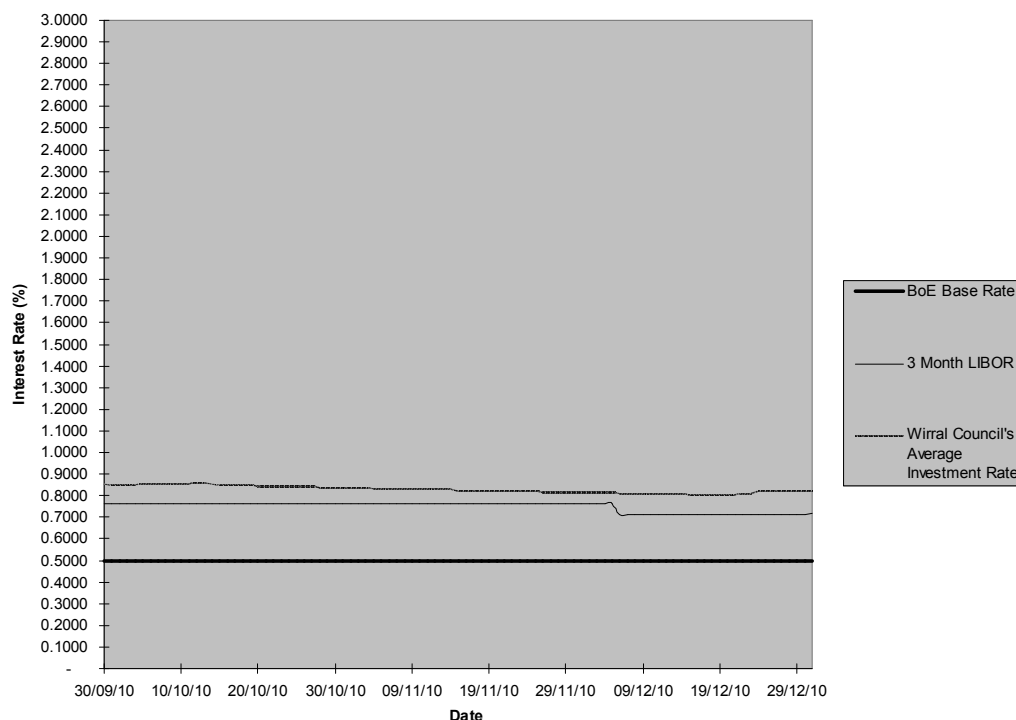
Table 2 : Investments at 31 December 2010

Investments with:	£m
UK Banks	72,200
Building Societies	12,700
Money Market Funds	50,550
Other Local Authorities	3,500
Gilts and Bonds	8,500
TOTAL	147,450

4.9 Of the above investments, £55 million is invested in instant access funds, £81 million is invested for up to 1 year and £11 million is invested for up to 5 years.

4.10 The average rate of return on investments as at 31 December 2010 is 0.97%. The graph shows the Treasury Management Team rate of return against the Bank of England base rate and the 3 month LIBOR (the inter bank lending rate):

Investment Rate of Return in 2010/11



- 4.11 The rate at which the Council can invest money continues to be low, in line with the record low Bank of England base rate.
- 4.12 The Council maintains a restrictive policy on new investments by only investing in UK institutions A+ rated or above and continues to invest in AAA rated money market funds, gilts and bonds.
- 4.13 The 2010/11 investment income budget has been reduced to £0.7 million to reflect the low interest rates that are anticipated to continue throughout the financial year. With low interest rates it is unlikely that the Authority will achieve the large surpluses that have been made in the past few years.

Icelandic Investment

- 4.14 The Authority has £2 million deposited with Heritable Bank, a UK registered Bank, at an interest rate of 6.22% which was due to mature on 28 November 2008. The Company was placed in administration on 7 October 2008. Members have received regular updates regarding the circumstances and the latest situation. In March 2009 an Audit Commission report confirmed that Wirral Council had acted, and continues to act, prudently and properly in all its investment activities.
- 4.15 The latest creditor progress report issued by the Administrators Ernst and Young, dated 28 January 2010, outlined that the return to creditors is projected to be 85p in the £ by the end of 2012 and the final recovery could be higher.
- 4.16 To date, £956,073 has been received with payments due over 2010/12.

Table 3 : Heritable Bank Repayments

	£
Initial Investment	2,000,000
Actual Repayments Received	
As at 31 Dec 10	956,073
Estimate of Future Repayments	
Dec-10	104,289
Mar-11	104,289
Jun-11	104,289
Sep-11	104,289
Dec-11	104,289
Mar-12	104,289
Jun-12	104,289
Sep-12	104,289
Total	834,312
Estimate of Minimum Total Repayment	1,790,385

- 4.17 Please note that the amounts and timings of future payments are estimates and are not definitive. Favourable changes in market conditions could lead to higher than estimated repayments.
- 4.18 If Heritable Bank is unable to repay in full, I have also made a pre-emptive claim against Landsbanki Islands HF for the difference. When the original investment was made it was with Landsbanki Islands HF providing a guarantee to reimburse the Council should Heritable be unable to repay. It should be noted that Landsbanki Islands HF is also in Administration.

BORROWING

- 4.19 The Council undertakes borrowing to help fund capital expenditure. In 2010/11 the capital programme requires borrowing of £14 million.
- 4.20 As at 31 December 2010 the Council had borrowed £10 million from the Public Works Loan Board (PWLB); £5 million borrowed over 50 years at a rate of 3.92%, repayable at maturity and £5 million borrowed over 10 years at a rate of 1.89% repayable in equal instalments over the life of the loan. To put the rate of interest paid on these loans into context, existing borrowings incur an average rate of interest of 5.6%.

- 4.21 Both of these loans were taken out before the announcement in the Spending Review from HM Treasury to the PWLB to increase the interest rate on all new loans by an average of 1% above UK Government Gilts. The new borrowing rates for fixed loans increased by approximately 0.87% across all maturities, and variable rates by 0.90%. Premature repayment rates did not benefit from the corresponding increase and the PWLB methodology remained unchanged. HM Treasury determined that these changes ensured that the rate at which loans are made available to local authorities better reflected the availability of capital funding post-Spending Review and would encourage optimal borrowing and investment decisions.
- 4.22 Whilst competitive, comparable equivalents to PWLB are readily available, the Council will adopt a cautious and considered approach to future borrowing. The treasury adviser, Arlingclose, is actively consulting with investors, investment banks, lawyers and credit rating agencies to establish the attraction of different sources of borrowing, including bond schemes, loan products and their related risk/reward trade off. A prudent and pragmatic approach to borrowing will be maintained to minimise borrowing costs without compromising the longer-term stability of the portfolio, consistent with the Prudential Indicators.
- 4.23 The table shows the total borrowing as at 31 December 2010.

Table 4 : Total borrowing at 31 December 2010

Borrowing	Balance 1 Apr 2010 (£m)	Debt Maturing (£m)	New Borrowing (£m)	Balance 31 Dec 10 (£m)
PWLB	106	16	10	100
Market Loans	174	0	0	174
TOTAL	280	16	10	274

5.0 MONITORING OF THE PRUDENTIAL CODE INDICATORS

- 5.1 The introduction of the Prudential Code in 2004 gave Local Authorities greater freedom in making capital strategy decisions. The prudential indicators allow the Council to establish prudence and affordability within the capital strategy.
- 5.2 Below is a selection of prudential indicators which demonstrate that the treasury management decisions are in line with the capital strategy, which is prudent and affordable.

Net External Borrowing and Capital Financing Requirement (CFR) Indicator

- 5.3 The CFR measures the underlying need to borrow money to finance capital expenditure. The Prudential Code stipulates that net external borrowing should not exceed the CFR for the previous year plus the estimated additional CFR requirement for the current and next two financial years. Table shows the accumulative CFR and net borrowing of the Council.

Table 5 : Net External Borrowing compared with CFR

	£m
CFR in previous year (2009/10 actual)	387
additional CFR in 2010/11 (estimate)	2
Reduced CFR in 2011/12 (estimate)	-20
Reduced CFR in 2012/13 (estimate)	-20
Accumulative CFR	349
External Borrowing as at 31 Dec 2010	274

- 5.4 Net external borrowing does not exceed the CFR and it is not expected to in the future. This is a key indicator of prudence.

Authorised Borrowing Limit and Operational Boundary Indicators

- 5.5 The Authorised Borrowing Limit is the amount determined as the level of borrowing which, while not desired, could be afforded but may not be sustainable. It is not treated as an upper limit for borrowing for capital purposes alone since it also encompasses temporary borrowing. An unanticipated revision to this limit is considered to be an exceptional event and would require a review of all the other affordability indicators.
- 5.6 The Operational Boundary is the amount determined as the expectation of the maximum external debt according to probable events projected by the estimates and makes no allowance for any headroom. It is designed to alert the Authority to any imminent breach of the Authorised Limit.

Table 6 : Authorised Limit and Operational Boundary Indicator

	Oct 10 £m	Nov 10 £m	Dec 10 £m
Authorised Limit	484	484	484
Operational Boundary	469	469	469
Total Council Borrowing	287	279	274

- 5.7 The table above shows that neither the Authorised Limit nor the Operational Boundary was breached between October 2010 and December 2010. This is a key indicator of affordability.

Interest Rate Exposures Indicator

- 5.8 The Prudential Code also requires Local Authorities to set limits for the exposure to the effects of interest rate changes. Limits are set for the amount of borrowing/ investments which are subject to variable rates of interest and the amount which is subject to fixed rates of interest. Table shows the interest rate exposure as at 31 December 2010.

Table 7 : Interest Rate Exposure:

Interest Rate Exposure	Fixed Rate of Interest	Variable Rate of Interest	Total
Borrowings	£274m	£0m	£274m
Proportion of Borrowings	100%	0%	100%
Upper Limit	100%	50%	
Investments	£11m	£136m	£147m
Proportion of Investments	7.5%	92.5%	100%
Upper Limit	100%	100%	
Net Borrowing	£263m	£-136m	£127m
Proportion of Total Net Borrowing	207%	-107%	100%

- 5.9 The table above shows that borrowing is mainly at fixed rates of interest and investments are mainly at variable rates of interest. This was considered to be a good position while interest rates were rising as the cost of existing borrowing remained stable and the investments, at variable rates of interest, generated increasing levels of income.
- 5.10 As the environment has changed to one of low interest rates, the Treasury Management Team is working to adjust this position. This work is, unfortunately, restricted by a number of factors:
- the level of uncertainty in the markets makes investing for long periods at fixed rates of interest more risky and, therefore, the Council continues to only invest short term at variable rates of interest;
 - Many of the Council loans have expensive penalties for early repayment or rescheduling which makes changing the debt position difficult.
- 5.11 The Treasury Management Team will continue to work to improve the position within these limiting factors.

Maturity Structure of Borrowing Indicator

- 5.12 The maturity structure of the borrowing has also been set to achieve maximum flexibility with the Authority being able to undertake all borrowing with a short maturity date or a long maturity date. Table 8 shows the current maturity structure of borrowing:

Table 8 : Maturity Structure of Borrowing

	Borrowings Maturity (years)	31 Dec 10	31 Dec 10
		£m	%
Total Short Term Borrowing	Less than 1 year	14	5
Long Term Borrowing	Over 1 year under 2 years	15	6
	Over 2 years under 5 years	44	16
	Over 5 years under 10 years	34	12
	Over 10 years	167	61
Total Long Term Borrowing		260	95
Total Borrowing		274	100

6.0 RELEVANT RISKS

6.1 All relevant risks have been discussed within Section 4 of this report.

7.0 OTHER OPTIONS CONSIDERED

7.1 There are no other options considered in this performance monitoring report.

8.0 CONSULTATION

8.1 There has been no consultation undertaken or proposed for this performance monitoring report. There are no implications for partner organisations arising out of this report.

9.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

9.1 There are none arising out of this report.

10.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

10.1 Currently Treasury Management activities are expected to generate a surplus of £600,000 in 2010-11 due to increased investment income.

11.0 LEGAL IMPLICATIONS

11.1 There are none arising out of this report.

12.0 EQUALITIES IMPLICATIONS

12.1 There are none arising out of this report.

12.2 Equality Impact Assessment (EIA) is not required.

13.0 CARBON REDUCTION IMPLICATIONS

13.1 There are none arising out of this report.

14.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

14.1 There are none arising out of this report.

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FNCE/28/11

APPENDICES

None

REFERENCE MATERIAL

Code of Practice for Treasury Management in Public Services – CIPFA 2009.
Prudential Code for Capital Finance in Local Authorities – CIPFA 2009.

SUBJECT HISTORY

Council Meeting	Date
Cabinet - Treasury Management and Investment Strategy 2010 to 2013	22 February 2010
Cabinet - Treasury Management Annual Report 2009/10	24 June 2010
Cabinet - Treasury Management Performance Monitoring	22 July 2010
Cabinet - Treasury Management Performance Monitoring	14 October 2010
Cabinet - Treasury Management Performance Monitoring	3 February 2011

WIRRAL COUNCIL

COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

16 MARCH 2011

SUBJECT	TREASURY MANAGEMENT AND INVESTMENT STRATEGY 2011-14
WARD/S AFFECTED	ALL
REPORT OF	DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER	COUNCILLOR JEFF GREEN
KEY DECISION	YES

1.0 EXECUTIVE SUMMARY

- 1.1 This report sets out the Treasury Management and Investment Strategy for 2011-2014 in accordance with the CIPFA Code of Practice for Treasury Management in Public Services. It was agreed by the Budget Cabinet on 21 February 2011.

2.0 RECOMMENDATIONS

- 2.1 That Members note the Treasury Management and Investment Strategy for 2011-2014.
- 2.2 That the Prudential Indicators be adopted.
- 2.3 That Members note the Minimum Revenue Provision policy.
- 2.4 That the Council Officers listed within Appendix D, of the Strategy Statement, be authorised to approve payments from Council bank accounts for all treasury management activities.

3.0 REASONS FOR RECOMMENDATIONS

- 3.1 The Chartered Institute of Public Finance and Accountancy Code of Practice for Treasury Management in Public Services (the "CIPFA TM Code") and the Prudential Code require local authorities to determine the Treasury Management Strategy Statement (TMSS) and Prudential Indicators on an annual basis. The TMSS also incorporates the Investment Strategy as required under the Investment Guidance issued by the Department for Communities and Local Government (DCLG).
- 3.2 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 (SI 2008/414) place a duty on local authorities to make prudent provision for debt redemption. Guidance on Minimum Revenue Provision has been issued by the Secretary of State and local authorities are required to "have regard" to such Guidance under section 21(1A) of the Local Government Act 2003.

4.0 BACKGROUND AND KEY ISSUES

4.1 CIPFA has defined treasury management as:

“the management of the organisation’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

4.2 The Council acknowledges that effective treasury management will provide support towards the achievement of business and service objectives. It is, therefore, committed to the principles of achieving value for money in treasury management and to employing suitable comprehensive performance measurement techniques, within the context of effective treasury management.

4.3 The purpose of the attached Treasury Management Strategy Statement is to set:

- The Treasury Management Strategy for 2011-14 - The long term direction for Council borrowing, debt rescheduling and investments.
- The Prudential Indicators – information to ensure that capital investment is affordable, prudent and sustainable.
- The Minimum Revenue Provision (MRP) Statement – The policy on the repayment of long term debt.
- Authorised signatories for treasury management activities.

5.0 RELEVANT RISKS

5.1 The Council is responsible for treasury decisions and activity. No treasury management activity is without risk. The successful identification, monitoring and control of risk are important and integral elements of treasury management activities. The main risks to the treasury activities are:

- Liquidity Risk (Inadequate cash resources)
- Market or Interest Rate Risk (Fluctuations in interest rate levels)
- Inflation Risk (Exposure to inflation)
- Credit and Counterparty Risk (Security of investments)
- Refinancing Risk (Impact of debt maturing in future years)
- Legal and Regulatory Risk

6.0 OTHER OPTIONS CONSIDERED

6.1 There are no other options considered in this report.

7.0 CONSULTATION

7.1 There has been no consultation undertaken or proposed for this strategy report. There are no implications for partner organisations arising out of this report.

8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

8.1 There are none arising out of this report.

9.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

9.1 Approval and implementation of this strategy will limit financial risks while helping to minimise financing costs and maximise investment returns.

10.0 LEGAL IMPLICATIONS

10.1 There are none arising out of this report.

11.0 EQUALITIES IMPLICATIONS

11.1 There are none arising out of this report.

11.2 An Equality Impact Assessment (EIA) is not required.

12.0 CARBON REDUCTION IMPLICATIONS

12.1 There are none arising out of this report.

13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

13.1 There are none arising out of this report.

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FNCE/45/11

APPENDICES

Treasury Management and Investment Strategic Statement 2011-2014

REFERENCE MATERIAL

DCLG Local Authority Investment Guidance, 2004

DCLG Changes to the Capital Financing System Consultation, 2009

Code of Practice for Treasury Management in Public Services (Fully Revised Second Edition), CIPFA 2009.

Prudential Code for Capital Finance in Local Authorities (Fully Revised Second Edition), CIPFA 2009.

SUBJECT HISTORY

Council Meeting	Date
Cabinet - Treasury Management and Investment Strategy 2010 to 2013	22 February 2010
Cabinet - Treasury Management Annual Report 2009/10	24 June 2010
Cabinet - Treasury Management Performance Monitoring	22 July 2010
Cabinet - Treasury Management Performance Monitoring	14 October 2010
Cabinet - Treasury Management Performance Monitoring	3 February 2011
Cabinet - Treasury Management and Investment Strategy 2011 to 2014	21 February 2011



WIRRAL COUNCIL

TREASURY MANAGEMENT AND INVESTMENT STRATEGY 2011-2014

CONTENTS

1. Background
2. Balance Sheet and Treasury Position
3. Borrowing and Debt Rescheduling Strategy
4. Investment Policy and Strategy
5. Outlook for Interest Rates
6. Policy on Delegation
7. Balanced Budget Requirement
8. 2011/12 Minimum Revenue Provision Statement
9. Performance Monitoring and Reporting

APPENDICES

- A. Existing Portfolio Projected Forward
- B. Economic and Interest Rate Outlook
- C. Specified and Non- Specified Investments
- D. Authorised Signatories

**CABINET
FEBRUARY 2011**

1. Background

1.1 The Chartered Institute of Public Finance and Accountancy's Code of Practice for Treasury Management in Public Services (the "CIPFA TM Code") and the Prudential Code require local authorities to determine the Treasury Management Strategy Statement (TMSS) and Prudential Indicators on an annual basis. The TMSS also incorporates the Investment Strategy as required under the CLG's Investment Guidance.

1.2 CIPFA has defined treasury management as:

"the management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

1.3 The Council is responsible for its treasury decisions and activity. No treasury management activity is without risk. The successful identification, monitoring and control of risk are integral element to treasury management activities and include Credit and Counterparty Risk, Liquidity Risk, Market or Interest Rate Risk, Refinancing Risk and Legal and Regulatory Risk.

1.4. The strategy takes into account the impact of the Council's Revenue Budget and Capital Programme on the Balance Sheet position, the current and projected Treasury position (Appendix A), the Prudential Indicators and the outlook for interest rates (Appendix B).

1.5 The purpose of this Treasury Management Strategy Statement is to approve:

- Treasury Management Strategy for 2011/12 (Borrowing and Debt Rescheduling - Section 3, Investments - Section 4).
- Prudential Indicators (note: The Authorised Limit is a statutory limit).
- MRP Statement – Section 8.
- Use of Specified and Non-Specified Investments – Appendix C.

2. Balance Sheet and Treasury Position

- 2.1 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR) and together with balances and reserves are the core drivers of treasury management activity. The estimates, based on the current revenue budget and capital programme, are set out below:

	31-Mar-11 Estimate £m	31-Mar-12 Estimate £m	31-Mar-13 Estimate £m	31-Mar-14 Estimate £m
Capital Financing Requirement (CFR)	389	394	394	384
Less: Existing Profile of Borrowing and Other Long Term Liabilities	342	324	305	273
Cumulative Maximum External Borrowing Requirement	47	70	89	111
Balance and Reserves	103	90	80	80
Cumulative Net Borrowing Requirement / (Investments)	-56	-20	9	31

- 2.2 The Council's level of physical debt and investments is linked to these components of the Balance Sheet. The current portfolio position is set out at Appendix A. Market conditions, interest rate expectations and credit risk considerations will influence the Council's strategy in determining the borrowing and investment activity against the underlying Balance Sheet position. The Council will ensure that net physical external borrowing (i.e. net of investments) will not exceed the CFR other than for short term cash flow requirements.

Estimates of Capital Expenditure

- 2.3 It is a requirement of the Prudential Code to ensure that capital expenditure remains within sustainable limits and, in particular, to consider the impact on Council Tax.

	2010/11 Approved £m	2010/11 Revised £m	2011/12 Estimate £m	2012/13 Estimate £m	2013/14 Estimate £m
Capital Expenditure	78,595	73,845	67,552	53,910	tbc

2.4 Capital expenditure is expected to be financed as follows:

Capital Financing	2010/11 Approved £m	2010/11 Revised £m	2011/12 Estimate £m	2012/13 Estimate £m	2013/14 Estimate £m
Supported Borrowing	5,300	5,300	0	0	tbc
Unsupported Borrowing	9,040	14,374	23,084	18,220	tbc
Capital Receipts	3,000	3,000	3,000	3,000	tbc
Capital Grants	60,905	50,304	41,168	32,390	tbc
Revenue Contribution	350	867	300	300	tbc
Total Financing	78,595	73,845	67,552	53,910	0

Incremental Impact of Capital Investment Decisions:

2.5 As an indicator of affordability the table below shows the impact of capital investment decisions on Council Tax. The incremental impact is calculated by comparing the total revenue budget requirement of the current approved capital programme with an equivalent calculation of the revenue budget requirement arising from the proposed capital programme.

Incremental Impact of Capital Investment Decisions	2010/11 Approved £	2011/12 Estimate £	2012/13 Estimate £	2013/14 Estimate £
Increase in Band D Council Tax	8.47	13.54	10.10	tbc

2.6 The estimate for interest payment in 2011/12 is £15.7 million and for interest receipts is £1.3 million. The ratio of financing costs to the Council's net revenue stream is an indicator of affordability. It highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of revenue budget required to meeting borrowing costs. The ratio is based on costs net of investment income.

Ratio of Finance Costs to net Revenue Stream	2010/11 Approved %	2010/11 Estimate %	2011/12 Estimate %	2012/13 Estimate %	2013/14 Estimate %
Ratio	8.74	7.99	9.31	10.03	10.25

3. Borrowing and Debt Rescheduling Strategy

3.1 The Council's balance of Actual External Debt (gross borrowing plus other long term liabilities) as at 31 March 2010 was £352 million. A detailed breakdown of this figure is provided in Appendix A. This Prudential Indicator is a measure in a manner consistent for comparison with the Operational Boundary and Authorised Limit.

- 3.2 The Authorised Limit sets the maximum level of external borrowing on a gross basis (i.e. not net of investments) and is the statutory limit determine under Section 3 (1) of the Local Government Act 2003 (referred to in the legislation as the Affordable Limit)

Authorised Limit for External Debt	2010/11 Approved £m	2010/11 Revised £m	2011/12 Estimate £m	2012/13 Estimate £m	2013/14 Estimate £m
Borrowing	469	494	489	481	473
Other Long-term Liability	15	8	8	8	8
Total	484	502	497	489	481

- 3.3 The Operational Boundary links directly to the Council's estimates of the CFR and estimates of other cashflow requirements. This indicator is based on the same estimates as the Authorised Limit reflecting the most likely, prudent but not worst case scenario but without the additional headroom included with the Authorised Limit.

Operational Boundary for External Debt	2010/11 Approved £m	2010/11 Revised £m	2011/12 Estimate £m	2012/13 Estimate £m	2013/14 Estimate £m
Borrowing	459	484	479	471	463
Other Long-term Liability	10	3	3	3	3
Total	469	487	482	474	466

- 3.4 The Director of Finance has delegated authority, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long-term liabilities. Decisions will be based on the outcome of financial option appraisals and best value considerations. Any movement between these separate limits will be reported to the next meeting of the Cabinet.

- 3.5 In conjunction with advice from its treasury advisor, Arlingclose Ltd, the Council will keep under review the following borrowing options:
- PWLB loans
 - Borrowing from other local authorities
 - Borrowing from financial institutions
 - Borrowing from the Money Markets
 - Local authority stock issues or bills
 - Structured finance
- 3.6 Notwithstanding the issuance of Public Works Loan Board (PWLB) Circular 147 on 20 October 2010, following the Comprehensive Spending Review announcement, which increases the cost of new local authority fixed rate loans to 1% above the cost of the Government's borrowing, the PWLB remains an attractive source of borrowing, given the transparency and control that its facilities continue to provide. The types of PWLB borrowing that are considered appropriate for a low interest rate environment are:
- Variable rate borrowing
 - Medium-term Equal Instalments of Principal (EIP) or Annuity Loans
 - Long-term Maturity loans, where affordable
- 3.7 Capital expenditure levels, market conditions and interest rate levels will be monitored during the year in order to minimise borrowing costs over the medium to longer term and maintaining stability. The differential between debt costs and investment earnings, despite long term borrowing rates being at low levels, remains acute and this is expected to remain a feature during 2011/12. The "cost of carry" associated with medium and long-term borrowing compared to temporary investment returns means that new fixed rate borrowing could entail additional short-term costs. The use of internal resources in lieu of borrowing may again, in 2011/12, be the most cost effective means of financing capital expenditure.
- 3.8 PWLB variable rates are expected to remain low as the Bank Rate is maintained at historically low levels for an extended period. Exposure to variable interest rates will be kept under regular review. Each time the spread between long-term rates and variable rates narrows by 0.50%, this will trigger a formal review point and options will be considered in conjunction with the Authority's Treasury Advisor.
- 3.9. The Council has £174 million loans which are LOBO loans (Lender's Options Borrower's Option) all of which are currently in their call period. In the event that the lender exercises the option to change the rate or terms of the loan, the Council will consider the terms being provided and also repayment of the loan without penalty. The Council may utilise cash resources for repayment or may consider replacing the loan(s) by borrowing from the PWLB. The default response will however be early repayment without penalty.

- 3.10 The rationale for debt rescheduling would be one or more of the following:
- Savings in interest costs with minimal risk.
 - Balancing the volatility profile (i.e. the ratio of fixed to variable rate debt) of the debt portfolio.
 - Amending the profile of maturing debt to reduce any inherent refinancing risks.

As opportunities arise, they will be identified and analysed.

3.11 Any borrowing and debt rescheduling activity will be reported to Cabinet.

3.12 The following Prudential Indicators allow the Council to manage the extent to which it is exposed to changes in interest rates. The upper limit for variable rate exposure has been set to ensure that the Council is not exposed to interest rate rises which could adversely impact on the revenue budget. The limit allows for the use of variable rate debt to offset exposure to changes in short-term rates on investments.

3.13 In order to increase the understanding of this indicator, separate upper limits for the percentage of fixed and variable rates are shown for borrowing and investment activity, as well as the net limit.

	2010/11 Approved %	2010/11 Revised %	2011/12 Estimate %	2012/13 Estimate %	2013/14 Estimate %
Upper Limit for Fixed Interest Rate Exposure					
Borrowings	100	100	100	100	100
Investments	100	100	100	100	100
Net	200	200	200	200	200
Upper Limit for Variable Interest Rate Exposure					
Borrowings	100	100	100	100	100
Investments	100	100	100	100	100
Net	200	200	200	200	200

3.14 The limits above provide the necessary flexibility within which decisions will be made for drawing down new loans on a fixed or variable rate basis; the decisions will ultimately be determined by expectations of anticipated interest rate movements as set out in the Council's treasury management strategy.

- 3.15 The Council will also limit and monitor large concentrations of fixed rate debt needing to be replaced. Limits in the following table are intended to offer flexibility against volatility in interest rates when refinancing maturing debt.

Maturity structure of fixed rate borrowing	Lower Limit 2011/12 %	Upper Limit 2011/12 %
Under 12 Months	0	20
12 months and within 24 months	0	20
24 months and within 5 years	0	50
5 years and within 10 years	0	50
10 year and above	20	100

4. Investment Policy and Strategy

- 4.1 Guidance from the CLG on Local Government Investments in England requires that an Annual Investment Strategy (AIS) be set.
- 4.2 The Council's investment priorities are:
- Security of the invested capital
 - Liquidity of the invested capital
 - An optimum yield which is commensurate with security and liquidity
- 4.3 Investments are categorised as 'Specified' or 'Non Specified' investments based on the criteria in the CLG Guidance. Potential instruments for the Council's use within its investment strategy are contained in Appendix C. The Director of Finance, under delegated powers, will undertake the most appropriate form of investments in keeping with the investment objectives, income and risk management requirements and Prudential Indicators. Decisions taken on the core investment portfolio will be reported to Cabinet meetings. (see Section 6, Policy on Delegation).
- 4.4 Changes to investment strategy for 2011/12 include:
- AAA-rated Variable Net Asset Value (VNAV) Money Market Funds
 - T-Bills
 - Local Authority Bills
 - Term deposits in Sweden
 - Maximum duration for new term deposits 2 years
- 4.5 The Council's current level of investments is presented at Appendix A.
- 4.6 The Council's in-house investments are made with reference to the outlook for the UK Bank Rate and money market rates.

- 4.7 In any period of significant stress in the markets, the default position is for investments to be made with the Debt Management Office or UK Treasury Bills. (The rates of interest from the DMADF are below equivalent money market rates, but the returns are an acceptable trade-off for the guarantee that the Council's capital is secure.)
- 4.8 The Council selects countries and the institutions within them for the counterparty list after analysis and careful monitoring of:
- Credit Ratings (minimum long-term A+ for counterparties; AA+ for countries)
 - Credit Default Swaps (where quoted)
 - GDP; Net Debt as a Percentage of GDP
 - Sovereign Support Mechanisms/ potential support from a well-resourced parent institution
 - Share Prices (where quoted)
 - Macro-economic indicators
 - Corporate developments, news and articles, market sentiment.
- 4.9 The Council and its Treasury Advisors, Arlingclose, will continue to analyse and monitor these indicators and credit developments on a regular basis and respond as necessary to ensure security of the capital sums invested.
- 4.10 The UK Bank Rate has been maintained at 0.5% since March 2009, and is anticipated to remain at low levels throughout 2011/12. Short-term money market rates are likely to remain at very low levels for an extended period which will have a significant impact on investment income.
- 4.11 To protect against a lower for longer prolonged period of low interest rates and to provide certainty of income, 2 year deposits and longer-term secure investments will be actively considered within the limits the Council has set for Non-Specified Investments (see Appendix C). The longer-term investments will be likely to include:
- Term Deposits with counterparties rated at least A+ (or equivalent)
 - Supranational Bonds (bonds issued by multilateral development banks): Even at the lower yields likely to be in force, the return on these bonds will provide certainty of income against an outlook of low official interest rates.
- 4.12 The Council has placed an upper limit for principal sums invested for over 364 days, as required by the Prudential Code. This limit is to contain exposure to the possibility of loss that may arise as a result of the Council having to seek early repayment of the sums invested.

	2010/11 Approved £m	2010/11 Revised £m	2011/12 Estimate £m	2012/13 Estimate £m	2013/14 Estimate £m
Upper Limit for total principal sums invested over 364 days	30	30	30	30	30

4.13 **Collective Investment Schemes (Pooled Funds):**
The Council has evaluated the use of Pooled Funds and determined the appropriateness of their use within the investment portfolio. Pooled funds enable the Council to diversify the assets and the underlying risk in the investment portfolio and provide the potential for enhanced returns.

4.14 Investments in pooled funds will be undertaken with advice from Arlingclose. The Council's current investments in Pooled Funds are listed in Appendix A; their performance and continued suitability in meeting the Council's investment objectives are regularly monitored.

5. Outlook for Interest Rates

5.1 The economic interest rate outlook provided by the Council's treasury advisor, Arlingclose Ltd, is attached at Appendix B. The Council will reappraise its strategy from time to time and, if needs be, realign it with evolving market conditions and expectations for future interest rates.

6. Policy on Delegation

6.1 The Council has responsibility for all matters concerned with treasury management. These are delegated to the Director of Finance in accordance with the Constitution scheme of delegation.

6.2 On a day to day basis the Treasury Management Team within the Accountancy Section carries out the treasury management activities.

6.3 Decisions on short term investments and short term borrowings may be made on behalf of the Director of Finance by the Group Accountant for Treasury Management or any of the members of the Treasury Management Team who are empowered to agree deals subject to their conforming to the Authority's treasury management strategy and policies outlined in this report.

6.4 Actual authorisation of payments from the Authority's bank account will be made by the Director of Finance, the Deputy Director of Finance, the Finance Heads of Service or the Chief Accountants, listed in Appendix D.

6.5 Decisions on long term investments or long term borrowings (i.e. for periods greater than one year) may be made on behalf of the Director of Finance by the Group Accountant or the Senior Assistant Accountants on the Treasury Management Team and will be reported to Cabinet.

6.6 All officers will act in accordance with the policies contained within this document.

7. Balanced Budget Requirement

7.1 The Council complies with the provisions of S32 of the Local Government Finance Act 1992 to set a balanced budget.

8. 2011/12 Minimum Revenue Provision Statement

- 8.1 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 (SI 2008/414) place a duty on local authorities to make a prudent provision for debt redemption. Guidance on Minimum Revenue Provision has been issued by the Secretary of State and local authorities are required to “have regard” to such Guidance under section 21(1A) of the Local Government Act 2003.
- 8.2 The four MRP options available are:
Option 1: Regulatory Method
Option 2: CFR Method
Option 3: Asset Life Method
Option 4: Depreciation Method
NB this does not preclude other prudent methods
- 8.3 MRP in 2011/12: Options 1 and 2 may be used only for supported expenditure. Methods of making prudent provision for self financed expenditure include Options 3 and 4 (which may also be used for supported expenditure if the Council chooses).
- 8.4 The MRP Statement will be submitted to Council before the start of the 2011/12 financial year. If it is ever proposed to vary the terms of the original MRP Statement during the year, a revised statement should be put to Council at that time.
- 8.5 The Council will apply Option 1 in respect of supported capital expenditure and Option 3 in respect of unsupported capital expenditure.
- 8.6 For prudence, when Option 3, the asset life method, is applied to the funding of an asset with a life greater than 25 years the Council will apply a default asset life of 25 years. Estimating assets lives over 25 years is difficult to achieve accurately; therefore, using a default of 25 years is considered the most prudent approach and is in keeping with the Regulations.
- 8.7 MRP in respect of PFI and leases brought on Balance Sheet under International Financial Reporting Standards (IFRS) will also be calculated using Option 3 and will match the annual principal repayment for the associated deferred liability.

9. Performance Monitoring and Reporting

- 9.1 The Director of Finance will report to Cabinet on treasury management activity / performance as follows :
- Quarterly against the strategy approved for the year. (CIPFA requires as a minimum a mid-year and year end review of treasury activity).
 - The Council will produce an Outturn Report on its treasury activity no later than 30 September after the financial year end.
 - Council Excellence Overview and Scrutiny Committee will be responsible for the scrutiny of treasury management activity and practices.

APPENDIX A

EXISTING PORTFOLIO PROJECTED FORWARD

	31-Mar-10 Actual £m	%	31-Mar-11 Revised £m	31-Mar-12 Estimate £m	31-Mar-13 Estimate £m	31-Mar-14 Estimate £m
External Borrowing:						
Fixed Rate – PWLB	106	38	100	109	113	107
Fixed Rate – Market	174	62	174	174	171	158
Variable Rate – PWLB	0	0	0	0	0	0
Variable Rate – Market	0	0	0	0	0	0
Total External Borrowing	280	100	274	283	284	265
Other long-term liabilities:						
PFI	69	96	66	56	45	34
Finance Leases	3	4	2	2	1	1
Total Other Long-Term Liabilities	72	100	68	58	46	35
Total External Debt	352		342	341	330	300
Investments:						
<i>Managed in-house</i>						
Deposits with Banks and Building Societies	85	59	80	51	41	41
Deposits with Money Market Funds	50	35	30	30	30	30
Deposits in Supranational Bonds and Gilts	8	6	8	8	8	8
<i>Managed externally</i>						
Payden Sterling Reserve	1	1	1	1	1	1
Total Investments	144	100	119	90	80	80
Net Borrowing Position	208		223	251	250	220

ECONOMIC AND INTEREST RATE OUTLOOK (ARLINGCLOSE)

	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14
Official Bank Rate													
Upside risk	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Central case	0.50	0.50	0.75	1.00	1.25	1.50	2.00	2.50	2.75	2.75	3.00	3.00	3.00
Downside risk	-	-	- 0.25	- 0.50	- 0.50	- 0.50	- 0.50	- 0.50	- 0.50	- 0.50	- 0.50	- 0.50	- 0.50
1-yr LIBID													
Upside risk	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Central case	1.65	1.90	2.15	2.40	2.50	2.50	2.75	3.00	3.25	3.50	3.50	3.50	3.50
Downside risk	- 0.25	- 0.25	- 0.25	- 0.50	- 0.50	- 0.50	- 0.50	- 0.50	- 0.50	- 0.50	- 0.50	- 0.50	- 0.50
5-yr gilt													
Upside risk	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Central case	2.75	3.00	3.25	3.50	3.75	4.00	4.00	4.00	4.00	4.00	4.25	4.25	4.00
Downside risk	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25
10-yr gilt													
Upside risk	0.25	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Central case	3.90	4.00	4.10	4.25	4.50	4.75	4.75	4.75	4.75	4.75	5.00	5.00	4.75
Downside risk	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25
20-yr gilt													
Upside risk	0.25	0.25	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Central case	4.50	4.75	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.25	5.25	5.00
Downside risk	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25
50-yr gilt													
Upside risk	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Central case	4.25	4.50	4.75	4.75	4.75	4.75	4.50	4.50	4.50	4.50	4.75	4.75	4.50
Downside risk	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25

- The recovery in growth is likely to be slow and uneven.
- The initial reaction to the CSR is positive, but implementation risks remain.
- The path of base rates reflects the fragility of the recovery and the significantly greater fiscal tightening of the emergency budget. With growth and underlying inflation likely to remain subdued, the Bank will stick to its lower for longer stance on policy rates.
- Uncertainty surrounding Eurozone sovereign debt and the risk of contagion will remain a driver of global credit market sentiment.

Underlying assumptions:

- The framework and targets announced in the Comprehensive Spending Review (CSR) to reduce the budget deficit and government debt will be put to the test; meeting the 2010 borrowing target of £149bn will be crucial to the gilt market's confidence in the credibility of the deficit reduction plans.
- Despite Money Supply being weak and growth prospects remaining subdued, the MPC has gravitated towards increasing rates in the New Year as global inflation continues to rise along with household inflation.
- Consumer Price Inflation is stubbornly above 3% and is likely to spike above 4% in the first quarter of 2011 as a result of VAT, Utilities and Rail Fares.

- Unemployment remains near a 16 year high, at just over 2.5 Million, and is set to increase as the Public Sector shrinks. Meanwhile employment is growing but this is mainly due to part time work, leaving many with reduced income.
- Recently announced Basel III capital/liquidity rules and extended timescales are positive for banks. Restructuring of UK banks' balance sheets is ongoing and expected to take a long time to complete. This will be a pre-condition for normalisation of credit conditions and bank lending.
- Mortgage repayment, a reduction in net consumer credit and weak consumer confidence are consistent with lower consumption and therefore the outlook for growth.
- The US Federal Reserve downgraded its outlook for US growth; the Fed is concerned enough to signal further QE through asset purchases. Industrial production and growth in the Chinese economy are showing signs of slowing. Both have implications for the global economy.

SPECIFIED AND NON SPECIFIED INVESTMENTS

Specified Investments

Specified Investments Defined

Specified Investments will be those that meet the criteria CLG Guidance, i.e. the investment:-

- is sterling denominated
- has a maximum maturity of 1 year
- meets the “high” credit criteria as determined by the Council or is made with the UK Government or is made with a Local Authority in England, Wales, Scotland or Northern Ireland or a parish community council.
- the making of which is not defined as capital expenditure under section 25(1)(d) in SI 2003 No 3146 (i.e. the investment is not loan capital or share capital in a body corporate)

Types of Specified Investments

Specified Investments identified for the Council’s use are:

- Deposits in the DMO’s Debt Management Account Deposit Facility
- Deposits with UK local authorities
- Deposits with banks and building societies
- *Certificates of deposit with banks and building societies
- *Gilts : (bonds issued by the UK Government)
- *Bonds issued by multilateral development banks
- Treasury-Bills (T-Bills) and Local Authority Bills (LA Bills)
- AAA-rated Money Market Funds with a constant net asset value (CNAV)
- AAA-rated Money Market Funds with a Variable Net Asset Value (VNAV)
- Other Money Market Funds and Collective Investment Schemes– i.e. credit rated funds which meet the definition of a collective investment scheme as defined in SI 2004 No 534 and SI 2007 No 573.

** Investments in these instruments will be on advice from the Council’s treasury advisor.*

Minimum Credit Rating Criteria for Specified Investment

For credit rated counterparties, the minimum criteria will be the lowest equivalent short-term and long-term ratings assigned by Fitch, Moody’s and Standard & Poor’s (where assigned).

Long-term minimum: A+ (Fitch); A1 (Moody’s); A+ (S&P)

Short-term minimum: F1 (Fitch); P-1 (Moody’s); A-1 (S&P)

This means that the Council will only make investments that have high credit rating, or above, for both long and short term investments. The Council will also take into account information on corporate developments of and market sentiment towards investment counterparties and will not rely solely on these credit ratings.

New specified investments will be made within the following limits:

Instrument	Country/ Domicile	Counterparty	Maximum Counterparty Limits £m
Term Deposits	UK	DMADF, DMO	No limit
Term Deposits/Call Accounts	UK	Other UK Local Authorities	No limit
Term Deposits/Call Accounts	UK	Counterparties rated at least A+ Long Term and F1 Short Term (or equivalent)	£15m
Term Deposits/Call Accounts	Non-UK	Counterparties rated at least A+ Long Term and F1 Short Term (or equivalent) in select countries with a Sovereign Rating of at least AA+	£15m
Gilts	UK	DMO	No limit
T-Bills	UK	DMO	No limit
LA-Bills	UK	Other UK Local Authorities	No limit
Bonds issued by multilateral development banks		(For example, European Investment Bank/Council of Europe, Inter American Development Bank)	£30m
AAA-rated Money Market Funds	UK/Ireland/ Luxembourg domiciled	CNAV MMFs VNAV MMFs (where there is greater than 12 month history of a consistent £1 Net Asset Value)	£15m
Other MMFs and CIS	UK/Ireland/ Luxembourg domiciled	Pooled funds which meet the definition of a Collective Investment Scheme per SI 2004 No 534 and subsequent amendments	£15m

Sovereign Country Limits

For in-house investments within UK banks and building societies the maximum sovereign limit will be 100% of total investments.

For in-house investments within non-UK banks the maximum sovereign limit will be £30m. This means that all the Council's investments can be made with non-UK institutions but it limits the risk of over-exposure to any one country.

NB The limits above are maximum limits. The Treasury Management Team will adjust individual counterparty, group and country limits according to individual circumstances but remain within these maximum limits.

Non-Specified Investments

Having considered the rationale and risk associated with Non-Specified Investments, the following has been determined for the Council's use :

	In-house use	Use by fund managers	Maximum maturity	Max % of portfolio	Capital expenditure?
<ul style="list-style-type: none"> ▪ Deposits with banks and building societies ▪ Certificates of deposit with banks and building societies 	✓	✓	5 yrs	40% in aggregate	No
Gilts and bonds <ul style="list-style-type: none"> ▪ Gilts ▪ Bonds issued by multilateral development banks ▪ Bonds issued by financial institutions guaranteed by the UK Government ▪ Sterling denominated bonds by non-UK sovereign Governments 	✓ (on advice from treasury advisor)	✓	10 years	50% in aggregate	No
Money Market Funds and Collective Investment Schemes (pooled funds which meet the definition of a collective investment scheme as defined in SI 2004 No 534 and SI 2007 No 573) but which are not credit rated	✓ (on advice from treasury advisor)	✓	These funds do not have a defined maturity date	50%	No

-Government guaranteed bonds and debt instruments (e.g. floating rate notes) issued by corporate bodies			10 years		
-Non-guaranteed bonds and debt instruments (e.g. floating rate notes) issued by corporate bodies	✓(on advice from treasury advisor)	✓	10 years	£10M	Yes
-Collective Investment Schemes (Pooled funds) which do not meet the definition of collective investment schemes in SI 2004 No 534 or SI 2007 No 573			These funds do not have a defined maturity date		

1. In determining the period to maturity of an investment, the investment should be regarded as commencing on the date of the commitment of the investment rather than the date on which funds are paid over to the counterparty.
2. The use of the above instruments by the Council's fund manager(s) will be by reference to the fund guidelines contained in the agreement between the Council and the individual manager.

Minimum Credit Rating Criteria for Non-Specified Investment

For credit rated counterparties, the minimum criteria will be the lowest equivalent short-term and long-term ratings assigned by Fitch, Moody's and Standard & Poor's (where assigned).

Long-term minimum: A+ (Fitch); A1 (Moody's); A+ (S&P)

Short-term minimum: F1 (Fitch); P-1 (Moody's); A-1 (S&P)

Investment Limits

The limits for each type of non specified investment are shown in the table above. However, the individual counterparty, group and country limits stated with the specified investment section takes precedent over the limits in the table above.

AUTHORISED SIGNATORIES

The following officers are authorised to make payments, either via the Council's online banking system or by signing cheques, and issue other instructions relating to Treasury Management transactions on behalf of Wirral Borough Council:

Director of Finance – Ian E. Coleman

Deputy Director of Finance – David L.H. Taylor-Smith

Head of ICT – Vacant

Head of Benefits, Revenue and Customer Services – Malcolm J. Flanagan

Head of Financial Services – Thomas W. Sault

Head of Support Services – Vacant

Chief Accountant – Peter J. Molyneux

Chief Accountant – Robert D. Neeld

Chief Accountant – Jenny Spick

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WIRRAL COUNCIL

COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

16 MARCH 2011

REPORT OF THE DIRECTOR OF FINANCE

PROCUREMENT – REVIEW OF CONTRACT EFFICIENCIES 2010-11

1. EXECUTIVE SUMMARY

- 1.1. Cabinet on 5 November 2009 approved a projected procurement savings target of £682,000 for 2010/11 for those areas of expenditure involving corporate contracts. This report informs Members of progress towards achieving this savings target and other procurement initiatives that have a direct impact on service departments. It also outlines possible procurement efficiencies for 2011-12. Cabinet on 9 December 2010 agreed to include procurement savings of £2m in the budget for 2011-12.

2. BACKGROUND

- 2.1. The procurement culture and practices of the Council are subject to inspection and measured against the National Procurement Strategy Milestones in delivering value and efficiency.
- 2.2. With the establishment of the North West Regional Improvement and Efficiency Partnership, the Government set a regional savings target of £249 million to be delivered through best practice procurement.
- 2.3. The project within the Strategic Change Programme for Procurement is targeted to deliver savings of £2m per year from procurement activity.
- 2.4. The Procurement Strategy, most recently approved by Cabinet on 4 February 2010, states that one of the key objectives of procurement is:
- ‘Contributing to Council savings targets by continually challenging procurement arrangements and seeking opportunities to reduce prices, improve quality, maximize efficiency and achieve greater outcomes for the residents of Wirral.’
- 2.5. The Council spends annually in excess of £170m on goods, works and services. Procurement and commissioning across the Council is required to ensure that this expenditure is subject to rigorous, competitive and compliant processes which will achieve maximum value for money in support of front line services.

3. EFFICIENCIES 2010/11

3.1. Appendix 1 details the current estimated savings in 2010/11 with a projected savings figure of £2,288,690. In a number of areas although the contract has been let it has not been possible to make any savings. The schedule is analysed between contracts that are specific to individual departments and those that are of a corporate nature and is summarised below:

Category	Contract Value p.a. £	Contract savings	
		2010/11 £	Additional in 2011/12 £
PROCUREMENT WORK COMPLETED			
Adult Social Services	50,000	-	-
Law/HR/Asset Management	2,158,852	156,448	-
Children and Young People	1,712,000	18,216	2,084
Finance	4,081,173	325,500	2,921
Technical Services	9,985,189	366,416	135,583
Corporate Contracts	10,976,000	590,899	180,000
Corporate Services	5,038,875	170,499	33,850
TOTAL PROCUREMENT COMPLETED	34,002,089	1,627,978	354,438

	Contract Value p.a. £	Contract savings	
		2010/11 £	Additional in 2011/12 £
PROCUREMENT WORK TO BE COMPLETED 2010/11			
Law HR and Asset Management	340,000	15,000	15,000
Children and Young People	50,000	-	-
Adult social services	238,000	2,702	3,783
Finance	641,810	20,720	26,229
Technical Services	20,288,066	466,332	401,966
Corporate Contracts	1,546,624	154,500	170,500
Corporate Services	95,000	1,458	1,042
TOTAL PROCUREMENT to be COMPLETED 2010/11	23,199,500	660,712	618,520

TOTAL SAVING 2010/11

2,288,690

TOTAL SAVING 2011/12

972,958

3.2. The efficiencies achieved to date for 2010/11 total £1,627,978 with a projection of an additional £660,712 to be delivered during the remainder of the year.

4. EFFICIENCIES 2011-12

- 4.1. Appendix 2 shows the contracts that will form the work plan for procurement activities in 2011/12, the values of which are summarised below:

WORKPLAN 2011/12	Annual Value £
Children & Young People	15,817,960
Corporate contracts	3,674,166
Corporate Services	120,000
Adult Social Services	13,056,666
Finance	4,139,575
Law, HR and Asset Management	636,666
Technical Services	9,093,000
TOTAL VALUE OF PROCUREMENT WORK	46,418,033

- 4.2. Service departments may bring forward other specific areas of activity that will add to this plan and create additional efficiencies. The role of the Procurement Team will be to assist departments to ensure appropriate processes are followed and that best value is obtained when letting contracts.
- 4.3. To avoid duplication between procurement efficiencies and efficiency proposals submitted by Chief Officers, I am only recommending agreement to proposed efficiencies from Corporate Contracts in this report. It will be for each Chief Officer to propose any savings from their specific contracts.
- 4.4. **Corporate Contracts Projected Efficiencies**

	£000
Projected full year effect of 2010/11 contracts	£350
Projected new contracts in 2011/12	£184 (assumed 5 % saving)
Total	£534

5. STRUCTURAL AND PROCESS EFFICIENCIES

- 5.1. Future contract renewals will need to place emphasis on savings that can be made through smarter and more tightly negotiated contracts. Managing the 'Procure to Pay' (P2P) process in an efficient and effective manner is essential if the Council is going to achieve best value from its non payroll spend.
- 5.2. The Procurement Team has commenced a review of existing major contracts in accordance with Minute No 64 of Cabinet dated 22 July 2010:
- To begin 'a co-ordinated and full review of existing contracts to identify and achieve any opportunities which are in the financial interests of the Council'.*
- 5.3. The P2P Section is building upon these achievements by moving the management and control of the 'Procure to Pay' process forward to achieve further efficiencies.
- 5.4. The Procurement Strategy will be taken forward as part of the Strategic Change Programme. The overall programme plan has been presented to the Strategic Change Programme Board. A number of areas that will be considered in the plan with a view to delivering further efficiency savings include:

- (i) To support and monitor the achievement of the £8m savings target a Procurement Programme Project Board has been formed, which will also review, co-ordinate and oversee all strategic procurement activity.
- (ii) The management of non-catalogue purchasing activity which will reduce the number of purchasing co-ordinators in departments rationalising the function into the P2P Section.
- (iii) The Procurement Team intend, as part of the change programme, to migrate to a full Category Management approach in all Council Procurement.
- (iv) Further adoption of electronic processes for payment of invoices and rationalisation of resources which include procurement cards, electronic file transfers and the OPEN process for schools (see below).
- (v) Council Spend Analysis using an online database in collaboration with the Merseyside Procurement Group.
- (vi) Electronic Contracts Management system adopting the Council 'e portal' in collaboration with the Merseyside Procurement Group and the North West Improvement and Efficiency Partnership.
- (vii) Bench marking to establish value comparisons is an essential element of the procurement process, it helps the Council to measure value in the various markets within which it operates and provides information when establishing the outcomes and processes in procurement projects.
- (viii) Online procurement for educational needs (OPEN) is being used in collaboration with the Procurement Team in 96 schools. The system, which has been implemented by the Educational Procurement Centre, part of the Department for Education, will enable schools to purchase all of their needs electronically.

5.5 As each element develops it will be possible to estimate potential savings. These will be reported to Cabinet as they arise.

6. FINANCIAL IMPLICATIONS

- 6.1. Procurement efficiencies from corporate contracts totalling approximately £745,399 for 2010/11 should be achieved.
- 6.2. Overall total procurement efficiencies of £2.29m for 2010-11 should be achieved.
- 6.3. Efficiencies totalling £534,000 should be achievable from corporate contracts for 2011/12.

7. STAFFING IMPLICATIONS

- 7.1. There are none arising directly from this report.

8. EQUAL OPPORTUNITIES 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. **LOCAL AGENDA 21 IMPLICATIONS**

10.1. There are none arising directly from this report.

11. **PLANNING IMPLICATIONS**

11.1. There are none arising directly from this report.

12. **ANTI-POVERTY IMPLICATIONS**

12.1. There are none arising directly from this report.

13. **HUMAN RIGHTS IMPLICATIONS**

13.1. There are none arising directly from this report.

14. **SOCIAL INCLUSION IMPLICATIONS**

14.1. There are none arising directly from this report.

15. **LOCAL MEMBER SUPPORT IMPLICATIONS**

15.1. There are no particular implications for any Member or Ward.

16. **BACKGROUND PAPERS**

16.1. Procurement Strategy – February 2010.

17. **RECOMMENDATIONS**

17.1. That Members note the procurement efficiencies delivered in 2010/11.

17.2. That Members note the inclusion of procurement savings of £2m in the budget for 2011-12

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/43/11

EFFICIENCY SAVINGS FROM CONTRACTS 2010-11

Contract savings

Category	Contract Value	Term Months	Contract savings	
	p.a.		2010/11	Additional in 2011/12
	£		£	£
PROCUREMENT WORK COMPLETED				
Adult Social Services				
Chair of Safeguarding Adults Partnership Board	50,000	12	0	0
Total Adult Social Services	50,000		0	0
Law/HR/Asset Management				
HR & Payroll System	127,500	60	132,500	0
Initial Implementation of Job Evaluation for Senior Structures & Ongoing Support	2,000,000	60	0	0
Provision of Business Support Consultancy for Community Asset Transfer Programme	20,000	36	0	0
Office Accommodation Consultancy	11,352	24	23,948	0
Total Law/HR/Asset Management	2,158,852		156,448	0
Children and Young People				
Light Catering Equipment	20,000	24	15,300	0
Schools Risk Ranking Inspection & Reporting Programme	40,000	12	0	0
Children's Advocacy Services	62,000	12	2,916	2,084
Neighbourhood Learning in Deprived Communities	1,590,000	12	0	0
Total Children and Young People	1,712,000		18,216	2,084

Finance				
Leasing Consultancy	20,000	12	0	0
Enhancements to Oracle CRM in Relation to Changes to Domestic Bin Provisions	22,475	3	15,500	2,921
Support and Maintenance of McAfee TOPS/TEN Suite 2010 - 2011	42,324	12	0	0
Implementation, Maintenance & Support of an E-Forms Package	120,000	24	4,800	0
Purchase of Servers, Racking, UPS, Installation and 5 years Support and Maintenance.	160,000	60	16,700	0
Mobile Voice and Data	216,374	48	0	0
MPF Far East and Emerging Markets	3,500,000	48	288,500	0
Total Finance	4,081,173		325,500	2,921
Technical Services				
Supply of Tyres	40,000	24	4,000	0
Rock salt	100,000	24	7,000	0
Supply & Maintenance of Fire Fighting Equipment	92,400	36	3,333	1,667
Construction Employment Integrator	111,000	24	21,750	7,250
Automatic Meter Reading	800,000	60	18,333	1,666
Electricity Metering Street Lighting	1,500,000	12	137,000	0
Integrated Transport	2,881,587	36	175,000	125,000
Streetlighting (Electricity) Contract	4,460,202	36	0	0
Total Technical Services	9,985,189		366,416	135,583
Corporate Contracts				
Telecoms - Provision of Network Equipment & Services	4,325,000	24	41,666	8,333
Supply & Installation of Office Desking, Seating & Storage	80,000	24	3,200	0
Reprographics Services	93,000	36	0	0
TUCO/SNUPI Provision of Water Coolers	50,000	24	2,000	0
Supply and Delivery of Cold Food	300,000	36	33,333	16,667
Advertising Services	600,000	36	100,000	0

Agency Staff	2,500,000	48	250,000	155,000
Business Travel	1,400,000	36	45,000	
Postal Services	800,000	36	53,000	
First Aid	15,000	36	700	
Merseyside Information Services	655,000	36	25,000	
Supply of Groceries	158,000	36	37,000	
Total Corporate Contracts	10,976,000		590,899	180,000
Corporate Services				
Target Hardening	100,000	12	0	0
Floating Resettlement Support	725,000	36	101,250	0
Free Loft & cavity Insulation Programme	4,196,000	48	66,666	33,334
Concession for the Provision of Mobile Catering in Wirral for Kites Over the Mersey	0	12	2,583	516
Provision Of Retained Retail And Commercial Leisure Consultancy Advice	17,875	36	0	0
Total Corporate Services	5,038,875		170,499	33,850
TOTAL PROCUREMENT COMPLETED	34,002,089		1,627,978	354,438

PROCUREMENT WORK TO BE COMPLETED 2010/11

	Contract Value p.a. £	Term Months	Contract savings	
			2010/11 £	Additional in 2011/12 £
Law HR and Asset Management				
Procurement & Implementation of Integrated Legal Case Management, Time Management & Court Bundling Systems	40,000	60	0	0
Alleygates	300,000	36	15,000	15,000
Total Law HR and Asset Management	340,000		15,000	15,000
Children and Young People				
Post Adoption Support Services	50,000	12	0	0
Total Children and Young People	50,000		0	0
Adult Social Services				
Disposal of Clinical / Medical waste	10,000	36	0	0
Care Services - Mendell Court	200,000	12	0	0
Campervan	28,000	12	2,702	3,783
Total Adult Social Services	238,000		2,702	3,783
Finance				
Provision of Support & Maintenance for Apple Macintosh Computers, Servers, Associated Peripherals and Software	8,410	24	0	0
IT Health Check	15,000	12	5,500	5,500
Voice Recorder	25,000	12	520	729
Procurement & Implementation of Internet & Front of House Card Payment Solutions	100,000	60	0	0

MPF Property Estate Management	265,000	48	0	0
Cash Collection	218,400	36	14,700	20,000
E book	10,000	12	0	0
Total Finance	641,810		20,720	26,229

Technical Services

Graffiti Removal and Prevention Services	240,000	36	15,000	7,500
Construction consultancy	2,000,000	36	0	0
Lift Maintenance Contract	210,192	48	10,000	10,000
Maintenance of Cenotaphs	27,600	24	0	0
Minibus Transport with Escort to/from Wirral Schools	881,274	36	309,000	220,000
Supply and Fitting of Vertical Blinds (SOR)	21,000	36	0	0
PACSPE Consulting	139,000	24	5,500	5,500
Schedule of rates (inc asbestos removal)	12,000,000	36	41,666	58,333
Maintenance & Breakdown of Intruder Alarm Systems for Schools, Youth Clubs & Children Centres	30,000	36	0	0
Voltage Optimisation	56,000	12	1,166	1,633
Decriminalised Parking Enforcement Services	3,250,000	60	75,000	75,000
Streetscene Services - Arboricultural	450,000	36	5,000	15,000
Supply of Automotive Products, including Batteries, Electrical and Braking products	150,000	60	2,500	7,500
Abandoned Vehicles	30,000	36	0	0
Arboriculture	450,000	36	0	0
Commercial Vehicles - Supply Framework Agreement	333,000	36	0	0
Physical Activity	20,000	12	1,500	1,500
Total Technical Services	20,288,066		466,332	401,966

Corporate contracts

Supply & Delivery of Stationery, Information Technology Consumables & Cut & Flat Paper	415,012	24	85,000	85,000
Supply, Installation & Maintenance of Photocopiers & Multi-functional Devices	889,612	24	32,000	48,000
Mobile Phone Tariff	242,000	24	37,500	37,500
Total Corporate Contracts	1,546,624		154,500	170,500

Corporate services

Cosy Homes	50,000	12	1,458	1,042
Wirral Visitor Market Research	45,000	12	0	0
Total Corporate services	95,000		1,458	1,042

**TOTAL PROCUREMENT to be
COMPLETED 2010/11****23,199,500****660,712****618,520****TOTAL SAVING 2010/2011****2,288,690****TOTAL SAVING 2011/2012****972,958**

APPENDIX 2

WORKPLAN 2011/12

Area Of Activity	Contract value £ p.a.	Term (months)
Children & Young People		
Residential short breaks	4,000,000	12
0-19 Services	5,250,000	12
Positive Activities for Young People	382,000	12
Services to Children at Risk of Sexual Exploitation	168,000	12
TUCO/SNUPI Supply and Distribution of Fresh Meat and Poultry	120,000	24
Distribution and Supply of Groceries	97,960	36
Activity Fund Plus	300,000	12
Aiming Higher for Disabled Children Services	5,500,000	24
Total Children & Young People	15,817,960	
Corporate Contracts		
Professional / Advisory Services	666,666	36
Provision of Financial Searches	6,000	36
Cleaning Materials	300,000	36
Business Consultancy Services	2,522,000	24
Supply of Confectionery, Sweets and Soft Drinks	34,500	24
Audio Visual Equipment	130,000	36
Secure Disposal of Confidential Waste	15,000	36
Total Corporate Contracts	3,674,166	
Corporate Services		
Childcare Voucher Service	100,000	12
HMRI Cost Consultancy Support	20,000	36
Total Corporate Services	120,000	
Adult Social Services		
Assistive technology / Telecare	2,966,666	36
Supported living / Dom Care	9,000,000	12
Social Care - Supplies	1,000,000	36
Supply of Tyres	20,000	36
Car Hire	70,000	36
Total Adult Social Services	13,056,666	
Finance		
MPF Property Estate Management	265,000	48
Government Gateway	38,000	12

Banking services	37,612	36
PC Hardware, Peripherals & File Server Maintenance	69,963	24
Supply, Implementation & Maintenance of an Invoice Automation System	70,000	60
Preservation Equipment	1,000	24
Preservation Archive Storage Boxes	5,000	24
MPF Actuarial Services	183,000	36
Purchase of Servers, Installation and 1 years Support and Maintenance.	50,000	48
Supply of IT Hardware	1,000,000	12
Provision of Engineering Inspection & Insurance Service	150,000	36
MPF Global Custody Services	670,000	48
MPF UK Equity Unconstrained Portfolios	1,600,000	36
Total Finance	4,139,575	
Law, HR & Asset Management		
Provision of Executive Recruitment Services	60,000	24
Taxi Demand Surveys	10,000	12
Corporate Training	466,666	36
Childcare Voucher Service	100,000	12
Total Law, HR & Asset Management	636,666	
Technical Services		
Abandoned Vehicles	10,000	36
Highways Asset Management Software	333,000	60
Street Scene Services - Grounds Maintenance (PACSPE)	8,750,000	48
Total Technical Services	9,093,000	
TOTAL VALUE OF PROCUREMENT WORK	46,418,033	

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WIRRAL COUNCIL

COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

16TH MARCH 2011

SUBJECT:	EARLY INTERVENTION GRANT 2011-12
WARD/S AFFECTED:	ALL
REPORT OF:	INTERIM DIRECTOR OF CHILDREN'S SERVICES
RESPONSIBLE PORTFOLIO HOLDER:	COUNCILLOR SHEILA CLARKE OBE
KEY DECISION? <i>(Defined in paragraph 13.3 of Article 13 'Decision Making' in the Council's Constitution.)</i>	NO

1.0 EXECUTIVE SUMMARY

- 1.1 This report describes the impact on the Children and Young People's budget in 2011-12 arising from a reduction in grant funding through the Early Intervention Grant.

2.0 RECOMMENDATION/S

- 2.1 That Overview and Scrutiny Committee note the report

3.0 REASON/S FOR RECOMMENDATION/S

- 3.1 This report was requested by the Chair of the Committee.

4.0 BACKGROUND AND KEY ISSUES

- 4.1 The Department for Education announced, as part of the funding settlement for 2011-12, a new grant to fund local authority's targeted work with children and young people – The Early Intervention Grant.

The purpose of this grant is to help improve outcomes for children, young people and families by early intervention. Specifically the DfE have stated that funding is sufficient to maintain the existing network of Surestart Children's Centres. The grant, which is un-ringfenced, consists of a number of different areas and from 2011-12 it will be paid in a single sum. Authorities are free to allocate funds to their priority needs.

The grant formula uses existing Early Years and Youth data together with information around pupil attainment and NEET. Wirral does not benefit from

this formula allocation, (without a floor mechanism in Wirral would receive £12,529,000).

In 2011-12 Wirral's EIG will be £15,066,000, this is £4,874,000 less than the equivalent grants paid in 2010-11 and is summarised below:-

	£
2010-11 Original Grants	19,940
Less in year Education ABG cut	<u>2,643</u>
	17,297
12.9% reduction in grant	<u>2,231</u>
2011-12 EIG Grant	15,066

The decisions regarding EIG that have been taken as part of the Children and Young People's Budget for 2011-12 are set out below:

- i) Budgets have been reduced following Area Based Grant cuts of £2.6m announced last summer. Of these reductions £836,000 were in EIG areas. The remaining savings were £719,000 (found in other education budgets), and £1,088,000 from reductions outside the department (Working Neighbourhoods)
- ii) In 2011-12 EIG has reduced by a further £2,231,000 as indicated above. £383,000 has been achieved through the Councils EVR/Severance Scheme. This includes the closure of the Early Years Mobile Crèche, reduction in administrative and financial support for Surestart and alternative delivery of the Family Information Service

The following decisions have also been taken:

- iii) The funding for Contactpoint will cease at 31st March and the system will not be supported – saving £96,000
- iv) The Targeted Mental Health in Schools scheme (TAMHS) will be completed as planned at the end of the year. There are no continuing commitments into 2011-12 – saving £150,000.
- v) The January Guarantee funded a one-off piece of work with Connexions to support students entering further education. There is no commitment in 2011-12 – saving £54,000
- vi) Expenditure on Positive Activities for Young People are less than budgeted in 2010-11. A similar saving of £108,000 is anticipated in 2011-12 to that achieved in 2010-11
- vii) The Connexions contract is a 3 year pan-Merseyside agreement to provide information, advice and guidance to young people. The second year contract price includes a reduction of £140,000 for Wirral. In addition all Merseyside Authorities are negotiating to seek agreement for

additional contract reductions. The budget has built in an assumption that a further £200,000 can be achieved. The indications are favourable, providing agreement is reached in a number of areas

- viii) The Aiming Higher for Disabled Children Programme is also contained within EIG. This £1.6m programme was significantly expanded in 2010-11. In 2011-12 the set up and management costs will be reduced by £100,000. This will not impact on the direct support given to this group of vulnerable young people
- ix) The above measures total £1,231,000 of the £2,231,000 required. The shortfall of £1m has been included as growth within the Council's budget for 2011-12
- x) Taking account of the above adjustments the budgeted spend on EIG areas in 2011-12 will be £17,873,000 as follows:

EIG Grant 2011-12	15,066
Budget Growth	1,000
ABG cuts made in non-EIG areas	<u>1,807</u>
	17,873.

The budget areas are set out in the table below:

	£
Connexions	2,712
Children's Fund	1,341
Think Family	596
Positive Activities for Young People	598
Youth Opportunity Fund	306
Teenage Pregnancy	150
Youth Crime Action Plan	190
Substance Misuse	14
Respect	40
Challenge and Support	75
Foundation Learning	133
Surestart Children's Centres	10,044
Social Care Workforce Training	133
Aim High for Disabled Children	<u>1,541</u>
	<u>17,873</u>

5.0 RELEVANT RISKS

- 5.1 The decisions taken regarding EIG budgets has reduced the risk associated with weakening support to vulnerable children.

6.0 OTHER OPTIONS CONSIDERED

- 6.1 As part of the budget process further reductions in EIG were considered.

7.0 CONSULTATION

7.1 Priorities have been considered as part of the Task Force Consultation.

8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

8.1 Early Intervention services will be commissioned. It is expected that the Voluntary Community and Faith sector will be an important element within this. Contracts have currently been extended to 30th June 2011.

9.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

9.1 The financial implications are described in the report. The Children and Young Peoples budget for Early Intervention is £17,873,000.

10.0 LEGAL IMPLICATIONS

10.1 There are none directly arising from this report.

11.0 EQUALITIES IMPLICATIONS

11.1 The EIG seeks to address cases of vulnerability and social exclusion. There are no equalities issues.

11.2 Equality Impact Assessment (EIA)

- | | |
|---------------------------------------|----|
| (a) Is an EIA required? | No |
| (b) If 'yes', has one been completed? | |

12.0 CARBON REDUCTION IMPLICATIONS

12.1 There are none.

13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

13.1 There are none.

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APPENDICES

None.

REFERENCE MATERIAL

Background Papers – DFE letter 13.12.2010

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Cabinet – Early Intervention Grant	3 rd February 2011

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COUNCIL EXCELLENCE AND OVERVIEW SCRUTINY COMMITTEE

16 MARCH 2011

SUBJECT:	EMPLOYEE PAY COSTS
WARD/S AFFECTED:	NONE
REPORT OF:	DIRECTOR OF LAW, HR AND ASSET MANAGEMENT
RESPONSIBLE PORTFOLIO HOLDER:	COUNCILLOR SIMON HOLBROOK
KEY DECISION? <i>(Defined in paragraph 13.3 of Article 13 'Decision Making' in the Council's Constitution.)</i>	NO

1.0 EXECUTIVE SUMMARY

1.1 This report provides a more detailed analysis on the payment of allowances and enhancements to employees, in addition to basic salary as requested by Council Excellence and Overview Scrutiny Committee on 18 November 2010 (Minute 67).

2.0 RECOMMENDATION/S

2.1 It is recommended that the Council Excellence and Overview Scrutiny Committee:

- (1) Note the range, detail and comparisons of allowances and enhancements which are paid over and above employee salaries and which are therefore within the scope of this review.
- (2) Note that the review of the employee pay costs is a project within the Strategic Change Programme.

3.0 REASON/S FOR RECOMMENDATION/S

3.1 The purpose of the review of employee pay costs is for the Council to be aware of the costs paid to employees in addition to basic salary, so that the costs can be reviewed and managed appropriately.

4.0 BACKGROUND AND KEY ISSUES

4.1 Background

4.1.1 The pay and conditions for local authority employees are detailed in the Green Book: National agreement on pay and conditions of service for local

government services. Part 2 of the Green Book contains the key national provisions, including nationally agreed allowance payments. Part 3 of the Green Book contains the key local provisions, including locally agreed allowance payments. A number of the Part 3 arrangements had been agreed as part of the harmonisation of terms and conditions in August 2008.

4.1.2 The amount of employee pay costs is shown below:

	2009/10 (£)	2010/11 projected (£)
Basic Pay	122,952,157	123,478,472
Additional Pay	7,321,653	6,296,075

4.1.3 A full list, including a description of each employee pay cost is attached at Appendix One.

4.1.4 The employee pay costs for Wirral, compared to those of other local authorities are available at Appendix Two.

4.2 Review of Additional Pay Costs

4.2.1 The measure introduced in 2010-2011 to reduce employee costs included:

- Improved management of additional hours and overtime, including the requirement for all requests to be authorised by the Chief Officer or a senior manager as nominated by the Chief Officer.

4.2.2 The review of employee pay costs is a project within the Strategic Change Programme.

4.2.3 The 2011/12 budget assumes the following reduction:

- £300,000 reduction in car mileage.
- £250,000 reduction in non-contractual payments due to voluntary leavers.

5.0 RELEVANT RISKS

5.1 The risks are identified as part of the review of employee pay costs project delivery.

6.0 OTHER OPTIONS CONSIDERED

6.1 N/A.

7.0 CONSULTATION

7.1 Consultation will take place as part of the employee pay cost project.

8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

8.1 None arising from this report.

9.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

9.1 The implication will be established as part of the employee pay cost project.

10.0 LEGAL IMPLICATIONS

10.1 The Council will ensure that all statutory requirements are adhered to in relation to employee terms and conditions.

11.0 EQUALITIES IMPLICATIONS

11.1 There are no additional implications.

11.2 Equality Impact Assessment (EIA)

- | | |
|---------------------------------------|-----|
| (a) Is an EIA required? | No |
| (b) If 'yes', has one been completed? | N/A |

11.3 An EIA will be completed as part of the review of employee pay costs.

12.0 CARBON REDUCTION IMPLICATIONS

12.1 There are no carbon usage implications or other relevant environmental issues arising from this report.

13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

13.1 There are no planning and community safety implications arising from this report.

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APPENDICES

Appendix One: Description of employee pay costs
Appendix Two: Comparison of employee pay costs
Appendix Three: Employee pay banding

REFERENCE MATERIAL

Data on the payment of allowances to staff in addition to salary for 2009-2010 and 2010-2011 are attached at Appendix Three.

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Council Excellence Overview and Scrutiny	21 September 2010
Council Excellence Overview and Scrutiny	18 November 2010

Description of Employee Pay Costs

Part 2/3	Employee Pay Element	Employee Pay Costs 2009-10 (£)	Employee Pay Costs 2010-11 (£) (Projected)	Description	How its applied	Contractual	Pensionable
3	Saturday Enhanced x 1.5	906,854	652,666	Paid to employees whose contract requires them to work on a Saturday.	Band A to H. Applies to all employees who work on a Saturday.	Y	Y
3	Sunday Enhanced x 2	755,541	330,360	Paid to employees whose contract requires them to work on a Sunday.	Band A to B only. Applies to all employees who work on a Sunday.	Y	Y
3	Additional Hours (flat rate)			Paid to part time employees who work additional hours (up to 36 hours), Monday to Friday.	Band A to H	N	N
2	Additional Hours x 1.33	104,701	82,148	Paid to part time employees who work additional hours (up to 36 hours), Monday to Friday, between 10pm to 8am.	Band A to H. Applies to night shift workers only.	N	N
3	Additional Hours x 1.5	251,989	207,283	Paid to part time employees who work additional hours (up to 36 hours), on a Saturday.	Band A to H. Applies to all employees who work on a Saturday.	N	N
3	Additional Hours x 2	46,187	43,910	Paid to part time employees who work additional hours (up to 36 hours), on a Sunday.	Band A to B only. Applies to all employees who work on a Sunday.	N	N

Part 2/3	Employee Pay Element	Employee Pay Costs 2009-10 (£)	Employee Pay Costs 2010-11 (£) (Projected)	Description	How its applied	Contractual	Pensionable
3	Bank Holiday x 2 (Contracted)	178,847	177,533	Paid to employees who work on a Bank Holiday as part of their normal basic shift and are therefore entitled to a plain time enhancement.	Applies to employees who work in areas that provide a service on Bank Holidays e.g. care homes.	Y	Y
3	Bank Holiday x 2 (Not contracted)			Paid to employees who work on a Bank Holiday in addition to their contracted work pattern.	Applies to employees who are not contracted to work a Bank Holiday but are asked to work it.	N	N
2	Bonus	85,398	78,476	Local productivity bonus paid to Craft employees e.g. fitters.	Paid as set percentage or payment depending on job.	N	N
3	Night Enhanced x 1.33	280,035	234,433	Paid to employees whose contract requires them to work night shifts between 10pm to 8am, Monday to Friday.	Applies to employees who work night shifts.	Y	Y
2	Rest Day Enhancement x 1.5	83,571	82,173	Paid to part time employees who work a 5 day shift who are asked to work on their first or second rest day (Day 6 or 7 i.e. employee has already worked 5 or 6 days that week)	Band A to H	N	N
2	Rest Day Enhancement x 2			Paid to part time employees who work a 5 day shift who are asked to work on their second rest day (Day 7 i.e. employee has already worked 6 days that	Band A to B only.	N	N

Part 2/3	Employee Pay Element	Employee Pay Costs 2009-10 (£)	Employee Pay Costs 2010-11 (£) (Projected)	Description	How its applied	Contractual	Pensionable
3	Overtime x 1.5	176,073	1,333,407	week). Paid to employees working overtime hours Monday to Saturday (Band A to H), and Sunday.	Band C to H. To qualify for overtime an employee must have worked full time equivalent hours (36) Monday to Sunday.	N	N
3	Overtime x 2			Paid to employees working overtime hours on a Sunday.	Band A to B only. To qualify for overtime an employee must have worked full time equivalent hours (36) Monday to Sunday.	N	N
3	Contractual Overtime x 1.5			Paid to employees contracted to work hours over and above full time equivalent hours as part of their basic working week.	Band A to H 19 employees in total All Cultural Services employees e.g. Crematorium Technician.	Y	Y
2	Shift	5,014	5,050	Extra payment based on rotating shift, some of which is worked after 8pm. Set amount per week.	Paid to employees on rotating shift pattern.	Y	Y
3	Sleep in (Contractual)	130,516	114,526	Paid to employees in Residential establishments	Paid as units – fixed value per session.	Y	Y

Part 2/3	Employee Pay Element	Employee Pay Costs 2009-10 (£)	Employee Pay Costs 2010-11 (£) (Projected)	Description	How its applied	Contractual	Pensionable
				contracted to be on site through a night shift but not actually working. If employee is disturbed during night, 1 st 30 minutes is unpaid, remaining time worked is paid at x 1.5	Payment if disturbed is paid as overtime.		
3	Sleep in (Additional)			Paid to employees who work in Residential establishments who are required to be on site for additional (non-contractual) sleep-ins.	Paid as units – fixed value per session.	N	N
2	Unsocial x 1.2	220,678	169,003	Paid to employees whose shift requires them to work some of their contract hours after 8pm.	Applies to all employees Band A to H	Y	Y
3	Cycle mileage	3,128	4,309	Paid to employees who use their bicycle for work use. Paid at casual car user rate, per mile.	Applies to all employees.	N	N
3	Cycle Lump Sum			Lump sum paid to employees who regularly use their bicycle for work use. £100 annual payment.	Applies to all employees.	N	N

Part 2/3	Employee Pay Element	Employee Pay Costs 2009-10 (£)	Employee Pay Costs 2010-11 (£) (Projected)	Description	How its applied	Contractual	Pensionable
3	Car Mileage	1,283,379	1,323,971	Mileage allowance paid to employees who use their car for work purposes. Different rates depending on car size and whether casual or essential – set by JNC.	Applies to all employees.	N	N
3	Car Lump Sum	771,507	811,907	Paid to employees who qualify as essential car users (drive 2,500 miles in 12 months, or previous post holder did). 3 different rates depending on size of car – set by JNC.	Applies to employees who drive over 2,500 miles a year.	N	N
3	Mileage Home to Work	65,048	63,529	Mileage allowance paid to employees who are at home and have to return to work, outside of normal work hours. Mileage from home to workplace and back home can be claimed.	Applies to small number of employees who may be called out to work in an emergency and would not receive a call out payment.	N	N
2	Agile Working	560	419	Allowance paid to employees who work 3 or more days at home.	Currently paid through payroll to 3 people, at £13 per month.	N	N
2	Baths Duty	828	0	Allowance paid to employees in schools that have a swimming pool.	Currently paid to 4 employees: 1 at £14.37 per month 1 at £14.58 2 at £35.57	N	N

Part 2/3	Employee Pay Element	Employee Pay Costs 2009-10 (£)	Employee Pay Costs 2010-11 (£) (Projected)	Description	How its applied	Contractual	Pensionable
2	Call Out	14,374	10,836	<p>Paid to employees that are on standby and are called out.</p> <p>Paid 2 hours minimum at overtime rate (x 1.5), plus overtime (x 1.5) for length of call out.</p> <p>Eligible for enhancement for Mon to Friday after 8pm and Saturday and Sunday.</p>	Paid to all employees that are on standby and are called out.	N	N
2	Clothing	4,139	4,135	Paid to employees for reimbursement of uniform, including boots.	Paid to all employees that are required to buy their own uniform and/or boots.	N	N
2	Disturbance	56,301	48,938	Paid to employees for additional travel costs incurred as a result of workplace relocation by the Council.	<p>Pay 2nd class bus or rail, or mileage actually involved in change of commute (whichever is cheapest).</p> <p>Paid for up to 4 years.</p>	N	N
2	Expenses	40,723	39,911	Reimbursement of expenses paid by employees for expenses incurred during work e.g. tunnel fare, travel expenses, phone calls, stamps etc.	Paid to all employees that incur expenses for work.	N	N
2	First Aid	35,262	35,454	Allowance paid to qualified first aiders for a 3 year period	Guidance from Health and Safety on	N	Y

Part 2/3	Employee Pay Element	Employee Pay Costs 2009-10 (£)	Employee Pay Costs 2010-11 (£) (Projected)	Description	How its applied	Contractual	Pensionable
2	Golden Hello	32,000	32,000	(qualification renewable). Currently £105 per year One-off payment made to employees that work in difficult to recruit to areas e.g. Children's Social Care. Currently £2,000	appropriate numbers of nominated first aiders per workplace. Currently paid to children's social workers. Payment must be paid back if employee leaves before 2 years of employment.	N	N
2	Long Service	196	185	Paid to employees who retire with 25 years or more service. Locally agreed rate, currently: £144.35 for 1 st 25 years £5.76 every year over 25 years.	Paid through payroll to employees who do not want the high street vouchers.	N	N
2	Pay Protection (Redeployment)	80,653	98,130	Paid to employees whose previous pay / grade was more than the grade of the post they have been redeployed into.	Difference between the protected monthly amount and the new base pay is calculated and paid monthly.	N	Y
2	Pay Protection (Job Evaluation)			Paid to employees whose old pay / grade was more than the new Job Evaluation grade.	Difference between the protected monthly amount and the new base pay is calculated and paid monthly.	N	Y

Part 2/3	Employee Pay Element	Employee Pay Costs 2009-10 (£)	Employee Pay Costs 2010-11 (£) (Projected)	Description	How its applied	Contractual	Pensionable
2	Phone Rental	4,678	4,112	Allowance paid to employees that require a phone at home to be contacted on for work purposes. Currently paid to 44 employees at £7.23 per month.	Determined by job role. Paid to employees that need to be contacted in emergencies.	N	N
3	Qualification	897	897	Qualification allowance paid to Laboratory Technicians. Part of national pay circular. Currently £140 for level 2 Certificate and £191 for level 1 Certificate.	Paid to Laboratory Technicians in Schools.	Y	Y
3	Retainer	0	510	Part of pay formula for schools based staff e.g. supervisory assistants. Paid a weeks worked (schools year), holiday entitlement and 0.5 retainer for the remaining weeks. Pay is equalised over 12 months.	Paid to employees based in schools. Will form part of Schools Job Evaluation review.	Y	Y
2	Standby	102,143	107,894	Paid as a unit for each day or night session where an employee is not at work but is asked to be available for work if they need to be called in. Currently £26.	Paid to employees in particular service areas where call out may be necessary e.g. ITS, Environmental Health.	Y	Y

Appendix One

Part 2/3	Employee Pay Element	Employee Pay Costs 2009-10 (£)	Employee Pay Costs 2010-11 (£) (Projected)	Description	How its applied	Contractual	Pensionable
2	Travel	16,327	13,772	Reimbursement of Travel expenses incurred by employees for work purposes.	Paid to all employees that incur travel expenses for work.	N	N
Total		£7,321,653	£6,296,075				

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Appendix Two

Comparison of employee pay costs across Local Authorities

Part 2/3	Employee Pay Element	Wirral Council	Merseyside 1	Merseyside 2	North West 1	North West 2
2	Additional hours	X 1.33			X 1.25 at or below SCP26 SCP26 + time off in lieu	Paid at flat rate up to 39 hours, then overtime rate.
3	Saturday	X 1.5	X 1.5	X 1.5	X 1.25	2 additional increments for all hours worked.
3	Sunday	X 2	X 2	X 1.5	X 1.25	2 additional increments for all hours worked.
3	Bank Holiday	X 2	X 2		X 1.5	X 1.5
3	Overtime	X 1.5	X 1.5	X 1.5, below SCP32 only	X 1.25	X 1.5
2	Night	X 1.33	X 1.5 Supported Living x 1.33 night enhancement		X 1.25	3 additional increments for all hours worked
2	Unsocial	X 1.2	X 1.5		Not provided	

Part 2/3	Employee Pay Element	Wirral Council	Merseyside 1	Merseyside 2	North West 1	North West 2
2	1 st rest day enhancement	X 1.5 Band A to H		X 1.5	Not provided	
2	2 nd rest day enhancement	X 1.5 Band C to H X 2 Band A and B	X 2	X 1.5	Not provided	
2	Standby	£26	£26.50 £32.94 Manager		Mon – Fri 2% of basic weekly pay Sat – Sun 4% of basic weekly pay (plus 50% enhancement for bank holiday or extra-statutory days.	
2	Call out	Minimum 2 hours x 1.5 X 1.5 per hour	Minimum 2 hours x 1.5 First 3 hours x 1.5 After 3 hours x 2 Sunday x 2 After 12am x 2		Minimum 2 hours x 1.25 X 1.25 per hour	
2	Shifts	N/A	Leisure 10% rotating Security/Careline		Rotating x 1.25 Alternating x 1.25 Split additional 5p	

Appendix Two

Part 2/3	Employee Pay Element	Wirral Council	Merseyside 1	Merseyside 2	North West 1	North West 2
			20% Transport 15% Public Buildings 12.5%		per hour	
2	Pay Protection	1 year, up to £2,000 or 2 grades, whichever is the lesser.	24 calendar month period.	None	1 year at basic pay	100% in year 1 50% in year 2
3	Essential Car Allowance and Mileage	<p>451-999cc: Lump sum = £846 per mile, 1st 8,500 = 36.9p per mile, 8,501+ = 13.7p</p> <p>1000-1199cc: Lump sum = £963 per mile, 1st 8,500 = 40.9p per mile, 8,501+ = 14.4p</p> <p>1200cc + Lump sum = £1,239 per mile, 1st 8,500 = 50.5p per mile, 8,501+ = 16.4p</p>	<p>451-999cc: Lump sum = £846 per mile, 1st 8,500 = 36.9p per mile, 8,501+ = 13.7p</p> <p>1000-1199cc: Lump sum = £963 per mile, 1st 8,500 = 40.9p per mile, 8,501+ = 40.9p</p>	<p>HMRC rate: Per mile: 10,000 = 40p 10,001+ = 25p</p>	<p>Lump sum not paid</p> <p>Per mile, 1st 11,000 = 54p Per mile, 11,000+ = 16.4p</p>	

Appendix Two

Part 2/3	Employee Pay Element	Wirral Council	Merseyside 1	Merseyside 2	North West 1	North West 2
3	Casual Car Mileage	451-999cc, per mile: 1 st 8,500 = 46.9p 8,501+ = 13.7p 1000-1199cc: 1 st 8,500 = 52.2p 8,501+ = 14.4p 1200cc + 1 st 8,500 = 65p 8,501+ = 16.4p	451-999cc: per mile, 1 st 8,500 = 46.9p per mile, 8,501+ = 13.7p 1000-1199cc: per mile, 1 st 8,500 = 52.2p per mile, 8,501+ = 14.4p	HMRC rate: Per mile: 10,000 = 40p 10,001+ = 25p	Per mile: 1 st 11,000 = 54p 11,001+ = 16.4p	
2	Cycle Mileage	Per mile: 1 st 8,500 = 46.9p 8,501+ = 13.7p	Not provided		Per mile = 20p	
2	Subsistence Allowance	Evening Meal £12.00 Tea £3.00 Lunch £10.00 Breakfast £7.00 Overnight London £153 Overnight other £116 Day release course Wirral College Lunch £1.17 Tea £0.46	Evening Meal £12.28 Lunch £7.55 Breakfast £5.47 Out of pocket expenses Per week £17.67 Per night £4.41 Meal charges residential and allied employees: Snack, supper		Meal allowance payable with receipt when individual travel outside the Council area (Breakfast, Lunch and Dinner only).	Reasonable, approved expenses.

Appendix Two

Part 2/3	Employee Pay Element	Wirral Council	Merseyside 1	Merseyside 2	North West 1	North West 2
		Reaseheath College Lunch £1.50 Tea £0.40 Other Colleges Lunch £1.85 Tea £0.72	£0.60 Tea £0.40 Dinner £1.31 Breakfast £0.77			
2	First aid	£105 First Aider	£104 First Aider		£104 First Aider £52 for designated Deputy First Aider.	
2	Long Service	£144.35 for 1 st 25 years £5.76 every year over 25 years.	£5 for every year's service, must have 20 years continuous service.		£223 when employee achieves 15 years service and 1 day's leave (to be taken within 12 months).	
2	Retainer	7-8 weeks x 0.5 – equalised over 12 months	6 weeks x 0.5 – paid during school holidays			

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LGS SALARY RATES (ESTIMATE WITH EFFECT FROM 1.04.2009)

SCP	Band	Full Time Salary	Job Share Salary	Monthly	Weekly	36	37 (Not Harm)	35	Paw Award		
									Pay Award	All Pts	Extra %
4	A	£12,145	6,072.50	1,012.08	232.92	6.4699	6.2951	6.6548	1.00%	0	0.25%
5		£12,312	6,156.00	1,026.00	236.12	6.5589	6.3816	6.7463			0.25%
6		£12,489	6,244.50	1,040.75	239.52	6.6532	6.4734	6.8433			0.25%
7	B	£12,787	n/a	n/a	245.23	6.8119	6.6278	7.0066	0.25%		0.25%
8		£13,189	6,594.50	1,099.08	252.94	7.0261	6.8362	7.2268			0.25%
9		£13,589	n/a	n/a	260.61	7.2392	7.0435	7.4460			0.25%
10	C	£13,874	6,937.00	1,156.17	266.08	7.3910	7.1913	7.6022	0.25%		0.25%
11		£14,733	7,366.50	1,227.75	282.55	7.8486	7.6365	8.0729			0.25%
12		£15,039	7,519.50	1,253.25	288.42	8.0116	7.7951	8.2405			0.25%
13	D	£15,444	7,722.00	1,287.00	296.19	8.2274	8.0050	8.4625	0.25%		0.25%
14		£15,725	7,862.50	1,310.42	301.58	8.3771	8.1507	8.6164			0.25%
15		£16,054	8,027.00	1,337.83	307.88	8.5524	8.3212	8.7967			0.25%
16	E	£16,440	8,220.00	1,370.00	315.29	8.7580	8.5213	9.0082	0.25%		0.25%
17		£16,830	8,415.00	1,402.50	322.77	8.9658	8.7234	9.2219			0.25%
18		£17,161	8,580.50	1,430.08	329.12	9.1421	8.8950	9.4033			0.25%
19	F	£17,802	8,901.00	1,483.50	341.41	9.4836	9.2272	9.7545	0.25%		0.25%
20		£18,453	9,226.50	1,537.75	353.89	9.8304	9.5647	10.1112			0.25%
21		£19,126	9,563.00	1,593.83	366.80	10.1889	9.9135	10.4800			0.25%
22	G	£19,621	9,810.50	1,635.08	376.29	10.4526	10.1701	10.7512	0.25%		0.25%
23		£20,198	10,099.00	1,683.17	387.36	10.7600	10.4692	11.0674			0.25%
24		£20,858	10,429.00	1,738.17	400.02	11.1116	10.8113	11.4290			0.25%
25	H	£21,519	10,759.50	1,793.25	412.69	11.4637	11.1539	11.7912	0.25%		0.25%
26		£22,221	11,110.50	1,851.75	426.16	11.8377	11.5177	12.1759			0.25%
27		£22,958	11,479.00	1,913.17	440.29	12.2303	11.8997	12.5797			0.25%
28	I	£23,708	11,854.00	1,975.67	454.67	12.6298	12.2885	12.9907	0.25%		0.25%
29		£24,646	12,323.00	2,053.83	472.66	13.1295	12.7747	13.5047			0.25%
30		£25,472	12,736.00	2,122.67	488.50	13.5696	13.2028	13.9573			0.25%
31	J	£26,276	13,138.00	2,189.67	503.92	13.9979	13.6195	14.3978	0.25%		0.25%
32		£27,052	13,526.00	2,254.33	518.81	14.4113	14.0218	14.8230			0.25%
33		£27,849	13,924.50	2,320.75	534.09	14.8358	14.4349	15.2597			0.25%
34	K	£28,636	14,318.00	2,386.33	549.18	15.2551	14.8428	15.6910	0.25%		0.25%
35		£29,236	14,618.00	2,436.33	560.69	15.5747	15.1538	16.0197			0.25%
36		£30,011	15,005.50	2,500.92	575.55	15.9876	15.5555	16.4444			0.25%
37	L	£30,851	15,425.50	2,570.92	591.66	16.4351	15.9909	16.9047	0.25%		0.25%
38		£31,754	15,877.00	2,646.17	608.98	16.9161	16.4589	17.3995			0.25%
39		£32,800	16,400.00	2,733.33	629.04	17.4734	17.0011	17.9726			0.25%
40	M	£33,661	16,830.50	2,805.08	645.55	17.9320	17.4474	18.4444	0.25%		0.25%
41		£34,549	17,274.50	2,879.08	662.58	18.4051	17.9077	18.9310			0.25%
42		£35,430	17,715.00	2,952.50	679.48	18.8744	18.3643	19.4137			0.25%
43	N	£36,313	18,156.50	3,026.08	696.41	19.3448	18.8220	19.8975	0.25%		0.25%
44		£37,206	18,603.00	3,100.50	713.54	19.8205	19.2849	20.3868			0.25%
45		£38,042	19,021.00	3,170.17	729.57	20.2659	19.7182	20.8449			0.25%
46	O	£38,961	19,480.50	3,246.75	747.20	20.7555	20.1945	21.3485	0.25%		0.25%
47		£39,855	19,927.50	3,321.25	764.34	21.2317	20.6579	21.8384			0.25%
48		£40,741	20,370.50	3,395.08	781.33	21.7037	21.1171	22.3238			0.25%
49	P	£41,616	20,808.00	3,468.00	798.12	22.1699	21.5707	22.8033	0.25%		0.25%
50		£42,320	21,160.00	3,526.67	811.62	22.5449	21.9356	23.1890			0.25%
51		£43,038	21,519.00	3,586.50	825.39	22.9274	22.3077	23.5825			0.25%
52	Q	£43,900	21,950.00	3,658.33	841.92	23.3866	22.7545	24.0548	0.25%		0.25%
53		£44,752	22,376.00	3,729.33	858.26	23.8405	23.1961	24.5216			0.25%
54		£45,552	22,776.00	3,796.00	873.60	24.2667	23.6108	24.9600			0.25%
55	R	£46,423	23,211.50	3,868.58	890.30	24.7307	24.0623	25.4373	0.25%		0.25%
56		£47,297	23,648.50	3,941.42	907.07	25.1963	24.5153	25.9162			0.25%
57		£48,088	24,044.00	4,007.33	922.24	25.6177	24.9253	26.3496			0.25%
58	S	£48,979	24,489.50	4,081.58	939.32	26.0923	25.3871	26.8378	0.25%		0.25%
59		£49,827	24,913.50	4,152.25	955.59	26.5441	25.8267	27.3025			0.25%
60		£50,667	25,333.50	4,222.25	971.70	26.9916	26.2621	27.7627			0.25%
61	T	£51,515	25,757.50	4,292.92	987.96	27.4433	26.7016	28.2274	0.25%		0.25%
62		£52,361	26,180.50	4,363.42	1004.18	27.8940	27.1401	28.6910			0.25%
63		£53,209	26,604.50	4,434.08	1020.45	28.3457	27.5796	29.1556			0.25%
64	U	£54,057	27,028.50	4,504.75	1036.71	28.7975	28.0192	29.6203	0.25%		0.25%
65		£54,901	27,450.50	4,575.08	1052.90	29.2471	28.4566	30.0827			0.25%
66		£55,739	27,869.50	4,644.92	1068.97	29.6935	28.8910	30.5419			0.25%
67	V	£56,591	28,295.50	4,715.92	1085.31	30.1474	29.3326	31.0088	0.25%		0.25%
68		£57,437	28,718.50	4,786.42	1101.53	30.5981	29.7711	31.4723			0.25%
69		£58,278	29,139.00	4,856.50	1117.66	31.0461	30.2070	31.9332			0.25%
70	W	£59,130	29,565.00	4,927.50	1134.00	31.5000	30.6486	32.4000	0.25%		0.25%
71		£60,017	30,008.50	5,001.42	1151.01	31.9725	31.1084	32.8860			0.25%
72		£60,917	30,458.50	5,076.42	1168.27	32.4520	31.5749	33.3792			0.25%
73	X	£61,826	30,913.00	5,152.17	1185.70	32.9362	32.0461	33.8773	0.25%		0.25%
74		£62,761	31,380.50	5,230.08	1203.64	33.4343	32.5307	34.3896			0.25%

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WIRRAL COUNCIL

COUNCIL EXCELLENCE OVERVIEW & SCRUTINY COMMITTEE

16 MARCH 2011

SUBJECT:	<i>OFFICE RATIONALISATION</i>
WARD/S AFFECTED:	<i>ALL</i>
REPORT OF:	<i>DIRECTOR OF LAW, HR AND ASSET MANAGEMENT</i>
RESPONSIBLE PORTFOLIO HOLDER:	<i>COUNCILLOR HOLBROOK</i>
KEY DECISION?	NO

1.0 EXECUTIVE SUMMARY

- 1.1 This report provides an update on office rationalisation as requested by the Committee.
- 1.2 The office rationalisation programme and an increase in agile working will support the corporate priority to improve the use of the Council's land and assets. They will also support and help facilitate improvements in service delivery.
- 1.3 The office rationalisation project is expected to deliver substantial annual revenue savings by reducing the amount of space occupied.
- 1.4 The provision of administrative accommodation is not a statutory requirement but such accommodation does support the delivery of statutory functions.

2.0 RECOMMENDATION

- 2.1 That the report be noted

3.0 REASON FOR RECOMMENDATION

- 3.1 This update has been provided at the request of the Committee.
- 3.2 The office rationalisation project will be overseen by the Strategic Change Programme Board as part of the Council's Strategic Change Programme.

4.0 BACKGROUND AND KEY ISSUES

- 4.1 On 31 January 2011 this Committee considered an update on office rationalisation and agile working. The Committee resolved:
 - (1) That the Committee remains anxious that Westminster House should be vacated in a timely manner.

- (2) That a further update report be presented to the March 2011 meeting of the Committee.
- 4.2 Since the last meeting of this Committee there has been progress in the following areas:
- 4.3 A project plan has been developed for the vacation of Westminster House by 30 April 2011 to move the staff from Adult Social Care, Leisure and Cultural Services and NHS Wirral that have been based in the building. That plan is being implemented and is currently on target to deliver vacant possession by the target date.
- 4.4 Staff from NHS Wirral have relocated to Old Market House. Some Leisure and Cultural Services staff have been relocated, with the remainder shortly to move out of the building. In discussions with DASS the approach to relocation was agreed as one that disaggregates the staff currently in Westminster House. Some staff are currently in the process of moving to locality bases but, excluding those people, five groups of staff are being moved to alternative locations. Those groups are:
- Headquarters staff
 - Birkenhead locality team
 - Learning Disability service
 - Personal financial services
 - HR/Staff development
- 4.5 As previously reported the opportunity is being taken to increase the extent of agile working within teams where appropriate as relocations take place.
- 4.6 In respect of Headquarters staff, Cabinet at its meeting on 21 February 2011 approved the occupation of space within Old Market House. This gives physical co-location at a strategic level of social care and health functions which is considered important in terms of future service development and improvement. It will be adjacent to the new headquarters for Wirral Partnership homes, with which the department also has an interface, and the Public Health function is also one of those currently in the building.
- 4.7 On 21 February 2011 Cabinet also considered a report on the Council's Capital Programme, having asked for further information in support of expenditure on administrative accommodation to enable a final decision to be taken on that element of the programme. Having regard to the current financial position expenditure on specific items has been approved for 2011/12 for Wallasey Town Hall and the North Annexe, and schemes will now be developed for these buildings.
- 4.8 Attention will be focused on the North and South Annexes to create modern open plan accommodation into which staff can be moved whilst maximising their agility as far as possible. Work to facilitate this will be undertaken within available resources in the light of the agreed budget for 2011/12.
- 4.9 One of the issues raised by members at the Committee's meeting on 31 January 2011 was the impact of the current voluntary retirement and

severance programme on office occupancy. Details of those staff who left the Council's employment on 31 December 2010 have been collated and the table attached as Appendix A to this report illustrates the impact of those departures on the building occupancy figures used in the business plan presented to Cabinet in June 2010.

4.10 It should be noted that:

- Many of the staff who left the authority were not 'desk based' and do not therefore have an impact on office occupation
- Since the business plan figures were verified other staff moves have taken place
- Further staff will be leaving the Council between now and 31 June 2011. Once again not all of these staff will occupy desk space, but there will be a further reduction in the amount of space occupied. The additional impact of these departures on individual buildings will be assessed.
- Space has been created in disparate locations across the office portfolio. When planning to reduce the number of buildings held regard will be had to organisational synergies, co-location preferences and potential organisational changes.

4.11 The next steps will be to:

- Complete the move of staff from Westminster House; using this as an opportunity where possible to increase agile working and reduce the number of desks used
- Review core building occupancy to take account of additional capacity created by staff departures through voluntary severance and retirement
- Review teams and services identified as suitable for developing agile working with a view to developing agile working in services once immediate staff moves have been completed. Such a programme will be delivered within the constraints of existing resources and having regard to other priorities
- Bring forward proposals for the vacation of further buildings

4.12 Management of the rationalisation programme will continue through the Strategic Change Programme.

5.0 RELEVANT RISKS

5.1 Risk management for office rationalisation takes place within the governance arrangements of the Strategic Change Programme.

5.2 The immediate focus for rationalisation is the agreed sale of Westminster House to Wirral Partnership Homes. Risks in managing the programme to vacate the building for sale are being managed on a weekly basis by Asset Management and ICT staff within the rationalisation project, who are working closely with Council and NHS colleagues.

5.3 A significant risk to the wider programme is the availability of finance to deliver required works to buildings; to install and upgrade where necessary

ICT infrastructure; and to provide appropriate desktop and portable equipment. Increasing financial pressures on the Council mean that limited resources will have to be prioritised. The rationalisation programme and the delivery of agile working will therefore be managed within the constraints of available budgets.

6.0 OTHER OPTIONS CONSIDERED

- 6.1 Options for accommodation change are developed and considered within the Strategic Change programme.

7.0 CONSULTATION

- 7.1 Consultation is being undertaken within services directly with those staff whose workplace will be changed as a result of office rationalisation.

8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 8.1 None arising directly from this report.

9.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

Financial resources

- 9.1 Cabinet approved a revised Capital Programme on 21 February 2011. The rationalisation programme will proceed in line with available capital and revenue resources, including the use where appropriate of existing ICT and maintenance budgets.

IT resources

- 9.2 IT staff resources will be deployed to deliver the agreed programme within the limits of current provision. Relocation of staff from Westminster House by 30 April 2011 is currently the priority, together with any associated moves to facilitate this.
- 9.3 Staffing - no implications beyond those referred to in the body of the report.
- 9.4 Asset management implications are dealt with in the body of the report.

10.0 LEGAL IMPLICATIONS

- 10.1 None arising directly from this report.

11.0 EQUALITIES IMPLICATIONS

- 11.1 None arising directly from this report.
- 11.2 An Equality Impact Assessment has been completed for the overall office rationalisation programme. Detailed assessments will be undertaken in each case where teams are relocated.

12.0 CARBON REDUCTION IMPLICATIONS

- 12.1 Any refurbishment and improvement of existing accommodation would allow the creation of a more sustainable administrative estate with lower environmental impact. In particular, the opportunity will be addressed in any programme of work to improve building efficiency and reduce energy consumption and CO2 emissions wherever possible. The Council's budget for 2011/12 makes provision for the installation of solar photovoltaic panels on Council buildings, and schemes will now be developed.
- 12.2 Other benefits could be realised through new working arrangements, for example a reduction in business mileage and CO2 emissions due to the consolidation of offices and an increase in agile working.
- 12.3 Disposal of Westminster House will reduce the Council's CO2 emissions by 188 tonnes in 2011/12.

13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

- 13.1 None arising directly from this report.

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APPENDICES

Appendix A

REFERENCE MATERIAL

None

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Cabinet – Transforming Wirral – Strategic Asset Review	15 January 2009
Council Excellence Overview & Scrutiny Committee Cabinet – Office Rationalisation	18 November 2010
Cabinet – Office rationalisation	25 November 2010
Cabinet – Capital Programme	21 February 2011
Council Excellence Overview & Scrutiny Committee – Office rationalisation and agile working	31 January 2011

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COUNCIL OVERVIEW AND SCRUTINY COMMITTEE

Office Rationalisation - 16 March 2011

Building	Business Case Figures			Staff Departures at 31.12.10	
	Total No of Staff	Net Internal Area	m2 pp	No of Staff	m2 pp
		m2	(from NIA)		
Cheshire Lines	447	3367	7.5	46	8.4
Westminster House (S2150)	347	3600	10.4	40	11.7
Wallasey Town Hall (A2500)	190	3741	19.7	13	21.1
Wallasey Town Hall South Annexe	138	1493	10.8	7	11.4
Wallasey Town Hall North Annexe	143	1445	10.1	19	11.6
Finance Municipal Building (F3500)	292	2645	9.1	3	9.1
Treasury Building (F3510)	185	2709	14.6	15	
Solar Campus (E4540)	115		0.0	18	0
Professional Excellence Centre (Acre Lane) (E9650)	158	6010	38.0	20	43.5
Liscard Muni. Bldg. (D5250)	73	1516	20.8	-	20.8
Moreton Municipal Building (D5270)	60	696	11.6	3	12.2
Hamilton Building (E9640)	227	2881	12.7	18	13.8
Conway Centre (F3540)	171	2952	17.3	9	18.2
Bebington Town Hall (L3900)	112	1,213	10.8	9	11.8
Bebington Town Hall Annexe	63	707	11.2	-	11.2
Willowtree (E6763)	56		0.0	2	0
Rock Ferry Centre	56	621	11.1	2	11.5
Devon Gardens	4		0.0	-	0
The Old Courthouse (A2550)	54	1191	22.1	1	22.4
Pennant House	11	431	39.2	-	39.2
Bedford Road 126	18		0.0	-	0
Birkenhead Town Hall	19		0	3	0
	2,939	37,218			

Office Rationalisation Project - IT Implications

Building	Occupants / Services	Implications of continued use	Implications of vacating / disposal
Cheshire Lines	Tech Serv HQ + Call Ctr.+ Archives + Com Serv & WPH Control		
Westminster House	Adult Social Services HQ + Cultural Services HQ + NHS Wirral		
Wallasey Town Hall	OSS + Law,HR&AM HQ + Corp Serv HQ + Regen		
Wallasey Town Hall South Annexe	Law,HR&AM + Regeneration		
Wallasey Town Hall North Annexe	Corporate Services + Regen HQ		
Finance Municipal Building	Finance		
Treasury Building	Finance HQ & NU Occ Health & Audit Commissioners		
Solar Campus	CYPD/Youth Service + YOS		
Professional Excellence Centre (Acre Lane)	Training Centre + CYPD/Various + SLS		
Liscard Muni. Bldg.	DASS + CYPD + Regen. & <u>Connexions</u>		
Moreton Municipal Building	OSS + DASS + CYPD		
Hamilton Building	Children & Young People's Dept HQ		
Conway Centre	OSS + CYPD + DASS + Regen. & <u>Connexions</u>		
Bebington Town Hall	CYPD/SESS & ESW		
Bebington Town Hall Annexe	CYPD + DASS + UNISON		
Willowtree	CYPD/Respite Unit + Resource Centre & <u>Scope</u>		
Rock Ferry Centre			
Devon Gardens	CYPD		
The Old Courthouse	Regen./Community Safety & <u>Police/Fire Service</u>		
Pennant House	OSS + 1st Floor Not Utilised Since Apr.05 & <u>WRVS</u>		
Bedford Road 126	CYPD/Wirral Lifelong Learning Service		
Birkenhead Town Hall	Registars Office		

WIRRAL COUNCIL

COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY REPORT

16TH MARCH 2011

SUBJECT:	2010/11 Third Quarter Performance and Financial Review – Council Excellence Report
WARD/S AFFECTED:	All
REPORT OF:	Interim Chief Executive
RESPONSIBLE PORTFOLIO HOLDER:	Councillor Jeff Green
KEY DECISION:	No

1.0 EXECUTIVE SUMMARY

1.1 This report sets out performance of the Council's corporate plan towards delivering the vision of building a more equal and prosperous Wirral. This report is intended to provide members with an overview of performance, financial and risk monitoring for quarter three 2010/11. The format for reporting performance issues and financial information is currently under review and future reports will reflect any changes to the current format.

2.0 RECOMMENDATION/S

2.1 That: the committee is requested to note the contents of this report.

3.0 REASON/S FOR RECOMMENDATION/S

3.1 This report provides a quarterly progress report on delivering the Council's Corporate Plan.

4.0 BACKGROUND AND KEY ISSUES

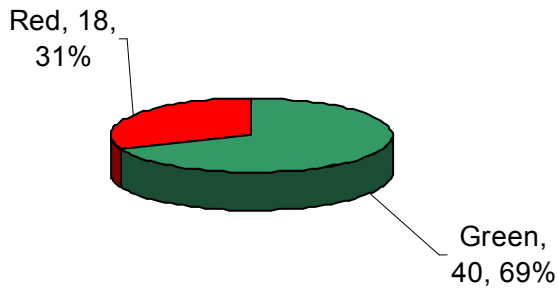
4.1 Performance Summary

This report sets out that the overall performance against the 2010/11 corporate plan projects is as follows:

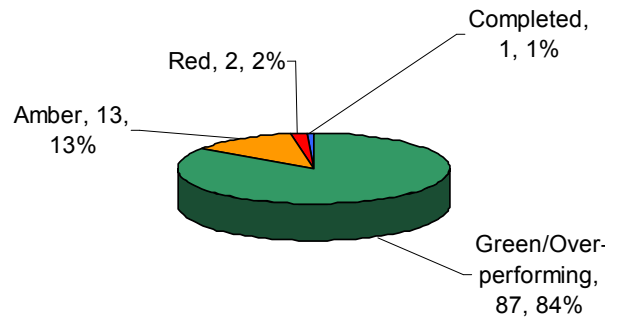
- Performance of the **103 projects** within the corporate plan shows that **87 (84%)** are assessed as green (all milestones that should have been met at this point have been met).
- **13 (13%)** projects are amber, **2 (2%)** are red (some non-critical milestones missed / danger of non-critical slippage) and **1 (1%)** project has been completed.

There are **64** performance indicators at the third quarter period. The following graphs provide a summary of the overall performance:

Performance Summary

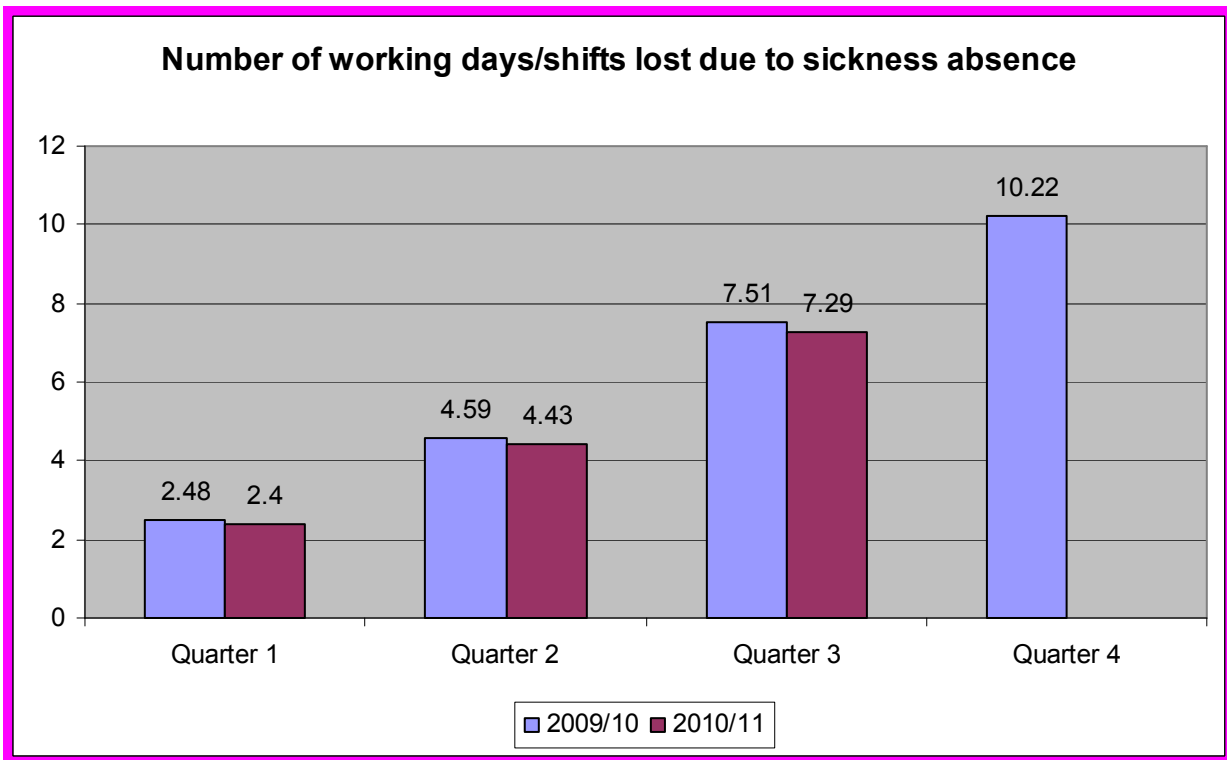


Project Summary



There are **64** reportable indicators at the second quarter. Of the 64 indicators, **54** can be compared with the previous year, and **58** can be reported against target. There are **6** indicators where the target has not been set or the indicator is not applicable, and therefore a RAG status can not be given.

4.2 Absence Figures



The above data is the latest data available, which is provisional.

4.2.1 Strategic Objective: To create more jobs, achieve a prosperous economy and regenerate Wirral

Priorities for improvement: **increase enterprise, reduce worklessness**

4.2.2 What's worked well during Quarter Three 2010/11:

- Work is now underway on the new Asda store in Birkenhead, a development which will result in a £30million investment in the town centre.
- Invest Wirral continues to support Wirral business initiatives such as the Think Big Grant
- Wirral's performance in JSA rates has been excellent over the last year with a reduction of 2312 claimants in 2010. Wirral has also been the top performing authority for JSA rates for four successive months to December 10.
- The successful Wirral Apprentice programme is set to receive a boost after Wirral Council confirmed it would invest a further £1 million (hopefully matched by ESF). With this latest commitment, Wirral Council will have helped employers to create more than 300 apprenticeships.

4.2.3 Performance Issues – Indicators

No performance indicators have been assessed as red or amber within this corporate objective.

4.2.4 Performance Issues – Projects

No projects have been assessed as red or amber within this corporate objective.

4.3 Strategic Objective: Create a clean, pleasant, safe and sustainable environment

Priorities for improvement: **sustain improved levels of recycling, reduce the Council's carbon footprint, and reduce number of people killed or seriously injured in road accidents**

4.3.1 What's worked well during Quarter Three 2010/11:

- Wirral Council installed an additional 110 grit bins across the borough to assist residents during freezing temperatures.
- In response to concerns expressed at Area Forums, extra enforcement to encourage owners to clear up after their pets has been allocated in the Moreton Cross area. Training will be provided to the Police so more patrols are enabled to enforce this.
- Wirral Council has agreed to lease an unused greenbelt land to a local group seeking to manage its own community allotments.

4.3.2 Performance Issues – Indicators

The following indicators have missed the Quarter Three 2010/11 target by more than 10% and are therefore assessed as **red**.

Portfolio	PI no	Title	2010/2011 Q3 Target	2010/2011 Q3 Actual	On target	Direction of travel
Housing and Community Safety	NI 156	Number of homeless households living in Temporary Accommodation	4 Lower=Better	5 (A)	Red	Deteriorated
<p>Context: Of the 5 households in temporary accommodation on 31 December, 1 was placed due to violence on 30 December, 2 were intentionally homeless and 2 had complex needs with children's and adults social care involvement, therefore sourcing suitable accommodation was challenging. This small increase in the number of households in temporary accommodation compared with the previous quarter is in the context of a 53% increase in the number of homeless applications compared with the same quarter in the previous year, and a high rate of homeless prevention.</p> <p>Corrective action: We will continue to work with Registered Social Landlords and the private sector to source suitable move-on accommodation for those we have a statutory duty to provide move on accommodation, and to maintain a high success rate in homeless prevention.</p>						

Portfolio	PI no	Title	2010/2011 Q3 Target	2010/2011 Q3 Actual	On target	Direction of travel
Streetscene and Transport Services	NI 195d	Improved street and environmental cleanliness (levels of fly posting)	0.5% Lower=Better	1% (A)	Red	Unchanged
<p>Context: Noticeable improvement in overall cleansing performance as a result of new initiatives such as extended working hours and resources.</p> <p>Corrective action: The second tranche score for NI195 D is higher than average as it is the first survey carried out after the summer months. Due to a heightened number of events and overall activity throughout the summer there tends to be a greater level of fly-posting identified (depending on the wards being surveyed). It is anticipated that the third and final tranche will see a drop in occurrence and as such the annual target should still be met.</p>						

Portfolio	PI no	Title	2010/2011 Q3 Target	2010/2011 Q3 Actual	On target	Direction of travel
Housing and Community Safety	LOCAL 7031	Percentage of under-age sales of alcohol during test purchase exercises	5% Lower=Better	10.3% (A)	Red	Deteriorated
<p>Context: As well as carrying out under age sales test purchasing activity in off licences officers are working with the police and HM Revenue and Customs to detect and seize contraband and/or counterfeit alcohol and tobacco (Operation Strandhog.) Officers will use all powers available to them to regulate criminality in off licences.</p> <p>Corrective action: The rate at Q1 was 20% sales of alcohol, as a result of improved targeting</p>						

of the less compliant traders, based on intelligence from the police, public and local councillors. Continued enforcement action (fixed penalty notices, licence review and prosecution) has started to reduce the offending rate, which has reduced to 10.3%.

4.3.3 Performance Issues – Projects

The following projects have been assessed as **amber** (some non-critical milestones have been missed or there is a danger of non-critical slippage)

Portfolio	Key project	Status	Corrective Action
Housing and Community Safety	Housing Market Renewal Initiative New Build Programme	AMBER	Due to the decrease in mortgages available, this continues to hinder the progress on this project. However, there are ongoing meetings with developers and lenders to attempt to make improvements.

4.4 Strategic Objective: To improve health and wellbeing for all, ensuring people who require support are full participants in mainstream society

Priorities for improvement: **reduce health inequalities, promote greater choice and independence, tackle alcohol harm**

4.4.1 What's worked well during Quarter Three 2010/11:

- Alcohol harm related hospital admission rates have decreased this quarter
- The number of clients receiving support through the NHS Stop Smoking Services has achieved its target of 627 quitters this quarter.
- Adults who suffer from learning disabilities who live in settled accommodation has also achieved its target.

4.4.2 Performance Issues – Indicators

The following indicators have missed the Quarter Three 2010/11 target by more than 10% and are therefore assessed as **red**.

Portfolio	PI no	Title	2010/2011 Q3 Target	2010/2011 Q3 Actual	On target	Direction of travel
Social Care and Inclusion	NI 130	Percentage of Social care clients receiving Self Directed Support	20.0%	11.96% (A)	Red	Improved

Context: This indicator measures the effectiveness of "personalisation". It is the percentage of people who have "self directed support" (having a personal budget or Direct Payment).

Corrective action: Process training rolled out in October to over 200 members of staff. Further training is being planned. Personal budgets went live on 19th November and is now a universal offer to all residents of Wirral. All single service reviews will be assessed using the self directed

assessment process resulting in an indicative budget Assistive Technology provision will be recorded on a initial assessment and support plan and therefore count towards NI130 Those receiving professional support will go through the self directed assessment process and therefore have their support recorded on a support plan. This will count towards NI130. Occupational Therapy and visual impairment teams will begin to use the self directed assessment process which will count towards NI130.

Portfolio	PI no	Title	2010/2011 Q3 Target	2010/2011 Q3 Actual	On target	Direction of travel
Social Care and Inclusion	NI 146	Adults with learning disabilities in employment	6.75%	4.97% (A)	Red	Improved

Context: This indicator measures the number of people with a learning disability who are in employment at the time of their assessment or latest review.

Corrective action: Through Personalisation and Support Planning, we have accelerated the prioritisation and targeting of individuals in exploring opportunities for paid employment. We have further undertaken a piece of targeted work with people with learning disabilities who use day services to accelerate the Support Planning process which strongly focuses upon options for employment.

Portfolio	PI no	Title	2010/2011 Q3 Target	2010/2011 Q3 Actual	On target	Direction of travel
Social Care and Inclusion	LOCAL 8857	An increase in the number of new individuals who have received a service via Wirral Assistive Technology (including telecare & telemedicine)	2000	1461 (A)	Red	Improved

Context: As at end of Q3 the new installations 664 installations were completed on a target of 900, thus giving a 49% complete rate against the annual target of 3000. The Provider has confirmed they have adequate capacity to achieve the 3000 target by 31 March 2011, however referrals have decreased since November and have continued to do so. Data shows the main reductions in referrals are from HARTS and the Access Teams, however current department reorganisation, process developments and staffing levels combined with the Christmas period would still have had an impact on the level of referrals. Additionally, in comparison to 2009/10 data shows a decrease in referrals during December also, so this year follows the same trend which is also the trend in other areas. As focus will be primarily on evidencing cashable savings for Q4 to determine the future funding of the project, then this has the potential to have a further impact on the number of installations due to a more targeted approach. Proactive marketing in the public domain has been put on hold due to the refocus to the evidencing of cashable efficiencies. The universal offer for Assistive Technology to residents in Wirral still currently continues. Following the outcome of the recent Wirral Council consultation event, it has been agreed that Assistive Technology will become a chargeable service; however no further work in relation to the impact on the service provision, performance and individuals is yet to be explored and determined.

Corrective action: Further work within Localities is underway regarding Assistive Technology

within processes. Assistive Technology and enablement is being explored to demonstrate how cashable efficiencies can be identified and how best this can be integrated into day to day practices. An Efficiency Task & Finish Group has been established to oversee the work required to evidence cashable efficiencies and to identify key focus areas. Additionally, Assistive Technology within Support Planning in Day Services is being explored with the potential of a pilot study being conducted.

Portfolio	PI no	Title	2010/2011 Q3 Target	2010/2011 Q3 Actual	On target	Direction of travel
Social Care and Inclusion	LOCAL 8866	Percentage of Adult Safeguarding alerts dealt with in 24 hours	100%	88.54% (A)	Red	N/A

Context: This indicator measures how promptly operational teams are responding to adult safeguarding alerts. The 24 hour target is built into the Adult Safeguarding Process

Corrective action: Following a review of vacancies a selective filling of spaces will take place, including where necessary the short-term use of agency staff. Performance is monitored on a weekly basis with exception reports to Locality Managers where the 24 hour target is not met for immediate remedy. Business processes are being reviewed by the Head of Safeguarding as part of the DASS Improvement Plan. Performance is gradually improving and is forecast to exceed 90% by the year-end which result in amber status.

Portfolio	PI no	Title	2010/2011 Q3 Target	2010/2011 Q3 Actual	On target	Direction of travel
Social Care and Inclusion	LOCAL 8867	Percentage of Adult Safeguarding incidents closed or dealt with in 28 days	100%	70.53% (A)	Red	N/A

Context: This indicator measures the time taken to complete a safeguarding adult investigation and make decisions and where required a Protection Plan. There is a Departmental target of 28 days to investigate, and ensure a timely resolution to reported safeguarding incidents. This target is built into the Adult Safeguarding Process.

Corrective action: Following a review of vacancies a selective filling of spaces will take place, including where necessary the short-term use of agency staff. As with 8866 the Head of Safeguarding is reviewing the business processes within Access and Assessment. Performance continues to improve slowly but will not reach the 100% target because of the incidents which were not closed within 28 days during the year. Many incidents require more in depth investigations from the statutory agencies, and can appropriately take many months. The target remains as a trigger for exception reporting to Locality Managers to ensure all incidents are being investigated and there are no barriers. Weekly reports are made available to managers so it is understood where every investigation is up to.

Portfolio	PI no	Title	2010/2011 Q3 Target	2010/2011 Q3 Actual	On target	Direction of travel
Social Care and Inclusion	LOCAL 9000	The number of emergency unscheduled acute hospital bed days occupied by people aged 75+ in NHS hospitals in Wirral who are admitted	4203 Lower=Better	4639 (E)	Red	Deteriorated

		through fractured neck of femur, as measured by Wirral NHS data as a result of a fall.				
<p>Corrective action: Overall non elective activity has increased this year a trend which has been seen across the North West. The Urgent Care Network has agreed to undertake a clinical audit to understand this increase in some more detail. The community falls prevention team has also recently set up new referral pathways with A&E and the ambulance service to ensure that patients who have minor falls are referred to try and prevent more serious injury in the future. The health community has also recently set up a “rapid access discharge service” in partnership with the department of adult social services to ensure that patients are discharged from hospital at the earliest possible point in their pathway, with their care being taken up by health and social care multidisciplinary teams in the community.</p>						

4.4.3 Performance Issues – Projects

The following projects have been assessed as **amber** (some non-critical milestones have been missed or there is a danger of non-critical slippage) or **red** (critical milestones have been missed or there is serious slippage):

Portfolio	Key project	Status	Corrective Action
Social Care and Inclusion	Improving support for carers (Implementing the Carers Commissioning Strategy)	AMBER	Project work now part of the Personalisation Project.
Social Care and Inclusion	Community Development Project (Project 14)	AMBER	Community Development workers are engaged in identifying local priorities.
Social Care and Inclusion	Mental Health Commissioning Strategy	AMBER	Work in progress with close monitoring of targets.
Housing and Community Safety and Social Care and Inclusion	Implement Alcohol Strategy	AMBER	Work in relation to the delivery of the 2007-10 Alcohol Harm Reduction Strategy is developing positively. The Crime, Disorder and Communities Action Plan and performance Indicator Plan has been refreshed and being performance managed by the police and council. Specific achievements include the delivery of Stay Safe operations, introduction of a Detached Substance Misuse Support Worker to support individuals involved with domestic violence, delivery of conflict training within pubs and clubs in the Birkenhead area and the delivery of alcohol support for individuals where alcohol is a causal factor with cocaine use. The Young People's Action Plan is successfully being delivered and a number of

Portfolio	Key project	Status	Corrective Action
			projects are available to support young people involved with alcohol misuse, namely the YPAIP (Young Persons Alcohol Intervention Programme), and a successful and award winning programme of sport and outdoor activities is established and engaging with hard to reach young people at risk of problematic substance misuse. Finally, the Alcohol Treatment Plan is successfully delivering a number of treatment programmes including access to a 7-10 day detox facility, working with people who are homeless or have issues with housing as a consequence of their drinking and increased access to specialist treatment, day care and aftercare. In relation to the position of the development of writing a new strategy then the situation since Q2 has not significantly changed. Work is still ongoing on the development of a new Alcohol Harm Reduction Strategy for Wirral (2011-2013). The interim achievements document is still being worked on but progress has been slowed due to the need to prioritise other tasks. Furthermore, there is still uncertainty from the Government regarding the structure for alcohol at a local level.

Portfolio	Key project	Status	Corrective Action
Social Care and Inclusion	Implementing Assistive Technology Invest to Save Programme	RED	Project evaluation confirms cost avoidance but not cashable savings. Report due at Cabinet in January 2010
Social Care and Inclusion	Reduce Hospital admissions Project (Project 13)	RED	Hospital admissions remain high. Focused activities are underway to reduce these by involving the hospital reablement service, Interim and Intermediate Care.

4.5 Strategic Objective: To help children and young people achieve their full potential

Priorities for improvement: **safely reduce looked after children, raise overall educational attainment, particularly lower achieving young people, reduce teenage conceptions.**

4.5.1 What's worked well during Quarter Three 2010/11:

Wirral is celebrating the recent announcements of high profile OFSTED inspections

Including:

- Our Lady and St Edward's RC Primary and Pre-schools achieved an outcome of 'outstanding'.
- Clare Mount Specialist Sports College in Moreton is proud to have been awarded the title of an 'outstanding' school.
- Brackenwood Junior School in Bebington, was found to have greatly improved in many areas since their last inspection of being judged 'good'.

4.5.2 Performance Issues – Indicators

The following indicators have missed the Quarter Three 2010/11 target by more than 10% and are therefore assessed as red.

Portfolio	PI no	Title	2010/2011 Q3 Target	2010/2011 Q3 Actual	On target	Direction of travel
Children's Services & Lifelong Learning	NI 53	Prevalence of breast-feeding at 6-8 wks from birth	35.1%	31.3% (A)	Red	Improved
<p>Context: Breast Feeding Peer Support Programme service achieved annual target (support 500 women) by month 7 and surpassed the Wirral and England average of women still breastfeeding at 6-8 weeks with 48% in quarter 2 •NHS Wirral has achieved stage one of the UNICEF Breastfeeding Friendly Initiative.</p>						
<p>Corrective action: The following will be taking place over the next few months to continue to promote breastfeeding: •Renew breastfeeding peer support programme contract for a further two years and extend it to support a greater number of women •To run a series of promotions on Juice and Heart FM to promote the breast milk it's amazing campaign •To deliver on-going breastfeeding training updates to professionals •Meeting to be set up in January with key partners and analysts to clarify data requirement, presentation and distribution</p>						

Portfolio	PI no	Title	2010/2011 Q3 Target	2010/2011 Q3 Actual	On target	Direction of travel
Children's Services & Lifelong Learning	NI 59	Percentage of initial assessments for children's social care carried out within 7 working days of referral.	76%	66.6% (A)	Red	Improved
<p>Context: This indicator continues to perform considerably better when compared to the same period during 2009/10 and is inline with the 2009/10 national figure. It should also be noted that the definition of this indicator is changing from 7 working days from referral to 10 working days in 2011/12. The 2010/11 quarter 3 figure for initial assessments carried out within 10 working days of referral is 79.8%.</p>						
<p>Corrective action: With the induction of a new manager, there has been a refreshed and improved focus on work plans and development of new reports to support staff to help ensure time scales are met.</p>						

Portfolio	PI no	Title	2010/2011 Q3 Target	2010/2011 Q3 Actual	On target	Direction of travel
Children's Services & Lifelong Learning	NI 60	Percentage of core assessments for children's social care that were carried out within 35 working days of their commencement	80%	66.6% (A)	Red	Improved

Context: This indicator has improved following the circulation of good practice guidance notes to the teams with support from the data officers on electronic recording. However, there has been a large increase in the volume of work: 833 Core Assessments have taken place to date in 2010/11 compared with 672 at quarter 3 in 2009/10. Despite this there has been an 8% improvement when compared with the same period in 2009/10.

Corrective action: Ongoing support to staff is being provided by the data officers recording information related to this indicator. Child Protection training took place during October – December 2010 which will help staff focus in this area.

Portfolio	PI no	Title	2010/2011 Q3 Target	2010/2011 Q3 Actual	On target	Direction of travel
Children's Services & Lifelong Learning	NI 61	Timeliness of placements of looked after children for adoption following an agency decision that the child should be placed for adoption	80%	66.7% (A)	Red	Deteriorated

Context: There is continuous monthly monitoring of this indicator.

Corrective action: Small numbers affect this indicator. 10 out of 15 children have been adopted within 12 months of the decision being made that the child should be placed for adoption. Some children are harder to place; these include 2 siblings, 2 further siblings with medical complexities and one older child who has experienced placement disruption.

Portfolio	PI no	Title	2010/2011 Q3 Target	2010/2011 Q3 Actual	On target	Direction of travel
Children's Services & Lifelong Learning	NI 63	Stability of placements of looked after children: length of placement	72%	61.7% (A)	Red	Deteriorated

Corrective action: There is continuous activity to ensure placement stability of looked after children where appropriate. Statutory reviews of children in care placements are carried out at prescribed intervals. Increased rigour in the conducting of disruption meetings and learning lessons from past experiences. This indicator is monitored on a monthly basis.

Portfolio	PI no	Title	2010/2011 Q3 Target	2010/2011 Q3 Actual	On target	Direction of travel
Children's Services & Lifelong Learning	NI 117	16 to 18 year olds who are not in education, employment or training (NEET)	6.9% Lower=Better	8.2% (P)	Red	Improved

Context: Quarter 3 performance is an improvement when compared with quarter 2 and the same period in 2009/10 which highlights the ongoing trend in the reduction of this indicator year on year. However there are many challenges ahead to achieving the target of 6.9% therefore a revised year end forecast of 8% has been set.

Corrective action: There are a number of innovative programmes being commissioned via European Social Funds which focus specifically on the differing needs of the NEET cohort in order to provide an enhanced bespoke, targeted offer. The 14-19 Strategic Partnership with providers is ensuring that 'offer' in Wirral is flexible in its responses. Analysis of the NEET group has also taken place to inform targeted intervention across the partnership. There is an ongoing trend in the reduction of this indicator year on year, but there are many challenges ahead to achieving the target of 6.9% therefore a revised year end forecast of 8% has been set.

4.5.3 Performance Issues – Projects

The following projects have been assessed as **amber** (some non-critical milestones have been missed or there is a danger of non-critical slippage):

Portfolio	Key project	Status	Corrective Action
Children's Services and Lifelong Learning	Implement the Integrated Youth Support Strategy	AMBER	The integrated youth support is still subject to strategic review. This is the result of a number of factors including proposed Government policy changes and funding reductions. This could result in potential restructuring to improve the service and increase efficiency. The impact of the review is that a strategy for 2010/11 is not currently in place and the 2009/10 strategy is to be extended for this period.
Children's Services and Lifelong Learning	Implement the Integrated Preventative Services Development Plan	AMBER	The number of children identified as needing social work intervention has increased, when compared with the same period in previous years, with a much greater proportion of referrals (90+ %) progressing to an initial assessment. This is in line with other Local Authorities, and is also against a backdrop of an increase in numbers of children looked after nationally. A range of preventative initiatives are in place to respond, as soon as possible, to children and families experiencing difficulties to support children to safely remain in their families, such as Team Around the Child, Family Group Conferences and Multi-Systemic Therapy. With regard to the existing children who are looked after, a considerable number are due to leave care during the 2011/12 financial year due to reaching their eighteenth birthday, and projections based on historical trends indicate that numbers of children looked after should stabilise in the
Children's Services and Lifelong Learning	Implement the Contact, Referral, Assessment and Safeguarding Development Plan	AMBER	
Children's Services and Lifelong Learning	Implement the Corporate Parenting Development Plan	AMBER	

Portfolio	Key project	Status	Corrective Action
			coming years. However, the rate of children ceasing to be looked after, across all age groups, is being further prioritised with a number of strategies, underpinned by the new Fieldwork structure, to ensure that children's plans do not drift, and that more children achieve permanence through Adoption, Special Guardianship or by returning home. Each District Team is tightly overseeing the plans for children to safely leave care; this is monitored by Senior Managers, and plans to overcome barriers to achieving this outcome are in place. This area has also been prioritised with inclusion of the Looked After Children Review as a project in the Strategic Change Programme.
Children's Services and Lifelong Learning	All phases: raise standards in schools and settings by continuing to improve the quality of leadership and management, curriculum, assessment and learning, thereby ensuring none fall into an OFSTED category.	AMBER	Four primary schools remaining in OFSTED category continue to make good progress. To assist schools in category the Local Authority provide Statements of Action which are verified by OFSTED. The Head of Branch for Learning and Achievement, Strategic Service Manager, the schools' Head Teachers and Chair of Governors monitor the action plan on a half-termly basis. All schools have had OFSTED monitoring visits and are now at least satisfactory. We are expecting that 3 of the 4 schools will have a full inspection in the Spring Term 2011 and we have high confidence that they will be taken out of category.

4.6 Strategic Objective: To create an excellent council

Priorities for improvement: **maintain a sustainable and stable budget, providing value for money, improve the council's budgeting process to fully reflect its priorities**

4.6.1 What's worked well during Quarter Three 2010/11:

- The time taken to process Housing Benefit/Council Tax Benefit new claims and changes as well as the percentage of Council Tax collected has met its target, and has improved on quarter three last year.
- Wirral Council has thanked members of four independent groups and over 5500 local people for playing a vital role in helping to shape the future of Council services. 'WIRRAL'S FUTURE *Be a part of it*' was the biggest ever consultation undertaken by the Council.

- Wirral Council installed an additional 110 grit bins across the borough to assist residents during freezing temperatures. The bins were funded through Wirral's Area Forums and are located in pedestrianised streets, many areas around sheltered accommodation, near to steep hills and other problem locations identified by local residents.

4.6.2 Performance Issues - Indicators

The following indicators have missed the Quarter Three 2010/11 target by more than 10% and are therefore assessed as **red**.

Portfolio	PI no	Title	2010/2011 Q3 Target	2010/2011 Q3 Actual	On target	Direction of travel
Corporate Resources	LOCAL 7011b	The % of top 5% of earners from black and minority ethnic communities	1.80%	1.34% (A)	Red	Deteriorated
Context: Change in figure to 1.34 equates to 1 individual allowed to leave under the EVR/VS scheme.						

Portfolio	PI no	Title	2010/2011 Q3 Target	2010/2011 Q3 Actual	On target	Direction of travel
Corporate Resources	LOCAL 7015	The % of employees retiring on grounds of ill health as a % of the total workforce.	0.15% Lower=Better	0.19% (A)	Red	Deteriorated
Context: The numbers are dependent upon circumstance and medical advice						

Portfolio	PI no	Title	2010/2011 Q3 Target	2010/2011 Q3 Actual	On target	Direction of travel
Corporate Resources	LOCAL 7016a	The % of local authority employees declaring that they meet the Disability Discrimination Act 1995 disability definition .	3.10%	2.73% (A)	Red	Improved
Context: A number of employees who have declared a disability have been allowed to leave under the EVR/VS scheme.						

4.6.3 Performance issues – Projects

The following project has been assessed as **amber** (some non-critical milestones have been missed or there is a danger of non-critical slippage):

Portfolio	Key project	Status	Corrective Action
Finance and Best Value	To ensure that the business is subject to good governance	AMBER	Issues identified by Audit Commission; AGS amended by Audit and Risk Management Committee (A&RM); A&RM agreed additions

Portfolio	Key project	Status	Corrective Action
	arrangements: annual governance statement, audit (internal)		to the Audit Programme for 2010/11 to assess response to issues by March 2011.
Community and Customer Engagement	An improvement programme relating to the Local Strategic Partnership and the delivery of the Sustainable Community Strategy and Local Area Agreement	AMBER	A review of the Local Strategic Partnership (LSP) is being undertaken given changes in national policy and local needs, including the cessation of local area agreements. This will be concluded by year end.
Corporate Resources	Review overview and scrutiny arrangements	AMBER	Group Leaders are to discuss this matter in due course.

4.7 FINANCIAL MONITORING

On 1 March 2010 Council agreed the Budget 2010/11 with a planned net spend for the year of £332 million and a projected balance at 31 March 2011 of £6.5 million. The latest position reflects the out-turn for 2009/10, the notification from the Government on reductions in grant and the departmental projections:-

Details	£million	£million
Projected General Fund balance at 31 March 2011 when setting the budget for 2010/11		6.5
Cabinet decisions		
18 Mar - Foster care costs increased for inflation		-0.1
24 June - Financial out-turn 2009/10 showed an underspending and increase in balance		+3.0
24 June - Reduction in grants to local authorities 2010/11. Area Based Grant of £3.9 million and 'One-off' LABGI/LAA grants of £1.6 million		-5.5
22 July - Reduction in grants to local authorities 2010/11. Agreed savings from departmental budgets		+3.9
2 Sep - Actuarial Review released Insurance Fund resources to balance		+3.4
9 Dec – Balance Sheet Management review released £1.2 million but increased Energy Contract costs of £0.1 million in 2010/11		+1.1
Personal Care at Home initiative not progressed by the Coalition Government (Council reduction net of grant)		+1.0
Projected variances / potential overspends		
Overspend Children & Young People	+1.8	
Underspend Finance	-0.6	-1.2

General Fund balance at 31 March 2011 based upon the latest projections		12.1
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4.7.1 Impact of any Cabinet decisions that have budgetary implications

On 18 March allocated £90,000 to meet the inflationary increase in the costs of fostering.

On 24 June agreed a report of the financial out-turn for 2009/10 following the completion of the year-end accounts. Overall this resulted in an increase in the projected balance at 31 March 2010 of £3 million the position benefitting from the release of £2.5 million from the Insurance Fund.

The same meeting also considered a report on the reduction in grants to local government 2010/11. Cabinet requested a further report to the July 22 meeting on the Area Based Grant reduction of £3.9 million. The expected £1.4 million of Local Authority Business Growth Incentive and £0.2 million of Local Area Agreement will not now be received and this loss of 'one-off' funding is being met from balances.

On 22 July agreed to a number of reductions in departmental budgets to offset the loss of the £3.9 million of Area Based Grant in 2010/11.

On 2 September agreed a report on the Insurance Fund Actuarial Review which included the release of £3.4 million from the Insurance Fund to the balance.

On 4 November agreed to the appropriate budget requirements to reflect the re-allocation of the former Regeneration Department activities.

On 9 December the mid-year review of Balance Sheet Management saw £1.2 million being agreed to be released to the balance. The same meeting approved the new Energy Contracts for which there was an increased cost of £150,000 in 2010/11 to be met from the balance.

Within Adult Social Services £2.6 million (partially offset by a projected £1.6 million of Area Based Grant) to support Personal Care at Home was deleted as being no longer required as the Coalition Government reversed the decision to guarantee free Personal Care at Home that was to be effective from 1 October 2010.

4.7.2 Variations from the approved budget

Adult Social Services

There are continuing pressures on the community care budgets (particularly learning disabilities), income targets and transport. These have been assessed at around £4.4 million. This is a reduction upon the last quarter when a figure of £6.1 million was quoted and reflects the work on reducing costs and liaison with the health partners. The Interim Director is reviewing options before declaring a potential overspend.

Children and Young People

There are significant pressures on the budget, particularly care services. The number of children in residential care is currently above the target. Similarly within foster care,

adoption and lodging where the placements have increased during the year. These form the major part of the projected overspend which is partially offset by vacancy control savings giving a net £1.8 million projected overspend (higher than the £1 million reported in September).

Finance

Housing benefit and treasury management activities remain the key areas. The management of the cash-flow has seen the Council benefit from the available interest rates and is expected to achieve a surplus of £0.6 million.

Technical Services

Income streams and particularly planning, development, land charge and car parking income within Technical Services are likely to result in shortfalls of £0.6 million. Within Cultural Services income forms a significant element of the budget are proving difficult to achieve although the Director is looking to identify compensatory savings. The Streetscene contract is subject to an inflationary increase in August for which no budgetary provision has been made and will add £0.2 million to the financial pressures faced by the department in the current year. Overall pressures of £0.8 million have been reported by the Director.

Further supporting information is contained within the Financial Monitoring summary at Appendix 1.

4.8 CAPITAL MONITORING

The Capital Programme 2009/13 was approved by Council on 14 December 2009 and confirmed as part of the budget for 2010/11 by Council on 1 March 2010. Other than the impact of decisions by Council / Cabinet the revisions relate to slippage resulting in both the spend and resources being slipped.

The tables compare the original programme / resources approved as part of the Budget with the latest forecast position that incorporates permanent changes to the programme due to slippage and Cabinet approvals.

Spend	Original Approval	Forecast Sept	Forecast Dec
	£000	£000	£000
Adult Social Services	471	2,193	1,856
Children & Young People	43,527	40,986	35,155
Corporate Services	2,050	6,497	17,530
Finance	1,500	2,929	2,929
Law, HR and Asset Mgt	100	100	2,753
Regeneration	19,802	20,450	0
Technical Services	11,145	12,253	13,622
Total programme	78,595	85,408	73,845

Resources	Original Approval	Forecast Sept	Forecast Dec
	£000	£000	£000
Borrowing	14,340	22,616	19,674
Grant – Education	41,300	34,976	29,210

Grant – HMRI	7,485	7,485	5,942
Grant – LTP	4,243	3,233	3,233
Grant – Other	7,877	13,388	11,919
Revenue	350	710	867
Capital Receipts	3,000	3,000	3,000
Total resources	78,595	85,408	73,845

The major variation from the Original Approval reflects the slippage of £24 million of schemes with the associated spend and funding from 2009/10 to 2010/11. The re-profiling of schemes, particularly Children & Young People, resulted in £17 million going forward into 2011/13. The reduction in grants announced by the Government has resulted in subsequent revisions to the Children & Young People, former Regeneration and Technical Services grant funded programmes. Cabinet on 4 November 2010 agreed to the re-allocation of the Regeneration programme reflecting the re-allocation of the former department's responsibilities.

4.9 PROGRESS ON THE PROGRAMME

Adult Social Services

The most significant scheme is the Extra Care Housing facility at the former Mendell Lodge site which is progressing well and is due for completion January 2011.

Children & Young People

The opportunity has again been taken to re-profile major capital projects in line with currently expected completion dates, most notably the Pensby Primary/Stanley Special School rebuild and Birkenhead High Academy. The Government reviewed the Building Schools for the Future programme (Woodchurch School unaffected and has now opened); Academies (Birkenhead High School Academy funding confirmed); and a number of changes have been announced impacting on the programme including Harnessing Technology, Youth Capital, Extended Schools and SEN / 14-19 (these changes led to programme revisions).

The Park Primary rebuild is now expected to complete in February 2011 with Pensby Primary School now programmed to complete in March 2012. which will then see work beginning on the co-located Stanley Special School, now due for completion in March 2013. The changed target dates now reflected in the programme.

The Family Support Scheme is the continuation of a previous programme of investment in schemes to support looked after children in gaining placement in a safe and secure environment, avoiding more expensive alternative accommodation.

Corporate Services

Progress continues in delivering support for businesses through the Think Big Investment Fund, with further grants being paid this quarter.

The original grant support required to deliver the Destination West Kirby and the Wirral Country Park schemes was not realised and alternative funding continues to be sought so the schemes currently remain within the programme.

The grant funding agreement between Wirral and Liverpool has now been signed and progress can now be made on delivering the Mersey Heartlands New Growth Point scheme. This was reported to Cabinet on 14 October 2010.

The Government announced a £50 million reduction to the National Housing Market Renewal Programme with the allocation to Wirral further reduced taking the 2010/11 grant allocation down from £9.1 million to £7.4 million of which £5.9 million relates to

capital. Similarly the Regional Housing Pot allocation of £2.4 million for 2010/11 reduced significantly from the 2009/10 allocation of £5.2 million which is in line with the allocations to other Local Authorities. The majority of this funding will be used as match funding to HMRI funding.

Finance

The progression of the Strategic Asset Review - IT investment programme is reliant upon decisions on the future of office accommodation. The projection of the 2010/11 Outturn is assumed to be the full amount of the programme, until future actions are determined and this assumption can be changed.

Technical Services

The Government announcement on reducing grant support to local authorities led to a revised programme being approved by Cabinet on 22 July. The M53 junction 3 scheme, which is the largest within the programme, is nearing completion.

Further supporting information is contained within the Capital Monitoring summary at Appendix 2.

4.10 CUSTOMER FEEDBACK

Customer feedback incorporates corporate/statutory complaints, councillor/MP contacts, Ombudsman enquiries and compliments received in the quarter. The focus for customer feedback is to *'put things right and learn from it'* which recognises that complaints specifically should not be dealt with in isolation and instead should be used to inform future improved service delivery.

During the quarter there were 1,645 customer feedback contacts recorded, a 3% increase from the previous quarter. These were received via e-mail (38%); telephone (21%), web (20%); letter (18%) and in person (3%). The quarter showing an increase in those via e-mail and by telephone and less via the web.

There was a 60% increase in corporate complaints from previous quarter dominated by services affected by the adverse weather condition. 40% of the complaints received related to refuse collection. 95% of all corporate complaints closed were within the 15 working days target (up on the 89% in quarter 2) although slightly more complainants progressed to raise stage 2 or stage 3. Those received encompassing standard of service provided (24%) and delays in service (20%) again due to refuse collection and the weather.

In terms of overall response times the quarter saw an average of 8 working days to respond to corporate/statutory complaints (10 days in the previous quarter), 6 working days to respond to Councillor/MP contacts (95% within the target of 10 working days) and an average of 12 calendar days to respond to contacts from Local Government Ombudsman (14 days in previous quarter)

A total of 42 changes to process/procedure or improvements made to service delivery as a result of customer feedback received which represents a 50% decrease on organisational learning from the previous quarter.

Further supporting information is contained within the Customer Services Monitoring summary at Appendix 4.

5.0 RELEVANT RISKS

The Corporate Risk Register was last approved by Cabinet on 3 September 2009 following the review requested by Cabinet which sought to make use of best practice, rationalise the issues contained and link risks to the Council's corporate objectives.

Whilst risk issues are identified under each of the Strategic Objectives the major issues identified as posing the greatest risk to the achievement of the objectives are:-

The Coalition Government response to the national financial position places additional pressures upon all public sector bodies. Grants to Local Authorities in 2010/11 have been reduced and the Comprehensive Spending Review and Provisional Local Government Finance Settlement identified reductions of 30% over the four years 2011/15 with these being largely front-loaded into 2011/12. In meeting this Cabinet has taken a number of actions during this year and the Strategic Change Programme, the offer to employees of severance as well as reductions in spend following the Consultation as agreed on 9 December 2010 will contribute towards meeting the future reductions in Government support..

In terms of corporate governance the level of risk is considered to have risen because of the current level of interim holders of key posts and the number of officers who have left the organisation through the EVR / VSeverance programme. Actions including procedure manuals, guidance on conducting restructuring exercises will help to manage the risk.

This quarter saw the effect of the winter weather with concerns over highways and service disruption. The revised Winter Maintenance arrangements were approved by Cabinet on 17 November and the winter planning arrangements and the Council's All Hazards Plan are to be reviewed by the Health Safety & Resilience Manager at the end of the winter season

Further supporting information is contained within the Risk Monitoring summary at Appendix 3.

6.0 OTHER OPTIONS CONSIDERED

6.1 Not applicable

7.0 CONSULTATION

7.1 There are no specific consultation implications arising from this report.

8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

8.1 There are no specific voluntary, community or faith implications arising from this report.

9.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

9.1 Any financial implications are contained in section 4.7, 4.8 and 4.9 of this report.

10.0 LEGAL IMPLICATIONS

10.1 There are no specific legal implications arising from this report.

11.0 EQUALITIES IMPLICATIONS

11.1 The implementation of the Council's corporate plan will have positive equal opportunities impact. The projects and activities identified in the Corporate Plan are included in the ongoing programme of equality impact assessments. This work is monitored by the Corporate Equalities and Cohesion Group and the Council Excellence Overview and Scrutiny Committee.

11.2 Equality Impact Assessment (EIA)

- | | |
|---------------------------------------|-----|
| (a) Is an EIA required? | Yes |
| (b) If 'yes', has one been completed? | Yes |

12.0 CARBON REDUCTION IMPLICATIONS

12.1 There are no specific carbon reduction implications arising from this report.

13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

13.1 There are no specific planning or community implications arising from this report.

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APPENDICES

To be placed in the web library:

- Appendix 1** – Financial Monitoring Summary
- Appendix 2** – Capital Monitoring Summary
- Appendix 3** – Risk Monitoring Summary
- Appendix 4** – Customer Feedback Summary

REFERENCE MATERIAL

Not applicable.

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Quarter One Performance and Financial Review – Council Excellence Report	21st September 2010
Quarter Two Performance and Financial Review – Council Excellence Report	18th November 2010

UPDATE ON WORK PROGRAM : COUNCIL EXCELLENCE SCRUTINY COMMITTEE - 16/03/11

Reports to assist in monitoring the Committee's work programme

It was agreed by the Scrutiny Chairs Group in September 2008 to use the following reports to monitor the work programme for each Scrutiny Committee. The last item on each Scrutiny Committee agenda should be 'Review of the Committee Work Programme'.

Report 1 - Monitoring Report for Scrutiny Committee Work Programme

This report will list all items that have been selected by the Committee for inclusion on the work programme for the current year.

It will also include items, such as previous Panel Reviews, where recommendations have been made to Cabinet. It is important that the implementation of these recommendations is monitored. Otherwise there is no measure of the success of scrutiny.

For each item on the work programme, the report will give a description, an indication of how the item will be dealt with, a relative timescale for the work and brief comments on progress.

Report 2 - Suggestions for Additions to Work Programme

The Work Programme for the Committee should be reviewed at each meeting. This will enable members to ask for new Items to be added to the programme. This report will list any newly suggested items. Committee will then have the opportunity to agree (or not) for them to be added to the programme.

Report 3 - Proposed Outline Meeting Schedule for the Municipal Year

The report will, for each scheduled Committee meeting, list those items which are likely to be on the meeting agenda. This will give the opportunity for Committee members to take a greater lead in organising their work programme.

Report 4 - Progress Report on In-Depth Panel Reviews

This report will give a very brief update on progress / timescales for in-depth panel reviews which are in the 'ownership' of the Committee.

REPORT 1
MONITORING REPORT FOR SCRUTINY COMMITTEE WORK PROGRAMME
COUNCIL EXCELLENCE : 2010 / 2011

Date of New item	Topic Description	How the topic will be dealt with	Estimated Complete Date	Comments on Progress	Complete?
17/03/10	Community Cohesion	Officer Report (Kevin Adderley)		Council Excellence Committee meeting of 17 th March 2010 requested that this item be included on the Committee's work programme for 2010/11.	
17/03/10	Freedom of Information Act	Officer Report (Ian Coleman)		Follow-up report (from meeting held on 17 th March 2010) presented to 8 th July meeting. No further actions requested.	Complete
08/07/10	Future of Performance Management / replacement of CAA: - How will performance management operate once the CAA and statutory Performance Indicators have been removed? - Who collects the current PI data, how much effort is involved, and what use is made of it? - Which Performance Indicators are relevant and should be retained? - What information do members need to monitor the local authority effectively?	Officer Report (Emma Degg)		A verbal report on the current view of the future for performance monitoring in the authority was provided at the meeting on 21/09/10. Verbal report presented at meeting on 31/01/11. Further report requested for meeting on 16/03/11 to include: - Performance Indicators that could be useful in the future; - How might comparative data with statistical neighbours be delivered?	
08/07/10	Performance Monitoring (Quarterly updates on existing performance indicators – 'Exceptions' only will be reported).	Officer Reports (Emma Degg)		Quarterly Performance Monitoring Reports will be included on each agenda from September onwards.	
08/07/10	Strategic Change Programme: - Regular updates on proposed savings; - Monitor the effectiveness of the Change Programme;	Officer Reports (Dave Green)		A report on the progress of the Strategic Change Programme Board was provided for the Special meeting arranged for 28/10/10. A further report was produced for the meeting on 18/11/10 and again on 31/01/11.	

Date of New item	Topic Description	How the topic will be dealt with	Estimated Complete Date	Comments on Progress	Complete?
08/07/10	Common Administrative Processes	Officer Reports (Dave Green)		Report on progress of this project was included as part of the update on the Strategic Change Programme at the meeting on 18 th November 2010.	
08/07/10	Financial Reporting / Budget: - Monitoring the financial statements - How the authority performs against savings targets; - Review the impact on local residents where savings are made; - Impact of the Comprehensive Spending Review on the borough;	Officer Reports (Ian Coleman)		Financial / Budget Monitoring reports will be included on each meeting agenda.	
08/07/10	'Total Place': - What is the role for the concept of 'Total Place' in the borough?; - What is happening with partners to establish areas for cooperation, for example, how will DASS and NHS work together to streamline 'elderly' care?	Officer Reports (Emma Degg)		Report on the background to 'Total Place and successor arrangements – Community Budgets' provided at the meeting on 21 st September. Report produced for the meeting on 31 st January to include: - Examples of both successful and unsuccessful practice from elsewhere; - Further Government advice; - Progress on discussions with local partners regarding shared services.	
08/07/10	Office Accommodation: - The EC Harris report was referred to the Council Excellence Committee by Cabinet (24 June 2010); - Need to understand the Cabinet timetable; - What are the implications for the Council's Data Centres?; - Future role for agile working	Officer reports plus site visits. (Bill Norman / Ian Brand)		Special meeting of the Committee arranged for 24 th August 2010. Further report provided at the meeting on 21/09/10. Further report provided for the meeting on 18/11/10. Another report produced for the meeting on 31/01/11; to focus particularly on agile working and working in local hubs. Further report requested for 16/03/11.	

Date of New item	Topic Description	How the topic will be dealt with	Estimated Complete Date	Comments on Progress	Complete?
08/07/10	Future of Cultural Services: - Where should Cultural Services fit in the organisation?; - How can the service be best managed?;	Possible joint work with Sustainable Communities Overview and Scrutiny Committee		Suggested report at the meeting on 31 st January 2011. As a report was due to be discussed at Cabinet on 23/09/10, the Council Excellence meeting of 21/09/10 agreed to take this item no further.	Close
08/07/10	Monitoring of items of expenditure exceeding £500: - How does the system operate?	Officer report to a future meeting (Ian Coleman)		Issue initially raised by a member at the Committee meeting on 08/07/10. Report on 'Publication of Expenditure' provided at the meeting on 21 st September. A further report, produced on 31/01/11, to explain the staffing implications of publishing the expenditure data.	Complete
21/09/10	Employee Forums – What issues do they cover? What are the participation levels? What is the cost of providing the Forums?	Officer report (Kevin Adderley)		Issue initially raised by a member at the Committee meeting on 21/09/10. Report produced for the meeting on 18 th November 2010. An officer review of Staff Diversity Forums will take place. A further report will be produced for a future meeting.	
21/09/10	Reaching Excellent Level of the Equality Framework for Local Government (EFLG)	Officer report (Kevin Adderley)		Progress report presented to meeting on 21/09/10. Further report, expected 16/03/11, requested in six months time. Report to include the reasons for low levels of Black and Ethnic Minority individuals accessing mainstream services.	

Date of New item	Topic Description	How the topic will be dealt with	Estimated Complete Date	Comments on Progress	Complete?
21/09/10	Income from Golf Courses, to include: Why is projected income not met on an annual basis? Is security of courses a determinant in loss of income?	Officer report (Jim Lester)		Issue initially raised by a member at the Committee meeting on 21/09/10. Report produced for meeting on 18/11/10. Report noted – await the outcome of the PACSPE process.	
21/09/10	Measures to reduce the number of payments by cheque	Officer report (Ian Coleman)		Issue initially raised by a member at the Committee meeting on 21/09/10. Report produced for the meeting on 18 th November. Report noted.	Complete
21/09/10	Policy on mobile phone entitlement and operation of the system	Officer report (Bill Norman / Chris Hyams)		Issue initially raised by a member at the Committee meeting on 21/09/10. Report planned for the meeting on 18 th November. Report deferred until 16 th March 2011.	
21/09/10	Allowances paid to staff (on top of salary)	Officer report (Bill Norman / Chris Hyams)		Issue initially raised by a member at the Committee meeting on 21/09/10. Report produced for the meeting on 18 th November. Follow-up report requested for meeting on 16 th March 2011.	
21/09/10	'Wirral's Future – Be a part of it' – Independent Task Forces	Officer report		Issue initially raised by a member at the Committee meeting on 21/09/10. Report produced for the meeting on 28 th October.	
18/11/10	Early Voluntary Retirement / Staffing Resources Update	Officer report (Chris Hyams)		Issue initially raised by a member at the Committee meeting on 18/11/10. Report planned for the meeting on 16/03/11.	

Date of New item	Topic Description	How the topic will be dealt with	Estimated Complete Date	Comments on Progress	Complete?
18/11/10	Proposed changes to Housing Benefit / Council Tax Benefit system	Officer report (Ian Coleman)		Report requested for the meeting on 31/01/11.	
31/01/11	Impact of a Reduction in Early Intervention Grant	Officer report (David Armstrong)		Report requested for the meeting on 16/03/11.	
16/02/11	Procurement Efficiencies	Officer Report (Ian Coleman)		Report requested for the meeting on 16/03/11.	

REPORT 2
SUGGESTIONS FOR ADDITIONS TO WORK PROGRAMME
COUNCIL EXCELLENCE : 16/03/11

Topic Description	Topic suggested by	How the topic will be dealt with	Estimated Completion Date
Procurement Efficiencies	Council Excellence Meeting held on 23/02/11	Officer report	16/03/11

REPORT 3
PROPOSED OUTLINE MEETING SCHEDULE FOR THE MUNICIPAL YEAR
COUNCIL EXCELLENCE : 2010 / 2011

Meeting Date	Topic Description
08/07/10	Financial Monitoring Housing Benefit / Council Tax Benefit Annual Report Customer Services Annual Report Treasury Management Annual Report Audit Commission Performance Management Review Anti-Fraud and Corruption Policy Freedom of Information requests (follow-up report from meeting held on 17 th March 2010) Forward Plan Office Accommodation Work Programme Update Forward Plan
24/08/10	Office Accommodation (Special Meeting)
21/09/10	Update on Strategic Change Programme Financial Monitoring Revenues & Benefits Budget Projections 2011-15 Treasury Management Customer Services Focus Group Publication of Expenditure Audit Commission Report - Managing Attendance Delivering efficiency and measuring and reporting Value for Money Gains in Local Services Q1 Performance Monitoring – Report concentrating on red / amber ‘exceptions’ plus a verbal update on the future plans for performance monitoring ‘Total Place’ and successor arrangements – Community Budgets Office Accommodation / Rationalisation Reaching Excellent Level of the Equality Framework for Local Government (EFLG) – Quarter One 2010/11 Work Programme Update Forward Plan Catering tenders Schools Risk Management

Meeting Date	Topic Description
28/10/10	Special Meeting: Strategic Change Programme Board – Update on progress (Dave Green) ‘Wirral’s Future – Be a part of it’ – Independent Task Forces
18/11/10	Financial Monitoring (Ian Coleman) Revenues and Benefits (Ian Coleman) Budget Projections 2011-15 (Ian Coleman) Treasury Management (Ian Coleman) Impact of the Comprehensive Spending Review – Initial View (Ian Coleman) Q2 Performance Monitoring – Report concentrating on red / amber ‘exceptions’ (Kevin Adderley) Common Administrative Processes / Strategic Change Programme (Dave Green) Office Accommodation / Rationalisation (Bill Norman / Ian Brand) Golf Income (Dave Green / Jim Lester) Employee Forums (Kevin Adderley) Measures to reduce the number of payments by cheque (Ian Coleman) Allowances paid to staff (on top of salary) (Bill Norman / Chris Hyams) IT Hardware – Replacement of Central Servers (Ian Coleman) Value for Money Gains in Local Services 2010/2011 (Ian Coleman) Medium Term Financial Strategy (Ian Coleman) Work Programme Update Forward Plan

Meeting Date	Topic Description
31/01/11	Financial Monitoring Statement (Ian Coleman) Revenues, Income and Benefits (Ian Coleman) Budget Projections 2011-15 (Ian Coleman) Publication of Expenditure – Update on Staffing implications (Ian Coleman) Community Budgets (formerly ‘Total Place’) - Update (Emma Degg) Progress of Strategic Change Programme (Dave Green) Performance Management – Verbal report (Emma Degg) DASS Budget Issues (Howard Cooper) Office Accommodation / Rationalisation, including an update on progress with agile working and working in local hubs (Bill Norman / Ian Brand) Card Payment tender (Ian Coleman) Provisional Grant Settlement (Ian Coleman) Work Programme Update Forward Plan
16/02/11	Special Meeting: Budget Considerations
23/02/11	Special Meeting: Budget Considerations (Reconvened meeting from 16/02/11)

Meeting Date	Topic Description
16/03/10	<p>Financial Monitoring Statement(Ian Coleman) Revenues and Benefits (Ian Coleman) Treasury Management (Ian Coleman) Final Local Government Finance Settlement (Ian Coleman) Specific Grants (Ian Coleman) Reaching Excellent Level of the Equality Framework for Local Government (EFLG) (Kevin Adderley) Proposed changes to Housing Benefit / Council Tax Benefit system – Benefits Budget (Ian Coleman) Q3 Performance Monitoring – Report concentrating on red / amber ‘exceptions’ (Emma Degg) Future of Performance Management (Emma Degg) Allowances paid to staff (on top of salary) – Follow-up report (Chris Hyams) Presentation – Operation Black Vote (Kevin Adderley) Policy on mobile phone entitlement and operation of the system (Bill Norman / Chris Hyams) Early Voluntary Retirement / Staffing Resources Update (Chris Hyams) EVR / Severance Funding (Ian Coleman) Office Accommodation / Rationalisation, including an update on the impact of staff leaving the authority through the EVR process (Bill Norman / Ian Brand) Impact of a Reduction in Early Intervention Grant (David Armstrong) Procurement Efficiencies (Ian Coleman) Work Programme Update Forward Plan</p>

REPORT 4
PROGRESS REPORT ON IN-DEPTH PANEL REVIEWS
COUNCIL EXCELLENCE : 16/03/11

Title of Review	Members of Panel	Progress to Date	Date Due to report to Committee
None at present			