



## Council Excellence Overview and Scrutiny Committee

<b>Date:</b>	Tuesday, 12 July 2011
<b>Time:</b>	6.15 pm
<b>Venue:</b>	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 - 14)**

To receive the minutes of the meeting held on 16 March 2011

**3. FINANCIAL MONITORING STATEMENT (Pages 15 - 20)**

**4. REVENUES INCOME AND BENEFITS (Pages 21 - 28)**

**5. ICT SECURITY SOFTWARE TENDER REPORT (Pages 29 - 34)**

**6. LOCAL GOVERNMENT RESOURCE REVIEW (Pages 35 - 40)**

**7. BUDGET PROJECTIONS 2012/2015 (Pages 41 - 46)**

**8. PROCUREMENT STRATEGY (Pages 47 - 78)**

**9. BENEFITS ANNUAL REPORT**

Report of the Director of Finance to be circulated separately

**10. CUSTOMER SERVICES ANNUAL REPORT**

Report of the Director of Finance to be circulated separately

**11. DEVELOPMENT OF AN OUTCOME BASED COMMISSIONING FRAMEWORK (Pages 79 - 92)**

**12. TREASURY MANAGEMENT ANNUAL REPORT (Pages 93 - 104)**

**13. EQUALITY IMPLICATIONS OF COUNCIL BUDGET (Pages 105 - 106)**

**14. FINANCIAL OUT-TURN 2010/2011 (Pages 107 - 124)**

At the request of the Chair, the Committee is requested to give consideration to concerns expressed by the Cabinet at its meeting held on 23 June 2011 in relation to the Financial Out-Turn 2010/2011. Cabinet minute 26 refers, and is attached for Members consideration, together with the report of the Director of Finance.

**15. FINAL LOCAL GOVERNMENT FINANCE SETTLEMENT 2011/2013**

At its meeting held on 14 April 2011 (minute 144 refers), the Cabinet considered minute 128 of the Council Excellence O&S Committee held on 16 March 2011, together with the report of the Director of Finance in relation to the Final Local Government Finance Settlement. The Cabinet thanked the Committee for its referral and noted its concerns.

**16. OFFICE ACCOMMODATION - UPDATE REPORT (Pages 125 - 128)**

**17. THE PEOPLE STRATEGY 2010 - 2013: 2010/2011 ACHIEVEMENTS**

Report of the Director of Law, HR and Asset Management to be circulated separately

**18. CORPORATE PLAN - PERFORMANCE REPORTING (Pages 129 - 134)**

**19. FORWARD PLAN**

The Forward Plan for the period July to October 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.

- 20. REVIEW OF SCRUTINY WORK PROGRAMME (Pages 135 - 148)**
- 21. ANY OTHER URGENT BUSINESS APPROVED BY THE CHAIR (PART 1)**
- 22. EXEMPT INFORMATION - EXCLUSION OF MEMBERS OF THE PUBLIC**

The public may be excluded from the meeting during consideration of the following items of business on the grounds that they involve the likely disclosure of exempt information.

RECOMMENDED – That in accordance with section 100A (4) of the Local Government Act 1972, the public be excluded from the meeting during consideration of the following items of business, on the grounds that they involve the likely disclosure of exempt information as defined by the relevant paragraphs of Part 1 of Schedule 12A (as amended) to that Act. The public interest test has been applied and favours exclusion.

- 23. ANY OTHER URGENT BUSINESS APPROVED BY THE CHAIR (PART 2)**

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## COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

Wednesday, 16 March 2011

Present: Councillor P Gilchrist (Chair)

Councillors A Brighouse D McCubbin  
J Keeley J Stapleton  
P Davies S Williams  
P Kearney

Deputies: Councillors D Dodd (In place of A McArdle)  
AER Jones (In place of B Kenny)

### 124 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.

### 125 MINUTES

**Resolved – That the minutes of the meetings held on 31 January, 16 and 23 February 2011 be approved.**

### 126 REACHING EXCELLENT LEVEL OF THE EQUALITY FRAMEWORK FOR LOCAL GOVERNMENT

The Interim Director of Corporate Services presented a report, which highlighted changes to equality legislation, and Government equality policy, which would affect the method of/timescale to reaching 'excellent' status of the Equality Framework for Local Government. He reported that the work was part of the Corporate Plan 2010/2011 (strategic objective 5, to 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.

The Council's Corporate Equality and Cohesion Manager gave a detailed presentation upon the measures that were required. She outlined the requirements of the new Equality Framework and highlighted the general and specific duties contained within it. She set out the Fairness Agenda contained within the Government's Equality Strategy and referred in particular to the role of scrutiny to

demonstrate that the Council had met its general and specific duties and was able to demonstrate improvements and outcomes as a result of its equality objectives. She commented also that the Council's 'Equality Watch Scheme 2009 – 2012' was due to be refreshed, to take into consideration the Equality Act 2010 and, consultation would take place across the Council, with partner agencies and among members of the Council's equality watch scheme.

In response to questions from Members in relation to Equality Impact Assessments, she commented upon the requirement on the Council to analyse the impact on people of what it did and to publish the results. Such analysis could be in the form of formal Equality Impact Assessments but different methods of analysis had been undertaken by assessors, including the use of templates. In response to further comments upon training, she referred to the Elumnos online training module, which had recently been updated in the light of the changed requirements.

**Resolved –**

- (1) That the report be noted.**
- (2) That Committee notes 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.**
- (3) That Committee notes 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.**
- (4) That a copy of any templates used to record Equality Impact Assessments be provided direct to all Members of the Committee.**
- (5) That information in relation to Members' responsibilities be incorporated into the induction packs for all newly elected Members of the Council.**
- (6) That a further report be presented to a future meeting of the Committee in relation to the Equality Implications of the recent Council Budget, to include information as to what analysis was undertaken and how officers took equality duties into account.**

## 127 **FINANCIAL MONITORING STATEMENT**

The Director of Finance presented a summary of the position of the revenue accounts and General Fund balances as at 31 January and 28 February 2011. 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 through Cabinet decisions; anticipated variances, changes not agreed by Cabinet, against the original budget and comments to provide an explanation of variances and areas identified as requiring further attention.

In response to comments from Members in relation to pressures within Adult Social Services, the Director reported that the Interim Director of Adult Social Services was

reviewing all options before declaring a potential overspend. All Directors continued to look at actions to address any pressures within their departmental budgets. In response to a comment from a Member as to the information contained within the monitoring statement, the Director indicated that a key criterion from the Committee was that the information presented within it should be contained in a single sheet.

**Resolved – That the content of the Financial Monitoring Statement be noted.**

## 128 FINAL LOCAL GOVERNMENT FINANCE SETTLEMENT 2011-2013

The Director of Finance reported that the Final Local Government Finance Settlement for 2011/2013 was announced on 31 January 2011 for debate in Parliament on 9 February 2011. Although it contained some minor changes to the Provisional Settlement that was announced on 13 December 2010 and reported to Cabinet on 13 January 2011, in general terms it confirmed the Formula Grant provisionally allocated to local authorities which, for Wirral, was a reduction of £14m.

In response to questions from Members, the Director indicated that the reduction in Formula Grant for Wirral and other North West local authorities was unprecedented and that representations that had been made to the DCLG had had little impact. In response to further comments, the Director stressed the importance of an accurate census return, as the information would affect future grant allocation.

It was moved by Councillor P Davies and seconded by Councillor A Jones –

“That Committee disagrees with the decision of the Government to front-load savings in local government budgets into 2011/2012.

It is also disappointing that no significant changes have been made in the £51m which Wirral Council will lose in their total allocation of funding from central Government in 2011/2012.

Committee also believes that the methodology used for distributing grant by the Government was grossly unfair in that it concentrated cuts on the areas of highest deprivation.

Committee asks the Cabinet to begin lobbying Government early in the new financial year to ensure that the funding position of Wirral Council is improved in future years”.

It was moved as an amendment by Councillor P Gilchrist and seconded by Councillor J Keeley –

“That Committee recognises that substantial changes in grant level have occurred and that the two year settlement requires the achievement of further savings.

In these conditions, Members are anxious that the case for settlements that reflect social conditions is made, especially where Councils are and have undertaken the cost saving exercises expected by this and previous Governments.

Accordingly, this Committee considers it prudent for Cabinet to prepare a submission for the DCLG outlining how Wirral has made savings, utilised its reserves and has secured efficiencies without compulsory redundancies but highlights the difficulties facing this Borough”.

The amendment was put and carried (6:4)

The amendment, then becoming the substantive motion was put and carried.

**Resolved (6:4) (Councillors P Davies, D Dodd, A Jones and J Stapleton voting against) –**

- (1) That Committee recognises that substantial changes in grant level have occurred and that the two year settlement requires the achievement of further savings.**
- (2) In these conditions, Members are anxious that the case for settlements that reflect social conditions is made, especially where Councils are and have undertaken the cost saving exercises expected by this and previous Governments.**
- (3) Accordingly, this Committee considers it prudent for Cabinet to prepare a submission for the DCLG outlining how Wirral has made savings, utilised its reserves and has secured efficiencies without compulsory redundancies but highlights the difficulties facing this Borough.**

## 129 PRESENTATION - OPERATION BLACK VOTE

Mr Simon Woolley, founder and Director of Operation Black Vote (OBV) attended the meeting at the request of the Chair and gave a brief presentation on the aims of the organisation. At its core, OBV existed to ensure greater racial justice and equality throughout the UK, working specifically, but not exclusively within the democratic and civic framework to deliver its objectives. The organisation sought to inspire Black and Minority Ethnic (BME) communities to engage with public institutions in order to address persistent race inequalities faced in areas such as: education, health and employment.

The four main areas of OBVs work related to –

- political education, to raise awareness and understanding of democratic and civic society through citizenship projects;
- political participation, to improve engagement with civic society through local and national voter registration and other civic participation campaigns;
- increasing political representation of BME communities, through encouraging engagement, undertaking ground-breaking mentoring schemes; lobbying political parties and civic institutions on the benefits of representative bodies; and
- the promotion of equality and human rights, by increasing the awareness of a progressive equality and human rights agenda.

Mr Woolley hoped that OBV would be able to forge a partnership with Wirral Council and he outlined a number of schemes that could be explored to bring in marginalised groups to civic society. He was mindful of financial constraints faced by local authorities and suggested that in a time of austerity, a premium should be placed on equality measures. He referred to Councillor Shadowing Schemes, which had been a great success in Liverpool and elsewhere, which worked with local Councils seeking out individuals who had the potential to stand for elected office in service to the Local authority. He commented that UK Councils were running a deficit of minority ethnic councillors, with under 3% being from a BME background and authorities were urged



to take action to engage minority groups in decision making at all levels of governance.

Members thanked Mr Woolley for his presentation and referred to the work being undertaken in Wirral in relation to equality initiatives, in particular by the Wirral Multicultural Organisation. With the agreement of the Chair, the Leader of the Council addressed the Committee and thanked Mr Woolley for his attendance. He proposed that OBV meet with Council officers with a view to exploring some of the initiatives highlighted. In particular, he expressed a willingness to engage with the Councillor Shadowing Scheme.

On a motion by Councillor P Gilchrist and seconded by Councillor P Davies, it was –

**Resolved – That Committee welcomes the opportunity to work closely with Operation Black Vote and looks forward to developing a constructive partnership.**

### 130 **IMPACT OF A REDUCTION IN THE EARLY INTERVENTION GRANT**

The Interim Director of Children's Services reported upon the impact on the Children and Young People's budget in 2011/2012 arising from a reduction in grant funding through the Early Intervention Grant (EIG) of £4,874,000. The purpose of the grant was to help improve outcomes for children, young people and families by early intervention. It was un-ringfenced, consisted of a number of different areas and from 2011/2012, would be paid in a single sum with authorities free to allocate funds to their priority needs.

He reported that budgets had been reduced following Area Based Grant cuts of £2.6m announced last summer and of those 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. In 2011/2012 EIG had reduced by a further £2,231,000 and £383,000 had been achieved through the Council's EVR/Severance Scheme. He commented that this included the closure of the Early Years Mobile Crèche; reduction in administrative and financial support for Surestart; and alternative delivery of the Family Information Service. Other decisions had been taken, including a renegotiated Connexions contract, all of which totalled £2,231,000 of the £2,231,000 required; and the Interim Director indicated that the shortfall had been included as growth within the Council's budget. Having regard to the adjustments, the Director indicated that the budgeted spend on EIG areas in 2011/2012 would be £17,873,000.

In response to comments from Members, the Interim Director reported upon the numbers of posts that had been deleted in Children's Centres. He agreed to provide detailed information in relation to those posts to Members direct, together with comparison figures for expenditure in 2010/2011.

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

“That the report and the careful management of the reduction in grant funding be noted”.

It was moved as an amendment by Councillor P Davies and seconded by Councillor A Jones –

“That the Committee is not convinced that the scale of reductions in grant can be made without impacting adversely on frontline services”.

The amendment was put and lost (4:6)

The motion was put and carried (6:4)

**Resolved (6:4) (Councillors P Davies, D Dodd, A Jones and J Stapleton voting against) – That the report and the careful management of the reduction in grant funding be noted.**

## 131 SPECIFIC GRANTS

The Director of Finance presented a report which compared the Specific Grants received in 2010/2011 with those now announced by the Government for 2011/2012. It identified the movement in the grants between the two years and the implications arising from those grants that had ceased or been reduced. He commented that Government financial support to local authorities in the form of grant assistance essentially comprised general grants and specific grants. The main general grant was the Formula Grant, announced in the Local Government Finance Settlement, which was available to support all Council services. Specific grants had reduced in number in recent years and were issued to support specific services or projects by a range of Government Departments. The main grants were the Dedicated Schools Grant and the Housing and Council Tax Benefit Grant.

The Director commented that the general assumption was that as the grant was provided for a service or project, then the ending of the grant would result in that service or project ceasing. Chief Officers had considered the implications of the grants ceasing/reducing as part of the preparation of the budget. The Director set out the latest position on reductions and ceased grants, the main areas being Social Care Reform/Stroke Strategy, Early Intervention, Housing Market Renewal (HMR) and Waste Infrastructure.

In response to a question from a Member as to which areas of Wirral would not now receive HMR funding, the Director indicated that the Interim Director of Corporate Services was confident that all statutory responsibilities would be met. The Cabinet had approved a bid of £600,000 to facilitate the continuation of services but the programme would be considerably reduced.

It was moved by Councillor P Davies and seconded by Councillor A Jones –

“That this Committee deplores the cuts in Wirral’s specific grants, amounting to a reduction of £10.1m. The cuts to these grants will impact on the quality of services to some of the most vulnerable members of the community.

Committee asks the Cabinet to produce a detailed report on the impact of the reductions in these grants and what action they intend to take to mitigate the effects”.

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

“That Committee requests that factual information on these issues be presented to future meetings of appropriate Overview and Scrutiny Committees, with appropriate information on the distribution of grant spending”.

The amendment was put and carried (6:4)

The amendment, then becoming the substantive motion was put and carried.

**Resolved (6:4) (Councillors P Davies, D Dodd, A Jones and J Stapleton voting against) – That Committee requests that factual information on these issues be presented to future meetings of appropriate Overview and Scrutiny Committees, with appropriate information on the distribution of grant spending.**

## 132 EMPLOYEE PAY COSTS

Further to minute 67 (18 November 2010), the Director of Law, HR and Asset Management presented a detailed analysis on the payment of allowances and enhancements to employees, in addition to basic salary. He commented that the pay and conditions for local authority employees were detailed in the Green Book: National Agreement on Pay and Conditions of Service for Local Government Services, which contained the key national and local provisions and included nationally and locally agreed allowance payments. In addition, a number of the Part 3 (local) arrangements had been agreed as part of the harmonisation of terms and conditions in August 2008.

He commented also upon measures introduced in 2010/2011 to reduce employee pay costs and indicated that the 2011/2012 budget assumed reductions of £300,000 in car mileage and £250,000 in non-contractual payments due to voluntary leavers. He reported that the review of employee pay costs was a project within the Strategic Change Programme and, in response to a question from a Member, he indicated that its main purpose was to identify where payments could be changed, altered or stopped. However, it was not intended to deny allowances to members of staff who were entitled to them.

**Resolved –**

- (1) That 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, be noted.**
- (2) That the review of employee pay costs being a project within the Strategic Change Programme, be noted.**

## 133 EVR/STAFFING RESOURCES UPDATE

Further to minute 119 (31 January 2011), the Director of Law, HR and Asset Management presented an update, by Department, of the numbers of staff leaving the employment of the authority as a result of Early Voluntary Retirement/Voluntary Severance (EVR/VS) between December 2010 and June 2011. The total at present was 1123 and he confirmed that all had been subject to detailed analysis, prior to being approved. In response to a question from a Member in relation to additions to the total reported, the Director confirmed that in the light of decisions taken by the Council in respect of service provision, after the December 2010 deadline, those members of staff who were directly and materially affected by the proposals had been given a second opportunity to apply for EVR/VS. Following this, an additional 36 members of staff in DASS and an additional 9 in CYP had been given approval to

leave. Elsewhere, there were redeployment opportunities and no one would be required to leave to meet the budget.

In response to a further question from a Member, the Director commented that behind the departure of staff under EVR/VS was a restructure of services presently being undertaken by Chief Officers for which an amount of £2m had been set aside. The restructure plans would be completed in the coming months.

The Chair referred to comments that had been made by Diane Kelly, Assistant Branch Secretary, Wirral UNISON, at the meeting of the Committee held on 16 February 2011 (minute 122 refers) in relation to stress suffered by managers and staff. He referred also to a ground breaking case for stress at work (Walker –v– Northumberland County Council, 1994) and sought assurance that the issue was being addressed. The Director reported that substantial training had been given to managers, to identify and combat stress in the workplace, which had been discussed with trade unions at regular corporate JCC meetings.

**Resolved – That the detailed analysis be noted and a further update be presented to a future meeting of the Committee, once the overall total is known.**

#### 134 **MOBILE PHONE POLICY**

Further to minute 67 (18 November 2010), the Director of Law, HR and Asset Management presented the Council's current Mobile Phone Policy, which listed a series of guidelines that employees were expected to follow when they were issued with a mobile phone by the Finance Department (IT Services). The Policy had been updated in line with legislative changes and was also complemented by the Health and Safety Arrangements – Mobile Phones and Driving.

**Resolved –**

- (1) That the contents of the current Mobile Phone Policy be noted.**
- (2) That Committee notes that the Mobile Phone Policy will be subject to joint review between the Director of Law, HR and Asset Management and the Director of Finance and that the outcome of the review will be presented to the Employment and Appointments Committee.**

#### 135 **EARLY VOLUNTARY RETIREMENT/VOLUNTARY SEVERANCE FUNDING**

The Director of Finance presented information, in tabular format, in relation to the costs and sources of funding of the Early Voluntary Retirement/Voluntary Severance (EVR/VS) Scheme. He provided details of the use of capitalisation, which was the relaxation of a normal accounting requirement, by the Secretary of State, which permitted specified items of expenditure that would normally be classified as revenue expenditure to be treated as capital expenditure. It provided financial flexibility for the management of one-off unexpected costs and the Director indicated that, in response to an application for a capitalisation direction for statutory redundancy payments, the DCLG had advised that Wirral could capitalise up to £3,420,000 in 2010/2011. A further £200m would be available for capitalisation in 2011/2012 but the DCLG had yet to announce the bidding process or timetable.

The Director reported that an alternate source of funding was the use of revenue and balances and he indicated that those officers that had left the Council before 31 March 2011 would realise a part year saving in the financial year 2010/2011 of £1.9m, which could be used to offset the cost of implementing the scheme. No pay award had been offered for 2010/2011, but an amount of £1.4m was included within the original Estimates for 2010/2011 in respect of a pay award from April 2010. That sum had been removed from departmental budgets and returned to the General Balance in order to partially meet the cost of the Scheme. He commented that the Efficiency Investment Budget was available to support initiatives approved by the Cabinet, which would lead to the delivery of future efficiencies and would be used to meet the full costs of any restructuring and retraining requirements that had been identified by each Chief Officer. The funding would be released on the confirmation of an appropriate business case by the Strategic Change Programme Board.

He reported that the minimum recommended level of General Fund balances for 2010/2011 was £6.5m and the latest position showed projected balances at 31 March 2011 of £14m, after the use of £2.6m. An additional £4.4m was projected to be used from balances in 2011/2012.

It was moved by Councillor P Davies and seconded by Councillor A Jones –

“(1) That Committee believes that the previous terms and conditions which applied to EVR/VS applications should be re-instated and the Cabinet be requested to undertake a full review of the way in which applications for EVR/VS were invited.

(2) That this Committee does not believe that it is appropriate to ask employees to take serious decisions about their future in a “last chance saloon” climate of fear, where pressure is applied to persuade people to go by telling them that any future settlements will be considerably reduced, and that a failure to reach the required number of EVRs or Voluntary Severance requests would lead to compulsory redundancies.

(3) That this Committee asks for the report of the Director of Finance to be referred to the Employment and Appointments Committee to re-instate immediately the previous terms and conditions which applied to EVR/VS applications for any future applicants, pending the review”.

It was moved as an amendment by Councillor J Keeley and seconded by Councillor D McCubbin –

“That the report be noted”.

The amendment was put and carried (6:4)

The amendment, then becoming the substantive motion was put and carried.

**Resolved (6:4) (Councillors P Davies, D Dodd, A Jones and J Stapleton voting against) – That the report be noted.**

## 136 2010/2011 THIRD QUARTER PERFORMANCE AND FINANCIAL REVIEW

The Interim Chief Executive presented a report, which set out the performance of the Council’s Corporate Plan towards delivering the vision of building a more equal and prosperous Wirral. It intended to provide Members with an overview of performance,

financial and risk monitoring for the third quarter 2010/2011 against the various strategic objectives.

He reported that performance of the 103 projects within the Corporate Plan showed that 87 (84%) were assessed as green and that all milestones that should have been met at this point had been met. It showed also that 13 projects (13%) were amber, 2 (2%) were red, with some non-critical milestones missed or in danger of non-critical slippage and 1 project (1%) had been completed. There were 64 performance indicators at the third quarter period and he provided a summary of the overall performance.

He reported that the format for reporting performance issues and financial information was currently under review and future reports would reflect any changes to the current format. Considerable work had been undertaken to ensure consistency of the information provided and a system would be put in place to ensure that reporting measures were adequate to manage performance.

**Resolved – That the report be noted.**

#### 137 **REVENUES INCOME AND BENEFITS**

The Director of Finance provided information on the position regarding Council Tax, National Non Domestic Rate, general debt and cash income collection and the payment of benefits.

**Resolved – That the report be noted.**

#### 138 **HOUSING BENEFITS REFORM AND THE BENEFITS BUDGET**

The Director of Finance reported that Housing Benefit spend was the largest individual budget within the Council Budget and Members were advised of any changes which impacted upon it. In addition, the budgets, including sums set aside in provisions and reserves, were kept under review to ensure sums no longer required were released.

He set out legislative changes to Housing Benefits (Local Housing Allowance) that would come into effect from April 2011 and outlined proposals to reform the welfare system by the creation of a new Universal Credit under the Welfare Reform Bill. He also provided information on the Lean Review of Benefits, presented the budget for 2011/2012; and submitted a review of the reserves and provisions.

It was moved by Councillor P Davies and seconded by Councillor A Jones –

“(1) That Committee condemns the fact that planned changes to Housing Benefit and Local Housing Allowance will significantly worsen conditions for benefit claimants, reducing the amount of property available to rent within the reduced allowances available, reducing the size of properties available for those with large families, with the potential for overcrowding and reducing to a single room the size of property allowed for single claimants between 25 and 35.

(2) That Committee recognises that the cap on Housing Benefit/Allowance will cause severe hardship and increase homelessness in high rental areas like London.



(3) That this Committee is concerned that the introduction of the Universal Credit could lead to severe practical difficulties arising from the transfer of responsibilities from local to central Government.

(4) That this Committee believes that the issue of Welfare Reform and changes to the benefits system announced recently, and its likely impact on Local Government staffing and finances requires detailed examination and should be the subject of a special study by this Overview and Scrutiny Committee”.

Part (4) above, of the motion by Councillor Davies, seconded by Councillor Jones, was agreed unanimously without a vote.

It was moved as an amendment by Councillor P Gilchrist and seconded by Councillor A Brighouse –

“That the Committee is keen to follow the development of a national policy for the benefit of tenants and welcomes the move to Universal Credit”.

The amendment was put and carried (6:4)

The amendment, then becoming the substantive motion, incorporating part (4) of the motion by Councillors Davies and Jones, was put and carried.

**Resolved (Councillors P Davies, D Dodd, A Jones and J Stapleton voting against (1) below) –**

**(1) That the Committee is keen to follow the development of a national policy for the benefit of tenants and welcomes the move to Universal Credit. (6:4)**

**(2) That this Committee believes that the issue of Welfare Reform and changes to the benefits system announced recently, and its likely impact on Local Government staffing and finances requires detailed examination and should be the subject of a special study by this Overview and Scrutiny Committee.**

**139 TREASURY MANAGEMENT THIRD QUARTER 2010/2011 PERFORMANCE MONITORING REPORT**

The Director of Finance presented a review of Treasury Management activities during the third quarter of 2010/2011 and confirmed compliance with treasury limits and prudential indicators. It had been prepared in accordance with the revised CIPFA Treasury Management Code and the revised Prudential Code and had been presented to the Cabinet on 3 February 2011 (minute 308 refers).

**Resolved – That the Treasury Management Performance Monitoring Report be noted.**

**140 TREASURY MANAGEMENT AND INVESTMENT STRATEGY 2011-2014**

In accordance with the CIPFA Code of Practice for Treasury Management in Public Services, the Director of Finance presented the Treasury Management and Investment Strategy 2011-2014, which had been approved by the Cabinet on 21 February 2011 (minute 329 refers).

**Resolved –**

- (1) That the Treasury Management and Investment Strategy for 2011-2014 be noted.**
- (2) That the adoption of the Prudential Indicators be noted.**
- (3) That the Minimum Revenue Provision policy be noted.**
- (4) That the authorisation by the Cabinet of the following Council Officers, listed in Appendix D of the Strategy Statement, to approve payments from Council bank accounts for all Treasury Management activities, be noted –**

<b>Director of Finance</b>	<b>Ian E. Coleman</b>
<b>Deputy Director of Finance</b>	<b>David L.H. Taylor-Smith</b>
<b>Head of ICT</b>	<b>Geoffrey W. Paterson</b>
<b>Head of Benefits, Revenue and Customer Services</b>	<b>Malcolm J. Flanagan</b>
<b>Head of Financial Services</b>	<b>Thomas W. Sault</b>
<b>Head of Support Services</b>	<b>Michael J. Fowler</b>
<b>Chief Accountant</b>	<b>Peter J. Molyneux</b>
<b>Chief Accountant</b>	<b>Jenny Spick.</b>

**141 PROCUREMENT - REVIEW OF CONTRACT EFFICIENCIES 2010/2011**

The Director of Finance reported that at its meeting on 5 November 2009, the Cabinet (minute 186 refers) approved a projected procurement savings target of £682,000 for 2010/2011 for those areas of expenditure that involved corporate contracts. He reported upon progress towards achieving the savings target and other procurement initiatives that had a direct impact on service departments. He also outlined possible procurement efficiencies for 2011-2012 and commented that the Cabinet on 9 December 2010 (minute 252 refers) agreed to include procurement savings of £2m in the budget for 2011/2012.

**Resolved –**

- (1) That the procurement efficiencies delivered in 2010/2011 be noted.**
- (2) That the inclusion of procurement savings of £2m in the budget for 2011/2012 be noted**

**142 OFFICE RATIONALISATION**

Further to minute 110 (31 January 2011), the Director of Law, HR and Asset Management provided an update in relation to the office rationalisation programme which, with an increase in agile working would support the corporate priority to improve the use of the Council's land and assets and help facilitate improvements in service delivery. The project was expected to deliver substantial annual revenue savings by reducing the amount of space occupied and he commented that although the provision of administrative accommodation was not a statutory requirement, such accommodation did support the delivery of statutory functions.



He outlined the progress that had been made since the last meeting of the Committee, particularly in relation to measures to facilitate the vacation of Westminster House. He commented also upon the impact of the current Early Retirement/Voluntary Severance (EVR/VS) scheme on office occupancy and indicated that although there was a reduction in the amount of space required, not all of the staff who had left the authority occupied desk space. The additional impact of further staff leaving the authority in the period up to 30 June 2011 would be assessed and proposals would be brought forward for the vacation of further buildings.

**Resolved –**

- (1) That the report be noted.**
- (2) That Committee recognises the next steps required in relation to the Office Rationalisation programme and expresses anxiety that, unless work is expedited as a matter of urgency, savings will not be achieved in a timely manner.**
- (3) That update reports be presented to future meetings of the Committee on a quarterly basis.**

#### 143 **FORWARD PLAN**

The Director of Law, HR and Asset Management reported that the Forward Plan for the period March to June 2011 had 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 (see minute 144 post), whether scrutiny should take place of any items contained within it and, if so, how it could be done within relevant timescales and resources.

**Resolved – That the Forward Plan be noted.**

#### 144 **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 be added to the work programme for the 2011/2012 municipal year –**

- **Updates in relation to the Strategic Change Programme**
- **Early Voluntary Retirement/Voluntary Severance (EVR/VS)**  
– **Analysis and Restructuring**
- **Customer Access Strategy**
- **Office Accommodation**
- **Benefits**

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# Agenda Item 3

**WIRRAL COUNCIL**

**COUNCIL EXCELLENCE OVERVIEW & SCRUTINY COMMITTEE**

**12 JULY 2011**

<b>SUBJECT</b>	<b>FINANCIAL MONITORING STATEMENT</b>
<b>WARD/S AFFECTED</b>	<b>ALL</b>
<b>REPORT OF</b>	<b>DIRECTOR OF FINANCE</b>
<b>RESPONSIBLE PORTFOLIO HOLDER</b>	<b>COUNCILLOR STEVE FOULKES</b>
<b>KEY DECISION</b>	<b>NO</b>

## **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 May 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 2011/12 budget by Department including agreed savings and the 'one year' policy options.
  - Monitoring against the 2011/12 budget including the financial implications of any changes agreed by Cabinet.
  - Anticipated variances, and 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 17 March 2011 Cabinet allocated £480,000 to Adult Social Services to enable Fernleigh to remain open during 2011/12.

## **LATEST DEPARTMENTAL PROJECTIONS**

4.3 The Statement presents an update of the revenue budget and General Fund balances as at 31 May 2011. At this stage of the financial year some departments are reporting pressures and the potentially volatile areas within departments are:-

a) **Adult Social Services**

The Department is experiencing pressures of £3 million due to potential slippage in implementing the 2011/12 savings. These relate to Market Management (subject of the care fee negotiations) of potentially £1.8 million, Supported Living which will now accrue from July 2011 totalling £0.8 million and delayed EVR savings of £0.4 million. The Interim Director is looking at options to reduce any potential overspend.

b) **Children & Young People**

There are pressures totalling £6 million, primarily within Child Care through continuing increasing demand which amounts to £2.8 million, with foster care accounting for £1.5 million of this amount. The Integrated Transport Unit potentially has a £1.5 million overspend through increased commitments and the non-achievement of savings. There is £1.2 million related to delayed EVR savings and additional pension liabilities. The Interim Director is looking at options to reduce any potential overspend.

c) **Other departments**

In respect of other departments the implementation of the policy options and delivery of the savings are all progressing. The achievement of income targets remains the key concern with this being highlighted within Corporate Services for the transferred services of building and planning control, and Technical Services in respect of car parking and cultural services.

## **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

9.1 As at 31 May 2011 the decision taken by Cabinet would result in balances at 31 March 2012 of £6.4 million. This is less than the £6.9 million that was projected when setting the 2011/12 budget. All Directors continue to look at actions to address any pressures within their departmental budgets.

Details	£million	£million
<b>Projected General Fund balance at 31 March 2012 when setting the budget for 2011/12</b>		6.9
<b>Cabinet decisions</b>		
17 March - Retention of Fernleigh for 2011/12		-0.5
<b>Projected variances / potential overspends</b>		
At this stage none have been identified although pressures within Adult Social Services of £3 million and Children & Young People of £6 million		
<b>General Fund balance at 31 March 2012 based upon the latest projections</b>		6.4

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/156/11

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## APPENDICES

Financial Monitoring Statement 2011/12 - Position as at 31 May 2011.

### REFERENCE MATERIAL / SUBJECT HISTORY

<b>Council Meeting</b>	<b>Date</b>
Cabinet - Departmental Budgets 2011/12	23 June 2011
Cabinet – Budget 2011/12	21 February 2011

## WIRRAL COUNCIL

## FINANCIAL MONITORING STATEMENT 2011/12

## POSITION AS AT 31 MAY 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	20	16,907	63,431	+480	Pressure of £3.0 million	63,911	A	Pressures relate to slippage in savings implementation. Market Management fees £1.8m, Supported Living £0.6m and delayed EVRs £0.4m. Cabinet decision to retain Fernleigh in 2011/12.
Children & Young People	392	7,954	74,753		Pressure of £6.0 million	74,753	A	Pressures relate primarily to children's care services through demand £3.1m, transport costs £1.5m and staffing (including EVR and vacancy targets) £1.2m and car allowances £0.3m.
Corporate Services	758	3,726	25,407	-	-	25,407	A	The income budgets for transferred services, mainly planning / building control are the main issue
Finance	250	7,811	26,638	-	-	26,638	G	Housing benefit is the most significant budget and caseload continues to increase. The development of Library/One Stop Shop service bringing service delivery pressures
Law, HR and Asset Mgt	314	2,658	16,225	-	-	16,225	G	Expansion of the asset management workload and the savings from disposals and rationalisation continue as pressure areas
Technical Services	1,032	2,813	59,973			59,973	A	Income targets remain the most significant challenge for car parking and cultural services activities.
Merseytravel	-	-	28,817	-	-	28,817	G	Fixed amount – no change.
Local Pay Review	-	-	956	-	-	956	G	Available to meet the implementation of the Review.
Ending of EVR/VS Scheme	-	-	5,795	-	-	5,795	A	Based upon those employees to leave by 30 June 2011.
Council Tax Freeze Grant	-	-	(3,285)	-	-	(3,285)	G	Amount of grant confirmed by Government in April.
Contribution from Balances	-	-	(7,166)	(480)	-	(7,646)	G	Amount before any changes agreed by Cabinet.
<b>Budget Requirement</b>	<b>2,766</b>	<b>41,869</b>	<b>291,544</b>	<b>(480)</b>	<b>-</b>	<b>291,544</b>		
<b>Income</b>								
Revenue Support Grant	-	-	37,498	-	-	37,498	G	Fixed amount - no change
National Non Domestic Rate	-	-	121,312	-	-	121,312	G	Fixed amount - no change
Council Tax	-	-	131,434	-	-	131,434	G	Fixed amount - no change
Collection Fund	-	-	1,300	-	-	1,300	G	From the change in treatment of empty properties.
<b>Total Income</b>	<b>-</b>	<b>-</b>	<b>291,544</b>	<b>-</b>	<b>-</b>	<b>291,544</b>		
<b>Statement of Balances</b>								
As at 1 April	-	-	14,071	-	-	14,071		Opening balance with forecast for 31 March 2012 of £6.9 million.
Contributions from Balances	-	-	(7,166)	-	-	(7,166)		Before changes agreed by Cabinet.
Cabinet decisions	-	-	-	(480)	-	(480)		Retain Fernleigh 2011/12 £480k (17 Mar).
Changes – Agreed Cabinet	-	-	-	-	-	-		
Changes – Not Agreed	-	-	-	-	-	-		Based upon departmental projections and not yet agreed.
<b>BALANCES</b>	<b>-</b>	<b>-</b>	<b>6,905</b>	<b>-480</b>	<b>-</b>	<b>6,425</b>		<b>Projected balance for 31 March 2012 at start / end of year</b>

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# Agenda Item 4

WIRRAL COUNCIL

COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

12 JULY 2011

<b>SUBJECT:</b>	<b>REVENUES, INCOME AND BENEFITS</b>
<b>WARD/S AFFECTED:</b>	<b>ALL</b>
<b>REPORT OF:</b>	<b>DIRECTOR OF FINANCE</b>
<b>RESPONSIBLE PORTFOLIO HOLDER:</b>	<b>COUNCILLOR STEVE FOULKES</b>
<b>KEY DECISION?</b>	<b>NO</b>

## 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

2.1 That the report be noted.

## 3.0 REASON FOR RECOMMENDATION

3.1 To update Members on financial issues.

## 4.0 BACKGROUND AND KEY ISSUES

4.1 The following statement compares the amount collected for **Council Tax** in the period 1 April 2011 to 31 May 2011 with the amount collected in the same period in 2010/11:

	<b>Actual 2011/12 £</b>	<b>Actual 2010/11 £</b>
Cash to Collect	<b>125,512,298</b>	124,020,263
Cash Collected	<b>24,665,992</b>	24,611,109
% Collected	<b>19.7%</b>	19.8%

4.2. Although there was no increase in Council Tax for 2011-12 cash to collect has risen by £1,750,000 owing to the removal of the 50% discount on Long Term Empty properties. It is anticipated that this amount will be more difficult to collect than the standard Council Tax charges and will inevitably have an impact on final collection levels.

- 4.3. The following statement compares the amount collected for **National Non-Domestic Rates** in the period 1 April 2011 to 31 May 2011 with the amount collected in the same period in 2010-11:

	<b>Actual 2011/12 £</b>	Actual 2010/11 £
Total Collectable (including arrears)	<b>73,674,930</b>	70,910,892
Amount Outstanding	<b>61,503,018</b>	57,851,949
% Outstanding	<b>83.48%</b>	81.58%
Amount Collectable 2011-12	<b>66,412,143</b>	64,262,233
Net Cash Collected	<b>12,183,609</b>	12,225,233
% Collected	<b>18.35%</b>	19.02%

- 4.4. The following statement provides information concerning collection of local taxes from 1 April 2011 to 31 May 2011:

	<b>Council Tax</b>	<b>Business Rates</b>
Reminders/Final Notices	16,055	920
Summonses	2,938	111
Liability Orders	630	71
Recovery action in progress		
Attachment of Earnings	376	
Deduction from Income Support	986	
Accounts to Bailiff	1,108	53
Pre-Committal Warning Letters	774	-
Committal Orders Issued	0	0
Debtors Committed	0	0

- 4.5. Work is currently being undertaken under the Audit Commission National Fraud Initiative, comparing the Council Tax Single Person Discount records against the Electoral Register, which also includes rising 18s. To date 2,610 cases have been processed and another 76 are currently under investigation. As at 31 May 2011 it has been established that 95 frauds have been perpetrated and 418 claims classified as errors. The net result has been savings totalling £89,228.31 of reclaimed discount.

- 4.6. Current Status of Agent Work in respect of Committals for non payment in respect of 1 April 2011 to 31 May 2011:

Warrants of Arrest issued by Court (Bail and No Bail)	20
Warrants of Arrest (Bail) to Warrant officer	11
Warrants of Arrest (No Bail) to Warrant officer	7
Returned successful (Bail)	4
Returned successful (No Bail)	2
Returned other reasons (Bail)	1
Returned other reasons (No Bail)	3

### Insolvency cases to 1 April 2011

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

Bankruptcy cases	309
Charging orders	175
Winding up orders	3

### New cases from 1 April 2011 to 31 May 2011

Bankruptcy	6
Charging orders	7
Winding up orders	0

### Status of Insolvency cases at 31 May 2011

Winding-up paid	1
Charging orders granted	117
Winding up Order	1
Supporting other petitions	3
Cases paid	93
Bankruptcy orders	125
Cases closed	130
Ongoing cases	<u>30</u>
	500

#### 4.7. Sundry Debtors

	<b>Actual 2011/12</b>	<b>Actual 2010/11</b>
Net Amount Billed in last 12 months @ 31.05.11	<b>£90,659,896</b>	£84,940,722
Total outstanding @ 31.05.11	<b>£30,837,680</b>	£22,840,723
Net Arrears @ 31.05.11	<b>£18,768,357</b>	£13,037,761
Number of invoices in arrears @ 31.05.11	<b>16,727</b>	12,713
Number of reminders 01.04.11 to 31.05.11	<b>5,636</b>	4,054

- 4.8. The net level of invoices raised annually continues to increase with the addition during 2010-11 of invoicing for Support at Home services. The current arrears outstanding include a total of over £4.5m in respect of debts due from two particular organisations and negotiations are underway to resolve this issue.

## INCOME

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

	<b>2010/11 Budget</b>	<b>Income to 31-May-10</b>	<b>2011/12 Budget</b>	<b>Income to 31-May-11</b>
i. School Meals	£1,575,100	277,571.67	1,473,100	235,173.66
ii. Sports Centres	£3,941,300	£518,091	£3,760,300	£664,254
iii. Golf Courses	£939,600	£262,080	£967,800	£279,838
iv. Burials and Cremations	£2,502,000	£249,105	£2,577,000	£266,815
v. Building Control Fees	£494,900	£80,700	£494,900	£56,800
vi. Land Charges	£358,300	£50,400	£358,300	£27,000
vii. Car Park (Pay and Display)	£2,496,800	£283,800	£1,885,600	£157,500
viii. Car Park (Penalty Notices)	£1,149,800	£82,600	£922,300	£75,800

4.10. 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.
- (iii) Golf Courses: Golf Income underachieved by £170,000 in 2010-11 and is likely to show a similar underperformance in 2011-12.
- (iv) Burials and Cremations: Income underachieved by £80,000 in 2010-11 and is likely to show a similar underperformance in 2011-12.
- (v) Building Control Fees income is declining and there was a deficit of £49,300 in 2010/11.
- (vi) Land Charges: Fee income is declining and there was a deficit of £148,700 in 2010/11.
- (vii) Car Park Income (Pay and Display Tickets) is declining and there was a deficit of £393,600 in 2010/11.

## HOUSING BENEFITS

- 4.11. 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 May 2011:

	2011/12	2010/11
Number of <b>Private Tenant</b> recipients	<b>30,299</b>	<b>28,957</b>
Total rent allowance expenditure	<b>£20,086,561</b>	
Number under the <b>Local Housing Allowance</b> scheme ( <u>included in the above</u> )	9,883 £8,201,150	8,217
Number of <b>Council Tax Benefit</b> recipients	<b>39,433</b>	<b>38,821</b>
Total Council Tax Benefit expenditure	<b>£31,324,588</b>	
Total expenditure on benefit to date	<b>£59,612,299</b>	

- 4.12. The following statement provides information concerning the breakdown according to client type as at 31 May 2011:

	Private Tenants	Owner Occupiers
Working age and in receipt of J.S.A.	14,995	1,758
Elderly and in receipt of J.S.A.	7,007	5,502
Working age and not receiving J.S.A.	6,217	1,253
Elderly and not in receipt of J.S.A.	<u>2,080</u>	<u>3,311</u>
<b>Total</b>	<b>30,299</b>	<b>11,824</b>

There are **42,123** benefit recipients in Wirral as at 31 May 2011.

- 4.13. **Housing Benefit Fraud and Enquiries** **To 31 May 2011**

New Cases referred to Fraud team in period	219
Cases where fraud found and action taken	14
Cases investigated, no fraud found and recovery of overpayment may be sought	80
Cases under current investigation	
Surveillance Operations Undertaken	0
Cases where fraud found and action taken:	
Administration penalty	1
Caution issued and accepted	7
Successful prosecution	6
Summons issued for prosecution purposes	2

- 4.14. Work is currently being undertaken under the Audit Commission National Fraud Initiative. The work involves comparing data provided from other agencies for example NHS payroll, Insurance claims and comparing them against Housing Benefit and Council Tax records. To date 1,316 cases have been investigated and 109 are currently under investigation. A total of £48,732.95 has been identified in overpayments.

### **Discretionary Housing Payments**

- 4.15. 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.
- 4.16. DHP is not a payment of Housing/Council Tax Benefit and is funded separately from the main scheme. The Government contribution for 2011/12 is £282,981 with an overall limit of £707,452 which the Authority must not exceed. To date I have paid £15,424 and committed a further £18,132 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/153/11

**REPORT AUTHORS: Revenues & Benefits**

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### **APPENDICES**

None.

### **REFERENCE MATERIAL**

Information from relevant systems.

### **SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Dates</b>
<b>Report submitted to each meeting of the Council Excellence Committee.</b>	

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## WIRRAL COUNCIL

### COUNCIL EXCELLENCE OVERVIEW & SCRUTINY COMMITTEE

12 JULY 2011

<b>SUBJECT:</b>	<b>ICT SECURITY SOFTWARE</b>
<b>WARD/S AFFECTED:</b>	<b>ALL</b>
<b>REPORT OF:</b>	<b>DIRECTOR OF FINANCE</b>
<b>RESPONSIBLE PORTFOLIO HOLDER:</b>	<b>COUNCILLOR STEVE FOULKES</b>
<b>KEY DECISION?</b>	<b>NO</b>

#### **1.0 EXECUTIVE SUMMARY**

- 1.1 This report informs Members of the award of a contract, under delegated authority, for the provision and support of ICT security software. The contract was awarded to Software Box for a period of three years at a total cost of £107,000, with an option to extend it for a further year if considered advantageous to the Council.

#### **2.0 RECOMMENDATION**

- 2.1 That Members note the award of the contract to Software Box for a period of three years at a total cost of £107,000, with the option to extend it for a further year.

#### **3.0 REASONS FOR RECOMMENDATION**

- 3.1 Tenders were invited via the Office of Government Commerce (OGC), which meets the requirements of both the EU procurement regulations and the Council constitution. The Procurement Team were consulted and assisted in the tendering process. Software Box submitted the lowest priced tender that met the service specification and was consequently awarded the contract under delegated authority.
- 3.2 At the end of the initial three years there may be advantages to the Council in extending the contract for a further year. These need to be evaluated at the time but would be dependent on a comparison between the products offered by the incumbent supplier and those available in the market place. A decision to invite tenders would also need to take into account the associated costs of changing supplier and re-implementing the security software.

#### 4.0 BACKGROUND AND KEY ISSUES

- 4.1 The Council is increasingly dependent on ICT systems to carry out its day to day internal functions and the delivery of services to the public. Many of these rely on the corporate telecommunications network being connected to the Internet to exchange information with the public, business partners and suppliers, which leaves the Council computer systems vulnerable to attack from computer viruses, spyware and malware that could seriously affect their functionality, destroy data or allow unauthorised access to sensitive information. Since it is not feasible to operate without a connection to the Internet ICT security systems are used to mitigate the risks.
- 4.2 The Government has introduced networks that connect all public sector organisations. Wirral is connected to the Government Secure Extranet (GCSx), which is used to exchange data Government departments, other local authorities and the NHS. The Department for Work and Pensions (DWP) uses this network to deliver benefits information to the Council therefore it is essential to the effective provision of Housing Benefit and Council Tax Benefit. Since any network is only as secure as its weakest link, the Council must comply with the GCSx Code of Connection in order to remain connected to the Government networks. The software procured as part of this tender delivers some of the requirements to ensure compliance is achieved.
- 4.3 Under the Data Protection Act the Council has a duty of care to protect personal or sensitive information, including that stored in computer systems. The Information Commissioner has the power to fine an organisation up to £500,000 for the loss of such data. The ICT security solutions assist in preventing data loss and fulfilling this duty of care.
- 4.4 Tenders are invited periodically for the provision of these security solutions. The tender referred to in this report was for the provision of specialist software that forms part of that overall security solution. To assist in evaluation and comparison with existing solutions it was divided into lots, each with a specific purpose as summarised below.

<b>Lot No.</b>	<b>Description</b>	<b>Purpose</b>
1	Endpoint Security	Protection from; Viruses; Spyware / Adware; Malware; Spam; Phishing; Host Intrusion; Crimeware; Hackers; Buffer Overflow Attacks.
2	Endpoint Encryption	Full, or partial, encryption of magnetic disks & removable media to prevent data loss.
3	Privileged User Access Restriction	Prevents users changing system configuration or loading software.
4	Mobile Device Management & Security	As per lots 1, 2 & 3 for mobile devices.
5	VDI Security	As per lots 1&3 for virtual devices
6	Data Loss Prevention	Prevents sensitive data being exported or transferred to removable media.

4.5 Tenders were invited via the relevant OGC framework agreement using a process that conforms to EU procurement rules and meets the requirements of the Council constitution. The Procurement Unit assisted in the preparation of the tender, tender evaluation and award of contract. All suppliers registered on the OGC framework were invited to submit a tender, namely:

Civica UK  
Computacenter (UK)  
Equanet  
Fujitsu Services  
Insight Direct (UK)  
Phoenix Software  
Softcat  
Software Box  
Specialist Computer Centres (SCC)  
Trustmarque Solutions

4.6. Of those invited, tenders were received from:

Insight Direct (UK) (Two alternatives)  
Phoenix Software  
Softcat  
Software Box

4.7. Each submission was evaluated and scored against predetermined assessment criteria. One submission was incomplete and so was discounted. The tenders submitted:-

<b>Summary of Tender Costs</b>	
<b>Company</b>	<b>£</b>
Software Box	107,377
Tender A	132,123
Tender B	210,787
Tender C	246,222

4.8. The tender from Software Box offered goods and services that met the service specification at the lowest cost and was consequently awarded the contract under delegated authority.

## **5.0 RELEVANT RISKS**

5.1 *The supplier ceases to trade.*

The solution purchased is developed by McAfee, a multinational organisation that specialises in ICT security systems. Other suppliers exist in the market place that can support the solution.

*Key staff leave the organisation.*

Security systems are implemented by a team of staff within ITS. There is limited reliance on single individuals.

*New ICT security threats emerge.*

This is happening continually but McAfee is a specialist in this area and provides timely responses to new threats. However the Council is dependant on them for this.

*Government ICT policy or security requirements change.*

Experience suggests that sufficient notice would be given to enable the Council to modify the ICT security solutions to meet any change in requirements.

## **6.0 OTHER OPTIONS CONSIDERED**

- 6.1 Options for alternative solutions were considered as part of the tendering process.

## **7.0 CONSULTATION**

- 7.1 Internal departments were consulted via the Information Strategy Group (ISG). Discussions were also held with representatives from Siemens, who are subcontractors of the DWP and responsible for ensuring the Council is compliant with the GCSx Code of Connection, to ensure the service specification contained within the tender would result in security solutions that assist compliance.

## **8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

- 8.1 None

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

- 9.1 Funding is available from corporate ICT budgets. Implementation can be accommodated within existing staff resources. The software will be entered in the software asset register and managed via the Software Asset Management system.

## **10.0 LEGAL IMPLICATIONS**

- 10.1 None

## **11.0 EQUALITIES IMPLICATIONS**

- 11.1 None

- 11.2 Equality Impact Assessment (EIA)

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

## **12.0 CARBON REDUCTION IMPLICATIONS**

- 12.1 None

## 13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

13.1 None

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### APPENDICES

None

### REFERENCE MATERIAL

None

### SUBJECT HISTORY (last 3 years)

Council Meeting	Date

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## WIRRAL COUNCIL

### COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

12 JULY 2011

<b>SUBJECT</b>	<b>LOCAL GOVERNMENT RESOURCE REVIEW</b>
<b>WARD/S AFFECTED</b>	<b>ALL</b>
<b>REPORT OF</b>	<b>DIRECTOR OF FINANCE</b>
<b>RESPONSIBLE PORTFOLIO HOLDER</b>	<b>COUNCILLOR STEVE FOULKES</b>
<b>KEY DECISION</b>	<b>NO</b>

#### **1.0 EXECUTIVE SUMMARY**

- 1.1 This report provides details of the Local Government Resource Review which was launched by the Government on 17 March 2011. The vision is of 'self-funded' councils that keep their local business taxes with central grant dependence scaled back except where it is needed to protect the interest of taxpayers. The Review is expected to conclude in July 2011.

#### **2.0 RECOMMENDATIONS**

- 2.1 That actions be taken to protect, as far as possible, the Council's financial position.
- 2.2 That support be given to any responses from SIGOMA (Special Interest Group of Metropolitan Authorities) and the Liverpool City Region which seek to ensure that those local authorities with a low income from business rates and a high level of Government grant support are not adversely affected.

#### **3.0 REASON FOR RECOMMENDATIONS**

- 3.1 Many northern local authorities receive more Government support from the re-distributed Business Rates pool than they collect locally and pay into the Business Rates pool and so proposals for equalisation are critical to the financial viability of these authorities. This includes Wirral as in 2011/12 Wirral will collect approximately £60 million locally whilst receiving £130 million from re-distribution by the Government.

#### **4.0 BACKGROUND AND KEY ISSUES**

- 4.1 On 17 March 2011 the Government launched the Local Government Resource Review. The vision is of 'self-funded' councils that keep their local business taxes with grant dependence scaled back except where it is needed to protect the interest of taxpayers.

- 4.2 Launching the review Local Government Secretary Eric Pickles said: 'By letting councils repatriate their business rate income you make the system more straightforward and councils more self-sufficient in one fell swoop, whilst deprived councils would still get the support they need. Scaling back central government's historic control and redistribution of this local business tax would also give councils a sudden shot of financial adrenaline and a legitimate stake in their economy with direct benefits for supporting new business and growth. It is what councils want and precisely what we mean by localism. Localism doesn't mean higher taxes. Indeed, councils' dependency on the whims of Whitehall has had a knock on effect for council tax bills in many areas. But greater local autonomy will require greater local accountability and local transparency to ensure sound finances. We will stand up and protect the interests of local taxpayers, as they've been taken for granted for too long.'
- 4.3 The terms of the review are clear that any change must protect the interests of local taxpayers and the vulnerable, be fair for all councils, and encourage growth. Councils which are more deprived will continue to receive Government support. The terms of reference also include: the localisation of Council Tax from 2013/14, as outlined in the recent Welfare Reform Bill; implications that the move away from central grants might have on other policies, further scope for financial freedoms for local government; and how future business rate revaluation and relief should work.
- 4.4 The first phase of the review is to consider ways to establish a new system for Business Rates and Government Grant, which protects the interests of taxpayers, rewards local growth and job creation, and delivers a more self-sufficient income for councils. It seeks the best way to balance funding between councils that would raise little income from business rates and those that would raise substantial amounts. Currently councils across England collect £20 billion of business rates, which is then redistributed by the Government across all local authorities through an extremely complex grant system.
- 4.5 As part of this first phase there will be extensive engagement with interested parties, including businesses of all sizes. The Review will conclude in July 2011 and be followed by the necessary steps to implement the conclusions. The Terms of Reference set out what will be considered by Ministers and include:-
- the best way to allow local authorities to retain their business rates to incentivise growth, whilst ensuring that all have adequate resources to meet the needs of their communities
  - the extent to which these proposals can set councils free from dependency on central funding, along with further financial freedoms, whilst protecting the interests of local taxpayers
  - to ensure the right safeguards are in place: including how to fund those who collect insufficient business rates and keep control of Council Tax levels; the position of councils that collect more than current spending levels; and ensure protections for business
  - implications for other policies such as New Homes Bonus, Business Rate Relief and Tax Increment Financing which allows councils to borrow against future revenue.



4.6 There will be a second phase, which was due to commence in April 2011, that will focus on the role of Community Budgets. It will be taken forward in parallel with the continued roll out of these Budgets. The Terms of Reference have yet to be published.

## **5.0 RELEVANT RISKS**

5.1 The major risk is financial if local authorities are to retain locally collected Business Rates as Wirral collects less than it receives back from the Government in grant support. The Government has stated that Councils which are more deprived will continue to receive Government support.

## **6.0 OTHER OPTIONS CONSIDERED**

6.1 There are none in this particular case as the Council is responding to a Government consultation.

## **7.0 CONSULTATION**

7.1 The Review will take account of the responses made to the questions in 'Local growth: realising every place's potential'.

7.2 The Government has stated that it will conduct extensive engagement with interested parties, including businesses of all sizes, to ensure that all views and perspectives are taken into account.

## **8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

8.1 There are none arising directly from this report.

## **9.0 RESOURCE IMPLICATIONS**

### **FINANCIAL**

9.1 As stated in Section 3.1 Wirral will suffer financially if Business Rates collected locally are retained as Wirral benefits from the re-distribution of Business Rates. Therefore any means to equalise the distribution of the sums collected nationally are critical to Wirral's financial viability.

9.2 There are no staffing or IT 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.

## **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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## **APPENDIX**

Local Government Resource Review : Terms of Reference.

## **REFERENCE MATERIAL / SUBJECT HISTORY**

<b>Council Meeting</b>	<b>Date</b>
Cabinet	14 April 2011

**LOCAL GOVERNMENT RESOURCE REVIEW: TERMS OF REFERENCE**

Phase 1

The first phase of the Review will consider the way in which local authorities are funded, with a view to giving local authorities greater financial autonomy and strengthening the incentives to support growth in the private sector and regeneration of local economies.

It will look at ways to reduce the reliance of local government on central government funding, increase local accountability and ensure that the benefits of economic growth are reflected in the resources authorities have.

The review will include consideration of changes to the business rates system, and focus in particular on:

- a) the optimum model for incentivising local authorities to promote growth by retaining business rates, whilst ensuring that all authorities have adequate resources to meet the needs of their communities and to deliver the commitments set out in the Spending Review;
- b) the extent to which these proposals can set local authorities free from dependency on central funding;
- c) considering how to fund authorities where locally raised funding would be insufficient to meet budget requirements and control council tax levels, as well as councils who do not collect business rates, such as upper tier authorities, recognising that some parts of the country are currently more dependent on government funding;
- d) reviewing the scope for greater transparency and localisation of the equalisation process;
- e) the position of councils whose business rate yield would be significantly higher than their current spending;
- f) how to ensure appropriate protections are in place for business, within a framework of devolving power to the lowest level possible;
- g) how to deliver Tax Increment Financing proposals against a context of greater retention of business rate revenues;
- h) how various aspects of the business rate system, including business rate revaluation and reliefs, should be treated;
- i) examining the scope for further financial freedoms for local authorities, while standing up for and protecting the interests of local taxpayers, and

- j) the wider implications of rates retention for related policies, including the work of the Commission on the Funding of Care and Support and the Government's other incentive schemes (the New Homes Bonus and the commitment to allow communities to keep the business rates for renewable energy projects).

The Review will take account of the responses made to the questions in "*Local growth: realising every place's potential*". It will also conduct extensive engagement with interested parties, including businesses of all sizes, to ensure that all views and perspectives are taken into account.

Following the announcements at the Spending Review and through introduction of the Welfare Reform Bill that Government will localise Council Tax Benefit, the Review will also consider the design of the new scheme (to be launched in 2013-14) and what flexibilities local authorities should have to help keep overall council tax levels down.

The first phase of the Review will conclude by July 2011, followed by the necessary steps to implement the concluded reforms.

### Phase 2

The second phase of the Local Government Resource Review will commence in April 2011 and will focus on Community Budgets. It will be taken forward in parallel with the continued roll out of these Budgets. Detailed Terms of Reference will be published shortly.

**WIRRAL COUNCIL**

**COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE**

**12 JULY 2011**

<b>SUBJECT</b>	<b>BUDGET PROJECTIONS 2012-15</b>
<b>WARD/S AFFECTED</b>	<b>ALL</b>
<b>REPORT OF</b>	<b>DIRECTOR OF FINANCE</b>
<b>RESPONSIBLE PORTFOLIO HOLDER</b>	<b>COUNCILLOR STEVE FOULKES</b>
<b>KEY DECISION</b>	<b>YES</b>

**1.0 EXECUTIVE SUMMARY**

1.1 Following the agreement of the budget for 2011-12 at the Council meeting on 1 March 2011, this report presents the projected budget for 2012-15. It was presented to the Cabinet on 2 June 2011

**2.0 RECOMMENDATION**

2.1 That the budget projections be regularly reviewed.

**3.0 REASON FOR RECOMMENDATION**

3.1 Regular reporting of the projected financial prospects is a requirement of good corporate and financial planning.

**4.0 BACKGROUND AND KEY ISSUES**

**4.1 Assumptions Underpinning the Projections**

- a) Inflation - Provision is made for price inflation of 2% per annum with income to continue to increase by 3% per annum. Pay awards will be limited to those employees earning less than £21,000 per annum for 2012-13 and are assumed to increase by 2% per annum from 2013.
- b) Capital Financing - Cabinet on 21 February 2011 agreed a capital programme at an increased revenue cost of £1.9m in 2012-13.
- c) Pension Fund - the increase arising from the actuarial valuation including the impact of the outsourcing of the highways and engineering services contract will increase the contribution by £0.3m in 2012-13 and by £0.3m in 2013-14. The revaluation scheduled for March 2013 will be implemented from 2014.
- d) National Insurance – Employers NI changes will cost an additional £1m.
- e) Waste Disposal - Landfill Tax is increasing by £8 per ton per annum, an increase of 50% between 2010-11 and 2014-15. The levy is assumed to increase by £1.5m per annum from 2013.
- f) Merseytravel - From 2013 the levy is assumed to increase by £1m per annum.

- g) Schools - it is assumed that the Schools Budget will vary in line with the Dedicated Schools grant.
- h) Academies – the Department for Education will reduce the budget by a further £0.9m in 2012-13 to fund academies.
- i) Efficiency Investment - in order to continue to deliver efficiencies in future years it will be necessary to continue to invest and therefore £2m per annum has been provided.
- j) Other Unavoidable Growth - a number of items of unavoidable growth of less than £0.2m will arise. These usually total about £1m per annum.

## 4.2 Grant Negotiations

- 4.2.1 The Local Government Finance Settlement for 2011-12 incorporated a provisional settlement for 2012-13. The Formula Grant will be reduced by £14m.
- 4.2.2 The Spending Review 2011-15 incorporated four year projections for local government expenditure. However the Finance Settlement only provided figures for 2011-13. Figures for 2013-15 will be subject to the outcome of the Local Government Resource Review (LGRR) to be concluded by July 2011. Clearly this will have a major impact on the budget projections for 2013-15 included in the appendix. The Terms of Reference for phase I of the LGRR were reported to Cabinet on 14 April 2011.
- 4.2.3. The Government has announced a new general grant, the Local Services Support Grant of £1.2m. This absorbs a number of previous specific grants totalling £0.5m.
- 4.2.4. The New Homes Bonus of £0.3m has also been released as a general grant.

## 4.3 Other Legislative Issues

- 4.3.1 Independent Public Service Pensions Commission – Final recommendations issued on 10 March 2011. The detailed Government response is expected in Autumn.
- 4.3.2 Welfare Reform Bill – Implementation of Universal Credit due to commence in 2013.
- 4.3.3 Localism Bill - Will require a local referendum if a proposed Council Tax increase is considered to be excessive from 2012-13.
- 4.3.4 Council Tax Revaluation - This has been deferred until after 2015.
- 4.3.5 **Census** - During the course of this budgeting period the results of the Census 2011 will become available and will be incorporated into the grant distribution formulae. The Office for National Statistics has released the Mid 2009 estimated populations. The reduction for Wirral since the Census 2001 is greater than for any other metropolitan or unitary authority. If this is confirmed in the Census 2011 then the reduction in grant receivable could be significant.

#### 4.4 Balances

- 4.4.1 The budget for 2011-12 includes balances of £14m.
- 4.4.2 The final phase of the Early Voluntary Retirement/Voluntary Severance Scheme covering those staff due to depart in early 2011-12 is projected to utilise £4.4m of the balances.
- 4.4.3. The budget for 2011-12 will utilise £2.8m of the balances to fund one-off expenditure.
- 4.4.4. Cabinet on 17 March 2011 agreed to reinstate the budget for Fernleigh for 2011-12 at a cost of £0.5m.
- 4.4.5. Therefore the balances are projected to be £6.3m at 31 March 2012.
- 4.4.6. The minimum recommended balances are £6.0m.

#### 4.5. Savings

- 4.5.1. Cabinet has agreed to the following savings:-

	2012-13	2013-14	2014-15
	£000	£000	£000
Human Resources IT System	474	100	20
Integrated Transport	340	250	
Family Group Conferencing	130		
IT Services	400	400	400
Benefits	1,200		
Printing Services	<u>250</u>		
	2,794	<u>750</u>	<u>420</u>

- 4.5.2. In addition to the savings agreed by Cabinet the Strategic Change Programme Board has agreed to the following additional savings for 2012-13:-

	£000
Looked After Children	670
Disposal of Assets	310
Office Rationalisation	123
Street Lighting	100
DASS Market Management	<u>847</u>
	2,050

- 4.5.3. The full year effect of the Early Voluntary Retirement/Voluntary Severance scheme savings totalling £24m will be achieved in 2012/13. This will increase to £27m after the cost of the pensions has been met.

## **5.0 RELEVANT RISKS**

5.1 Any projections carry risks. For 2012-13 the Government has indicated the provisional Formula Grant and so the risks are primarily with the expenditure projections which will be influenced by changes to Government policies, inflation, and delivery against budgets in 2011-12.

5.2 For 2013-15 the Government proposes significant changes to the grant distribution system which could cause major changes to these projections.

## **6.0 OTHER OPTIONS CONSIDERED**

6.1 All of these projections represent my assumptions of the most likely outcome from a wide range of available options.

## **7.0 CONSULTATION**

7.1 The Government will be consulting on a number of issues which will impact on the budget projections. I will respond to all consultation exercises to try to ensure the best outcome for Wirral.

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

## **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/103/11



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## **APPENDICES**

Budget Projections 2012-15

## **REFERENCE MATERIAL**

Budget - HM Treasury - March 2011  
Independent Public Service Pensions Commission Report - March 2011  
Spending Review - HM Treasury - October 2010  
Medium Term Financial Strategy 2011-14 - November 2010  
Local Government Finance Settlement 2011-13 - DCLG - January 2011  
Council Budget 2011-12 - March 2011

## **SUBJECT HISTORY**

<b>Council Meeting</b>	<b>Date</b>
This report is revised for each meeting of this Committee.	

**Wirral Council  
Budget Projections 2012-15**

	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Base Budget	294.8	281.0	267.2
Increased Requirements			
Pay Inflation	1.0	3.5	3.5
Price Inflation	4.2	4.2	4.2
Capital Financing	1.9	2.0	2.0
Pension Fund	0.3	0.3	2.5
National Insurance	1.0	-	-
Academies	0.9	-	-
Waste Disposal	-	1.5	1.5
Merseytravel	-	1.0	1.0
Specific Grant Transfer	0.5	-	-
Other Unavoidable Growth	1.0	1.0	1.0
Efficiency Investment	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>
	<b>307.6</b>	<b>296.5</b>	<b>284.9</b>
Reduced Requirements			
Income Inflation	-1.0	-1.0	-1.0
Savings Agreed	-2.8	-0.7	-0.4
Additional Savings	<u>-2.0</u>	<u>-</u>	<u>-</u>
	<b>301.8</b>	<b>294.8</b>	<b>283.5</b>
Resources			
Formula Grant	144.8	131.0	117.0
Council Tax Grant	3.3	3.3	3.3
Local Services Support Grant	1.2	1.2	1.2
New Homes Bonus	0.3	0.3	0.3
Council Tax	<u>131.4</u>	<u>131.4</u>	<u>131.4</u>
Forecast Resources	<b>281.0</b>	<b>267.2</b>	<b>253.2</b>
Shortfall	20.8	27.6	30.3

## WIRRAL COUNCIL

### COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

12 JULY 2011

<b>SUBJECT:</b>	<b>PROCUREMENT STRATEGY</b>
<b>WARD/S AFFECTED:</b>	<b>ALL</b>
<b>REPORT OF:</b>	<b>DIRECTOR OF FINANCE</b>
<b>RESPONSIBLE PORTFOLIO HOLDER:</b>	<b>COUNCILLOR ADRIAN JONES</b>
<b>KEY DECISION?</b>	<b>YES</b>

#### **1 EXECUTIVE SUMMARY**

- 1.1 This report presents the revised Procurement Strategy which was agreed by the Cabinet on 2 June 2011. The previous Strategy was approved by Cabinet on 24 September 2009. In December 2009 the Audit Commission published a review of commissioning and procurement activity and as a result Cabinet approved amendments to the Strategy on 4 February 2010. This revision has been developed in the context of enhancing good procurement practice to support better value purchasing and delivery of specific financial targets agreed in the 2011-12 Budget.

#### **2 RECOMMENDATION**

- 2.1 That the revised Procurement Strategy be noted.

#### **3 REASONS FOR RECOMMENDATION**

- 3.1 There is increasing national and local emphasis on 'procurement' being a stronger, strategic lever to securing better value and better outcomes from purchasing activity. This is articulated financially in a savings target of £2.7m in the 2011-12 Budget.
- 3.2 The evolution of the Procurement Strategy is set in the context of a new Corporate Plan and an emerging outcome-based commissioning framework that supports the Localism and Big Society agenda. It also takes account of a changing public sector environment that demands a reduction in bureaucracy, greater transparency and fairness, and socially responsible purchasing.
- 3.3 The approach to procurement needs to be fully compliant with relevant legislation and needs to be subject to more robust corporate governance arrangements. Compliance with this Strategy needs to be mandatory for all officers and Members. This will be achieved through aligning the Strategy to the Contract Procedure Rules and monitoring compliance with them. This is considered an essential pre-requisite to the successful delivery of the savings targets agreed by Council and the avoidance of litigation from an increasingly litigious commercial sector.

- 3.4 This revised Procurement Strategy therefore strengthens the role of the Procurement Unit to oversee all major purchases across the Council. This is, and will continue to be, a supporting role to other Departments. It may require further centralisation of some purchasing co-ordinator activity and contract monitoring.

#### **4 BACKGROUND AND KEY ISSUES**

- 4.1. The Audit Commission Review in 2009 identified the need to drive procurement forward in order to maximise the benefits across the Council and that the Procurement Strategy was not adequately supported with an action plan with milestones to provide the basis for effective performance monitoring. The Review also stated that commissioning and procurement were not fully integrated and recommended that the Procurement Strategy should include a clear link between commissioning and procurement. The Audit Commission recommended that these issues be addressed as soon as possible.
- 4.2. The revised Procurement Strategy is attached to this report as Appendix 1. It details the commitment to best practice procurement and sets out key objectives to achieve implementation. Universal adoption of the Strategy will ensure that all purchasing activity and associated business processes are fully compliant with European Directives on public procurement, and supportive of the Council duty on equality and fairness.
- 4.3. Members are asked to note the following key changes to the procurement agenda since February 2010:-
- (a) The Strategy establishes a Corporate Procurement Board which will:-
    - oversee all major procurement initiatives across the Council
    - develop the Strategy in line with changing legislation and best practice
    - monitor compliance with procurement governance
  - (b) The following procurement efficiency targets were agreed in the Budget:-
    - £2.0m procurement savings from contract renewal
    - £0.5m savings in 2011-12 from reviewing the Top-50 Contracts
    - £0.2m staffing savings through streamlining the payments system
  - (c) Cabinet endorsed new guidance on Social and Community Benefits to be included in Council Contracts on 4 November 2010.
  - (d) The 'Equalities in Procurement Guidance' approved by Members on 9 April 2009 has been fully implemented.
  - (e) There is now a commitment to advertise all Council contracts with a whole life value of over £10,000 electronically on the 'Due North' E-portal in accordance with the Glover Report published in November 2008.

- 4.4 The following extracts from the Procurement Strategy set the tone for delivery:-
- (a) Compliance with the Procurement Strategy needs to be mandatory for all Members and officers of the Council
  - (b) The Strategy aims to centralise aspects of the procurement process
  - (c) Effective procurement is integral to the delivery of the goals agreed in the Corporate Plan and to budget stability
  - (d) Procurement is the 'buying' process within the commissioning cycle of needs assessment, planning, implementation and review.
  - (e) Procurement is an open, evidence-based assessment of what delivers good value.
  - (f) European Union legislation governs much of procurement. Public procurement in particular is very tightly controlled by law
  - (g) The Leader of the Council has overall responsibility for procurement

4.5 The Strategy identifies good procurement as:-

- (a) delivering efficiency, and value for money, and improving quality
- (b) focussing on outcomes
- (c) including the monitoring and evaluation of contract performance
- (d) ensuring assessed need reconciles with available resources
- (e) having a real impact on the local economy
- (f) shaping markets and driving improvements in quality standards
- (g) being conducted wherever practicable on a regional basis
- (h) promoting socially responsible buying
- (i) improving the reputation of the Council

## 5 **RELEVANT RISKS**

5.1 Procurement activity has an impact on the Council achieving its objectives. The Procurement Strategy is therefore essential to delivering the savings agreed in the 2011-12 Budget.

5.2 Failing to adhere to strict procurement governance arrangements could expose the Council to litigation under the European Union procurement remedies directive.

5.3 Universal implementation of this Strategy will mitigate these risks.

## 6 **OTHER OPTIONS CONSIDERED**

6.1 None.

## 7 CONSULTATION

7.1 Consultation is ongoing with all Council Departments

## 8 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

8.1 There are none arising directly from this report. The Procurement Strategy will support the engagement and participation of the voluntary, community and faith groups.

## 9 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

9.1 There are none arising directly from this report. Implementation of the Strategy will significantly support the achievement of efficiency targets.

## 10 LEGAL IMPLICATIONS

10.1 Implementing this Strategy will ensure the Council acts in accordance with procurement legislation. This revision takes account of the requirements of the Bribery Act 2010.

## 11 EQUALITIES IMPLICATIONS

11.1 The Strategy includes the Social and Community Benefits Guidance for officers to work more closely with Small and Medium Enterprises and the voluntary, community and faith sectors which will provide equality of opportunity for these providers to run Council services.

## 12 CARBON REDUCTION IMPLICATIONS

12.1 The Strategy makes clear reference to the need to ensure environmental issues are considered in making procurement decisions. This is particularly the case in helping the Council to meet its carbon reduction targets.

## 13 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

13.1. There are none arising directly from this report.

FNCE/105/11

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## APPENDICES

Appendix 1 – Wirral Council Corporate Procurement Strategy.

## REFERENCE MATERIAL

Corporate Procurement Strategy – February 2010.

Audit Commission Review – Commissioning and Procurement, December 2009.

**SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Dates</b>
<b>Cabinet</b>	<b>2 June 2011</b>
<b>Cabinet</b>	<b>4 November 2010</b>
<b>Cabinet</b>	<b>4 February 2010</b>
<b>Cabinet</b>	<b>24 September 2009</b>
<b>Cabinet</b>	<b>9 April 2009</b>
<b>Cabinet</b>	<b>4 September 2008</b>

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# **WIRRAL COUNCIL**

## **PROCUREMENT STRATEGY**

**(Refreshed April 2011)**

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### **Appendix A - Procurement Key Priorities & Action Plan**

## 1. INTRODUCTION

- 1.1 The Procurement Strategy sets the governance framework for the way the Council buys services, goods or works. It is integral to the Council's Contract Procedure Rules which all Members and officers of the Council are bound by. Compliance with it is mandatory as it serves to protect individuals and the Council from legal challenge to the way business is conducted in an ever more litigious environment. It also enhances the reputation of the Council in terms of transparency and use of resources. Since the first Procurement Strategy was agreed by Cabinet significant financial savings and service improvements have been made through more robust procurement arrangements.
- 1.2 The Strategy aims to dispel the perception that rules and regulations contained within it serve as barriers to innovation and constrain management with unnecessary red tape. **The contrary is true.** By reinforcing good procurement practice across all Council Departments (*ie getting things right first time*) will save time and money in the long run and achieves better outcomes for people and businesses in Wirral.
- 1.3 In re-drafting this Strategy greater emphasis has been given to the fact that more of what the Council offers is now procured and not provided. It also recognises that following a significant reduction in staff through the Early Voluntary Retirement and Voluntary Severance scheme in 2010-11 more effective procurement procedures and enhanced corporate support is needed to supplement limited capacity within Departments. To this end the Corporate Procurement Unit will have an enhanced central role and will conduct more of the procurement activity on behalf of Service Departments to implement this Strategy and achieve the outcomes within it.

<p>Compliance with this Strategy is mandatory for Council Members and officers</p> <p>The Strategy aims to reduce red tape by centralising the procurement process</p> <p>Good procurement delivers savings and better outcomes for people</p>
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## 2 LINKS TO THE CORPORATE PLAN

- 2.1 This refreshment of the Procurement Strategy is set in the context of the Council's new Corporate Plan for 2011-14 which was approved by Cabinet at its meeting of 17<sup>th</sup> March 2011. It is structured around four key themes:
- Your Family:** with a focus on **Children and Young People**, and **Adults**
- Your Neighbourhood**
- Your Economy**
- Your Council**
- 2.2 Every one of the 27 goals in the Corporate Plan is supported by this Procurement Strategy. The following have particular significance:

### 2.2.1 Reducing the running costs of the Council by improving the efficiency and value for money of Council services whilst reducing bureaucracy

- Delivery of £0.5m cashable savings from reviewing the Top-50 Contracts
- Delivery of £2.0m procurement efficiencies in each of the next 3 years
- Delivery of £0.2m efficiencies from a streamlined 'procure-to-pay' system
- Improving compliance with the Corporate Procurement Governance Framework

### 2.2.2 Supporting the development of a Bigger and Stronger Society

- Enabling the Council to meet its obligations under the 2010 Equality Duty
- Supporting the Council to promote social enterprise, and voluntary, community and faith sector organisations to deliver Council services

### 2.2.3 Developing wider public sector partnerships for the improvement of services to Wirral residents

- *Collaborating with other bodies (locally and regionally) to procure goods and services more efficiently and effectively*

### 2.2.4 Reducing Wirral's Carbon Footprint

- *Supporting the delivery of the Council's Interim Carbon Budget 2011-12*
- *Working with partners to improve resource and energy efficiency*

2.3 In addition to supporting the goals in the Corporate Plan, the Council has a significant number of contracts that are due to be reviewed and possibly re-tendered alongside the changing priorities of the Council and its ability to afford what it did before. This is a rolling programme and is articulated in the Contracts Register available on the Council's web site.

Procurement is integral to the delivery of the goals agreed in the Corporate Plan  
Procurement has targets to deliver savings agreed in the 2011-12 Budget  
Good Procurement has a real impact on the local economy

## 3 WHAT IS PROCUREMENT?

3.1 Procurement is the process of managing the provision of goods, services and works spanning the life cycle of the asset or service contract. Life cycle is defined as being from the initial definition of the business need through to the end of the useful life of the asset or service contract. It includes securing services and products that best meet the needs of users and the local community.

3.2 In the context of a procurement process, obtaining value for money means choosing the provider that offers the '*optimum combination of whole life costs and benefits to meet the Council's requirements*'. Value for money is not necessarily the lowest initial price option as it requires an assessment of the ongoing revenue costs as well as initial capital investment. The driving force has in the past been

focused on economy. Whilst this remains an essential ingredient, it is also important that procurement decisions are taken in the light of the broader objectives which the Council is seeking to achieve, including the aspiration to continually improve quality and fairness.

- 3.3 Effective Procurement is important because failure to purchase goods, services and works effectively and within a tight legal framework can put the achievement of key objectives, provision of services, financial standing and reputation of the Council at risk. The Council currently procures goods, works and services to the value of £150m in any one year and this strategy provides the Corporate Procurement Governance Framework within which all procurements by the Council are to be managed. These are incorporated within the Council's Contract Procedure Rules and compliance is mandatory for all Members and officers of the Council.
- 3.4 The Strategy calls for the establishment of a Corporate Procurement Board with appropriate representation from all Departments which will:
- Oversee all major procurement initiatives across the Council
  - Develop the Strategy in line with changing legislation and best practice
  - Monitor compliance with the Corporate Procurement Governance Framework

<p>Procurement is about getting efficiency, value for money and improving quality</p> <p>Compliance will be monitored by a Corporate Procurement Board</p> <p>Good procurement improves the reputation of the Council</p>
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## 4 COMMISSIONING

- 4.1 Commissioning is *'the process of specifying, securing and monitoring of services to meet assessed needs both in the short and long term'*. Commissioning is best described as a cycle of activity that involves:
- Assessment (or reassessment) of need
  - Identifying resources
  - Planning how to use the resources
  - Arranging service delivery through a procurement process
  - Monitoring and reviewing service delivery
- 4.2 A commissioning decision does not necessarily mean that a procurement process will follow, however some element of commissioning must take place before a procurement process can begin. The procurement process relates to how those commissioning decisions are enacted, where, in particular, a decision has been taken to look externally for the supply of goods or services. This Procurement Strategy is therefore integral to the Council's Commissioning Strategy.

Commissioning is about assessing need, resources, planning and evaluation  
Procurement is the 'buying' process within the Commissioning cycle  
Good procurement ensures assessed need matches with available resources

## 5 THE REGULATORY FRAMEWORK

5.1 There is a clear statutory framework that determines the processes and places limits on the procurement practices of the Council. It is clear from this legislation that the government has extremely high expectations of local authorities' procurement activity.

5.2 The primary legislation underpinning this Strategy includes:

- (a) European Union Public Procurement Directive 2004/18/EC
- (b) Public Contracts Regulations (Statutory Instrument 2006 No.5)
- (c) Public Contracts (Amendment) Regulations (SI 2009, 2992)
- (d) The Equality Act 2010
- (e) The Climate Change Act 2008
- (f) The Bribery Act 2010

The statutory framework is based around the requirements of the Council to:

- (a) promote fair and open competition
- (b) consult and involve local people including the Council's own staff
- (c) ensure true whole life costs are understood and taken account of
- (d) achieve sustainable outcomes for people and communities in Wirral
- (e) exploit economies of scale
- (f) focus on outcomes and not who provides the service, goods or works
- (g) promote partnerships with other organisations for mutual benefit
- (h) maximize the capacity of small and medium sized businesses and faith, community and voluntary sector bodies to deliver Council services
- (i) avoid market domination by any single provider
- (j) ensure the transparency of all procurement decisions

5.3 The additional emphasis on procurement as a vehicle for community and social change has its roots in the Local Government White Paper of 2006, Building Strong and Prosperous Communities. Of particular significance in this context is the requirement for Councils to use their procurement power to support economic growth and regeneration.

5.4 The Council is also enabled through its 'Powers of Well-being' expressed within Section 2 of the Local Government Act (2000), to undertake activity which is considered to be likely to promote or improve the economic, social and environmental welfare of their areas, providing it is not explicitly precluded by other legislation.

- 5.5 The challenge for the Council is therefore to meet the high expectations associated with the wider social, economic and environmental impact of procurement decisions, within a structured legislative framework and against the need to achieve value for money.
- 5.6 Through the principles identified within this strategy, and the associated commitments, the Council will be able to meet this challenge.

Legislation determines much of what the procurement can and can't do  
Public procurement in particular is very tightly controlled by law  
This Strategy will enable the Council to procure effectively and lawfully

## 6 PROCUREMENT OBJECTIVES

- 6.1 The Council's procurement objectives are designed to ensure that procurement supports and contributes to the delivery of the Council's aims and objectives set out in the Corporate and Departmental Plans. This will be achieved by:
- (a) ensuring that all procurement practices are legal, ethical, transparent and conform to local, national and European procurement regulations, and adhere to the principles of openness, accountability and fairness
  - (b) delivering significantly better quality public services that meet the needs of local citizens and communities through sustainable partnerships that are forged with a range of public, private, social enterprise and voluntary sector organisations at local, sub regional, regional, national and international level
  - (c) contributing to the Council's budget stability by continually challenging procurement arrangements and seeking opportunities to reduce prices, improve quality, maximise efficiency and achieve greater outcomes for people in Wirral
  - (d) delivering the specific savings targets agreed by Council in the 2011-12 Budget through procurement initiatives. These are:
    - £2.0m savings in Departmental Budgets through better procurement
    - £0.5m additional savings from reviewing the Top-50 Contracts
    - £0.2m savings through streamlining 'procure-to-pay' business processes
  - (e) operating a mixed economy of service provision with ready access to a diverse, competitive range of suppliers providing quality services, including small firms, social enterprises, mutuals, minority businesses and voluntary and community sector groups. This will entail wherever possible, and lawful, encouraging local sourcing and local employment opportunities for people who live in Wirral.
  - (f) realising social, environmental and community benefits through procurement activities, by developing socially responsible service specifications, building social, environmental and community benefits into the evaluation process where appropriate and lawful to do so.

- (g) working with suppliers and contractors post contract award to continually explore opportunities for realising wider benefits to local communities. This will include targeted training and employment initiatives.
- (h) demonstrating continuous improvement in the equality and fairness of opportunity and the promotion of good relationships between people within diverse communities in all procurement activity.
- (i) achieving an efficient and effective 'procure-to-pay' process, which minimises manual input, enables prompt payment of suppliers' invoices, and provides robust management information on which the most effective procurement decisions can be made.
- (j) Harnessing the latest e-procurement and other technical solutions to maximise benefit to the Council through modernising associated business processes.
- (k) Ensuring that all significant risks are identified within procurement processes and appropriately managed.
- (l) Ensuring that all procurement activities consider the environment and Carbon impact and include evaluation models that take into account the Council's sustainable objectives.
- (m) Achieving continuous improvement from all categories of procurement expenditure, by having a 'living' Procurement Strategy and ensuring that all activity within it is undertaken by a highly motivated informed, professional workforce.

6.2 The delivery plan that contributes to these objectives is provided in Appendix A

Procurement is fundamental to the Council's budget stability  
 The Procurement Unit has a target to deliver £2.7m savings in 2011-12  
 Good procurement is about socially responsible buying

## 7 ORGANISATION OF THE PROCUREMENT FUNCTION

- 7.1 The Leader of the Council holds the portfolio for Finance, Big Society and Best Value and has overall responsibility for procurement.
- 7.2 The Director of Finance is responsible under Section 151 of the Local Government Act 1972 for the proper administration of the Council's financial affairs. This includes responsibility for advising Chief Officers on all aspects of procurement, and advising the Council on an appropriate framework which must be adhered to through Contract Procedure Rules. This framework is known as the Corporate Procurement Governance Framework which is embedded in the Council's Constitution and Financial Standing Orders.
- 7.3 The Director will establish a Corporate Procurement Board which will be chaired by his Deputy and have senior representation from each Council Department and be supported by officers from Legal Services and the Procurement Team. The Board will review, co-ordinate and oversee all strategic procurement activity



including the implementation of the Corporate Procurement Strategy. The Board will also establish operational, collaborative and strategic links with the Merseyside Authorities Procurement Group reporting to the Merseyside Treasurers Group. The Board will report directly to the Council's Executive Team.

- 7.4 The Head of Service (Support Services, Finance) will take responsibility for the administration of the Board and will be accountable for the delivery of the procurement savings targets agreed by Council through the leadership of the Corporate Procurement Unit.
- 7.5 The Corporate Procurement Unit is based in the Support Services Division of the Department of Finance and will be structured to support Departmental activity through category management principles. This will mean experience and expertise is developed to effectively support (i) procurement of works, (ii) procurement of services, and (iii) procurement of business services.
- 7.6 A review of Business processes is underway in 2011 to develop a more streamlined 'procure-to-pay' system which will eventually determine the formal structure of the Unit.

The Leader of the Council has overall responsibility for procurement  
Procurement rules form part of the Council's Standing Orders  
Good procurement is conducted on a regional basis

## 8 **OPTIONS APPRAISAL**

- 8.1 In making any important decision the Council will consider the range of feasible options available to it. This means the Council will:
- (a) have no presumption on the preferred model of service delivery. This includes whether it provides services itself, externalises them or provides them in partnership with others
  - (b) undertake robust options appraisals and evaluate the optimum service delivery model that is most likely to deliver best value
  - (c) consider alternative service delivery options where an unsatisfactory level of performance is identified either by external or in-house provision and service delivery improvement plans have failed to achieve the required standard
  - (d) Find ways of encouraging new providers into the market where competition is the chosen option and it is found that there is no viable market
  - (e) Award contracts based on value for money which provides the optimum combination of true whole life costs, economic advantage to the Council, fairness and contribution to corporate objectives
  - (f) ensure partnership arrangements are encouraged where they are likely to ensure the delivery of the sustainable, economic and continuously improving services

Procurement is an evidence-based assessment of what delivers good value  
Procurement includes monitoring of contract performance  
Good procurement shapes markets and drives up quality standards

## 9 **MONITORING ARRANGEMENTS**

- 9.1 The Council will put arrangements in place to ensure that contract compliance and performance is properly monitored and managed with the objective of achieving the planned outcomes and securing of continuous improvement and value for money.

## 10 **REGULATION OF PROCUREMENT**

- 10.1 The Council will take full account of and comply with the requirements of:

- (a) Relevant European Union and United Kingdom Law
- (b) European Union Procurement Directives
- (c) Council Policies
- (d) Council Contracts Procedure Rules
- (e) Council Financial Regulations
- (f) Council Constitution
- (g) Council Corporate Procurement Governance Framework

- 10.2 The Corporate Procurement Strategy, Contracts Procedure Rules, Financial Regulations, Corporate Procurement Governance Framework will be reviewed on an annual basis to promote efficient and effective procurement.

## 11 **WORKS CONTRACTS**

- 11.1 Works contracts will be procured where appropriate in line with the Government's "Rethinking Construction" principles and will follow the recommendations contained in the Latham/Egan Reports and the report 'Accelerating Change' by the Strategic Forum for construction.

- 11.2 The principles of Rethinking Construction will also be applied, where appropriate to service contracts required for other areas of the Council.

## 12 **PROJECT MANAGEMENT AND GATEWAY PROCEDURES**

- 12.1 The Council will expand the scope of Prince 2 and include the principles of Gateway Procedures where appropriate for high cost and/or high risk procurement projects.

## 13 **E-PROCUREMENT**

- 13.1 The Council will:

- (a) harness the potential of e-Procurement, encompassing the entire 'procure-

to-pay' process, to improve the efficiency and effectiveness of all aspects of procurement for the benefit of the Council, the people it serves, and suppliers of goods, services and works

- (b) wherever possible, co-operate regionally and nationally with other Councils, statutory bodies and other independent organisations
- (c) promote the advantages of e-Procurement to its suppliers of goods services and works
- (d) ensure that all Council contracts valued at £10,000 and above will be advertised electronically using the Council's e-portal system.

## 14 **WORKFORCE MATTERS**

14.1 The Council will:

- (a) ensure that workforce matters in contracting are handled in accordance with the Office of the Deputy Prime Minister Circular 03/2003 Annex C (Handling Workforce Matters in Contracting) and Annex D (Code of Practice - Workforce Matters in Local Authority Service Contracts).
- (b) involve staff and their representatives when reviewing modes of service provision

## 15 **PARTNERSHIP APPROACH**

15.1 The Council will:

- (a) seek to work through and explore the potential for shared services and collaboration and, partnership/consortia arrangements with the public, private, mutuals, and voluntary, community and faith sectors to encourage participation in shaping services, sharing expertise, harnessing economies of scale and working together to achieve mutual goals
- (b) consider procurement based upon the principle of "partnering" in which both the Council and the supplier avoid dispute to gain maximum mutual advantage and continuous improvement
- (c) encourage and support consortia bids from social enterprises, mutuals, the voluntary, community and faith sectors and small, medium sized enterprises in the local area so that local suppliers are in a position to compete fairly for larger contracts
- (d) consult with key stakeholders, including as appropriate, the community, current and potential users, council tax payers, partners, businesses, staff and trade unions and take account of their views in the decision-making process
- (e) consult with the market to ensure that opportunities that exist to secure funding, increase capacity and encourage innovation are maximised
- (f) seek to engage with suppliers to encourage the development of the marketplace and continuous improvement in quality standards within it

- (g) seek to create the conditions which allow for new suppliers to develop or existing suppliers to become more competitive and effective
- (h) manage the procurement process in a fair and equitable way allowing sufficient flexibility to encourage providers to be innovative and creative
- (i) involve employees in the search for value for money solutions

## 16 ENVIRONMENTAL AND SUSTAINABILITY CONSIDERATIONS

16.1 The Council will promote environmentally sustainable development through its procurement processes. In particular it will seek to:

- (a) eliminate waste and maximise resource efficiency
- (b) make use of goods and services which are least harmful to the environment
- (c) maximise re-cycling opportunities
- (d) encourage the use of Fair Trade produce
- (e) contribute to the Council's Carbon reduction targets

16.2 In order to achieve these objectives the Council will:

- (a) evaluate costs over the life-cycle of contracts or products rather than just the initial price thereby taking account of issues such as durability, economy and disposal in the assessment of value for money
- (b) include appropriate environmental considerations in the evaluation of tenders and therefore the award of contracts
- (c) review specifications for contracts with the intention of reducing environmental impacts including the reduction of carbon emissions which shall contribute to the Council's Carbon Budget
- (d) work with suppliers and contractors to encourage the development and testing of environmentally preferable product and service options
- (e) encourage suppliers and contractors through their contracts with the Council to improve their environmental performance
- (f) wherever possible buy 'Fair Trade' and recycled goods and encourage contractors to do the same
- (g) not use or purchase specified environmentally damaging products through the maintenance of a 'prohibited product list'
- (h) work to raise and maintain awareness about environment and development issues in relation to procurement through training, visits, conferences, workshops, exhibitions, product fairs and product trials

## 17 ACHIEVING FAIRNESS AND EQUALITY OF OPPORTUNITY

17.1 The Council will use the powers available to it, including the provisions of the Local Government Act 1988, the Transfer of Undertakings - Protection of Employment Regulations (TUPE) 1981, the Human Rights Act 1998,

Employment Equality (Sexual Orientation) Regulations 2003 and Employment Equality (Religion/Belief) Regulations 2003, the Race Relations Act 1976 (Amended 2000), the Disability Discrimination Act 1995, the Sex Discrimination Act 1975 and the Code of Practice on Workforce Matters in Local Council Service Contracts, and the Equality Act 2010 to ensure that equality and fairness issues are addressed in the procurement of goods, works and services. This Procurement Strategy is designed to support the Council achieving the following equality objectives:

- (a) To eliminate unlawful discrimination
- (b) To promote Equality of Opportunity
- (c) To promote good relations between people in a diverse community
- (d) To ensure that public money is not spent on practices that lead to unlawful discrimination for whatever reason
- (e) To use procurement practice to support and encourage fairness equality of opportunity and positive community relations

## 18 **RISK MANAGEMENT**

18.1 The Council will continue to develop its Risk Management Strategy to ensure that the consideration and management of risk is an integral part of the procurement process. Potential risks associated with procurement activity will be subject to a process of early identification, evaluation, management and monitoring.

18.2 Each major procurement project will have arrangements in place that ensures:

- (a) the nature and extent of risk is identified and recorded on the Risk Register
- (b) the impact and likelihood of the risks identified have been considered
- (c) appropriate and effective control measures are in place to manage risks
- (d) responsibility for the management of risk is clearly identified
- (e) risk is effectively monitored throughout the life of the procurement project

## 19 **PROCUREMENT EXPERTISE AND OPERATIONAL PROCEDURES**

19.1 In order to continuously improve its operational procedures relating to procurement and develop its workforce and partner expertise the Council will:

- (a) seek to develop new skills and knowledge in order to better understand and explore supply markets and make best use of innovative procurement practice
- (b) develop a range of competencies which will form the basis for ongoing procurement training as a constituent part of Member and staff development
- (c) ensure that all officers responsible for procurement and contract management are appropriately trained in the principles of good procurement
- (d) advocate that procurement expertise has an essential role in the development of innovative approaches to service delivery

- (e) support a structured approach to education, training and development for Members and officers of the Council regarding procurement activity

## **20 PROCUREMENT FORWARD PLAN AND CONTRACTS REGISTER**

- 20.1 Each Department of the Council will set out its likely demand, in broad categories, for goods, works and services required over the medium term to meet the objectives agreed in the Corporate Plan. This will be done in March each year and refreshed on a regular basis.
- 20.2 This information will be compiled in the form of a Contracts Register and be available for public inspection on the Council's Business web page. It will serve to advise markets on the future procurement intentions of the Council. It will also be used to prioritise the workload of the Procurement Unit and other professional support services within the Council to ensure resources are available when they are needed.
- 20.3 Early indication of the Council's procurement intentions will also encourage collaboration with other agencies as more exploratory work can be undertaken prior to the procurement process commencing. This applies to such exploration both within and outside the organisation.

## **21 SCHOOLS AND PROCUREMENT**

- 21.1 There is a clear expectation that the Council should have effective strategies in place to enable, support and encourage schools to become informed, effective purchasers of services. School governors have a duty to ensure they are purchasing goods and services in line with value for money principles.
- 21.2 The Council will promote the development of the procurement skills of schools and offers the support of the Corporate Procurement Unit, promoting their capacity to choose, buy and evaluate services independently and effectively, within the context of achieving value for money.

## **22 OPENNESS, FAIRNESS AND TRANSPARENCY**

- 22.1 The Council will operate in an open manner in relation to the gathering of market intelligence. It will share such information to the mutual benefit of the market and the Council but not where the commercial advantage of the Council is compromised.
- 22.2 The Council will be fair in giving equal treatment to all, and have a consistency of approach in respect of ethical standards and absolute 'even handedness in dealings with trading partners and potential suppliers and contractors.
- 22.3 The Council will manage its procurement process in a fair and equitable way whilst allowing sufficient flexibility to encourage suppliers and contractors to be innovative and creative in their dealings with the Council.
- 22.4 The Council will be Transparent and have the ability to prove the above.

## **23 PERFORMANCE MANAGEMENT**

- 23.1 The Council will promote the development and use of a small number of appropriate performance measures relating to procurement to avoid unnecessary bureaucracy.
- 23.2 The Council will improve the accuracy, availability, appropriateness and accessibility of a range of procurement related management information to facilitate regional and sub-regional benchmarking.
- 23.3 Benchmarking and best practice will be further developed and, where appropriate, other public and private sector organisations will be encouraged to participate.

## **24 MONITORING THE IMPLEMENTATION OF THIS STRATEGY**

- 24.1 The Procurement Strategy will be approved by Cabinet and subject to scrutiny of the Audit and Risk Management Committee and the Council Excellence Overview and Scrutiny Committee. In order to facilitate this it will subject to the following regime of internal monitoring and review.
  - (a) The Strategy objectives and milestones will be monitored on a monthly basis via the Performance Management Framework operated in the Department of Finance. This will entail reports to the Department Management Team which will review exception reports at its monthly performance surgery, monthly Team meetings of the Procurement Unit and regular supervision with the Head of Service (Support Services, Finance)
  - (b) The Head of Procurement will submit a report to the Procurement Programme Board at each of its meetings detailing the number and type of contracts which have been let and progress against the Strategy Milestones.
  - (c) The Head of Procurement will submit an Annual Procurement Report on progress against the strategy and other developments in procurement. This report will be available on the Council's internet site.
  - (d) Audits on specific aspects of procurement activity will be carried out on a regular basis and reported to the Chief Executive and appropriate Scrutiny Committees as requested by the Chairs.

## **25 POST CONTRACT MONITORING AND MAINTENANCE**

- 25.1 The award of a contract is not the end of the procurement process. Good contract monitoring is essential if the Council is to achieve the best possible outcomes from its procured activity. The Council has moved away from old-style confrontational contracts with detailed input specifications towards more flexible partnership arrangement. The use of output specifications is designed to put the onus on the contractor to take responsibility for the end product. Value for money

considerations in the Council's contracts mean that the contractor is responsible for a continuous improvement in service or product delivery. Close monitoring of benefits realisation on high risk, high value, or strategically important contracts will be reported to Members on a regular basis.



**Procurement Key Priorities & Action Plan**

**Appendix A**

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<i>(i) Ensuring that all procurement practices are legal, ethical, and <b>transparent</b> and conform to local, national and European regulations, and adhere to the principles of <b>openness, accountability and fairness</b></i>					
	<b>Challenges</b>	<b>Action</b>	<b>Milestones</b>	<b>Completion Date</b>	<b>Comments/Progress</b>
1	Contract Procedure Rules	We will undertake an annual review of Contract Procedure Rules and recommend any necessary changes.	<b>Review</b> <b>Report</b> <b>Implement</b> <b>Benefits Measure</b>	1 June 2011 1 July 2011 1 August 2011 31 March 2012	Review in progress.
2	Departmental Procurement Guidance	We will continue to work with Council Departments to deliver guidance on procurement processes and compliance with contracts procedure rules.	<b>Review</b> <b>Report</b> <b>Implement</b> <b>Benefits Measure</b>	31 August 2011 30 September 2011 31 March 2012 31 March 2012	Procedural Guidance available on the Council's Web site. Roadshows to be undertaken from September 2012
3	Member Awareness	We will continue to seek to improve Member awareness of procurement issues through presentations, reports, workshops and training sessions as appropriate.	<b>Review</b> <b>Report</b> <b>Implement</b> <b>Benefits Measure</b>	1 June 2011 1 August 2011 1 October 2011 31 March 2012	Programme of training and awareness raising workshops to be arranged and delivered in collaboration with the Merseyside Group
4	Contract Monitoring	We will improve our contract monitoring activities and ensure that a formal monitoring strategy is in place for all major contracts.	<b>Review</b> <b>Report</b> <b>Implement</b> <b>Benefits Measure</b>	1 April 2011 1 August 2011 1 September 2011 31 March 2012	In progress and ongoing.
5	Contracts Database	We will ensure that the Contracts Database is used across the Authority to provide visibility of the Council's contractual commitments, assist in the development of a	<b>Review</b> <b>Report</b> <b>Implement</b> <b>Benefits Measure</b>	1 April 2011 1 May 2011 1 June 2011 31 March 2012	Completed and ongoing. The introduction of the e-Contracts management will

		procurement forward plan and identify opportunities for rationalisation and collaboration.			improve visibility, implementation December 2011.
6	Compliant Procedures	We will ensure that all Members and Officers involved in procurement are fully conversant with all aspects of procurement legislation and practice.	<b>Review</b> <b>Report</b> <b>Implement</b> <b>Benefits Measure</b>	1 June 2011 1 August 2011 1 October 2011 31 March 2012	Programme of training and workshop awareness raising to be completed in 2011-12.

(ii) *Delivering significantly better quality public services that meet the needs of all local citizens through **sustainable partnerships** that we forge with a range of public, private, social enterprise and voluntary sector organisations at local, sub regional, regional, national and international levels.*

	<b>Challenges</b>	<b>Action</b>	<b>Milestones</b>	<b>Completion Date</b>	<b>Comments</b>
1	Review of contracts	We will carry out a review of all Council contracts and identify those contracts than may benefit from a partnership approach.	<b>Review</b> <b>Report</b> <b>Implement</b> <b>Benefits Measure</b>	1 June 2011 1 August 2011 1 October 2011 31 March 2012	High value/risk contracts have been reviewed as part of the project management process, all others to be part of ongoing review process.
2	Options procedures	We will ensure options for service delivery form part of the challenge process during service reviews and examine opportunities and potential benefits for partnership working.	<b>Review</b> <b>Report</b> <b>Implement</b> <b>Benefits Measure</b>	1 June 2011 1 August 2011 1 October 2011 31 March 2012	Options appraisal is incorporated into all major procurement projects.
3	Guidance on Partnering	We will develop guidance for procurement staff on partnership contracts.	<b>Review</b> <b>Report</b> <b>Implement</b> <b>Benefits Measure</b>	1 April 2011 1 April 2011 1 May 2011 31 March 2012	
4	Support for Collaboration	We will support the Merseyside	<b>Review</b>	Ongoing	Ongoing

		Authorities Procurement Group in its development of a three year Strategy and further collaborative procurement projects across the Merseyside sub-region.	<b>Report Implement Benefits Measure</b>	- - 31 March 2012	
5	Supporting the North West Improvement and Efficiency Partnership (NWIEP)	We will fully support the north west procurement hub in progressing regional procurement collaborative initiatives.	<b>Review Report Implement Benefits Measure</b>	Ongoing - - 31 March 2012	Support on going through the Merseyside Procurement Group.
6	Shared Services	We will assess opportunities for shared services by working with the NWIEP and other Public bodies to identify opportunities for such initiatives.	<b>Review Report Implement Benefits Measure</b>	As required - - 31 March 2012	Ongoing through sub-regional and Regional activity.

<i>(iii) Contributing to the Council's <b>savings targets</b> by continually challenging our procurement arrangements and seeking opportunities to reduce prices, improve quality, <b>maximize efficiency</b> and achieve greater outcomes for people in Wirral</i>					
	<b>Challenges</b>	<b>Action</b>	<b>Milestones</b>	<b>Completion Date</b>	<b>Comments</b>
1	Savings Database	We will continue to develop the savings database to ensure it provides information on how savings have been identified and calculated.	<b>Review Report Implement Benefits Measure</b>	1 June 2011 1 July 2011 1 August 2011 31 March 2012	Database is being refreshed
2	Major Contracts	We will review all options for the procurement of high value / high risk contracts and work with service departments to ensure Best Value is achieved.	<b>Review Report Implement Benefits Measure</b>	Ongoing - - 31 March 2012	In progress, ongoing.

3	Involvement of the Corporate Procurement Team	The Corporate Procurement Team is integrated into all Value for Money reviews and fundamental service reviews	<b>Review</b> <b>Report</b> <b>Implement</b> <b>Benefits Measure</b>	Ongoing - - 31 March 2012	Ongoing.
4	Social care	We will support the establishment of a procurement strategy and framework for savings and efficiency	<b>Review</b> <b>Report</b> <b>Implement</b> <b>Benefits Measure</b>	Completed  30 June 2011	Target completion date in collaboration with DASS / CYPD.
<i>(iv) Operating a mixed economy of service provision with ready access to a diverse, competitive range of suppliers providing quality services, including small firms, social enterprises, mutuals, minority businesses and voluntary and community sector groups, and wherever possible encourage local sourcing and local employment opportunities for people who live in Wirral.</i>					
	<b>Challenges</b>	<b>Action</b>	<b>Milestones</b>	<b>Completion Date</b>	<b>Comments</b>
1	Prime Contractor Involvement	We will identify ways to assist local businesses to gain indirect opportunities through our prime contractors i.e. encourage prime contractors to advertise Council related opportunities through Wirral's Business Website.	<b>Review</b> <b>Report</b> <b>Implement</b> <b>Benefits Measure</b>	1 May 2011 1 November 2011 1 December 2011 31 March 2012	Strategy in progress. Support for Wirral Invest on-line process, Further development of Council's e-portal to include Contractor opportunities.
2	Training, Meet the Buyer events and Business Fairs	We will undertake training sessions to assist SMEs in accessing Council opportunities. We will attend and help organise events that will publicise 'How to do Business with The Council' and encourage participation of small businesses	<b>Review</b> <b>Report</b> <b>Implement</b> <b>Benefits Measure</b>	1 April 2011 1 May 2011 1 June 2011 31 March 2012	Six workshops have been completed in 2010/11. Six more events are planned for this financial year
3	Review of contracts	We will carry out regular reviews of all contracts and identify those contracts that could be provided by	<b>Review</b> <b>Report</b> <b>Implement</b>	1 April 2011 1 June 2011 1 July 2011	Ongoing. Procurement and Commissioning Sub-

		social enterprises, mutuals, minority businesses and voluntary and community sector (VCS) groups.	<b>Benefits Measure</b>	31 March 2012	Group moving forward the Voluntary, Community and Faith sector agenda.
4	Beacon Council liaison	We will meet with other Councils to determine how they have successfully engaged with the VCS and assess how to implement their approach within Wirral.	<b>Review</b> <b>Report</b> <b>Implement</b> <b>Benefits Measure</b>	1 April 2011 1 June 2011 1 July 2011 31 March 2012	Part of the Merseyside sub-regional strategy work already in progress
5	Payments to Suppliers / Contractors / Service Providers	We will endeavour to pay all Suppliers, Contractors and Service Providers within agreed payment terms or 30 days from the receipt of an undisputed invoice. For SMEs we will endeavour to pay within 10 working days	<b>Review</b> <b>Report</b> <b>Implement</b> <b>Benefits Measure</b>	1 May 2011 1 September 2011 1 October 2011 31 March 2012	90% Target at year end.

(v) *Realising **social, environmental and community benefits** through our procurement activities, by developing socially responsible service specifications, building social, environmental and community benefits into the evaluation process where appropriate and legal to do so, and working with suppliers and contractors post contract award to explore opportunities for bringing such benefits to the local community, including the introduction of the Targeted Training and Employment Integrator.*

	<b>Challenges</b>	<b>Action</b>	<b>Milestones</b>	<b>Completion Date</b>	<b>Comments</b>
1	Community Benefits	We will explore ways in which to promote the inclusion of social and community benefits into the procurement process. We will consider requesting optional, priced proposals for the delivery of community benefits in the tender process <i>where appropriate</i> . We will	<b>Review</b> <b>Report</b> <b>Implement</b> <b>Benefits Measure</b>	1 April 2011 1 September 2011 1 October 2011 31 March 2012	Guidance model approved by Cabinet 4 November 2010 and implemented thereafter.

		also establish a model for identifying the 'voluntary' delivery of community benefits within the contracting process			
2	Targeted Training and Employment	We will include, in all major construction contracts targeted Training and Employment for young people to progress into career opportunities.	<b>Review</b> <b>Report</b> <b>Implement</b> <b>Benefits Measure</b>	1 May 2011 1 August 2011 1 September 2011 31 March 2012	Pilot projects due to commence with construction contracts. Training partner established,

<i>(vi) Demonstrating improvement in the <b>equality of opportunity</b> and the promotion of good relationships between people within a diverse community in all procurement activity</i>					
	<b>Challenges</b>	<b>Action</b>	<b>Milestones</b>	<b>Completion Date</b>	<b>Comments</b>
1	Equality Standard for Local Government	We will contribute to the Council's work towards achieving the Excellence Level of the Equality Standard for Local Government.	<b>Review</b> <b>Report</b> <b>Implement</b> <b>Benefits Measure</b>	1 October 2011 1 December 2011 1 February 2012 31 March 2012	In progress.
2	<i>'A Framework for a Fairer Future'</i>	All Council procurement activity will take account of the new Equality Duty	<b>Review</b> <b>Report</b> <b>Implement</b> <b>Benefits Measure</b>	1 May 2011 1 June 2011 1 July 2011 31 March 2012	Clause 149 of the Bill has particular relevance to procurement, and procedures are being reviewed accordingly.
3	Monitoring of Equality in Procurement	We will produce and implement a new monitoring policy for Equalities in Procurement and regularly report on compliance to the Council's Equalities Corporate Improvement Group.	<b>Review</b> <b>Report</b> <b>Implement</b> <b>Benefits Measure</b>	Ongoing - - 31 March 2012	Monitoring process agreed by Cabinet, Officer training completed.

<i>(vii) Achieving an <b>efficient and effective procure to pay process</b>, which minimises manual input, provides robust information on which procurement decisions can be made, and harnesses the latest e-procurement solutions to maximise benefit to the Council.</i>					
	<b>Challenges</b>	<b>Action</b>	<b>Milestones</b>	<b>Completion Date</b>	<b>Comments</b>
1	Electronic Procurement Systems	Routinely monitor expenditure to ensure orders, wherever appropriate, are processed using the Oracle procurement system to ensure the benefits of using e-procurement are maximised across the Council	<b>Review</b> <b>Report</b> <b>Implement</b> <b>Benefits Measure</b>	Ongoing - - 31 March 2012	Ongoing. Report to Change Board June 2011, for approval.
2	e Payments	We will explore all options for streamlining payments processes including electronic invoices, intelligent scanning and procurement cards and, recommend a plan for implementation.	<b>Review</b> <b>Report</b> <b>Implement</b> <b>Benefits Measure</b>	Ongoing - - 31 March 2012	Self Billing extended to all utilities. Intelligent Scanning process to be implemented in 2011-12. Other options being investigated.
3	e Sourcing	Managing the procurement process is a costly and labour intensive process, reducing manual input can release resources and make savings, we are committed to researching the market for an e Sourcing solution.	<b>Review</b> <b>Report</b> <b>Implement</b> <b>Benefits Measure</b>	Ongoing - - 31 March 2012	Due North contracts and sourcing management solution adopted. Contracts management modules being tested and assessed.
4	Regional/Sub-regional Development	Developing a Merseyside Procurement electronic hub is essential if collaboration is to succeed on Merseyside.	<b>Review</b> <b>Report</b> <b>Implement</b> <b>Benefits Measure</b>	Ongoing - - 31 March 2012	Three year strategy completed and approved by the Group Wirral leading.

<i>(viii) Ensuring that all potential risks are identified within procurement processes and appropriately managed.</i>					
	<b>Challenges</b>	<b>Action</b>	<b>Milestones</b>	<b>Completion Date</b>	<b>Comments</b>
1	Risk Management	Generic procurement risks are dealt with as part of the Council's risk register. However, for all major procurement projects, the identification and management of specific risk will be part of the procurement process.	<b>Review</b> <b>Report</b> <b>Implement</b> <b>Benefits Measure</b>	Ongoing - - 31 March 2012	Ongoing.
2	Training	We will produce a series of ongoing training days for Members and Officers who are directly involved in high risk procurement projects.	<b>Review</b> <b>Report</b> <b>Implement</b> <b>Benefits Measure</b>	1 April 2011 1 May 2011 1 June 2011 31 March 2012	Roadshows and Training days to commence June 2011.
3	Supplier Relationship Management	We will have procedures and processes in place that will manage our goods and service providers to ensure that maxim benefits are realised from contracts and that best value is being achieved.	<b>Review</b> <b>Report</b> <b>Implement</b> <b>Benefits Measure</b>	1 April 2011 1 September 2011 1 September 2011 31 March 2012	In progress, targeted progress review April 2012.

<i>(ix) Ensuring that all procurement considers the environment and, where appropriate, includes evaluation models that take into account the Council's sustainable objectives</i>					
	<b>Challenges</b>	<b>Action</b>	<b>Milestones</b>	<b>Completion Date</b>	<b>Comments</b>
1	Environmental Assessment	We will carry out an environmental assessment of all our key products and services and work with suppliers and contractors to reduce the negative environmental impact of our procurement activities.	<b>Review</b> <b>Report</b> <b>Implement</b> <b>Benefits Measure</b>	1 April 2011 1 May 2011 1 June 2011 31 March 2012	Flexible Framework Plan.



2	Fair trade	We will increase the number of fair trade products purchased.	<b>Review</b> <b>Report</b> <b>Implement</b> <b>Benefits Measure</b>	1 April 2011 1 May 2011 1 June 2011 31 March 2012	Flexible Framework Plan.
3	Recycling	We will increase the number of recycled products purchased.	<b>Review</b> <b>Report</b> <b>Implement</b> <b>Benefits Measure</b>	1 April 2011 1 May 2011 1 June 2011 31 March 2012	Flexible Framework Plan.
4	Evaluation Models	We will make environmental considerations a key part of the tender evaluation process where this is appropriate.	<b>Review</b> <b>Report</b> <b>Implement</b> <b>Benefits Measure</b>	Ongoing - - 31 March 2012	Completed.
5	Local Sourcing/Regulated deliveries	We will, where appropriate and within the a competitive process, encourage both the use of local suppliers to reduce the environmental impact of movement of goods and a logistical approach to minimise the number of supplier deliveries to Council premises.	<b>Review</b> <b>Report</b> <b>Implement</b> <b>Benefits Measure</b>	Ongoing - - 31 March 2012	Stationery supplies now have reduced deliveries, other options being developed.

<i>(x) Achieving continuous improvement from all categories of procurement expenditure, by having a 'living' Procurement Strategy and ensuring that all procurement activity is undertaken by <b>informed, professional procurement staff.</b></i>					
	<b>Challenges</b>	<b>Action</b>	<b>Milestones</b>	<b>Completion Date</b>	<b>Comments</b>
1	Professional Procurement	All procurement staff will have the appropriate, professional qualification, Membership of the Chartered Institute of Purchasing and Supply, and we are committed to the provision of professional training to provide professionally	<b>Review</b> <b>Report</b> <b>Implement</b> <b>Benefits Measure</b>	Ongoing - - 31 March 2012.	All procurement Staff have a training programme to follow which includes gaining professional qualifications and post graduate training.

		qualified staff for the future.			
2	Procurement Practitioners	We are committed to producing annual training plans for all Members and Officers involved in the procurement process. This will be reviewed at the beginning of each financial year and submitted to the Procurement Programme Board for approval.	<b>Review</b> <b>Report</b> <b>Implement</b> <b>Benefits Measure</b>	1 June 2011 1 August 2011 1 October 2011 31 March 2012	Training Programme to include collaboration with the Merseyside Group.
3	Sub- regional/Regional Training	We will support the adoption of a sub-regional/Regional training programme to be produced annually.	<b>Review</b> <b>Report</b> <b>Implement</b> <b>Benefits Measure</b>	1 April 2011 1 May 2011 1 September 2011 31 March 2012	Ongoing.

## WIRRAL COUNCIL

### COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

12 JULY 2011

<b>SUBJECT:</b>	<b>DEVELOPMENT OF AN OUTCOME BASED COMMISSIONING FRAMEWORK</b>
<b>WARD/S AFFECTED:</b>	<b>ALL</b>
<b>REPORT OF:</b>	<b>DIRECTOR OF FINANCE</b>
<b>RESPONSIBLE PORTFOLIO HOLDER:</b>	<b>COUNCILLOR ADRIAN JONES</b>
<b>KEY DECISION?</b>	<b>YES</b>

#### 1 EXECUTIVE SUMMARY

- 1.1 This report provides an overview of the development of an outcome based Commissioning Framework that can be used as the basis for fundamental service reviews and re-commissioning activity over the medium term in order to achieve the objectives set out in the Corporate Plan.

#### 2 RECOMMENDATIONS

- 2.1 That the principles contained within this report that underpin the development of an outcome based Commissioning Framework be noted.
- 2.2. That a further report be presented on options for applying such a framework to major service reviews emerging from the consultation exercise.

#### 3 REASONS FOR RECOMMENDATIONS

- 3.1 The aim of an outcome based approach to commissioning is to shift the focus of what the Council does from activities to results, and from how a programme operates to the good it accomplishes. To help achieve this and support a programme of service reviews which needs to operate alongside wider public consultation on Council priorities it is proposed to develop a coherent and consistent model of Commissioning that can be applied across all Council functions.
- 3.2 The Council does not currently operate such a model. Commissioning takes place in pockets across the Council, however many of these activities are in fact *'procurement'* by nature.
- 3.3 Whilst the model under development must be capable of being applied to every function within the Council it is proposed to focus it in two areas initially:

- (a) services provided across the Council by the voluntary, community and faith sectors
  - (b) services provided in the Department of Adult Social Services to people with a learning disability.
- 3.4. Lessons learnt from these pilots will be applied to other service reviews as they are undertaken. Considerable work in relation to the learning disability project has already been completed as part of the DASS Improvement Plan and budget stabilisation programme. This work has been done in conjunction with NHS Wirral and has informed the development of this commissioning framework.
- 3.5. The primary purpose of NHS Wirral is commissioning, and external evaluation recognises they are effective at it. This skill must not be lost when the responsibilities transfer to GP commissioning consortia, but relationships will inevitably change. The Council will need to develop its approach to commissioning alongside that of the emerging consortia. It is also anticipated that more specialist support will be required, for example, to better understand data analysis. Appendix 1 illustrates the suggested commissioning framework.
- 3.6. Cabinet on 2 June 2011 agreed to proceed with the development of an outcome based commissioning framework and referred the report to this Committee for consideration.

#### **4 BACKGROUND AND KEY ISSUES**

- 4.1 There is considerable research into outcome based commissioning but few practical examples that have come to fruition with demonstrable and sustainable improvements in service outcomes and value for money. Alongside this there are, and will continue to be for the foreseeable future, major financial challenges facing the Council that will demand different ways of identifying, meeting and evaluating local need whilst resources are expected to diminish further.
- 4.2 The Council needs to develop a strategic commissioning framework that focuses on services that customers want, at the standard they expect and are prepared to pay for, whilst continuing to meet statutory responsibilities. This is a major shift in resource and service planning and should not be underestimated in terms of organisation and community culture. It will require major engagement with customers, suppliers and communities alongside the development of the Big Society and Localism agendas. For these reasons this report does not present the final version of a Commissioning Strategy. It does however seek agreement to the principles of outcome based commissioning and its further development and subsequent implementation.
- 4.3 Before considering such an approach it is essential to agree a common definition of commissioning and understand how it differs to procurement. It is important to note that the Council does not have much experience in commissioning and in particular outcome based commissioning.

a. **Commissioning** is defined as:

*'the means to secure best value and deliver the positive outcomes that meet the needs of citizens, communities and people who use services'*.

b. **Procurement** is an integral part of the commissioning process and is:

*'the means of securing the delivery of a product, service or works through contracting arrangements'*.

4.4 Commissioning therefore requires a broader and deeper understanding of population needs, priorities and aspirations and the resources that are required and available to meet them. It assesses the capability of meeting and delivering them through the spectrum of direct provision, service partnership or open market competition, or any combination thereof. Fundamentally it requires an evidence based approach to what works in building business cases for investment. Appendix 2 provides a summary of the benefits of Commissioning.

### **The Commissioning Cycle**

4.5. Commissioning should be seen as a continuous, sequential and cyclical process made up of the following four key stages (A more detailed illustration of the Commissioning Cycle is attached as Appendix 1)

**Analysing** Understanding the needs, resources, strengths and weaknesses of the current position. Scoping the potential capacity, irrespective of *'who'* supplies the goods or provides the service, to identify potential solutions to how those needs can best be met.

**Planning** Identifying the gaps between what is desired, needed and the resources that might be available. Establishing priorities and strategies to help address those gaps.

**Doing** Ensuring things are done as planned in ways which efficiently and effectively deliver the agreed priorities.

**Reviewing** Managing relationships, monitoring and reviewing the performance and impact of services on agreed outcomes, seeking performance improvement and decommissioning services where necessary.

### **Outcome Based Commissioning**

4.6. Outcome Based Commissioning requires a shift in practice from commissioning for volume and price to commissioning for quality and outcomes. The focus needs to move away from activities and processes to results. This change in thinking needs to be from *'how a service operates (what it does) to the good it accomplishes (what it achieves)*. Even within Adult Social Services where outcome based commissioning is considered more mature, contracts are pre-occupied with activity (how many customers, hours, waiting times, complaints etc). Whilst these may be important indicators they do not answer the fundamental question, *'what good did you achieve for your customer'*.

4.7. Outcomes are notoriously difficult to measure so there is a tendency to tighten up contract monitoring arrangements of inputs and processes in an attempt to reassure the Council the service is performing. However if the provider is concentrating on these it is suggested this is not a good use of their resource which would be better applied to the service itself. This is particularly the case for small enterprises and the voluntary, community and faith sectors who may lack the capacity. Furthermore, for smaller initiatives it is suggested that the current contracting approach places an unnecessary administrative burden on the provider which can only dilute the benefit from the investment.

4.8. Outcome based commissioning should set these providers free to do what they do best in their local communities. This will require a level of maturity and the development of greater trust on both sides with a common understanding of what is an outcome, output, input and process. The following definitions are put forward:-

**a. Outcome**

An outcome is the result of an activity. It can be categorised as **an individual outcome**, for example, a person is now able to get up in the morning without support following the intervention of re-enablement support, or it can be a **service outcome**, for example, the Welfare Rights Service helped 100 people access the correct benefits, or a **strategic outcome**, for example, more people are helped to live at home. Several of these can be clustered around the individual and are referred to as 'domains of outcomes'. Examples of these exist in the outcomes framework for Supporting People, Every Child Matters and the White Paper 'Our Health our Care our Say'.

**b. Output**

An output is the desired level of service from the provider. This is usually expressed as service availability, speed, delivery, quality, for example, the number of training events held, the number of hours of home care, or weeks of respite care provided. A positive outcome is inferred from these but there is no direct relationship to the product or service. In other words it does not measure how effective a service was in meeting someone's needs or aspirations.

**c. Input**

An input is the resource invested into the product or service in order to deliver the output. For example, the number and hours of workers.

**d. Process**

A process describes the way of working. For example, an equal opportunities policy is in place.

## **APPLICATION OF AN OUTCOME BASED COMMISSIONING FRAMEWORK**

- 4.9. The commissioning framework for health and well being was published in March 2007. This aims to deliver a shift from treating people when they are sick to keeping them healthy and independent, avoiding or delaying prolonged illness wherever possible. It provides a clear commitment to increasing people's choice and control over what services they access, where, and to what level of quality. People themselves specify the outcomes they desire and this is integral to the development of Personal Budgets within Adult Social Services.
- 4.10. The suggested pilot for the development of this Commissioning Framework is services for adults with a learning disability within the Department of Adult Social Services and voluntary sector funding across all Council Departments.
- 4.11 Seven principles of effective commissioning are drawn from the commissioning framework for health and well being which can be applied to all service areas. These principles should form the basis of the Commissioning framework.

### **a. Place the customers' needs at the centre of commissioning**

The Council should seek views and give more choice and control over the services people wish to have available to themselves or others in their communities. This includes the provision of, and access to, good quality information and advice to support these choices. The Council should promote people and community involvement in shaping services and ensuring appropriate advocacy is available to support people who may find it more difficult to express their views.

### **b. Understand the needs of the population, communities and individuals**

The Council, with its partners, should research the needs and aspirations of communities. This aspect of customer and community engagement should not be underestimated as it will take time to establish a coherent picture of the range of Wirral communities' priorities that can be relied upon to drive commissioning that is effective and fair. The Council will build on work already undertaken with partners to develop the use of information through the statutory Joint Strategic Needs Assessment and other strategic intelligence projects.

### **c. Share and use intelligence more effectively**

The Council should use and share information with customers, staff and providers. This includes clarifying what information can be lawfully and practicably shared, and under what circumstances. It may also include joining up Information and Performance Management Systems with the Council's major partners.

**d. Assure the highest affordable quality providers for all services**

The Council should develop effective, strong partnerships with customers and providers and engage them both in the assessment of need. The focus should be on outcomes, leading to innovative solutions that are tailored to meet the needs of individuals. Services and goods should be supplied by a wide enough range of providers to stimulate choice but not suffer from diseconomies of scale. Procurement should be transparent and fair and performed within European Procurement Regulations. However business processes (eg tenders, evaluation and contract performance monitoring) should be proportionate to the level of investment and risk to individuals and the Council. This is particularly relevant to small and medium sized enterprises and voluntary, community and faith sector providers. The Council will ensure that the social value aspects of procurement feature in the award of contracts.

**e. Seek out collaborative approaches wherever possible**

The Council should actively seek out collaboration whether it be with partners in Wirral to improve local services or with other local authorities to develop intelligence or enhance purchasing power. Collaboration not only enhances intelligence and aligns visions and values, but can also effectively spread risk.

**f. Provide incentives for innovation**

Sometimes it will be necessary for the Council to experiment by funding untested initiatives and it needs to be recognised that some will not work. This will require a mature approach to risk taking and incentivising innovation. The Council will look to promote social enterprises and mutuals.

**g. Make it happen - local accountability, capability and leadership**

The Council will need to set out its vision in terms on an outcomes framework including a set of outcome metrics that underpin the Corporate Plan. To make this happen the Council will need to continue to invest in developing capability both within its workforce and in external organisations who can add value to the process.

## **REALISING THE BENEFITS**

- 4.12. Recognising the cyclical nature of the Commissioning Cycle, the starting point should be to review current areas of responsibility. From this will flow an understanding of current services being provided and the usage or demand for those services. The danger is that it does not in itself challenge the need for that service. Only after this had been done should services be planned and delivered i.e. '*commissioned*'.



- 4.13. The following criteria should be used to assess the effectiveness of a commissioning approach to developing service areas:-
- (a) Is the service essential to meet Council priorities?
  - (b) Does the area to be reviewed have a significant budget, or are there financial pressures that put the area at risk?
  - (c) Are there external policy drivers or regulatory issues that require this area to be reviewed?
  - (d) Is there potential scope for the service to be delivered differently or by others?
  - (e) Does the area of activity involve more than one Department of the Council or its partners?
  - (f) Has the need for the service been identified?

4.14. The application of the framework to people with a learning disability will support the Director of Adult Social Services in addressing some of the concerns highlighted in 2010 by the Care Quality Commission. The review will robustly challenge and enable the local market to address service gaps, raise standards and meet the requirements of the personalisation agenda. It will also ensure a joined up and efficient use of resources across the Council and Health services. The commissioning implications identified by the Director of Adult Social Services include:-

- (a) Reviewing the needs of people to ensure they are being met in the most cost effective way
- (b) Developing options that provide more employment and better access to leisure and housing opportunities
- (c) Reviewing the need and type of services to be provided during the day
- (d) Ensuring the needs of people who are older or from BME communities are assessed and appropriately commissioned
- (e) Ensuring advocacy is available

4.15. These are fundamental issues within the DASS improvement plan and significant progress has already been made. The adoption of this strategy will serve to embed the improvements and support the ongoing investment in this area of activity. It will provide a good foundation to test the benefits the Commissioning Strategy should have.

## 5. **RELEVANT RISKS**

5.1 Without a corporate approach there is a risk that commissioning practice across Departments will diverge. The principles outlined in this report support a central approach to commissioning and funding activities provided by the voluntary, community and faith sectors.

- 5.2 Changes to funding arrangements will need to be managed sensitively and transparently in order to avoid damaging good working relationships that may already exist.
- 5.3 There is an inherent risk that funding arrangements will not deliver good value if not managed effectively. The principles outlined in this report include a risk-based approach to commissioning and contracting that is proportionate to the level of investment and reputational risk to the Council.
- 5.4 There is a reputational risk to the Council if the commissioning framework is not adopted fairly, clearly and promptly as it may create uncertainty within the voluntary, community and faith sector. The Council is committed to supporting the capacity of this sector to enable them to participate in the marketplace and is putting in place more robust and co-ordinated approaches to do this.

## **6 OTHER OPTIONS CONSIDERED**

- 6.1 None

## **7 CONSULTATION**

- 7.1 Consultation is ongoing with all Council Departments. Proposals will be developed for wider sector participation in the further development of the framework. These will reflect the need to work in partnership with the voluntary, community and faith sector to develop a clear understanding and consensus about the framework and, in doing so, will also recognise the work that has already been done with the sector and partners to explore local commissioning approaches.

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

- 8.1 The Commissioning Framework will have implications for voluntary, community and faith groups. The Council is committed to engage with the sector at all stages of developing the approach to ensure that these implications are explored and widely understood.

## **9. RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS**

- 9.1 The principles of commissioning outlined in this report do not require any immediate changes to the Contract Procedure Rules or Financial Regulations. However the transition to outcome based commissioning almost certainly will and these will be reported to Cabinet.
- 9.2 The corporate approach to commissioning may require virement between Departmental Budgets and the transfer of staff resources into a central unit which will be able to take a more strategic overview of Council commissioning activity.
- 9.3 The proposals will promote greater efficiency through a consistent process and ensure that resources are effectively allocated through commissioning to meet Council priorities.

## 10. LEGAL IMPLICATIONS

- 10.1 The Commissioning Framework requires commissioners to operate within the Contract Procedure Rules, Procurement Strategy and with any statutory requirements.

## 11 EQUALITIES IMPLICATIONS

- 11.1 In moving to a more robust commissioning approach there is a risk that small organisations working with equalities groups may not have the skills and capacity to respond to formal commissioning procedures. Commitment to supporting these groups will be highlighted in the Commissioning Framework and an Equalities Impact Assessment will be carried out as part of its development.

## 12 CARBON REDUCTION IMPLICATIONS

- 12.1 The environmental impact, and carbon reduction in particular, will be incorporated into the evaluation of funding criteria. This is also contained within the Procurement Strategy.

## 13. PLANNING AND COMMUNITY SAFETY IMPLICATIONS

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

FNCE/114/11

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## APPENDICES

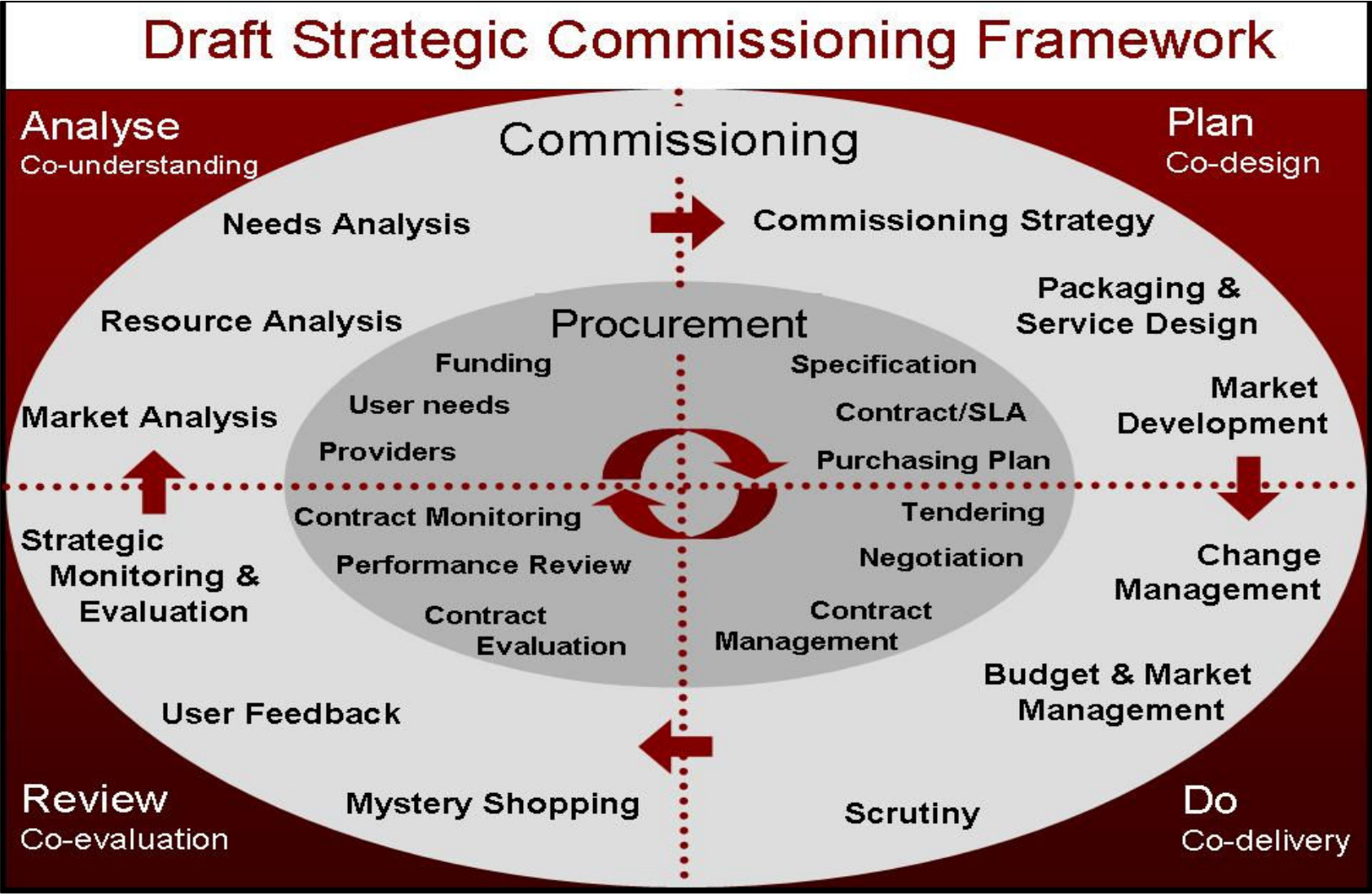
Appendix 1 - Strategic Commissioning Framework  
Appendix 2 - Benefits of a Commissioning Approach

## REFERENCE MATERIAL

Corporate Procurement Strategy – February 2010.  
Audit Commission Review – Commissioning and Procurement, December 2009.

## SUBJECT HISTORY (last 3 years)

Council Meeting	Dates
Cabinet	2 June 2011



## THE BENEFITS OF A COMMISSIONING APPROACH

### 1 Why commissioning?

- 1.1 The challenges which face local government and all public services are profound and include:
- The public's continually rising expectations of their services together with the need to achieve value for money in the context of increasing resource constraints
  - The challenge of addressing more complex problems (such as behaviour-related health problems) in an increasingly complex and challenging environment (for example where traditional family structures are becoming more diverse and fragmented)
  - Increasing wealth amongst some parts of the population accompanied by an increasing desire for choice, personalisation and quality; and
  - At the same time, a sustained need to make more progress against core social justice objectives such as achieving minimum standards for all and addressing inequalities in outcomes and experience
- 1.2. The current position of public finance adds urgency to an already challenging agenda driven by the scale of demographic, social, economic, and environmental change in prospect over the next decade. Current service models will neither be affordable nor sufficient to meet needs within current resources. This will require a strong partnership between statutory bodies and with the people and places they serve.
- 1.3. Commissioning therefore provides a framework for service improvement and transformation providing:
- a whole system approach to bring needs, priorities and resources together
  - a framework which reinforces service improvement tools such as business process improvement, procurement and grant funding
  - the potential of a common platform for the many service traditions within Local Government and its partners

### 2 What is effective commissioning?

- 2.1 Commissioning excellence lies in the effectiveness of the skills, knowledge and behaviours that underpin the framework. Therefore effective commissioning lies in:
- focusing on the understanding of specific outcomes and improvements that commissioning is intended to achieve by approaching the cycle from an imaginative and innovative rather than a compliance perspective

- each stage in the commissioning cycle operating as a whole process being informed by the previous stage and driving subsequent stages of the cycle
- a clear evidential route to planning which separates the outcomes to be achieved from the services to be provided such that service design is not driven by historic patterns of services and interventions
- the commissioning cycle driving the design and delivery of procurement, funding and other delivery related activities. In turn, the delivery experience must inform the on-going development of commissioning; and
- the process being equitable and transparent and open to influence from all stakeholders via an ongoing dialogue with service users, communities, partners, the workforce and providers

2.2. If commissioning is to be fit for purpose and play its role as a central driver in the achievement of positive outcomes for local communities, it needs to be more open, discerning and thus more intelligent both in terms of what drives commissioning decisions and the way in which commissioning is structured and executed:

- (a) **Commissioning driven by outcomes** - Commissioning and procurement processes should be driven by the identification and achievement of outcomes that local communities wish to see, with delivery mechanisms flowing from these rather than simply building upon historic service patterns. The language of outcomes should encourage commissioners, partners and providers to think differently, putting people's experiences and community results first.
- (b) **Commissioning decisions embracing both value for money and public value and the balance between the two** - Commissioning should strive for long term value by embracing both value for money and public value by addressing the most important things identified by local communities on the basis of a thorough understanding of local needs. In this way best value is achieved for citizens across the community in terms of the use of public resources as well as better outcomes for service users and communities.
- (c) **Public expenditure viewed as an investment in outcomes, with returns judged by results** - Commissioners must see themselves as "investors"; judging success by the tangible community benefits that interventions and services were designed to serve. This will mean that financial management should shift from being focused on gate-keeping money and resources to a more positive perspective of getting the best returns and results from the resources available. This will help improve expenditure decisions through targeting and provide the basis for increased investment in preventative measures rather than continuing to plough money into services dealing with the consequences of inappropriate previous decisions.

- (d) **Commissioning is driven effectively through different levels** - There is not a single "ideal" organisational location for commissioning: rather the task should be to decide the most appropriate level to drive a particular commission. To be truly effective, commissioning for a particular outcome may need to operate at a number of different levels. Strategic Commissioning will be a constant as it enables commissioning frameworks which link different operational services, objectives and organisational boundaries to secure key community outcomes structuring commissioning at different levels as it does so.
- (e) **The nature of commissioning at different levels will vary from service to service, area to area.** For a particular outcome, different services might be planned and delivered at different levels. For example, at a locality level for a particular outcome it could be around determining needs and priorities, and monitoring performance.
- (f) **Adapting the style of commissioning according to circumstances.** At all levels local authorities should seek to influence contributions across the local economy so that social, economic and environmental well being is maximised whatever the formal arrangements for the management of contributory current services might be. This means showing leadership through:
- (g) **Influencing** issues affecting communities which are not confined to specific organisational responsibilities and geographical boundaries of different services.
- (h) **Enabling** others within the community, for example local business and social enterprises and voluntary and community groups, to take an active role in promoting and investing in actions to secure community outcomes.
- (i) **Shaping** markets using influence and a longer-term perspective to encourage the independent provision of services that are able to meet local needs where the market, private and social enterprise may not immediately be able to do so unaided.
- (j) **Procuring** the best specialist services for the public through private, third sector or in-house specialist providers or a combination of them.
- (k) **Commissioners are effectively matching purpose with the right source of capability levered by the appropriate tools** - Intelligent commissioning recognises and embraces diversity in the way in which and through whom outcomes can be realised. Securing better outcomes requires a strategic and integrated approach incorporating the contribution of a number of different services and interventions.

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## WIRRAL COUNCIL

### COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

12 JULY 2011

<b>SUBJECT</b>	<b>TREASURY MANAGEMENT ANNUAL REPORT 2010/11</b>
<b>WARD/S AFFECTED</b>	<b>ALL</b>
<b>REPORT OF</b>	<b>DIRECTOR OF FINANCE</b>
<b>RESPONSIBLE PORTFOLIO HOLDER</b>	<b>COUNCILLOR STEVE FOULKES</b>
<b>KEY DECISION</b>	<b>NO</b>

#### **1.0 EXECUTIVE SUMMARY**

- 1.1 This report presents a review of Treasury Management activities in 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.

#### **2.0 RECOMMENDATIONS**

- 2.1 That the Treasury Management Annual Report for 2010/11 be noted.
- 2.2 That the transfer of additional investment income of £1 million and the saving of £2 million from capital financing activities in 2010/11 to the General Fund balance be noted.

#### **3.0 REASON FOR RECOMMENDATIONS**

- 3.1 Wirral has adopted the CIPFA Code of Practice on Treasury Management ("the Code"), which includes quarterly reports to Members of treasury activity. This report is the year end review for 2010/11.
- 3.2 Under Council financial regulations any surplus resources are returned to balances and so used to support the delivery of other Council services.
- 3.3. This report was agreed by the Cabinet on 23 June 2011.

#### **4.0 BACKGROUND AND KEY ISSUES**

- 4.1 Treasury management is defined as: "The management of the local authority 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 has adopted the CIPFA Code of Practice on Treasury Management. This requires public sector authorities to determine an annual Treasury Management Strategy and as a minimum, formally report on their treasury activities and arrangements in 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. They also enable those with responsibility/governance of the treasury management function to scrutinise and assess its effectiveness and compliance with policies and objectives.
- 4.3 Cabinet approves the Treasury Management Strategy at the start of each financial year. This identifies how it is proposed to finance capital expenditure, borrow and invest in the light of capital spending requirements, the interest rate forecasts and the expected economic conditions. During the year Cabinet receives a quarterly monitoring report on treasury management activities and at the end of each financial year this Annual Report. Scrutiny of treasury policy, strategy and activity is delegated to the Council Excellence Overview and Scrutiny Committee.

#### **ECONOMIC BACKGROUND**

- 4.4 At the time of determining the Treasury Management Strategy for 2010/11, interest rates were expected to remain low in response to the state of the UK economy. Spending cuts and tax increases seemed inevitable after the General Election, if the Government had a clear majority. The markets had, at the time, viewed a hung parliament as potentially disruptive, particularly if combined with a failure to articulate a credible plan to reduce Government borrowing. The outlook for growth was uncertain due to consumers and organisations reducing their spending and financial institutions exercising restraint in new lending.
- 4.5 The two headline indicators moved in opposite directions. The economy grew by 1.3% in 2010 and the forecast for 2011 was revised down to 1.7% by the Office of Budget Responsibility in March 2011. Higher commodity, energy and food prices and the increase in VAT to 20% saw the February 2011 annual inflation figure at 4.4%. The Bank Rate was held at 0.5% as the economy reflected uneven growth and the austerity measures in the Spending Review (SR) in October 2010 reduced public expenditure.
- 4.6 The US Federal Reserve kept rates on hold at 0.25% and the European Central Bank maintained rates at 1%, with the markets expecting a rate rise in early 2010. The credit crisis migrated from banks to European states. The ratings of Ireland and Portugal were downgraded to the 'triple-B' category whilst Greece was downgraded to sub-investment grade. Spain was also downgraded but remained in the 'double-A' category. The results from the EU Bank Stress Tests, co-ordinated by the Committee of European Banking Supervisors, highlighted that only 7 out of the 91 institutions failed the 'adverse scenario' tests. The main UK banks' (Barclays, HSBC, Lloyds and RBS) Tier 1 ratios all remained above 9% under both the 'benchmark scenario' and the 'adverse scenario' stress tests.

- 4.7 Gilts benefitted from the Spending Review plans as well as from their relative 'safe haven' status in the face of European sovereign weakness. Five year and ten year gilt yields fell to 1.44% and 2.83% respectively. However, yields rose in the final quarter across all gilt maturities amid concern that higher inflation would become embedded and greatly diminish the real rate of return for fixed income investors.
- 4.8 During the year money market rates increased marginally at the shorter end (overnight to three months) whilst six to twelve month rates increased between 0.25% to 0.30% over the year reflecting the expectation that the Bank Rate would be raised later in 2011.

#### INVESTMENT ACTIVITY

- 4.9 The Department for Communities and Local Government (DCLG) issued revised Investment Guidance which came into effect on 1 April 2010 and reiterated the need to focus on security and liquidity, rather than yield. It also recommended that strategies include details of assessing credit risk, reasons for borrowing in advance of need and the use of treasury advisers.
- 4.10 The opening and closing investment portfolio for 2010/11:-

<b>INVESTMENTS</b>	<b>Balance at 1 April 2010 £m</b>	<b>%</b>	<b>Balance at 31 March 2011 £m</b>	<b>%</b>
<u>Current Assets (Cash Equivalents)</u>				
Loans and Receivables - Specified	21	20	12	9
Available for sale financial assets - Specified	6	6	50	37
<u>Current Assets (Short Term Investments)</u>		-		
Loans and Receivables - Specified	68	63	60	44
Available for sale financial assets - Specified	-	-	2	1
<u>Long Term Investments</u>		-		
Loans and Receivables - Non Specified	3	3	4	3
Available for sale financial assets - Non Specified	8	8	8	6
<b>TOTAL INVESTMENTS</b>	<b>106</b>		<b>136</b>	

- 4.11 Security of capital remained the main investment objective. This was maintained by following the counterparty policy as set out in the Treasury Management Strategy Statement for 2010/11. Investments included:-
- Deposits with other Local Authorities.
  - Investments in AAA-rated Stable Net Asset Value Money Market Funds.
  - Call accounts and deposits with UK Banks and Building Societies.
  - Bonds issued by Multilateral Development Banks.
  - Pooled funds (collective investment schemes) meeting the criteria in SI 2004 No 534 and subsequent amendments.
- 4.12 Counterparty credit quality was assessed and monitored with reference to credit ratings (minimum long-term counterparty rating of A+ across all three rating agencies, Fitch, S&P and Moody's); credit default swaps; GDP of the country in which the institution operates; the country's net debt as a percentage of GDP; any potential support mechanisms and share price. Counterparty credit quality has progressively strengthened throughout the year.
- 4.13 In keeping with the DCLG Guidance on Investments, the Council maintained a sufficient level of liquidity through the use of Money Market Funds and the use of call accounts.
- 4.14 The Council sought to optimise returns commensurate with the objectives of security and liquidity. The UK Bank Rate was maintained at 0.5% through the year. Short term money market rates remained at very low levels which had a significant impact on investment income. Income earned on longer-dated investments made in 2009/10 provided some cushion against the low interest rate environment. New longer-term investments were made by purchasing bonds issued by multilateral development banks providing excellent security and an enhanced yield over the equivalent SONIA (Sterling Overnight Index Average) rate.
- 4.15 In respect of Icelandic investments the Council had £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.
- 4.16 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. To date, £1.1 million has been received with a further £0.7 million expected before Autumn 2012. However, it should be noted that the amount and timing of future payments are estimates and are not definitive. Favourable changes in market conditions could lead to higher than estimated repayments.

- 4.17 In summary the budgeted investment income for the year had been estimated at £0.7 million and the actual interest earned was £1.7 million with this additional £1 million principally due to:-
- Average investment balances during the year being higher than originally budgeted which was mainly due to slippage in capital expenditure;
  - Continuing proactive daily cash flow management by the Treasury Management Team.

### Summary

- 4.18 The average return on investments for 2010/11 was 1.26%. To place this in context, in 2010/11 the average Bank of England base rate was 0.5% and the average rate of return achieved by the Local Authorities advised by the Treasury Management consultants, Arlingclose, was 0.95%. It should also be noted that Wirral Council's credit risk rating is also lower than the average of these other Local Authorities.

### BORROWING ACTIVITY

- 4.19 The underlying need to borrow as measured by the Capital Financing Requirement (CFR) as at 31 March 2011 was estimated at £390 million. This compares with the total external debt of £339 million.

	Balance on 31-Mar-10 £m	Debt Maturing £m	New Borrowing £m	Balance on 31-Mar-11 £m
<b>CAPITAL FINANCING REQUIREMENT (CFR)</b>	<b>385</b>			<b>390</b>
PWLB borrowing	106	16	10	100
Market borrowing	174	0	0	174
<b>Total Borrowing</b>	<b>280</b>	<b>16</b>	<b>10</b>	<b>274</b>
Other Long Term Liabilities	68	3	0	65
<b>TOTAL EXTERNAL DEBT</b>	<b>348</b>	<b>19</b>	<b>10</b>	<b>339</b>

- 4.20 Following the Spending Review on 20 October 2010, on instruction from HM Treasury, the PWLB increased the margin for new borrowing to average 1% above the yield on the corresponding UK Government Gilt. Premature repayment rates did not benefit from the increase in the margin which potentially makes future rescheduling of PWLB loans more challenging.
- 4.21 The PWLB remained the preferred source of borrowing given the transparency and control that this continues to provide. In total £10 million of new loans were raised which included the replacement of maturing debt. Both new loans were taken out prior to HM Treasury increasing the borrowing rates. The interest rates payable on these loans represents excellent value for money as rates this low are unlikely to be seen in the near future.

<b>Loans Borrowed during 2010/11</b>	<b>Principal £m</b>	<b>Fixed/ Variable</b>	<b>Rate %</b>	<b>Final Maturity</b>	<b>Terms</b>
PWLB	5	Fixed	3.92	15 March 2060	Maturity
PWLB	5	Fixed	1.89	15 June 2020	E I P
<b>Total New Borrowing</b>	<b>10</b>				

4.22 Given the significant cuts to local government funding putting pressure on Council finances, the strategy followed was to minimise debt interest payments without compromising the longer-term stability of the portfolio. The differential between the cost of new longer-term borrowing and the return generated on the temporary investments was significant (between 2% - 3%). The use of internal resources in lieu of borrowing was judged to be the most cost effective means of funding capital expenditure. This lowered overall treasury risk by reducing both external debt and temporary investments. Whilst this position is expected to continue in 2011/12, it will not be sustainable over the medium term and there will be a need to borrow for capital purposes in the near future.

4.23 During the year the five loans which matured have been repaid and two loans as per the terms of the loans, have been partially repaid.

<b>Loans maturing in 2010/11</b>	<b>Principal £m</b>	<b>Fixed/ Variable</b>	<b>Rate %</b>	<b>Final Maturity</b>	<b>Terms</b>
PWLB	1.5	Fixed	4.5	15 June 2010	Maturity
PWLB	1.5	Fixed	4.7	25 Sept 2010	Maturity
PWLB	5	Fixed	4.6	7 Nov 2010	Maturity
PWLB	3	Fixed	4.6	7 Nov 2010	Maturity
PWLB	4	Fixed	10.4	15 Dec 2010	Maturity
PWLB	0.5	Fixed	3.0	19 Dec 2019	E I P
PWLB	0.5	Fixed	2.9	19 Dec 2019	E I P
<b>Total Maturing Borrowing</b>	<b>16</b>				

4.24 Debt rescheduling is used to reduce the overall exposure to the risk of interest rate movements, to lower the long-term interest charges paid on debt and to smooth the maturity profile without compromising the overall longer-term stability or to alter the volatility profile (i.e. exposure to variable rate debt). This has become more challenging due to the factors discussed in paragraph 4.20 therefore no debt rescheduling took place in 2010/11. The portfolio continues to be reviewed by the Treasury Management Team for debt rescheduling opportunities.

## **Minimum Revenue Provision (MRP)**

- 4.25 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.
- 4.26 There are four MRP options available namely Option 1: Regulatory Method; Option 2: CFR Method; Option 3: Asset Life Method and Option 4: Depreciation Method.
- 4.27 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).
- 4.28 The MRP policy for 2010/11 was approved by Cabinet on 22 February 2010 when it was agreed that Option 1 would be adopted for Supported Borrowing and Option 3 for Unsupported Borrowing. When Option 3, the asset life method, is applied to the funding of an asset with a life greater than 25 years a default asset life of 25 years is applied. 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. MRP in respect of PFI and leases brought on Balance Sheet under International Financial Reporting Standards (IFRS) is also calculated using Option 3 and will match the annual principal repayment for the associated deferred liability.

## **Summary**

- 4.29 In 2010/11 the decision to use internal resources in lieu of borrowing for capital purposes and the beneficial timing of the new borrowing has helped generate savings of £2 million in complying with the Regulations.
- 4.30 The average interest rate payable on borrowings in 2010/11 was 5.8% and the average life of the loans is 18 years.

## **COMPLIANCE WITH PRUDENTIAL INDICATORS**

- 4.31 In compliance with the requirements of the CIPFA Code of Practice this report provides Members with a summary report of the treasury management activity during 2010/11. The report also confirms compliance with the Prudential Indicators for 2010/11 that were set on 22 February 2010 as part of the Treasury Management Statement.

#### 4.32 Capital Financing Requirement

Estimates of the maximum external borrowing requirement for 2010/11 to 2012/13 are shown in the table below:

	31 Mar 11 Estimate £m	31 Mar 12 Estimate £m	31 Mar 13 Estimate £m
<b>Capital Financing Requirement</b>	390	395	395
Less:			
Existing Profile of Borrowing	274	259	243
Other Long Term Liabilities	65	62	60
<b>Cumulative Maximum External Borrowing Requirement</b>	51	74	92

#### 4.33 (a) Authorised Limit and Operational Boundary for External Debt

The Local Government Act 2003 requires the Council to set an Affordable Borrowing Limit, irrespective of the indebted status. This statutory limit should not be breached and was set at £484 million for 2010/11.

The Operational Boundary is based on the same estimates as the Authorised Limit but reflects the most likely prudent but not worst case scenario without the additional headroom included within the Authorised Limit. For 2010/11 this was set at £469 million.

During the year; borrowing at its peak was £355 million.

#### 4.34 (b) Upper Limits for Fixed and Variable Interest Rate Exposure

These allow the Council to manage the extent to which it is exposed to changes in interest rates. The upper limit for variable rate exposure allows for the use of variable rate debt to offset exposure to changes in short-term rates on the portfolio of investments.

Interest Rate Exposure	Fixed Rate of Interest	Variable Rate of Interest	Total
<b>Borrowings</b>	£274m	£0m	<b>£274m</b>
Proportion of Borrowings	100%	0%	<b>100%</b>
Upper Limit	100%	50%	
<b>Investments</b>	£11m	£125m	<b>£136m</b>
Proportion of Investments	8%	92%	<b>100%</b>
Upper Limit	100%	100%	
<b>Net Borrowing</b>	<b>£263m</b>	<b>£-125m</b>	<b>£138m</b>
Proportion of Total Net Borrowing	191%	-107%	<b>100%</b>



The table shows that borrowing is mainly at fixed rates of interest and investments are mainly at variable rates. This was considered a good position when interest rates were rising as the cost of existing borrowing remained stable whilst investments, at variable rates of interest, generated increasing income. As the position has changed to one of low interest rates, the Treasury Management Team continues to seek to adjust this but is restricted by a number of factors:

- the level of uncertainty in the markets make 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 loans have expensive penalties for early repayment or rescheduling which makes changing the debt position difficult.

#### 4.35 **(c) Maturity Structure of Fixed Rate Borrowing**

This indicator is to limit large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates.

<b>Maturity structure of Fixed Rate Borrowing</b>	<b>Upper Limit</b>	<b>Lower Limit</b>	<b>Actual Fixed Rate Borrowing as at 31 Mar 11</b>	<b>% of Fixed Rate Borrowing as at 31 Mar 11</b>
	<b>%</b>	<b>%</b>	<b>£m</b>	<b>%</b>
under 12 months	100	0	15	5
12 months and within 24 months	100	0	17	6
24 months and within 5 years	100	0	49	18
5 years and within 10 years	100	0	26	10
10 years and above	100	0	167	61
			<b>274</b>	<b>100</b>

#### 4.36 **(d) Total principal sums invested for periods longer than 364 days**

This indicator allows the Council to manage the risk inherent in investments longer than 364 days and for 2010/11 the limit was set at £30 million.

The response since the onset of the credit crunch in 2007 has been to keep investment maturities to a maximum of 12 months. No investments were made for a period greater than 364 days during this period.

#### 4.37 **Summary**

During 2010/11 none of the Prudential Indicators have been breached and a prudent approach has been taken in relation to investment activity with priority being given to security and liquidity over yield.

## **5.0 RELEVANT RISKS**

5.1 The Council is responsible for treasury decisions and activity and none of these decisions are without risk. The successful identification, monitoring and control of risk are important and the main risks 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 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 In the financial year 2010/11 the treasury management activities resulted in £1 million of additional receipts from investment income and a saving of £2 million from the capital financing activities. These sums can be returned to the General Fund balances.

## **10.0 LEGAL IMPLICATIONS**

10.1 The Council has adopted the CIPFA Code of Practice on Treasury Management. This requires the annual production of Prudential Indicators and a Treasury Management Strategy Statement and the reporting of treasury management activities at least twice per year.

## **11.0 EQUALITIES IMPLICATIONS**

11.1 There are none arising out of this report and 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/155/11

### 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

<b>Council Meeting</b>	<b>Date</b>
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 Annual Report 2010-11	23 June 2011

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## WIRRAL COUNCIL

### COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

12 JULY 2011

<b>SUBJECT:</b>	<b>EQUALITY IMPLICATIONS OF THE RECENT COUNCIL BUDGET</b>
<b>WARD/S AFFECTED:</b>	<b>ALL</b>
<b>REPORT OF:</b>	<b>INTERIM DIRECTOR OF CORPORATE SERVICES</b>
<b>KEY DECISION?</b>	<b>NO</b>

#### 1.0 EXECUTIVE SUMMARY

- 1.1 At the meeting of this committee on the 16 March 2011, a request was made by Members for a further report in relation to the equality implications of the recent Council budget.

#### 2.0 BACKGROUND AND KEY ISSUES

- 2.1 As part of the Equality Duty 2010, all public sector organisations must 'give due regard to the impact on equality of their funding and policy decisions'. Therefore it is a legal requirement for the Council to complete equality impact assessments.
- 2.2 The Directors of Corporate Services, Technical Services, Finance, Law / HR / Asset Management, Children and Young People, assessed their departments and as no cuts or significant changes to frontline services were required, there was no need to complete formal equality impact assessments.
- 2.3 With regard to changes to frontline services within the Adult Social Services Department, an equality impact assessment into the re-provision of care services was carried out in advance of a consultation exercise which recommended the changes that have been made. The impact assessment was completed on the whole proposal rather than on specific sites. A further equality impact assessment was carried out for Fernleigh and for the transformation of the HART Service across to the STAR service in 2010/11.
- 2.4 An equality impact analysis of the service changes and the leavers programme showed no negative impact on the make up of the workforce across the Council; the equality profiling data has not significantly altered in proportion to the rest of the workforce.

#### 3.0 RELEVANT RISKS

- 3.1 Not applicable.

#### **4.0 OTHER OPTIONS CONSIDERED**

4.1 Not applicable.

#### **5.0 CONSULTATION**

5.1 Not applicable.

#### **6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

6.1 Not applicable – no cuts or significant changes to contracts with the voluntary and community sector have been made.

#### **7.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS**

7.1 Not applicable.

#### **8.0 LEGAL IMPLICATIONS**

8.1 The Equality Duty 2010 states a public sector organisation must give due regard to the equality implications of its funding and policy decisions.

#### **9.0 EQUALITIES IMPLICATIONS**

9.1 Has the potential impact of your proposal(s) been reviewed with regard to equality?

No because this report does not present a proposal.

#### **10.0 CARBON REDUCTION IMPLICATIONS**

10.1 Not applicable.

#### **11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

11.1 Not applicable.

#### **12.0 RECOMMENDATION/S**

12.1 Members are requested to note the contents of this report.

**REPORT AUTHOR:** **Jacqui Cross**  
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#### **SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>
<b>Council Excellence Overview and Scrutiny Committee</b>	<b>16 March 2011</b>

## CABINET – 23 JUNE 2011

### 26. FINANCIAL OUT-TURN 2010/2011

A full review of the financial accounts for 2010/11 had now been completed and a report by the Director of Finance provided a comparison of the out-turn against the estimate for 2010/11 and an analysis of the major variations together with details of the amounts held in reserves and provisions at 31 March 2011.

Councillor S Foulkes informed that he had serious concerns over the lateness of this report which had meant that Members had very little time to consider and analyse its content but had agreed that it could be discussed at this meeting and decisions would be made so that the Council's 2010/11 accounts could be closed. Councillor Foulkes also told the Cabinet that it was a worrying report that set out a £5.3m overspend that had been lost in the system and had not known at the time the 2011/12 budget had been set but had now come to light. He was disappointed that predictable pressures were being reported long after the budgetary process had ended and he told the Cabinet that this was just not acceptable.

The Cabinet noted that the main headlines in respect of the General Fund were as follows:

- (a) for 2010/11 there was an overspend of £5.3 million that arose in the areas of Adult Social Services, Children's Services and Technical Services. This was largely offset by 'one-off' savings within the areas of Treasury Management and Housing Benefit. Net this was a £0.3 million overspend;
- (b) the level of balances at 31 March 2011 increased by £1 million. The release of a further £5.7 million from reserves being used to meet the requirement to include £4.4 million of Early Voluntary Retirement/Voluntary Severance Scheme to be spent in 2011/12 in the 2010/11 accounts and to meet the net overspend; and
- (c) the Council's provisions and reserves at 31 March 2011 were £15 million higher than a year earlier. This was due to the requirement to provide for the £8.7 million of Early Voluntary Retirement/Voluntary Severance payments due in 2011/12, the Community Fund grant of £4.4 million required for future years and a £3 million increase in schools balances.

#### **RESOLVED: That**

- (1) the revenue out-turn for 2010/11 be agreed;**
- (2) the provisions and reserves be agreed;**
- (3) Cabinet expresses its dismay at the Council's reported £5.3m overspend in Adult Social Services, Children's Services and Technical Services;**

- (4) in view of the looming reduction in Council resources, the Cabinet believes that substantial corrective action should have been taken at an earlier stage in order to avoid placing more pressure on the following year's budget, and that the pressures creating the overspends were well known within the year;**
- (5) Cabinet notes that these overspends have been covered by one off savings from Treasury Management and Housing Benefit;**
- (6) Cabinet points out that as resources get scarcer, these one off sums cannot be relied on to bail out overspending areas, and that, where they are available, they should be used to reduce the pressures on the following year's budget; and**
- (7) Cabinet also expresses its concern that these figures may hide ongoing commitments which could lead to built in overspends in future years if they are not tackled, and asks Chief Officers to address these matters urgently.**



# WIRRAL COUNCIL

## CABINET

23 JUNE 2011

<b>SUBJECT</b>	<b>FINANCIAL OUT-TURN 2010/11</b>
<b>WARD/S AFFECTED</b>	<b>ALL</b>
<b>REPORT OF</b>	<b>DIRECTOR OF FINANCE</b>
<b>RESPONSIBLE PORTFOLIO HOLDER</b>	<b>COUNCILLOR STEVE FOULKES</b>
<b>KEY DECISION</b>	<b>YES</b>

### 1.0 EXECUTIVE SUMMARY

1.1 A full review of the financial accounts for 2010/11 has now been completed. This report provides a comparison of the out-turn against the estimate for 2010/11 and an analysis of the major variations together with details of the amounts held in reserves and provisions at 31 March 2011.

1.2 In respect of the General Fund the main headlines are:-

- a) For 2010/11 there was an overspend of £5.3 million, which arose in the areas of Adult Social Services, Children's Services and Technical Services. This was largely offset by 'one-off' savings within the areas of Treasury Management and Housing Benefit. Net this was a £0.3 million overspend.
- b) The level of balances at 31 March 2011 increased by £1 million. The release of a further £5.7 million from reserves being used to meet the requirement to include £4.4 million of Early Voluntary Retirement / Voluntary Severance Scheme to be spent in 2011/12 in the 2010/11 accounts and to meet the net overspend.
- c) The Councils provisions and reserves at 31 March 2011 were £15 million higher than a year earlier. This being due to the requirement to provide for the £8.7 million of Early Voluntary Retirement / Voluntary Severance payments due in 2011.12, the Community Fund grant of £4.4 million required for future years and a £3 million increase in schools balances.

### 2.0 RECOMMENDATIONS

- 2.1 That the revenue out-turn for 2010/11 be agreed.
- 2.2 That the provisions and reserves be agreed.

### 3.0 REASONS FOR RECOMMENDATIONS

3.1 Local authorities have to produce an annual Statement of Accounts which demonstrates the financial performance of the Council for the year and the financial position at the end of that period. The Accounts must comply with the Code of Practice on Local Authority Accounting and Reporting Standards and the full Statement is approved by Audit & Risk Management Committee on behalf of the Council. This report informs Cabinet of the key elements.

### 4.0 BACKGROUND AND KEY ISSUES

#### General Fund Revenue Accounts 2010/11

4.1 The table compares estimated expenditure with the actual position for 2010/11. The final out-turn includes contributions to and from reserves and other accounting adjustments which are required in order to comply with the prescribed guidance, the Code of Practice on Local Authority Accounting and Reporting Standards.

4.2 An element of the variations results from the required adjustments and includes those due to the treatment of capital that are offset by a corresponding entry within the Treasury Management accounts. Similarly with any re-allocations of central support service and administrative buildings charges there is no overall impact upon the total Council expenditure. The variations detailed in section 4.4 exclude these adjustments and reflect the departmental issues as reported to Cabinet throughout the year.

	<b>Current Estimate £000</b>	<b>Final Out-turn £000</b>	<b>Variation £000</b>
Adult Social Services	83,104	94,483	11,379
Children & Young People	79,113	82,319	3,206
Schools	308	308	0
Corporate Services	29,488	30,773	1,285
Finance	28,465	16,419	(12,046)
Law, HR and Asset Management	17,966	18,624	658
Technical Services	62,355	66,811	4,456
Merseytravel	27,344	27,344	0
Local Pay Review	956	718	(238)
EVR / VS Scheme	4,048	In above	(4,048)
Contribution from balances	-6,519	-11,171	(4,652)
<b>TOTAL EXPENDITURE</b>	<b>326,628</b>	<b>326,628</b>	<b>0</b>
<b>INCOME</b>			
Revenue Support Grant	20,016	20,016	0
Area Based Grant	37,570	37,662	92
National Non Domestic Rate	137,844	137,844	0
Council Tax Income	131,198	131,198	0
<b>TOTAL INCOME</b>	<b>326,628</b>	<b>326,720</b>	<b>92</b>

	<b>Current Estimate £000</b>	<b>Final Out-turn £000</b>	<b>Variation £000</b>
<b>STATEMENT OF BALANCES</b>			
Balance as at 1 April 2010	13,758	13,758	0
Contribution to General Fund Budget	(6,519)	(11,171)	(4,652)
Contribution from Other Reserves	6,832	12,479	5,647
Balance as at 31 March 2011	<u>14,071</u>	<u>15,066</u>	<u>995</u>

#### 4.3 Contribution from other Reserves

4.3.1 At the time of setting the Budget 2011/12 the expected contributions were £6.8 million. They now include the a further £0.9 million from the Insurance Fund following the completion of the Fund accounts and £4.7 million for the release of the no longer required Connexions Pension Reserve..

	<b>£000</b>
Connexions Pension Reserve	4,700
Insurance Fund	4,347
Housing Benefit	2,200
Other	<u>1,232</u>
Total Contributions from Other Reserves	12,479

#### 4.4 Analysis of Main Variations

4.4.1 After excluding the required accounting adjustments outlined earlier the departmental variations were;-

<b>Department</b>	<b>Overspend £000</b>	<b>Underspend £000</b>
Adult Social Services	3,300	-
Children & Young People	1,421	-
Corporate Services	-	162
Finance	-	4,495
Law, HR & Asset Management	-	342
Technical Services	531	-
<b>Overall Underspend</b>	<b>5,252</b>	<b>4,999</b>

The overspends reported within the departments during 2010/11 have largely been offset by the 'one-off' savings within Treasury Management and Housing Benefit.

4.4.2 The main departmental variations were :-

	<b>Overspend £000</b>	<b>Underspend £000</b>
<b>Adult Social Services</b>		
Community Care	1,520	-
Transport	1,310	-
Provider Services	500	-

<b>Children &amp; Young People</b>		
Independent Residential Care	2,250	-
Foster care, adoptions and lodgings	1,430	-
Staffing and re-allocation of grants	-	2,140
<b>Corporate Services</b>		
No significant variations	-	-
<b>Finance</b>		
Bad Debts Provision	1,537	-
Housing Benefit Grant and Payments	-	2,756
Treasury Mgt - Capital Financing	-	2,022
Treasury Mgt - Investment Income	-	1,005
<b>Law, HR &amp; Asset Management</b>		
Costs of democracy including Audit Fees	-	349
<b>Technical Services</b>		
Car Parking including income shortfall	375	-
Planning and Development Control	409	-
Austerity / Administration measures	-	254

#### 4.5 Adult Social Services

- 4.5.1 The department throughout the year reported pressures within the budgets for Community Care, transport and provider services. Whilst this was reported as reducing to around £3.5 million the final position was £3.3 million after taking into account specific cost reduction measures.
- 4.5.2 A contributing factor to this overspend has been the increasing number of older people with critical and substantial needs entering the service, a pressure of £1.5 million. Within the provider services inflationary pressures and a shortfall in income contributed towards the overspend. Transport overspent through difficulties within Special Education Needs, Looked After Children and Adult and an underachievement of savings of £0.6 million. A report elsewhere on this agenda updates Cabinet on the transport service.
- 4.5.3 A number of efficiencies were implemented during the year that have been reflected in the outturn position.

#### 4.6 Children & Young People

- 4.6.1 Whilst significant financial pressures were reported through out the year within residential care and foster care placements the department was projecting these to total around £1.8 million. The final figure for the year being £1.4 million.
- 4.6.2 The provision of care services for children is a volatile area of the budget. However, independent residential placements increased beyond that anticipated with the number of placements for the year exceeding the target and budget for 2010/11. The budgets for fostering, adoption and lodgings have come under similar pressure.

4.6.3 As with previous years the department increased the savings required from staffing and vacancy control and wherever possible grant funding was re-aligned in order to meet the Council priorities and help reduce the overspend

#### **4.7 Corporate Services**

4.7.1 During the year financial monitoring reports highlighted no variations.

#### **4.8 Finance**

4.8.1 Within Treasury Management the close and active management of the cash flow together with higher than projected balances during the year enabled internal resources to be used in lieu of borrowing for capital purposes. This with the beneficial timing of new borrowing saved £2 million on capital financing costs. This same active management helped to achieve a surplus of £1 million on investment income. The Treasury Management Annual Report is on this agenda.

4.8.2 Improvements in respect of the administration and payment of Housing and Council Tax benefit to eligible recipients have continued to realise savings. This has in part been achieved through the use of a number of service access points, working with partners and improved processing technology. This approach continues to offer the potential for further savings in future years.

4.8.3 As in the preceding two years the difficult financial climate is having an impact upon the ability of individuals to meet their financial obligations. In recognition of this the sums outstanding and due to the Council are at increased risk of not being met and this has required an increase in the provision for bad debts.

#### **4.9 Law, HR and Asset Management**

4.9.1 During the year the pressures arose from a shortfall of income from managed properties but savings on the costs of democracy and particularly audit fees more than compensated for pressures in other areas.

#### **4.10 Technical Services**

4.10.1 Monitoring reports throughout the year identified difficulties meeting the income targets in respect of car parking operations and planning and development fees through the effects of the recession. The department found savings of £0.3 million from austerity / administration measures to partially offset the shortfalls in income.

4.10.2 Due to adverse weather conditions Cabinet on 17 March 2011 agreed to an additional £0.4 million allocation for winter maintenance of which £0.3 million was actually used.

#### **4.11 Local Pay Review**

4.11.1 The liability to the Council to meet the on-going costs of the implementation of the harmonisation and local pay review is being back-dated to 1 April 2007. The exercise is now expected to conclude during the 2011/12 financial year. In accordance with Accounting Standards, money has been set-aside in the 2010/11 accounts to meet potential costs.

#### **4.12 Early Voluntary Retirement/Voluntary Severance Scheme**

4.12.1 In Autumn 2010 the Early Voluntary Retirement / Voluntary Severance Scheme commenced which will result in over 1,100 individuals leaving the Council by July 2011. The total cost of the severance payments is £21.6 million. With this process having been largely completed, and the dates for the individuals agreed, the Council are required to identify funding for this in the 2010/11 accounts.

4.12.2 The severance costs incurred in 2010/11 of £12.9 million are being funded from a combination of General Fund balances, the Efficiency Investment Fund, Capital (through a directive for the statutory redundancy element) and savings on posts where staff left before 31 March 2011.

4.12.3 The severance costs to be incurred in 2011/12 of £8.7 million are required to be included in the 2010/11 accounts and a provision has been established to cover these payments. This has required the funding from balances set aside in 2011/12 to be brought forward to 2010/11. A bid has been submitted to the Government to seek to capitalise the statutory redundancy element. If this is successful then the amount of the directive would effectively release a comparable sum to balances.

#### **4.13 Statement of Balances**

4.13.1 At 1 April 2010 the balances were £13.7 million. When Council agreed the budget for 2011/12 the projections were for £14.1 million at 31 March 2011 and the preceding sections detail how the final figure of £15.1 million has arisen. An updated Budget Projections for 2012/15 report will be presented to Cabinet on 21 July 2011.

#### **4.14 Collection Fund**

4.14.1 The income to the Fund was £212 million with expenditure of £211.1 million:-

	<b>£000</b>
Wirral Precept	131,197
Police Precept	15,309
Fire and civil Defence Precept	6,781
Business Rates	56,976
Adjustment to provision	866
	<b><u>211,129</u></b>

4.14.2 The surplus for the year of £0.9 million results in a Collection Fund surplus of £1 million at 31 March 2011. In accordance with revised accounting practice the Wirral share of the surplus is included within the Comprehensive Income and Expenditure Statement of the Authority.

#### **4.15 Provisions and Reserves**

4.15.1. At 31 March 2011 the following provisions for bad debts were made within the General Fund:-

	<b>£000</b>
Sundry Debtors	6,488
Community Charge Summons Costs	592
Housing Benefit	<u>6,108</u>
Total	<b><u>13,188</u></b>

4.15.2 At 31 March 2011 the following provision was made for bad debts within the Collection Fund:-

	<b>£000</b>
Council Tax	7,820

4.15.3 In accordance with revised accounting practice, the Authority shows within its own accounts the element of Council bad debt and provision relating to its share of the total debt. Business Rates are now accounted for on an agency basis. There is therefore no provision for this in the Council accounts.

4.15.4 In addition to providing for bad debts the Council maintains provisions and reserves which are amounts set-aside to meet identified possible future liabilities. These are analysed in the Appendix.

#### **4.16 Insurance Fund**

4.16.1 The Insurance Fund contributed a total of £4.3 million to the General Fund balance during the year. The combined balance of the Insurance Fund and Reserve has decreased by £2.8 million to £15.3 million at 31 March 2011. The Insurance Fund Annual Report is on the agenda for this meeting.

#### **4.17 School Balances**

4.17.1 Under the Education Reform Act 1988 all primary, secondary, special and nursery schools now manage delegated budgets. At 31 March 2011 the balances held totalled £11.7 million which can only be used for schools' purposes and are not, therefore, available to support general Council expenditure.

### **5.0 RELEVANT RISKS**

5.1 There are none associated with this report which provides a summary of the Council's financial affairs for 2010/11 and the balances at 31 March 2011. The financial position is monitored throughout the year and is within the Financial and Performance Review reports presented to Cabinet each quarter.

## **6.0 OTHER OPTIONS CONSIDERED**

6.1 No other options were considered. There is a legal requirement to publish the Council financial accounts at the end of each financial year.

## **7.0 CONSULTATION**

7.1 This is an end of year report. Consultation takes places as part of the planning and implementation of the specific schemes within the Council Budget.

## **8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

8.1 There are none arising directly from this report. These would be considered as part of the planning and implementation of the specific schemes.

## **9.0 RESOURCE IMPLICATIONS**

9.1 The financial implications are within the Executive Summary and are detailed throughout this report.

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

## **10.0 LEGAL IMPLICATIONS**

10.1 There is a legal requirement to publish the Statement of Accounts each year. This report provides an extract related to the revenue accounts and related balances, including sums held in reserves and provisions.

## **11.0 EQUALITIES IMPLICATIONS**

11.1 There are no direct implications as this report covers the overall financial affairs for the financial year.

## **12.0 CARBON REDUCTION IMPLICATIONS**

12.1 There are no direct implications arising from this report. These will be included within reports to Cabinet on individual schemes and included within the annual Carbon Budget report.

## **13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

13.1 There are no direct planning implications arising from this report.

FNCE/157/11

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## REFERENCE MATERIAL

Code of Practice on Local Authority Accounting in the UK – SORP 2010.  
Capital Finance and Accounting Regulations 2009.  
Accounts and Audit Regulations 2003.

## SUBJECT HISTORY

<b>Council Meeting</b>	<b>Date</b>
Cabinet - Estimates 2010/11	22 February 2010
Cabinet - Revenue Out-turn 2009/10	24 June 2010
Cabinet - Budget 2011/12	21 February 2011

## APPENDIX

### GENERAL FUND PROVISIONS AS AT 31 MARCH 2011

	<b>£000</b>
Early Voluntary Retirement/Voluntary Severance	8,748
Working Neighbourhoods Fund	4,582
Housing Benefit	2,953
Community Fund Community Asset Transfer	690
Planned Preventative Maintenance Provision	254
Energy Conservation	230
Empty Property	189
Match Funding	167
Highway Works	150
Strategic Change Programme	150
Local Area Agreement Network Support	134
Local Development Framework	127
Merseyside Information Service	119
Other	519
	<u>19,012</u>

#### **Early Voluntary Retirement/Voluntary Severance**

This is to cover the cost of severance payments being made to those individuals who are leaving the Council during April to July 2011.

#### **Working Neighbourhoods Fund**

There a number of contractual commitments to schemes that the Working Neighbourhoods Fund supports. The provision contains the sums identified for the delivery of schemes to reduce worklessness, increase apprenticeships and award grants.

#### **Housing Benefit**

The Council is able to claim subsidy for a substantial proportion of Housing and Council Tax Benefit payments made to eligible claimants. This involves the submission of annual claims to the Department for Work and Pensions (DWP) that are subject to audit by the Audit Commission.

There are a number of outstanding claims issues requiring final settlement with the DWP. Changes in the interpretation of legislation and subsidy arrangements may require adjustments to be made to prior years. The Council reserves the right to challenge the reasonableness of any calculations in respect of claw-back.

#### **Community Fund Community Asset Transfer**

The Community Fund grant has been allocated by Wirral Partnership Homes. The transfers of Moreton Community Centre, Heswall Hall and Victoria Hall are all committed to take place and this is for those costs that the Council is now due to pay.

#### **Planned Preventative Maintenance Provision**

Provision for works at play areas, golf courses, footpaths and sports centres.

**Energy Conservation**

The acquisition of an automated metering system was committed in 2010/11 and this covers the funding of this purchase.

**Empty Property**

This is for the Council contribution to HOUSED improvements in Craven Street.

**Match Funding**

This is required to match a series of commitments including artistic and cultural developments, golf events and the Hoylake and West Kirby improvement plan.

**Highways Works**

This is a contingency for the writing-off of irrecoverable debts that include rechargeable works, road reinstatements and outstanding debtors to the Operational Services Division.

**Strategic Change Programme**

The IT supporting the delivery of the programme is presently being reviewed and this relates to the computer system to help deliver the Strategic Change Programme.

**Local Area Agreement (LAA) Network Support**

This relates to sums set aside to fund the development of the Local Area Agreement. It will be used to support both Council and voluntary network activities.

**Local Development Framework**

This is the sum remaining for the implementation of a number of studies approved by Cabinet on 15 March 2007 and have been programmed over forthcoming years.

**Merseyside Information Service**

To cover the provisional costs arising from the winding up of this organisation. This will be used when the accounts for the services have been finalised.

## GENERAL FUND RESERVES AS AT 31 MARCH 2011

	<b>£000</b>
Housing Benefit	12,155
School Balances	11,733
Working Neighbourhoods Fund	10,302
Debt Restructuring and Financing	7,941
Schools Harmonisation	5,881
Minimum Revenue Provision	4,400
Community Fund Community Asset Transfer	3,721
Local Pay Review	2,758
IT/Intranet	2,383
One Stop Shop / Libraries IT Network	1,784
Supporting People Programme	1,551
Schools Capital Schemes	1,368
Group Repair	992
Strategic Asset Review	808
Home Adaptations	566
Cosy Homes Insulation	531
Merseyside Information Service Termination Costs	500
Planned Preventative Maintenance Libraries	486
Match Funding	477
Heritage Fund	420
Schools Automatic Meter Readers	415
Regeneration Schemes Fund	388
Schools Contingency	370
West Wirral Schemes	332
Local Area Agreement Reward	331
Property Maintenance Disabled Access	311
Energy Investment – Street Lighting	310
Primary Care Trust – Physical Activities	300
Sports Centre contingency	300
Schools Service IT	294
Schools Summer Term	280
Homelessness Prevention	276
Seaside Town Strategy	200
Other	<u>5,857</u>
Total Reserves	<u>80,721</u>

### **Housing Benefit**

There is an ongoing issue relating to the previous Housing Benefit Supporting People arrangements, the potential claw-back of subsidy against recent years and sums set-aside for the further development of the integrating the supporting IT systems.

### **Schools Balances**

These reserves are earmarked for use purely by the schools. The balance consists of: -

	<b>£000</b>
Schools underspending	12,496
Schools overspending	<u>(763)</u>
Net Schools balances	<u>11,733</u>

### **Debt Restructuring and Financing**

To cover the premiums associated with the early repayment of debt, future interest rate increases and costs associated with the termination of leases.

### **Working Neighbourhoods Fund**

Working Wirral resources are used to commission activity to deliver the Investment Strategy priorities of tackling worklessness, improving skills levels and increasing enterprise, business growth and investment. The reserve represents the sums identified for the delivery of the programme which covers a number of years.

### **Schools Harmonisation**

To fund the potential costs associated with implementing Phase 2 of the local pay review which relates to those employees within schools.

### **Minimum Revenue Provision (MRP)**

The Capital Finance and Accounting Regulations 2008 introduced new methods for calculating the MRP. The reserve has been established to offset any resultant increase in costs.

### **Community Fund Community Asset Transfer**

The Community Fund grant has been allocated by Wirral Partnership Homes and this is the balance of the grant to implement the Community Fund Asset Transfer. The funding is to be used by 31 March 2012.

### **Local Pay Review**

The amount identified, and set-aside, to fund the costs of implementing proposals to harmonise and simplify working arrangements as well as meeting the requirements arising from the implementation of equal pay legislation.

### **IT/Intranet**

For the expansion and development of ICT services in the implementation of the programme agreed as part of the IT Strategy.

### **Supporting People Programme**

Permission has been granted from the Department for Communities and Local Government to retain any administration and specific programme grant for use in future years. This reserve is to be spent on a number of initiatives to support people in need to live in their own homes.

### **One Stop Shop / Libraries IT Network**

To develop the Information Technology systems within the One Stop Shops and libraries as part of the provision of a more integrated service.

### **Schools Capital Schemes**

The reserve was set aside for the delivery and completion of capital schemes within schools.

### **Group Repair**

This sum relates primarily to funding towards the 'Triangles Property Renovation Scheme'. Residents and landlords also contribute to the cost of the works, with the balance being utilised to support future renovation schemes.

**Strategic Asset Review**

Reserve established to support the implementation of the review and includes funding for Guinea Gap and capacity building activities.

**Home Adaptations**

To facilitate a programme of minor adaptations to improve standards of living.

**Cosy Homes Insulation**

To facilitate a programme of insulation in homes through out Wirral.

**Merseyside Information Service**

This has been created to cover any further potential costs from the winding up of this organisation. It will be used when the accounts for the services have been finalised.

**Planned Preventative Maintenance Libraries**

Fund held to complete a programme of planned preventative maintenance at a number of the areas libraries.

**Matching Fund**

The aim is to provide funds for any special initiatives that may arise involving grants, which will need to be matched by the Authority.

**Heritage Fund**

To provide funding for individuals, associations and communities to enhance the recording, preservation and protection of the urban, maritime and rural heritage of Wirral.

**Schools Automatic Meter Readers**

Reserve established to cover the running costs of installation and maintenance of automatic meter readers in Wirral schools. This initiative to introduce meters over a three year period to assist schools in the implementation of the Carbon Reduction Commitment.

**Regeneration Schemes Fund**

For the costs associated with any externally funded and grant supported schemes within regeneration that in the future, when completed, require additional funding.

**Schools Contingency**

Created to cover formula errors that would have been unknown at the time schools budgets were set. Such adjustments may result in an additional budget being allocated from this reserve.

**West Wirral Schemes**

To support regeneration schemes in West Kirby and Hoylake. The reserve is to be used as match funding for any capital schemes developed in the future.

**Local Area Agreement Reward**

To fund agreed allocations of performance grant held by Wirral Council acting as the LAA accountable body. These will be paid to LAA partners in accordance with grant conditions.

**Property Maintenance Disabled Access**

To fund to a number of changes to Council buildings to improve access.

**Energy Investment – Street Lighting**

This sum relates to policy option to pilot the implementation of an energy efficient Street Lighting Programme due to be implemented.

**Primary Care Trust – Physical Activities**

Funding from the primary care trust for health related schemes. These will take place in Council sports centres and be organised by Sport Development.

**Sports Centre Contingency**

To assist in developing the programme for youth participation in sporting activities.

**Schools Service IT**

The service is fully funded from schools contributions and this reserve supports the service in the event of changing demands for IT services from schools.

**Schools Summer Term**

To cover the cost of advisory teachers in the summer term in the event of schools not deciding to purchase services.

**Homelessness Prevention**

The fund is used to offer loans to prevent repossessions and evictions.

**Seaside Town Development**

The Area Forums have developed a programme of work that will occur in 2011/12 based on utilising a Government Grant, and will be funded from the reserve.

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## WIRRAL COUNCIL

### COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

12<sup>TH</sup> JULY 2012

<b>SUBJECT:</b>	<b>OFFICE RATIONALISATION</b>
<b>WARD/S AFFECTED:</b>	<b>ALL WARDS</b>
<b>REPORT OF:</b>	<b>DIRECTOR OF LAW, HR AND ASSET MANAGEMENT</b>
<b>RESPONSIBLE PORTFOLIO HOLDER:</b>	<b>COUNCILLOR ADRIAN JONES CORPORATE RESOURCES</b>
<b>KEY DECISION?</b>	<b>NO</b>

#### **1.0 EXECUTIVE SUMMARY**

1.1 The purpose of this report is to inform Members of the Phase II proposals of the Office Rationalisation Project.

#### **2.0 RECOMMENDATIONS**

2.1 That Members note the contents of this report.

#### **3.0 REASONS FOR RECOMMENDATIONS**

3.1 This update is provided at the request of the Committee

#### **4.0 BACKGROUND AND KEY ISSUES**

##### **4.1 Recent Activity**

4.1.1 Westminster House has been vacated and being prepared for Sale

4.1.2 The Old Courthouse. Discussions are ongoing to relocate into a suitable building that meets the needs of the Service.

4.1.3 Willowtree. Work is ongoing to prepare the Former Pensby Park Primary School into office accommodation which will allow staff currently based at Willowtree to vacate.

4.1.4 The baseline information of building occupancy is being updated to reflect the position following the VR/VS exercise.

##### **4.2 Phase Two**

4.2.1 The following buildings have been identified as options for closure once Staff and Services have been relocated into suitable alternative accommodation.

- Liscard Municipal Offices
- Bebington Town Hall
- Bebington Town Hall Annexe

4.2.2 Options will be presented that seek to define what Services should be present within the Wallasey Complex. The main Town Hall will benefit from a Fire Safety Capital Improvement Scheme and a Business Case will be presented on the Options for North Annexe.

## **5.0 RELEVANT RISKS**

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

## **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 an on-going process with Services affected by these proposals.

## **8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

8.1 There are no implications in this report for voluntary, community or faith groups.

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

9.1 Financial – The rationalisation programme will proceed in line with available capital and revenue resources.

9.2 IT Implications. Weekly meeting coordinate the deployment of IT Resources.

9.3 Staffing – none beyond those referred to in the body of this report

9.4 Asset Management implications are dealt with in the body of the report.

## **10.0 LEGAL IMPLICATIONS**

10.1 There are no specific legal implications associated with this report.

## **11.0 EQUALITIES IMPLICATIONS**

11.1 An Equality Impact Assessment will be completed for each building identified for closure

## **12.0 CARBON REDUCTION IMPLICATIONS**

12.1 Closure of buildings will reduce the Council's CO2 emissions.

## 13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

13.1 There are no specific Planning and Community Safety implications associated with this report.

**REPORT AUTHOR:** Ian Brand  
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## APPENDICES

None

## REFERENCE MATERIAL

## SUBJECT HISTORY (last 3 years)

<b>Council Meeting</b>	<b>Date</b>
Cabinet – Transforming Wirral – Strategic Asset Review	<b>15<sup>th</sup> January 2009</b>
Council Excellence Overview & Scrutiny Committee Office Rationalisation	<b>18<sup>th</sup> November 2010</b>
Cabinet – Office Rationalisation	<b>25<sup>th</sup> November 2010</b>
Cabinet – Capital Programme	<b>21<sup>st</sup> February 2011</b>
Council Excellence Overview & Scrutiny Committee Office Rationalisation and Agile Working	<b>31<sup>st</sup> January 2011</b>
Council Excellence Overview & Scrutiny Committee Office Rationalisation	<b>16<sup>th</sup> March 2011</b>

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## WIRRAL COUNCIL

### COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

12<sup>TH</sup> JULY 2011

<b>SUBJECT:</b>	Corporate Plan – Performance Reporting
<b>WARD/S AFFECTED:</b>	All
<b>REPORT OF:</b>	Chief Executive
<b>RESPONSIBLE PORTFOLIO HOLDER:</b>	Councillor Adrian Jones
<b>KEY DECISION:</b>	No

#### 1.0 EXECUTIVE SUMMARY

- 1.1 On 14th April 2011 Cabinet approved a report setting out the arrangements for governance, delivery and monitoring of the Corporate Plan, and an outline of proposed structure for the quarterly reports.
- 1.2 This report sets out in more detail of the strengthened approach to delivering the Corporate Plan with a proposed robust structure to manage its performance and delivery. This approach will ensure that the new Corporate Plan is the key driver for departmental activity and managing performance.

#### 2.0 RECOMMENDATION/S

- 2.1 The Committee is requested to note the detail of the proposed approach for reporting and managing performance against the 2011-14 Corporate Plan targets, including:
- Reporting structure;
  - Planned arrangements to ensure progress against the Corporate Plan is subject to continuous review by officers to ensure effective reporting to Cabinet and Overview and Scrutiny Committees;
  - Supporting performance systems.

#### 3.0 REASON/S FOR RECOMMENDATION/S

- 3.1 Cabinet approved the arrangements for governance, delivery and monitoring of the Corporate Plan on 14<sup>th</sup> April 2011. This report sets out further detail of the planned approach, with a particular focus on how the Corporate Plan will be reported to Cabinet and Overview and Scrutiny Committees to ensure that information is robustly used to manage performance and support decision making.

#### 4.0 BACKGROUND AND KEY ISSUES

##### 4.1 Reporting Structure

- 4.1.1 It is proposed that a report and presentation on progress against the Corporate Plan will continue to be prepared and presented to Cabinet on a quarterly basis. This report and presentation will also be considered by Council Excellence Overview & Scrutiny Committee.



Status	Indicators	Projects
Over Performing	Exceeded target by more than 10%*	n/a
Green	Within +10/-5% of the target*	All milestones that should have been met at this point have been met
Amber	Missed target by between 5% and 10%*	Some non-critical milestones have been missed or there is a danger of non-critical slippage
Red	Missed target by more than 10%*	Critical milestones have been missed or there is serious slippage

- **Charts showing trend and forecast information**
- **Corrective action being taken to address under performance, issues, risks** (i.e. *what is the reason for the performance issue? what action will be taken in response? when do you expect to see improvements? what support / help is required to address the issue?*)

4.1.5 The timetable below, agreed by Cabinet on 14<sup>th</sup> April 2011, sets out the schedule of reporting to meetings for 2011-12:

Reporting Period	Update of Projects, Risks, Pls, Financial and Customer Information	Cabinet Report to Cttee Clerks	Cabinet Briefing	Cabinet Meeting	Departments to arrange for Overview &Scrutiny reports to be placed on the server				
					Children & YP	Council Excellence	Econ & Regen	Health & WB	Sus Comm
Quarter 1	08/07/11	14/07/11	12/07/11	21/07/11	05/09/11	30/08/11	22/08/11	30/08/11	12/09/11
Quarter 2	10/10/11	20/10/11	24/10/11	03/11/11	31/10/11	31/10/11	24/10/11	24/10/11	07/11/11
Quarter 3	13/01/12	19/01/12	23/01/12	02/02/12	09/01/12	16/01/12	03/01/12	03/01/12	16/01/12
Year End	Apr / May 2012 (tbc)	Apr / May 2012 (tbc)	Apr / May 2012 (tbc)	May 2012 (tbc)	May / June 2012 (tbc)				

## 4.2 Arrangements for Reviewing Progress

4.2.1 The Corporate Planning Team will collate the performance information to produce and present the quarterly Corporate Plan performance presentation and report, as well as producing extract reports for Overview and Scrutiny Committees on behalf of departments.

4.2.2 Executive Team will consider the report and presentation on progress against the Corporate Plan is considered in advance of Cabinet on a quarterly basis. Following consideration by Cabinet, an update will be presented to the Executive Team on performance issues, in the month following the performance report, in order to consider whether the corrective action has been sufficient.







**APPENDICES**

None

**REFERENCE MATERIAL**

Previous Cabinet reports as detailed in the subject history below

**SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>
<b>Council – Corporate Plan 2011-14</b>	<b>18<sup>th</sup> April 2011</b>
<b>Cabinet - Delivering the Corporate Plan</b>	<b>14<sup>th</sup> April 2011</b>
<b>Cabinet - Draft Corporate Plan for 2011-14</b>	<b>17<sup>th</sup> March 2011</b>

## UPDATE ON WORK PROGRAM : COUNCIL EXCELLENCE SCRUTINY COMMITTEE - END OF MUNICIPAL YEAR – APRIL 2011

### 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**

<b>Date of New item</b>	<b>Topic Description</b>	<b>How the topic will be dealt with</b>	<b>Estimated Complete Date</b>	<b>Comments on Progress</b>	<b>Complete?</b>
17/03/10	Community Cohesion	Officer Report (Kevin Adderley)		Council Excellence Committee meeting of 17 <sup>th</sup> 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 <sup>th</sup> March 2010) presented to 8 <sup>th</sup> 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? Further verbal report presented to meeting on 16/03/11.	
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.	

Date of New item	Topic Description	How the topic will be dealt with	Estimated Complete Date	Comments on Progress	Complete?
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.	Continuing
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 <sup>th</sup> 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 <sup>st</sup> September. Report produced for the meeting on 31 <sup>st</sup> January to include: - Examples of both successful and unsuccessful practice from elsewhere; - Further Government advice; - Progress on discussions with local partners regarding shared services.	

Date of New item	Topic Description	How the topic will be dealt with	Estimated Complete Date	Comments on Progress	Complete?
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 <sup>th</sup> 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 produced for 16/03/11. <b>Committee raised anxiety over progress and agreed that "update reports should be presented to future meetings of this Committee on a quarterly basis"</b>	Continuing
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 <sup>st</sup> 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 <sup>st</sup> September. A further report, produced on 31/01/11, to explain the staffing implications of publishing the expenditure data.	Complete

Date of New item	Topic Description	How the topic will be dealt with	Estimated Complete Date	Comments on Progress	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 <sup>th</sup> November 2010. An officer review of Staff Diversity Forums will take place. A further report will be produced for a future meeting.	Outstanding
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. Subsequent report produced for meeting on 16/03/11. Agreed that a further report should be produced in relation to the Equality Implications of the recent Council Budget, to include information as to what analysis was undertaken and how officers took equality duties into account.	Outstanding
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.	

Date of New item	Topic Description	How the topic will be dealt with	Estimated Complete Date	Comments on Progress	Complete?
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 <sup>th</sup> 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 <sup>th</sup> November. Report deferred until 16 <sup>th</sup> March 2011, when it was noted that the outcome of a review into the Mobile Phone Policy will be presented to the Employment & Appointments Committee.	Complete
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 <sup>th</sup> November. Follow-up report produced for meeting on 16 <sup>th</sup> March 2011.	Complete
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 <sup>th</sup> 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 produced for the meeting on 16/03/11. A further update report will be produced at the end of the EVR process.	Outstanding
Date of	Topic Description	How the topic will	Estimated	Comments on Progress	Complete?



New item		be dealt with	Complete Date		
18/11/10	Proposed changes to Housing Benefit / Council Tax Benefit system	Officer report (Ian Coleman)		Report produced for the meeting on 31/01/11. Committee agreed that "the issue of welfare reform and changes to the benefits system announced recently, and its likely impact on local government staffing and finances requires detailed examination and should be the subject of a special study by this Committee".	
31/01/11	Impact of a Reduction in Early Intervention Grant	Officer report (David Armstrong)		Report produced for the meeting on 16/03/11.	Complete
16/02/11	Procurement Efficiencies	Officer Report (Ian Coleman)		Report produced for the meeting on 16/03/11.	Complete
16/03/11	Specific Grants	Officer report (Ian Coleman)		Report produced for the meeting on 16/03/11. Committee agreed that "factual information regarding the distribution of grant spending" be presented to future meetings	Outstanding

## REPORT 2 SUGGESTIONS FOR ADDITIONS TO WORK PROGRAMME COUNCIL EXCELLENCE : END OF MUNICIPAL YEAR

Committee meeting on 16/03/11 suggested that the following topics should be proposed for inclusion on the Work Programme of this Committee in the new municipal year (2011/12):

Topic Description	Topic suggested by	How the topic will be dealt with	Estimated Completion Date
Updates in relation to the Strategic Change Programme	Council Excellence Committee 16/03/11	Officer reports (Dave Green)	
Early Voluntary Retirement / Voluntary Severance (EVR/VS) – Analysis and Restructuring	Council Excellence Committee 16/03/11	Officer report (Chris Hyams)	
Customer Access Strategy	Council Excellence Committee 16/03/11	Officer report (Ian Coleman)	
Welfare Reform and changes to the Benefits system Council Excellence Committee agreed on 16/03/11 that: “The issue of welfare reform and changes to the benefits system announced recently, and its likely impact on local government staffing and finances requires detailed examination and should be the subject of a special study by this Committee”.	Council Excellence Committee 16/03/11	In-depth review by a working group	
Office Accommodation Committee raised anxiety over progress and agreed that “update reports should be presented to future meetings of this Committee on a quarterly basis”	Council Excellence Committee 16/03/11	Officer Reports (Ian Brand)	

**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 <sup>th</sup> 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	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

**REPORT 4  
PROGRESS REPORT ON IN-DEPTH PANEL REVIEWS  
COUNCIL EXCELLENCE : END OF MUNICIPAL YEAR**

<b>Title of Review</b>	<b>Members of Panel</b>	<b>Progress to Date</b>	<b>Date Due to report to Committee</b>
None at present			

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