



Cabinet Budget Meeting

Date:	Monday, 18 February 2013
Time:	6.15 pm
Venue:	Committee Room 1 - Wallasey Town Hall

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AGENDA

1. MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST

The members of the Cabinet are invited to consider whether they have a personal or prejudicial interest in connection with any of the items on this agenda and, if so, to declare it and state the nature of such interest.

2. MINUTES

The minutes of the last meeting have been printed and published. Any matters called in will be reported at the meeting.

RECOMMENDATION: That the minutes be approved and adopted.

CORPORATE RESOURCES

3. CORPORATE PLAN

Report to follow

FINANCE

4. BUDGET OPTIONS 2013/16

4a Budget Options Report: Transformation and Resources (Pages 1 – 14)

Appendix One: Workforce Conditions of Service

**4b Budget Options Report: Regeneration and Environment
(Pages 15 – 24)**

**4c Budget Options Report: Families and Wellbeing
(Pages 25 – 94)**

Appendix One: Community Meals
Appendix Two: Assistive Technology
Appendix Three: Charging for Non Residential Services
Appendix Four: Residential and Respite Care
Appendix Five: Day Care and Day Services
Transformation
Appendix Six: Support for Carers
Appendix Seven: Transport Policies
Appendix Eight: Youth and Play Services
Appendix Nine: Children's Centres and Sure Start

- 5. LEVEL OF GENERAL FUND BALANCES FOR 2013-14
(Pages 95 - 100)**
- 6. REVENUE BUDGET 2013 - 2016 (Pages 101 - 116)**
- 7. BUDGET 2013-2016 - CHIEF FINANCIAL OFFICER'S STATEMENT
(Pages 117 - 128)**
- 8. CAPITAL PROGRAMME AND FINANCING 2013 – 2016
(Pages 129 - 158)**
- 9. FINANCIAL MONITORING - REVENUE (MONTH 9)
(Pages 159 - 184)**
- 10. FINANCIAL MONITORING - CAPITAL (MONTH 9) (Pages 185 - 198)**
- 11. MEDIUM TERM FINANCIAL STRATEGY (Pages 199 - 266)**
- 12. SCHOOLS BUDGET 2013-14 (Pages 267 - 278)**

ENVIRONMENT

- 13. CARBON BUDGET 2012/13 (Pages 279 - 294)**

STREETSCENE AND TRANSPORT SERVICES

- 14. THE DEVOLUTION OF MAJOR TRANSPORT SCHEMES FUNDING
AND THE DEPARTMENT FOR TRANSPORT ASSURANCE
FRAMEWORK (Pages 295 - 328)**
- 15. ANY OTHER URGENT BUSINESS APPROVED BY THE CHAIR
(PART 1)**

To consider any other business that the Chair accepts as being urgent.

16. EXEMPT INFORMATION - EXCLUSION OF THE PRESS AND PUBLIC

The following items contain exempt information.

RECOMMENDATION: That, under section 100 (A) (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 I of Schedule 12A (as amended) to that Act. The Public Interest test has been applied and favours exclusion.

17. ANY OTHER URGENT BUSINESS APPROVED BY THE CHAIR (PART 2)

To consider any other business that the Chair accepts as being urgent.

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WIRRAL COUNCIL

BUDGET CABINET

18 FEBRUARY 2013

SUBJECT:	BUDGET OPTIONS: TRANSFORMATION AND RESOURCES
WARD/S AFFECTED:	ALL
REPORT OF:	CHIEF EXECUTIVE
RESPONSIBLE PORTFOLIO HOLDER:	LEADER OF THE COUNCIL
KEY DECISION?	YES

1.0 EXECUTIVE SUMMARY

- 1.1 This report documents progress in relation to the implementation of the Council's consultation programme "What Really Matters", initiated by Cabinet in June 2012.
- 1.2 The report presents budget options for Cabinet recommendation to Council. These options form part of the strategic directorate of Transformation and Resources and as such fall under the management of the Finance Department, Department of Law, HR and Asset Management, and Chief Executive's Department.
- 1.3 These options have been subject to comprehensive and robust public, staff, service user and partner consultation, the results of which were reported to Cabinet on 7 February 2013. Cabinet is also referred to all reports and minutes relating to these budget options as referred to in Subject History.

2.0 BACKGROUND AND KEY ISSUES

- 2.1 In November 2012, Cabinet instructed the Chief Executive to publish and then consult in relation to a series of budget options, designed to enable the Council to begin the process of making savings of £109 million over the next three years. Cabinet further resolved that a number of principles, which were detailed in the resolution, should be paramount in the design of those options.
- 2.2 The Chief Executive further outlined in communications to residents and the Council workforce that the budget options have been designed to, as much as possible, mitigate the impact on the 'front line' and look to the back office for savings. These principles, combined with the need to make immediate and medium term savings have formed the further basis for the publication of these options.
- 2.3 The options presented in this report relate to, primarily, back office functions and are designed to ensure that the Council is able to achieve the significant financial savings required while still providing the place structures, mechanisms and resilience to deliver on our improvement agenda.

3.0 RATIONALE FOR DEVELOPING OPTIONS

- 3.1 The Council is going through fundamental change, while facing unprecedented challenge in relation to its budget. To enable the Council to meet and overcome these

challenges it is essential that we have a clear vision and approach, strong leadership, and effective and efficient use of resources.

- 3.2 The financial challenges the Council faces means it is imperative that new and more innovative methods of delivering and providing services are found. The Council is exploring alternative delivery models for services; including a range of options such as social enterprises, mutuals and cooperative organisations.
- 3.3 To achieve this, a radical and determined approach will be adopted to ensure that the identified and prioritised needs of the Council remain the central focus and driving force for achieving excellence, improving democracy, accountability and the utilisation of resources. Services will be reviewed and restructured (as necessary) to provide high quality, value for money advice, assistance and support to enable the effective delivery of Council services.
- 3.4 Good governance, transparency and accountability are essential for the Council and a cornerstone for improving services. Through clear direction, innovation, learning, scrutiny and challenge, a culture of high performance, accountability and continuous improvement will be embedded across the organisation.

4.0 BUDGET OPTIONS: TRANSFORMATION AND RESOURCES

4.1 REDUCE COUNCIL MANAGEMENT

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s
£ 5,163	£ -	£ -	£ 5,163

This option was recommended by Cabinet on 20 December 2012, and will result in a full re-structure of all Council management. This process will be completed through a full review of service delivery, needs and future projections and will serve to refresh and modernise Council structures which are in some cases outdated.

4.2 WORKFORCE CONDITIONS OF SERVICE

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s
£ 4,361	£ -	£ -	£ 4,361

Consultation was extended with Trade Unions in relation to this option, which will, if accepted, result in a range of amendments to employees' current terms and conditions of service. These include car mileage, enhancements, unpaid leave and single time working. Further detail around this option is available within appendix one.

4.3 PROCUREMENT

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s
£ 320	£ 4,000	£ 5,000	£ 9,320

This option was recommended by Cabinet on 20 December 2012, which will involve a range of new procurement systems designed to increase income and make further savings, through transferring payments online and charging schools for support.

4.4 TREASURY MANAGEMENT

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s
£ 1,700	£ -	£ -	£ 1,700

This option was recommended by Cabinet on 20 December 2012, which will involve funding capital works through internal funds rather than borrowing.

4.5 RATIONALISATION OF CIVIC SERVICES

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s
£ 50	£ -	£ -	£ 50

This option will involve the reconfiguration of the service provided to support the Mayor of Wirral to achieve savings.

4.6 MOVING TO A FOUR-YEAR ELECTION CYCLE

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s
£ 180	£ -	£ 100	£ 280

This option was recommended by Cabinet on 20 December 2012, which will change the current election system so that there are elections once every four years, beginning in 2014, rather than three elections every four years. The savings also include a one-off saving relating to no elections taking place in 2013.

4.7 REDUCING THE COST OF DEMOCRACY

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s
£ 100	£ 75	£ -	£ 175

This option was recommended by Cabinet on 20 December 2012, which will involve a full review of the Council's constitution and a number of committees, and related meetings, to bring savings through a reduction in administration and workforce.

4.8 INFORMATION TECHNOLOGY SERVICE

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s
£ 210	£ 90	£ -	£ 300

This option was recommended by Cabinet on 20 December 2012, which will involve the Council achieving significant savings through the implementation of a new IT strategy and an associated restructure of the division.

4.9 PUBLIC RELATIONS AND MARKETING

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s
£ 282	£ -	£ -	£ 282

Part of this option was recommended by Cabinet in December 2012, which included the reduction of the core marketing budget by 50% and removing the funding which is used to subsidise tourism events in the borough. The option further included the non-renewal of the Tranmere Rovers Football Club sponsorship agreement.

4.10 AREA FORUM FUNDING

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s
£ 391	£ -	£ -	£ 391

This option will involve ceasing the current format of providing funding through Area Forums to be replaced with a new method of engaging with communities.

4.11 BETTER USE OF BUILDINGS

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s
£ -	£ -	£ 458	£ 458

This option was recommended by Cabinet on 20 December 2012, and will involve the closure of the Professional Excellence Centre at Acre Lane, Bromborough, and the Municipal Building in Birkenhead.

4.12 TRANSFORMING BUSINESS SUPPORT

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s
£ 500	£ 1,000	£ 1,000	£ 2,500

This option was recommended by Cabinet on 20 December 2012, which will involve reorganisation and centralisation of all Council administrative staff in order to increase efficiency and make savings.

4.13 RESTRUCTURE OF ASSET MANAGEMENT DIVISION

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s
£ 50	£ 50	£ -	£ 100

This option was recommended by Cabinet on 20 December 2012, which will involve a full restructure of the above Council department, to modernise and improve the efficiency of the service it provides.

4.14 RESTRUCTURE OF HUMAN RESOURCES DIVISION

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s
£ 292	£ 292	£ -	£ 584

This option was recommended by Cabinet on 20 December 2012, which will involve a full restructure of the above Council department, to modernise and improve the efficiency of the service it provides.

4.15 RESTRUCTURE OF LEGAL SERVICES

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s
£ 300	£ 300	£ -	£ 600

This option was recommended by Cabinet on 20 December 2012, which will involve a full restructure of the above Council department, to modernise and improve the efficiency of the service it provides.

4.16 REVENUES AND BENEFITS

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s
£ 550	£ -	£ -	£ 550

This option was recommended by Cabinet on 20 December 2012. Following the implementation of Welfare Reform, and the associated increase in workload, there is a potential for a reduction in the staffing level within the service. This option would therefore, if accepted, reduce staff in this division as the new Universal Credit is implemented.

4.17 COUNCIL TAX DISCOUNTS AND EXEMPTIONS

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s
£ 2284	£ -	£ -	£ 2284

A range of options are available within the Council Tax area, which include reviewing all discounts including properties undergoing a repair or long term empty properties. Options in relation to Council Tax discounts and exemptions were accepted by Council on January 28th 2013.

4.18 COUNCIL TAX PENSIONER DISCOUNT

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s
£ 1300	£ -	£ -	£ 1300

This option would, if accepted, remove the 7.76% Council Tax pensioner discount, currently available to all pensioners regardless of means.

4.19 COUNCIL TAX DISCRETIONARY RELIEF

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s
£ -	£ 320	£ -	£ 320

Wirral Council pays Discretionary Business Rate relief to charities voluntary social, educational and sporting organisations. Each authority can propose, after giving twelve months notice, to remove some or all of these awards.

4.19 COUNCIL TAX INCREASING COURT COSTS

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s
£ 2429	£ -	£ -	£ 2,429

This proposal is an increase to the net income from increasing court costs.

4.20 LIBRARIES AND ONE STOP SHOPS

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s
£ 391	£ 466	£ 117	£ 974

This option would, if accepted, rationalise the book fund as well as implement a closure of all libraries between Christmas and New Year, when the sites are traditionally less used. The option would also further integrate One Stop Shop services into libraries.

5.0 RELEVANT RISKS

- 5.1 A project team was established and met weekly to develop and deliver a project plan, with robust risk assessment arrangements. The key risk for this project is that failure to deliver a successful consultation project will leave the Council unable to develop a corporate or financial plan and make the budget savings required in 2013/14.

6.0 OTHER OPTIONS CONSIDERED

- 6.1 These options are presented to Cabinet by the Chief Executive based on the principles resolved by Cabinet in November 2012. The Council is required to save approximately £109 million over the next three years and as such no other options were considered.

7.0 CONSULTATION

- 7.1 Comprehensive programmes of consultation and engagement have been completed in relation to each of the budget options outlined within this report. The mechanisms and feedback from the consultation process was reported in detail to Cabinet on February 7th 2013 and is further summarised within this report.

8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 8.1 The options within this report contain numerous opportunities to increase partnership working and commissioning within the voluntary, community and faith sector. Consultation and discussions with key organisations within the sector are continuing to ensure these opportunities are maximised.

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

- 9.1 This project has been delivered using existing resources through a cross-departmental project team.

10.0 LEGAL IMPLICATIONS

- 10.1 Recent case law has made it clear that any consultation undertaken must be meaningful, informed and reasonable. Failure to ensure this could lead to legal challenge and any decision taken which takes into account the consultation could be undermined and open to challenge by way of Judicial Review. The Local Government and Public Involvement in Health Act 2007 came into force in April 2009 and introduced a duty for local authorities to involve, inform and consult with their communities. The duty is wide-ranging and applies to the delivery of services, policy and decision making and means the Council must consult relevant individuals, groups,

businesses, organisations and other stakeholders that the Authority considers likely to be affected by, or have an interest in, their actions and functions.

11.0 EQUALITIES IMPLICATIONS

11.1 An Equality Impact Assessment has been completed for each of the budget options described within this report. Use the following hyperlink to access these assessments:

<http://www.wirral.gov.uk/my-services/community-and-living/equality-diversity-cohesion/equality-impact-assessments/budget-options-eias>

12.0 CARBON REDUCTION IMPLICATIONS

11.1 A number of potential budget options, including the changed use of buildings across the borough, could bring benefits in terms of carbon reductions.

13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

13.1 Potential community safety implications based on budget options.

14.0 RECOMMENDATION/S

14.1 That Cabinet notes the principles upon which the budget options have been developed.

14.2 That Cabinet makes recommendations on which budget options should be accepted as savings, and as such be recommended to Budget Council, in the context of the Council being required to find savings of £109 million over the next three years.

15.0 REASON/S FOR RECOMMENDATION/S

15.1 Failure to agree significant savings for 2013/14 will leave the Council unable to set a legal budget.

REPORT AUTHOR: Peter Timmins
Interim Director of Finance

APPENDICES

- Appendix 1: Workforce Conditions of Service

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Cabinet	7 th February 2013
Cabinet	20 th December 2012
Cabinet	8 th November 2012
Cabinet	10 th July 2012
Cabinet	21 st June 2012

BUDGET OPTION: WORKFORCE CONDITIONS OF SERVICE

1.0 OUTLINE OF PROPOSAL

- 1.1 The Council currently employs 4,800 people; with a salary cost is £102 million. Enhancements and allowances subject to national and local conditions of service total approximately £6 million per annum.
- 1.2 The proposal is to review the Council's current terms and conditions of employment to make financial savings. This option equates to 4% of the overall savings target and hence reduces the savings required from front line services.
- 1.3 The Council is seeking to reduce those costs with the following changes:

To stop paying essential car user allowance and move all mileage allowance to current HRMC rate at 45p per mile.	£770,000
To remove the enhancements for weekend working and overtime. The enhancements for night work will be time and a third. Enhancements for public holidays will remain the same.	£2,024,170
Review of Policies including Disturbance Allowance, Phone Rental, and Relocation Allowance.	£67,000
To implement four days unpaid leave for an initial period of three years, after which time it will be reviewed	£1,500,000
TOTAL	£4,361,170

- 1.4 These proposals have been subject to staff, residents and Trade Union consultation since November 2012, and this report provides the feedback of this consultation process.

2.0 RATIONALE FOR PROPOSAL

- 2.1 The Council has a considerable financial challenge to reduce the net budget. The current position is that the Council is facing a budget deficit of approximately £109 million over the next three years. This will necessitate significant changes to the manner in which the Council conducts its business, which will impact on the Council's workforce.
- 2.2 The proposal to change terms and conditions are part of a range of measures being put forward to reduce this budget deficit, and reduces the impact on front line services.

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- 2.3 These proposals have been put forward in order to reduce the requirement for compulsory job redundancies. It is estimated that the savings achieved in relation to changing terms and conditions would equate to approximately 250 jobs.

3.0 ACCESSIBILITY OF PROPOSAL

- 3.1 The option in relation to staff terms and conditions was published alongside a series of other options from the Chief Executive on November 9th 2012. These options were published following an extensive period of consultation during September and October 2012, which focussed on broad principles of policy to gather initial views on how options should be developed.
- 3.2 Residents, staff and stakeholders were provided with a range of information detailing the background, level of savings, potential impact and methods of mitigating any potential negative impact for this and all other options. This information included:

Questionnaire: Split into three sections, the questionnaire provided a one paragraph summary of each option and provided the opportunity for respondents to select one of three choices indicating their opinion on the option.

Summary Paper: Three summary papers (one per 'theme') were produced and were available online, at Council buildings and at consultation events. These papers provided a summary of each option, including the level of savings involved and some background information.

Option Paper: For each of the published options, a detailed option paper was available. This paper provided information regarding the background to the option, the potential impact if the option was implemented, proposed methods to mitigate that impact and also the potential savings associated with the option.

- 3.3 The questionnaire was the primary research tool used in this consultation, and as such it was essential that the document was designed in a way to ensure robust, clear and actionable results. It was also vital to the success of the project to ensure that the questionnaire was produced in a fashion that was accessible, clear and neutral. To ensure that this was the case, Council officers took a number of steps to ensure the questionnaire was externally validated as an effective research and consultation tool.
- 3.4 A draft version of the questionnaire was analysed by an external agency through the Market Research Society. The final draft of the questionnaire was also presented to the members of the Children in Care Council and a group of people with learning disabilities at a Council Day Centre who made further suggestions as to the design and wording of the document.

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3.5 Further work was also done to ensure accessibility including publishing an interactive Easy Read version, and developing three individual videos, which were used at consultation events, on the Council website and also played through the network of 30 LCD screens in One Stop Shops and Libraries. These videos were designed to more fully explain the context of the options and also provide guidance for how to complete the questionnaire document.

4.0 CONSULTATION PROCESS

4.1 An extensive programme of public consultation was completed in relation to all options which were published in November 2012. This programme included over 100 community events at locations such as libraries, supermarkets, cinemas, community centres and children's centres.

4.2 The consultation was promoted extensively online, with emails being sent to over 13,000 residents, and the consultation also featured prominently on the Council's website which receives in excess of 1,000 hits per day.

4.3 Organisations from the Voluntary, Community and Faith sectors were also actively encouraged to take part in this consultation process.

4.4 On 9 November 2012 the Chief Executive opened consultation with the Trade Unions on the proposals to change terms and conditions. Initially the consultation period was 28 days as it was the intention to submit a report to Cabinet on 20 December 2012. Consultation was constructive. As such it was agreed to extend the consultation to allow further proposals to be discussed and considered.

4.5 Since November 2012 over 20 consultation meetings with the Trade Unions, eight meetings specifically to deal with the proposed changes to terms and conditions have taken place.

5.0 CONSULTATION FEEDBACK

5.1 In terms of the public consultation process, the response to the questionnaire demonstrated support for this option. The table below shows the response to the public consultation.

Answer Options	Response Percent	Response Count
I support this under the circumstances	39.8%	2033
I accept this if it is absolutely necessary	34.2%	1744
I find this completely unacceptable	26.0%	1329

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- 5.2 These results show that while 26% of respondents find the option unacceptable, almost 40% would support and almost 35% would accept its implementation.
- 5.3 The public consultation was also open to members of Council staff; this question was answered by 1271 Council employees, which equates to approximately 26% of the Council workforce (based on 4800 employees). When the feedback for this option is analysed based purely on staff response it shows that, while 42.6% would oppose this option 37.8% state they would accept its implementation and 19.6% would support it.
- 5.4 Council employees had a number of channels available to them to provide their feedback in relation to this and other budget options outside of the consultation questionnaire.
- 5.5 The Chief Executive received and personally replied to over 400 emails and letters during the consultation period, many of which were from Council staff focussing on this particular budget option.
- 5.6 Further suggestions and queries were also received and answered through phone calls and emails to the HR support team.
- 5.7 Many of the comments received from staff focused on the issue of unpaid leave. Staff expressed a number of different preferences for the way the unpaid leave is taken, with a number of staff stating that they would prefer the leave to be taken over the Christmas period.
- 5.8 Further suggestions were also made in relation to the proposals around Essential Car User Allowance, with some staff suggesting that it should be removed altogether and some others believing it should be reduced in a targeted fashion. A number of employees, particularly based in Children's Social Care teams, believe that the removal of essential car user allowance would make it difficult for them to do their jobs.
- 5.9 More suggestions were made in relation to terms and conditions which focused on reductions in annual leave, enhancements and sickness entitlements.
- 5.10 A number of alternative options to meet the required savings of £4.3m have been discussed during the consultation meetings with the Trade Unions to seek to mitigate the impact of the proposals particularly on lower paid employees, and to ensure actual reductions in pay were as limited as possible given the overall financial pressures on the Council.
- 5.11 These options included;
 - All voluntary overtime and additional hours to be paid at plain time, (including casual work).

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- Payment of time and a third for all weekend working for one year whilst potential benefits of annualised hours working is explored.
- Retain essential car allowance at lower rate and review criteria to reduce the numbers employees who receive
- An increment freeze for all employees.

5.12 Whilst there have been extensive discussions around the proposals, at this time we do not have any agreement in place.

6.0 POTENTIAL IMPACT IDENTIFIED

- 6.1 Each of the proposals above affects the Council's workforce, including contractual salary. An Equality Impact Assessment has been completed for all proposals, with the exception of Relocation Allowance, as this affects potential future employees.
- 6.2 The Trade Unions have raised concerns about the level of financial impact of staff who predominately work weekends losing enhancements and the inequality and scale of the cumulative impact across the workforce. For a small number of employees there is a loss of contractual pay of up to £6000 per annum.

7.0 PROPOSED MITIGATION

- 7.1 The proposals as outlined above directly impact the current terms and conditions of employment, however they do not directly put staff at risk of redundancy and produce savings the equivalent to approximately 250 jobs, and have been proposed with the aim of reducing the number of redundancies the Council may need to make.
- 7.2 Some of the options put forward by managers in 5.11 above were aimed at mitigating this effect.

8.0 SUMMARY

- 8.1 The rationale for the proposal of this option is outlined within this report, together with an outline of the extensive consultation process which followed its publication. Concerns raised through this process have been highlighted and mitigation has been identified.
- 8.2 In the absence of an agreement or alternative proposal it is proposed that Cabinet recommend to Council to change Terms and Conditions of employment as outlined in the original proposal and to authorise the Chief Executive to take all necessary steps to deliver the change.

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WIRRAL COUNCIL

BUDGET CABINET

18 FEBRUARY 2013

SUBJECT:	BUDGET OPTIONS: REGENERATION AND ENVIRONMENT
WARD/S AFFECTED:	ALL
REPORT OF:	CHIEF EXECUTIVE
RESPONSIBLE PORTFOLIO HOLDER:	LEADER OF THE COUNCIL
KEY DECISION?	YES

1.0 EXECUTIVE SUMMARY

- 1.1 This report documents progress in relation to the implementation of the Council's consultation programme "What Really Matters", initiated by Cabinet in June 2012.
- 1.2 The report presents budget options for Cabinet recommendation to Council. These options form part of the strategic directorate of Regeneration and Environment, and as such fall under the management of the Department of Regeneration, Housing and Planning and the Technical Services Department.
- 1.3 These options have been subject to comprehensive and robust public, staff, service user and partner consultation, the results of which were reported to Cabinet on 7 February 2013. Cabinet is also referred to all reports and minutes relating to these budget options as referred to in Subject History.

2.0 BACKGROUND AND KEY ISSUES

- 2.1 In November 2012, Cabinet instructed the Chief Executive to publish and then consult in relation to a series of budget options, designed to enable the Council to begin the process of making savings of £109 million over the next three years. Cabinet further resolved that a number of principles, which were detailed in the resolution, should be paramount in the design of those options.
- 2.2 The Chief Executive further outlined in communications to residents and the Council workforce that the budget options have been designed to, as much as possible, mitigate the impact on the 'front line' and look to the back office for savings.
- 2.3 These principles, combined with the changing public demands and expectations in relation to service delivery for these departments, the current economic climate in a wider sense and the unprecedented financial challenges the Council is facing, have contributed to the development of a new vision for how services in these areas will and should be delivered in Wirral, which form a further basis for the publication of these options.

3.0 ECONOMY AND REGENERATION SERVICES

- 3.1 Wirral's local environment and economy are some of the biggest factors in driving the quality of life, health and levels of achievement for our residents. Our services are

aimed at ensuring Wirral is a place where businesses flourish and people have access to jobs and quality affordable homes.

- 3.2 In order to achieve this, it is vital that the Council continues to support a thriving local economy which provides the bedrock for social, economic and environmental well being amongst all of our Communities. We want to continue to support business growth, but to do so in a more focused manner that works with and utilises the experience and resources of other key stakeholders. We want to support the creation of jobs by the Private Sector through providing a supportive and enabling environment, not only through the day to day support provided by the Council, but also through speedy and appropriate use of the Council's Planning powers.
- 3.3 Having a quality and affordable place to live is important to ensure that all our residents live in a safe and appropriate home that allows them to gain maximum benefit for access to jobs, leisure, amenities, education and to gain associated social and economic benefits that they both desire and deserve. We will continue to work with Registered Social landlords and Private Sector landlords to maximise the number and range of quality homes for rent. We will continue our programmes to restructure the Housing Market and work with House Builders to increase the number of new homes built in Wirral.
- 3.4 In what are tough economic times for both the Council and the nation as a whole, we must ensure that the limited resource available maximises the opportunities to achieve our vision for Wirral. It is therefore necessary to focus continuing resources into areas that will have most impact, when maximising the opportunity to utilise other resources available. We have to make some difficult decisions as we simply do not have the resources to continue spending the same amounts to achieve these goals.
- 3.5 However, the Council will continue to allocate its own resources into activities that will help support business, create jobs, allow access to those jobs for Wirral residents and allow people to live in safe, affordable and relevant housing.

4.0 ENVIRONMENT SERVICES

- 4.1 Wirral Council has a responsibility for commissioning or delivering a range of near-universal services to all households and neighbourhoods in their area. These include, amongst others, waste and recycling, street cleansing, highway maintenance and traffic management, road safety, leisure services, parks and open spaces.
- 4.2 Increasingly, these functions have been carried out in various partnership or collaborative arrangements with other public agencies (e.g. police and fire service) or, where appropriate, with volunteer or other community groups.
- 4.3 It is recognised that there is projected to be a steady decline over the foreseeable future in national resources to support these types of services.
- 4.4 Increasingly, there will be a clear need to manage demand and, more generally, to manage public expectations of what the Council can and cannot do. The role of community and other groups will increase in significance as the Council itself diminishes its activities in the more discretionary areas where it is not required by statute to provide services or functions.

- 4.5 Many of what are now universal services are provided as a result of statutory requirements but where the actual level or quality of service is not closely defined. Other services which people are used to seeing as universal have a greater or lesser degree of discretion as to whether they are provided at all and to what level of provision.
- 4.6 It will be necessary to identify service areas that are not, as such, universal across the community but meet particular needs. These more targeted service areas are often those where council provision sits alongside or competes with other providers.

5.0 BUDGET OPTIONS: REGENERATION AND ENVIRONMENT

5.1 CAR PARKING

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s
£ 281	£ -	£ -	£ 281

This option involves standardising car parking charges across Wirral, reducing the all day charge to £2.50 and the introduction of annual and season permits in outer Birkenhead car parks. This option would also result in a reduction in maintenance and collection across the service.

5.2 GARDEN WASTE COLLECTION

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s
£ 582	£ 176	£ 393	£ 1,151

This option would involve replacing the existing garden waste collection service with a chargeable opt-in service from April 2013.

5.3 HOUSEHOLD WASTE COLLECTION

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s
£ 80	£ -	£ -	£ 80

This option would involve increasing Council income through increasing the charge for the ERIC service from £20 per collection to £26.50 per collection.

5.4 PRE-PLANNING ADVICE

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s
£ 10	£ -	£ -	£ 10

This option would involve increasing Council income through introducing a charge for pre-planning advice to developers. This option was recommended by Cabinet on 20 December 2012.

5.5 APPRENTICE PROGRAMME

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s
£ 420	£ -	£ -	£ 420

This option will, if accepted, result in the Council re-providing its current bespoke Apprentice scheme through a partnership with Liverpool City Region colleagues.

5.6 HANDYPERSON SCHEME

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s
£ 209	£ -	£ -	£ 209

This option will involve redeveloping the handyman scheme, and ensuring it is targeted only at those who have recently been discharged from hospital.

5.7 RESTRUCTURE OF RHP DEPARTMENT

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s
£ 263	£ -	£ -	£ 263

This option would involve a restructure of the Regeneration, Housing and Planning department due to changes in policy, European funding and divisional and Council priorities. This option was recommended by Cabinet on 20 December 2012.

5.8 KENNELS SERVICE

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s

£ 50	£ 50	£ -	£ 100
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The budget option for the Council Kennels/Dog Warden Service proposed that the service should join the Merseyside Consortium.

5.9 HOME INSULATION

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s
£ 926	£ -	£ -	£ 926

This option would involve reducing the budget for home insulations and instead focussing the team on fuel poverty and energy efficiency work. This option was accepted by Cabinet on 20 December 2012.

5.10 ENVIRONMENTAL HEALTH

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s
£ 45	£ 63	£ -	£ 108

This option involves developing a shared service, or mutual organisation, with Cheshire West and Chester Council to re-providing the service.

5.11 TRADING STANDARDS

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s
£ 71	£ -	£ -	£ 71

This option involves re-structuring the Trading Standards division in order to achieve a reduction in staff and savings.

5.12 PEST CONTROL

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s
£ 30	£ -	£ -	£ 30

This option involves the deletion of a vacant post within the Pest Control division, and a further restructure of the team. This option was accepted by Cabinet on 20 December 2012.

5.13 HIGHWAY MAINTENANCE

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s
£ 588	£ -	£ -	£ 588

This option will rationalise pro-active highway maintenance work and ensure resources are primarily focussed on safety issues.

5.14 STREET LIGHTING

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s
£ 265	£ -	£ -	£ 265

This option will rationalise street lighting maintenance and also involve switching lights off, where it would not present a safety issue.

5.15 HIGHWAY DRAINAGE

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s
£ 106	£ -	£ -	£ 106

This option will involve targeting drainage work at problem sites only.

5.16 STREET CLEANSING

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s
£ 1,000	£ (250)	£ -	£ 750

This option would involve changing street cleansing frequencies at targeted sites, potentially leading to an expansion of the project across wider areas of the borough. Having reviewed the option, it has been determined by officers that the pilot would not realise the savings envisioned. Therefore the proposal is to immediately implement changed cleansing frequencies.

5.17 SCHOOL CROSSING PATROLS

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s
£ 330	£ -	£ -	£ 330

This option would involve requiring schools to fund crossing patrols on a discretionary, opt-in basis, therefore removing the need for the Council to fund the service.

5.18 REMOVAL OF PARKS MAINTENANCE

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s
£ 850	£ -	£ -	£ 850

This option would involve removing the maintenance on over 100 parks and open spaces, beaches, grass verges and other sites and working with community organisations to replace the service.

5.19 REDUCTION OF PARKS MAINTENANCE

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s
£ 450	£ -	£ -	£ 450

This option would involve a review of the frequency of maintenance, with some areas being cut once every three weeks rather than two, and other areas being left for wildlife or only cut where there is a direct safety issue.

5.20 HOUSING SUPPORT FOR BME COMMUNITIES

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s
£ 111	£ -	£ -	£ 111

This option will, if accepted, result in the Council no longer providing this service directly and instead re-provide the service through existing Supporting People contracts and the voluntary, community and faith sectors.

5.21 SUPPORTING PEOPLE SERVICE

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s
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£	£	£	£
-	2,000	-	2,000

This option will, if accepted, result in the Council seeking to re-negotiate contracts within this service in order to achieve savings.

5.22 INVESTING IN WIRRAL BUSINESSES

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s
£ 352	£ -	£ -	£ 352

This option will involve restructuring the Invest Wirral team to remove duplication. This option was recommended by Cabinet on 20 December 2012.

5.23 DOG FOULING ENFORCEMENT

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s
£ 162	£ -	£ -	£ 162

This option will reduce the dog fouling enforcement team and seek alternative ways of providing the service.

5.24 MODERNISATION OF LEISURE

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s
£ 429	£ -	£ -	£ 429

This option will, if accepted, result in the activity programme within all Wirral leisure centres being re-designed to suit usage.

6.0 RELEVANT RISKS

- 6.1 A project team was established and met weekly to develop and deliver a project plan, with robust risk assessment arrangements. The key risk for this project is that failure to deliver a successful consultation project will leave the Council unable to develop a corporate or financial plan and make the budget savings required in 2013/14.

7.0 OTHER OPTIONS CONSIDERED

- 7.1 These options are presented to Cabinet by the Chief Executive based on the principles resolved by Cabinet in November 2012. The Council is required to save approximately £109 million over the next three years and as such no other options were considered.

8.0 CONSULTATION

8.1 Comprehensive programmes of consultation and engagement have been completed in relation to each of the budget options outlined within this report. The mechanisms and feedback from the consultation process was reported in detail to Cabinet on February 7th 2013 and is further summarised within this report.

9.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

9.1 The options within this report contain numerous opportunities to increase partnership working and commissioning within the voluntary, community and faith sector. Consultation and discussions with key organisations within the sector are continuing to ensure these opportunities are maximised.

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

10.1 This project has been delivered using existing resources through a cross-departmental project team.

9.0 LEGAL IMPLICATIONS

9.1 Recent case law has made it clear that any consultation undertaken must be meaningful, informed and reasonable. Failure to ensure this could lead to legal challenge and any decision taken which takes into account the consultation could be undermined and open to challenge by way of Judicial Review. The Local Government and Public Involvement in Health Act 2007 came into force in April 2009 and introduced a duty for local authorities to involve, inform and consult with their communities. The duty is wide-ranging and applies to the delivery of services, policy and decision making and means the Council must consult relevant individuals, groups, businesses, organisations and other stakeholders that the Authority considers likely to be affected by, or have an interest in, their actions and functions.

10.0 EQUALITIES IMPLICATIONS

10.1 An Equality Impact Assessment has been completed for each of the budget options described within this report. Use the following hyperlink to access these assessments:

<http://www.wirral.gov.uk/my-services/community-and-living/equality-diversity-cohesion/equality-impact-assessments/budget-options-eias>

11.0 CARBON REDUCTION IMPLICATIONS

11.1 A number of potential budget options, including the changed use of buildings across the borough, could bring benefits in terms of carbon reductions.

12.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

12.1 Potential community safety implications based on budget options.

13.0 RECOMMENDATION/S

13.1 That Cabinet notes the principles upon which the budget options have been developed.

13.2 That Cabinet makes recommendations on which budget options should be accepted as savings, and as such be recommended to Budget Council, in the context of the Council being required to find savings of £109 million over the next three years.

14.0 REASON/S FOR RECOMMENDATION/S

14.1 Failure to agree significant savings for 2013/14 will leave the Council unable to set a legal budget.

REPORT AUTHOR: Peter Timmins
Interim Director of Finance

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Cabinet	7th February 2013
Cabinet	20th December 2012
Cabinet	8th November 2012
Cabinet	10th July 2012
Cabinet	21st June 2012

WIRRAL COUNCIL

BUDGET CABINET

18 FEBRUARY 2013

SUBJECT:	BUDGET OPTIONS: FAMILIES AND WELLBEING
WARD/S AFFECTED:	ALL
REPORT OF:	CHIEF EXECUTIVE
RESPONSIBLE PORTFOLIO HOLDER:	LEADER OF THE COUNCIL
KEY DECISION	YES

1.0 EXECUTIVE SUMMARY

- 1.1 This report documents progress in relation to the implementation of the Council's consultation programme "What Really Matters", initiated by Cabinet in June 2012.
- 1.2 The report presents budget options for Cabinet recommendation to Council. These options form part of the strategic directorate of Families and Wellbeing, and as such fall under the management of the Department of Adult Social Services and the Children and Young People's Department.
- 1.3 These options have been subject to comprehensive and robust public, staff, service user and partner consultation, the results of which were reported to Cabinet on 7 February 2013. Cabinet is also referred to all reports and minutes relating to these budget options as referred to in Subject History.

2.0 BACKGROUND AND KEY ISSUES

- 2.1 In November 2012, Cabinet instructed the Chief Executive to publish and then consult in relation to a series of budget options, designed to enable the Council to begin the process of making savings of £109 million over the next three years. Cabinet further resolved that a number of principles, which were detailed in the resolution, should be paramount in the design of those options.
- 2.2 The Chief Executive further outlined in communications to residents and the Council workforce that the budget options have been designed to, as much as possible, mitigate the impact on the 'front line' and look to the back office for savings.
- 2.3 These principles, combined with the changing demographic patterns in the borough and the associated impact on demand and service delivery for these departments, plus the unprecedented financial challenges the Council is facing, have contributed to the development of a new vision for how services in these areas will and should be delivered in Wirral, which form a further basis for the publication of these options.
- 2.4 This vision is provided below, for both the Department of Adult Social Services and the Children and Young People's Department. However, it is further recognised that there is also an increasing need to "think family" to maximise the opportunity for shared working across the recently established Families and Wellbeing Directorate; and to configure services in a way which simplifies access, reduces unnecessary bureaucratic processes, and the associated management and back office costs.

3.0 SERVICES FOR CHILDREN AND YOUNG PEOPLE

- 3.1 The local authority's role in acting as a champion for children, a protector of children, supporting schools, shaping and commissioning services, assessing needs and delivering services to children is changing significantly. In the current climate of unprecedented financial austerity it is imperative that the Council is clear about which services are essential and which are desirable.
- 3.2 This is in order to determine which services and facilities can best be delivered by third parties, so that the local authority only delivers directly where it can evidence this represents value for money. Also, that the Council determines which services need public funding and which can be secured through other means.
- 3.3 This strategy emphasises the importance of developing coherent preventative services with partner agencies, which build on universal provision, so that we target interventions with children and families in order to improve outcomes and reduce the number of children requiring expensive and frequently reactive specialist services. Our role in the direct provision of universal services for children should be significantly diminished, or provided on a full cost recovery basis, since other agencies and communities may be better placed to provide these services, and we must target our resources to work with more vulnerable children and families.
- 3.4 However, our role in championing the needs of children, making sure that robust safeguarding processes are in place from top to bottom and across the breadth of the partnership, and making sure that the full range of services are available to meet children's universal needs in partnership with schools and others in their local communities, is as strong as ever.
- 3.5 Reports from Ofsted and other bodies regularly rate our children's services as excellent and outstanding following inspections, something which again occurred in 2012. However, some services for young people in Wirral are expensive, when compared to other local authorities – particularly, for example, in the case of Universal Youth Services, with spend per head in Wirral at £78 compared with a statistical average neighbour spend of £39.

4.0 ADULT SOCIAL CARE SERVICES

- 4.1 The changing population, with rapidly increasing numbers of older and vulnerable people, together with changing aspirations and an environment of significantly reducing resources for Local Authorities, bring huge challenges for social care nationally and locally.
- 4.2 In order to meet these challenges we must transform the service offer; we must commission our services based on sound evidence, so that we know we are providing the best and most appropriate levels of care and support that is possible. This will help us to deliver more personalised services, and make sure that people can control their own circumstances, meet their own needs and stay independent for as long as they can.

4.3 Our commissioning approach is therefore the critical component of the Council's determination to deliver services in the most effective and efficient way. Adult Social Care is changing in order to focus increasingly on supporting people effectively. The changes are based on 6 key design principles.

- We will shift from focussing on crisis management in health and social care towards prevention and early intervention services that promote health wellbeing and a good quality of life
- We will work better across the Council and partners to offer information and advice that makes the support offer clearer and signposts people more effectively to a range of organisations including the voluntary community and faith sector.
- Commissioning will deliver a broader range of integrated service solutions for people based on co-production and recognition of changing aspirations; this will lead to de-commissioning some traditional services as well as commissioning new ones.
- Commissioning will drive efficiency and ensure that we deliver Best Value for the people of Wirral.
- Safeguarding, the dignity of vulnerable people and service quality will be at the core of our approach to commissioning.
- We will focus on delivering services locally and will build upon individual and community assets rather than deficits.

5.0 BUDGET OPTIONS: FAMILIES AND WELLBEING

5.1 COMMUNITY MEALS

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s
£ 169	£ 31	£ -	£ 200

This option would involve redeveloping the service, on a full cost recovery basis, and to re-tender the current contract. Further detail, including rationale, potential impact and proposed mitigation of this option can be found in appendix one.

5.2 ASSISTIVE TECHNOLOGY

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s
£ 150	£ 150	£ -	£ 300

Around 4500 people in Wirral benefit from some kind of assistive technology installed in their home; this option involves the introduction of a weekly fee of £3 per household, per week for this service. Further detail, including rationale, potential impact and proposed mitigation of this option can be found in appendix two.

5.3 CHARGING FOR NON-RESIDENTIAL SERVICES

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s
£ 880	£ -	£ -	£ 880

Most Councils charge for non-residential services, and many charge 100% of a person's disposable income. This option would bring Wirral in line with other local authorities through increasing the level to 100%. Further detail, including rationale, potential impact and proposed mitigation of this option can be found in appendix three.

5.4 TARGETED SUPPORT THROUGH NHS CONTRACTS

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s
£ 1828	£ 1839	£ 994	£ 4,211

This option would involve working with our partners in the NHS on a whole range of services for vulnerable adults in an attempt to reduce the use of higher cost services such as nursing and residential care, to focus more on community based alternatives.

5.5 EXTRA CARE HOUSING

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s
£ 300	£ 300	£ -	£ 600

The Council and its partners have worked to provide over 200 units of extra care housing for older people throughout the borough. This option means re-tendering the contracts for this service to seek better value for money, in consideration of the huge projected increase in our elderly population over the coming years.

5.6 RESIDENTIAL AND RESPITE CARE

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s
£ 160	£ 160	£ -	£ 320

This option would involve consolidating the Council's residential and respite care provision into a smaller number of sites, for people with learning disabilities and mental health difficulties. This would result in separating crisis response services from respite services for people with mental health problems, and more people with learning disabilities being in receipt of supported living arrangements rather than residential care. Further detail, including rationale, potential impact and proposed mitigation of this option can be found in appendix four.

5.7 DAY CARE AND DAY SERVICES TRANSFORMATION

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s
£ 750	£ 750	£ 500	£ 2,000

This option would involve the implementation of a new strategy for day services. In the first phase it is suggested that alternative options have led to a situation where surplus provision can be reduced. This would enable the Council to consider alternative forms of delivery, including social enterprise, in order to enable further progress in personalisation offering people more choice to use their personal budgets in ways that suit their personal needs best. Further detail, including rationale, potential impact and proposed mitigation of this option can be found in appendix five.

5.8 REVIEW OF SUPPORT TO CARERS

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s
£ 250	£ -	£ -	£ 250

This option involves a full review of the support provided to Carers; Wirral is an outlier in offering personal budgets directly to carers and this option will ensure that best practice is implemented to secure effective services for carers whilst securing short breaks and other similar services as part of the cared for person's budget rather than the carer. Further detail, including rationale, potential impact and proposed mitigation of this option can be found in appendix six.

5.9 TRANSPORT POLICIES

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s
£ 250	£ 556	£ 526	£ 1,332

The Council provides transport for over one thousand people across the borough every day. This proposal will result in a full review of that transport, leading to reviewing individual transport needs and stopping some transport to Council services – or requiring people using those services to contribute towards the transport costs. Approaches will vary according to specific transport policies for children and for vulnerable adults. Further detail, including rationale, potential impact and proposed mitigation of this option can be found in appendix seven.

5.10 AREA TEAMS FOR FAMILY SUPPORT

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s
£ 200	£ -	£ -	£ 200

Area Teams provide support to deliver preventative services for vulnerable children and families, and this proposal is to redevelop the Teams approach, as part of an overall review of Preventative Services, enabling the teams to be reduced from eleven to four. The newly configured Teams will provide targeted support to vulnerable children and families in four geographical localities across Wirral.

5.11 SCHOOLS MUSIC SERVICE

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s
£ 21	£ -	£ -	£ 21

This service receives a subsidy from the Council – this proposal will, if accepted, remove this subsidy and require the service to generate increased income in order to become self sustaining.

5.12 OAKLANDS OUTDOOR EDUCATION CENTRE

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s
£ 23	£ -	£ -	£ 23

This service receives a subsidy from the Council – this proposal will, if accepted, remove this subsidy and require the service to generate increased income in order to become self sustaining.

5.13 EDUCATION PSYCHOLOGY SERVICE

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s
£ 80	£ -	£ -	£ 80

This option was recommended by Cabinet on 20 December 2012, and will result in a more targeted, but smaller, educational psychology service which is aimed primarily at those most in need. the service will meet it's statutory requirements.

5.14 FOUNDATION LEARNING

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s
£ 121	£ 12	£ -	£ 133

This option will result in this service being provided instead through targeted support commissioned through the Careers, Education, Information, Advice and Guidance Service. This option was recommended by Cabinet on 20 December 2013.

5.15 COMMISSIONING OF PARENTING SERVICES

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s
£ 700	£ 200	£ -	£ 900

This option would result in the Council re-focussing the funding invested in the community and voluntary sector for parenting and family support, to ensure funding was only targeted at those most in need.

5.16 SCHOOLS BUDGET

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s
£ 250	£ 200	£ 2,300	£ 2,750

The proposal would, if accepted, result in the funding of school maintenance and PFI budgets being met from the dedicated schools grants rather than the council's general fund. This option was recommended by Cabinet on 20 December 2012

5.17 SCHOOL IMPROVEMENT AND INCOME FROM SCHOOLS

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s
£ 160	£ -	£ -	£ 160

This proposal would, if accepted, reduce some indirect support to schools and generate additional income from charges for services supporting academies. This option was recommended by Cabinet on 20 December 2012.

5.18 REVIEW OF VCF SECTOR GRANTS

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s
£ 705	£ 115	£ -	£ 820

The Council invests considerable resources each year into contracts with organisations from the voluntary, community and faith sector. Many of these contracts are funded through the Department of Adult Social Services. This option will, if accepted, review all of these contracts to ensure they are providing value for money and an appropriate range of outcomes for vulnerable people.

5.19 ASSESSMENT AND CARE MANAGEMENT

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s
£ 400	£ 100	£ -	£ 500

This option involves a fundamental service redesign of the assessment process, in partnership with NHS colleagues, to improve the customer journey. The redesign will deliver more effective social work provision to local communities; however this takes place in the face of increasing demographic demand.

5.20 REVIEW OF RESIDENTIAL CARE FOR LEARNING DISABILITIES

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s
£ 300	£ -	£ -	£ 300

This option relates to developing supported housing arrangements for people with Learning Disabilities as an alternative to residential care, and seeking to balance the needs of the people involved, reducing reliance on high cost residential provision and increasing their choice and control.

5.21 REVIEW OF EMERGENCY DUTY

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s
£ -	£ 100	£ -	£ 100

This proposal would result in, if accepted, the Council reviewing the current arrangements for out of hours emergency response being reviewed as the work with the NHS on integrated services progresses.

5.22 REVIEW OF EQUIPMENT SERVICES

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s
£ 100	£ -	£ -	£ 100

This proposal would result in, if accepted, the Council developing in partnership with the NHS a shared service for the provision of equipment for disabled people.

5.23 YOUTH AND PLAY SERVICES

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s
£ 878	£ 300	£ -	£ 1,178

This option would mean a consolidated youth service operating out of the four main youth hubs across the borough. There will still be outreach teams, but the number will be reduced. There has been a decision to make a capital investment to support the development of a new Youth Zone in Birkenhead. This option would also mean, if accepted, that the youth opportunity fund would be allocated as a saving and the provision of play schemes would be reviewed. Further detail, including rationale, potential impact and proposed mitigation of this option can be found in appendix eight.

5.24 YOUTH CHALLENGE

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s
£ 200	£ 200	£ -	£ 400

The Youth Challenge service is designed to provide universal services to young people, aimed at reducing risk taking behaviour through a range of activities. This option would result in a more targeted service, with activities and funding being directed at those most in need.

5.25 CHILDREN'S CENTRES AND SURE START

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s
£ 1,576	£ 596	£ -	£ 2,172

The option here is to reduce universal services from children's centres and charge for most universal services which are provided. This would include a number of satellite children's centres being released to local schools. There are a number of proposals regarding Children's Centres, particularly the outsourcing of day care, and the reduction of the Sure Start budget, all of which are designed to protect the specialised, targeted services for the most vulnerable families. Further detail, including rationale, potential impact and proposed mitigation of this option can be found in appendix nine.

5.26 HELP AND ADVICE FOR OLDER PEOPLE

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s
£ 250	£ 100	£ -	£ 350

The POPIN service is providing prevention directly. The proposal would result in, if accepted, the service being re-provided through voluntary and community organisations, and through the Council's network of One Stop Shops.

5.27 CAREERS, INFORMATION AND ADVICE

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s
£ 700	£ 300	£ -	£ 1,000

The Council provides a wide range of careers advice to young people across the borough, including 1:1 information and advice to vulnerable and NEET young people, providing an interactive web portal offering information on career choices and providing tailored training programmes. The option in this area would result in a redesign of these services, to ensure the targeted work still took place at the level defined by the Council's statutory duties. This option was recommended by Cabinet on 20 December 2012.

5.28 SHORT BREAKS FOR CHILDREN WITH DISABILITIES

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s
£ 150	£ 150	£ -	£ 300

The option in this area would be to reconfigure the range of the short breaks which are funded for children with disabilities. This change will mean the Council can make sure we only 'buy' the services we need, and provide some services differently in consultation with children and carers.

5.29 CHILD AND ADOLESCENT MENTAL HEALTH SERVICE

2013/14 £000s	2014/15 £000s	2015/16 £000s	TOTAL £000s
£ 250	£ -	£ -	£ 250

This is a specialist service to children and adolescents who require mental health support. The service is provided in addition to statutory health provision and involves additional support being provided to children in need, children in care, children with a plan for adoption and children with a disability. This option would result in, if accepted, a more targeted service with funding and work being directed primarily at those most in need.

6.0 RELEVANT RISKS

- 6.1 A project team was established and met weekly to develop and deliver a project plan, with robust risk assessment arrangements. The key risk for this project is that failure to deliver a successful consultation project will leave the Council unable to develop a corporate or financial plan and make the budget savings required in 2013/14.

7.0 OTHER OPTIONS CONSIDERED

7.1 These options are presented to Cabinet by the Chief Executive based on the principles resolved by Cabinet in November 2012. The Council is required to save approximately £109 million over the next three years and as such no other options were considered.

8.0 CONSULTATION

8.1 Comprehensive programmes of consultation and engagement have been completed in relation to each of the budget options outlined within this report. The mechanisms and feedback from the consultation process was reported in detail to Cabinet on February 7th 2013 and is further summarised within this report.

9.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

9.1 The options within this report contain numerous opportunities to increase partnership working and commissioning within the voluntary, community and faith sector. Consultation and discussions with key organisations within the sector are continuing to ensure these opportunities are maximised.

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

10.1 This project has been delivered using existing resources through a cross-departmental project team.

9.0 LEGAL IMPLICATIONS

9.1 Recent case law has made it clear that any consultation undertaken must be meaningful, informed and reasonable. Failure to ensure this could lead to legal challenge and any decision taken which takes into account the consultation could be undermined and open to challenge by way of Judicial Review. The Local Government and Public Involvement in Health Act 2007 came into force in April 2009 and introduced a duty for local authorities to involve, inform and consult with their communities. The duty is wide-ranging and applies to the delivery of services, policy and decision making and means the Council must consult relevant individuals, groups, businesses, organisations and other stakeholders that the Authority considers likely to be affected by, or have an interest in, their actions and functions.

10.0 EQUALITIES IMPLICATIONS

10.1 An Equality Impact Assessment has been completed for each of the budget options described within this report. Use the following hyperlink to access these assessments:

<http://www.wirral.gov.uk/my-services/community-and-living/equality-diversity-cohesion/equality-impact-assessments/budget-options-eias>

11.0 CARBON REDUCTION IMPLICATIONS

11.1 A number of potential budget options, including the changed use of buildings across the borough, could bring benefits in terms of carbon reductions.

12.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

12.1 Potential community safety implications based on budget options.

13.0 RECOMMENDATION/S

13.1 That Cabinet notes the principles upon which the budget options have been developed.

13.2 That Cabinet makes recommendations on which budget options should be accepted as savings, and as such be recommended to Budget Council, in the context of the Council being required to find savings of £109 million over the next three years.

14.0 REASON/S FOR RECOMMENDATION/S

14.1 Failure to agree significant savings for 2013/14 will leave the Council unable to set a legal budget.

REPORT AUTHOR: **Peter Timmins**
Interim Director of Finance

APPENDICES

- Appendix 1: Community Meals
- Appendix 2: Assistive Technology
- Appendix 3: Charging for Non Residential Services
- Appendix 4: Residential and Respite Care
- Appendix 5: Day Care and Day Services Transformation
- Appendix 6: Support for Carers
- Appendix 7: Transport Policies
- Appendix 8: Youth and Play Services
- Appendix 9: Children's Centres and Sure Start

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Cabinet	7th February 2013
Cabinet	20th December 2012
Cabinet	8th November 2012
Cabinet	10th July 2012
Cabinet	21st June 2012

BUDGET OPTION: COMMUNITY MEALS

1.0 OUTLINE OF PROPOSAL

- 1.1 Community Meals, or 'meals on wheels', have been a traditional part of adult social services for many years. It involves hot meals being delivered to a number of vulnerable residents every day. At the moment, people receiving community meals pay £2.68 per meal. The cost to the Council is £3.47 per meal.
- 1.2 The proposal is that the Council should increase the charges so the price paid covers the current cost, which would work out at 79p per meal, and replace the current contract with a smaller contract reflecting anticipated demands for the service.

2.0 RATIONALE FOR PROPOSAL

- 2.1 The Community Meals service is currently delivered by an independent sector provider under a contract which expires in June 2013. Since the contract was awarded in 2008 there has been a significant fall in demand for the service from 2,600 meals per week to 1,900 meals per week and this trend is continuing.
- 2.2 The development of personalisation and introduction of personal budgets and direct payments has undoubtedly had an impact in this area as individuals are making personal choices regarding their nutrition and food provision.
- 2.3 Currently the Council charges £2.68 per meal and this is a subsidised rate. The full cost of providing the meal is estimated to be £3.47 based on the original contract for 2,600 meals.
- 2.4 The fall in demand means that it is unlikely that the Council will need to have in place a large contract for community meals. The current subsidy is therefore no longer appropriate and it is proposed that the current contract is replaced with a smaller contract which reflects anticipated demand for the hot meals service over the next 3 years.
- 2.5 The current provider offers a range of meals to meet dietary requirements including diabetic, vegetarian, gluten free etc. However there are alternative providers of ready meals and a variety of competitive alternatives that people can access in the community. There are now lots of alternative providers of ready meals that can offer much greater choice to people at a reasonable cost to the individual.

3.0 ACCESSIBILITY OF PROPOSAL

- 3.1 The option in relation to Community Meals was published alongside a series of other options from the Chief Executive on November 9th 2012. These options were published following an extensive period of

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consultation during September and October 2012, which focussed on broad principles of policy to gather initial views on how options should be developed.

- 3.2 Residents, staff and stakeholders were provided with a range of information detailing the background, level of savings, potential impact and methods of mitigating any potential negative impact for this and all other options. This information included:

Questionnaire: Split into three sections, the questionnaire provided a one paragraph summary of each option and provided the opportunity for respondents to select one of three choices indicating their opinion on the option.

Summary Paper: Three summary papers (one per 'theme') were produced and were available online, at Council buildings and at consultation events. These papers provided a summary of each option, including the level of savings involved and some background information.

Option Paper: For each of the published options, a detailed option paper was available. This paper provided information regarding the background to the option, the potential impact if the option was implemented, proposed methods to mitigate that impact and also the potential savings associated with the option.

- 3.3 The Questionnaire was the primary research tool used in this consultation, and as such it was essential that the document was designed in a way to ensure robust, clear and actionable results. It was also vital to the success of the project to ensure that the questionnaire was produced in a fashion that was accessible, clear and neutral. To ensure that this was the case, Council officers took a number of steps to ensure the questionnaire was externally validated as an effective research and consultation tool.
- 3.4 A draft version of the questionnaire was analysed by an external agency through the Market Research Society. The final draft of the questionnaire was also presented to the members of the Children in Care Council and a group of people with learning disabilities at a Council Day Centre who made further suggestions as to the design and wording of the document.
- 3.5 Further work was also done to ensure accessibility including publishing an interactive Easy Read version, and developing three individual videos, which were used at consultation events, on the Council website and also played through the network of 30 LCD screens in One Stop Shops and Libraries. These videos were designed to more fully explain the context of the options and also provide guidance for how to complete the questionnaire document.

4.0 CONSULTATION PROCESS

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- 4.1 An extensive programme of public consultation was completed in relation to all options which were published in November 2012. This programme included over 100 community events at locations such as libraries, supermarkets, cinemas, community centres and children's centres.
- 4.2 Extensive online promotion of the consultation was also completed, with emails being sent to over 13,000 residents, and the consultation also featured prominently on the Council's website which receives in excess of 1,000 hits per day.
- 4.4 A series of detailed meetings, covering all budget options, was also held with key organisations. These organisations included the Carers' Development Committee, Carers Association and the Enabling Fulfilling Lives Group among others.
- 4.5 A full programme of presentations and workshops were held in Council Day Centres and residential and respite facilities, which were extremely well attended and involved a full discussion of the proposed options, its potential impact and the mitigation which could be implemented.
- 4.6 At a series of meetings scheduled to discuss budget options people were provided with a detailed presentation. This provided people with the rationale for proposing the options, the potential impact of the option and proposed efforts to mitigate this impact. These meetings are listed below:

Group / Centre	Date
Carers Association	28.11.12
Carers Development Committee	30.11.12
Highcroft	14.12.12
Eastham Day Centre	7.1.13
Heswall Day Centre	10.1.13
Highcroft	14.1.13
Moreton Day Centre	17.1.13
Enabling Fulfilling Lives Group	18.1.13
Beaconsfield	29.1.13
Fernleigh	30.1.13
Sylvandale	4.2.13
Girtrell Court	7.2.13

- 4.7 People using services were also assisted throughout the consultation period to complete the online and paper based questionnaire, in easy read format, with help from other people using services, staff and the videos which were produced.

5.0 CONSULTATION FEEDBACK

- 5.1 In terms of the public consultation process, the response to the questionnaire demonstrated strong support from Wirral residents, staff and other stakeholders as to the implementation of this option. The table below shows the response to the public consultation:

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Answer Options	Response Percent	Response Count
I support this under the circumstances	48.5%	2334
I accept this if it is absolutely necessary	31.8%	1531
I find this completely unacceptable	19.7%	946

- 5.2 At the series of consultation meetings at key sites as described above, people attending were provided with a detailed presentation related to the budget options involved. This presentation provided people with the rationale for proposing the options, which is outlined in section 2.0 of this report.
- 5.3 People were then given the opportunity to ask questions of Council officers and also to have those questions fed into the consultation process; either through completing a questionnaire or by having their comments noted at the meeting, or with any Council officer they worked with at any convenient time.
- 5.4 It is clear from the notes from these meetings that the only major concern around this option was the person's ability to pay, and the potential impact of increasing charges on the person receiving care.

6.0 POTENTIAL IMPACT IDENTIFIED

- 6.1 The assessment of need of an individual who is eligible under Fair Access to Care must take account of their need for nutrition and meal provision and this will be included in their support plan. Adult Social Care will ensure that the range of available choices is discussed with the individual and a suitable arrangement put in place.

7.0 PROPOSED MITIGATION

- 7.1 It is important that due regard is shown to the concerns highlighted throughout this consultation process from people using the services, their families, carers, and our own workforce. It is proposed that, should this option be considered and recommended by Cabinet and approved at Council that the following factors should be taken into account in the implementation of the option.
- 7.2 There is now greater choice for people to buy affordable meals, including supermarkets who deliver ready meals to the door and specialist companies who deliver affordable frozen meals that meet all dietary requirements, such as Wiltshire Farm Foods. No subsidy is provided for these alternatives to the home delivered hot meal service. There are also at least 40 luncheon clubs in the Wirral, 9 of which receive a grant payment from the Council.
- 7.3 The Council will ensure that comprehensive information is available to the public on the range of providers of this service, and further ensure

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that people using this service are fully involved and consulted on its future development.

8.0 SUMMARY

- 8.1 The rationale for this proposal of this option is outlined within this report, together with an outline of the extensive consultation process which followed its publication. Concerns raised through this process have been highlighted and mitigation has been identified.
- 8.2 Therefore, it is felt appropriate that the decision can be taken to implement this option, while ensuring that due regard is shown to address the concerns highlighted by people during the consultation process.

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BUDGET OPTION: ASSISTIVE TECHNOLOGY

1.0 OUTLINE OF PROPOSAL

- 1.1 Assistive Technology in Wirral is jointly funded by Wirral Council and NHS Wirral. The joint management of the service is provided via Wirral Council. The service has seen a growth in the numbers of people being supported by the service of over 225% since 2009/2010. In 2011/12 there were over 4,500 people accessing the service at a cost of £1.5m.
- 1.2 Assistive technology includes installations in a person's home such as bed occupancy sensors, property exit sensor, pull chords, flood detectors and falls detectors. Assistive Technology in Wirral is increasingly recognised as an integral part of supporting individuals and carers.
- 1.3 This equipment is currently installed free of charge, and the people who receive the service have the added benefit of 24/7 monitoring, again for no charge. The value of the equipment ranges significantly, depending on the volume and type of support required but can cost as little as a few pounds to over £5,000.
- 1.4 The option in this area is to provide the same service, to the same standard, but introduce a weekly charge of £3 per household, per week, regardless of the level of equipment installed within the house.
- 1.5 The charge would be based on an individual's ability to pay.

2.0 RATIONALE FOR PROPOSAL

- 2.1 The option is to implement a proposed charge based on the cost of providing an ongoing monitoring service. The proposed charge of £3 per week is in line with charges made by other Local Authorities. It is estimated that 50% (2,500) of current users would be liable for this charge, but subject to a financial assessment of their ability to pay.
- 2.2 The current system is not to charge, this is seen as untenable going forward. A nominal fee has been put forward that covers the cost to the council, to charge more may be illegal.

3.0 ACCESSIBILITY OF PROPOSAL

- 3.1 The option in relation to Assistive Technology was published alongside a series of other options from the Chief Executive on November 9th 2012. These options were published following an extensive period of consultation during September and October 2012, which focussed on broad principles of policy to gather initial views on how options should be developed.
- 3.2 Residents, staff and stakeholders were provided with a range of information detailing the background, level of savings, potential impact

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and methods of mitigating any potential negative impact for this and all other options. This information included:

Questionnaire: Split into three sections, the questionnaire provided a one paragraph summary of each option and provided the opportunity for respondents to select one of three choices indicating their opinion on the option.

Summary Paper: Three summary papers (one per 'theme') were produced and were available online, at Council buildings and at consultation events. These papers provided a summary of each option, including the level of savings involved and some background information.

Option Paper: For each of the published options, a detailed option paper was available. This paper provided information regarding the background to the option, the potential impact if the option was implemented, proposed methods to mitigate that impact and also the potential savings associated with the option.

- 3.3 The Questionnaire was the primary research tool used in this consultation, and as such it was essential that the document was designed in a way to ensure robust, clear and actionable results. It was also vital to the success of the project to ensure that the questionnaire was produced in a fashion that was accessible, clear and neutral. To ensure that this was the case, Council officers took a number of steps to ensure the questionnaire was externally validated as an effective research and consultation tool.
- 3.4 A draft version of the questionnaire was analysed by an external agency through the Market Research Society. The final draft of the questionnaire was also presented to the members of the Children in Care Council and a group of people with learning disabilities at a Council Day Centre who made further suggestions as to the design and wording of the document.
- 3.5 Further work was also done to ensure accessibility including publishing an interactive Easy Read version, and developing three individual videos, which were used at consultation events, on the Council website and also played through the network of 30 LCD screens in One Stop Shops and Libraries. These videos were designed to more fully explain the context of the options and also provide guidance for how to complete the questionnaire document.

4.0 CONSULTATION PROCESS

- 4.1 An extensive programme of public consultation was completed in relation to all options which were published in November 2012. This programme included over 100 community events at locations such as libraries, supermarkets, cinemas, community centres and children's centres.

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- 4.2 Extensive online promotion of the consultation was also completed, with emails being sent to over 13,000 residents, and the consultation also featured prominently on the Council's website which receives in excess of 1,000 hits per day.
- 4.4 A series of detailed meetings, covering all budget options, was also held with key organisations. These organisations included the Carers' Development Committee, Carers Association and the Enabling Fulfilling Lives Group among others.
- 4.5 A full programme of presentations and workshops were held in Council Day Centres and residential and respite facilities, which were extremely well attended and involved a full discussion of the proposed options, its potential impact and the mitigation which could be implemented.

These meetings are listed below:

Group / Centre	Date
Carers Association	28.11.12
Carers Development Committee	30.11.12
Highcroft	14.12.12
Eastham Day Centre	7.1.13
Heswall Day Centre	10.1.13
Highcroft	14.1.13
Moreton Day Centre	17.1.13
Enabling Fulfilling Lives Group	18.1.13
Beaconsfield	29.1.13
Fernleigh	30.1.13
Sylvandale	4.2.13
Girtrell Court	7.2.13

- 4.6 People using services were also assisted throughout the consultation period to complete the online and paper based questionnaire, in easy read format, with help from other people using services, staff and the videos which were produced.

5.0 CONSULTATION FEEDBACK

- 5.1 In terms of the public consultation process, the response to the questionnaire demonstrated strong support from Wirral residents, staff and other stakeholders as to the implementation of this option. The table below shows the response to the public consultation:

Answer Options	Response Percent	Response Count
I support this under the circumstances	53.7%	2582
I accept this if it is absolutely necessary	29.4%	1414
I find this completely unacceptable	16.9%	812

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- 5.2 At the series of consultation meetings at key sites as described above, people attending were provided with a detailed presentation related to the budget options involved. This presentation provided people with the rationale for proposing the options, which is outlined in section 2.0 of this report.
- 5.3 People were then given the opportunity to ask questions of Council officers and also to have those questions fed into the consultation process; either through completing a questionnaire or by having their comments noted at the meeting, or with any Council officer they worked with at any convenient time.
- 5.4 It is clear from the notes from these meetings that the only major concern around this option was the person's ability to pay, and the potential impact of increasing charges on the person receiving care.

6.0 POTENTIAL IMPACT IDENTIFIED

- 6.1 The main concern highlighted in the consultation for this option is regarding the person's ability to pay.

7.0 PROPOSED MITIGATION

- 7.1 It is important that due regard is shown to the concerns highlighted throughout this consultation process from people using the services, their families, carers, and our own workforce. It is proposed that, should this option be considered and recommended by Cabinet and approved at Council that the following factors should be taken into account in the implementation of the option.
- 7.2 A full financial assessment should be implemented to determine if any charge which is introduced for Assistive Technology is fair and the person is able to pay.

8.0 SUMMARY

- 8.1 It is felt appropriate that a decision can be taken to investigate charging for Assistive Technology with a view to developing a proposal for further consultation, or to investigate working with the VCF sector to deliver assistive technology for groups of people currently accessing the Council service.

BUDGET OPTION: CHARGING FOR NON-RESIDENTIAL SERVICES

1.0 OUTLINE OF PROPOSAL

- 1.1 The Council has the ability to charge people for the social care services they receive. These charges are for services which include home care, supported living, day care and transport.
- 1.2 Most Councils charge for these services and many Councils charge 100% of a person's disposable income, minus a buffer of 25%. Wirral currently charges 75% of a person's disposable income and the option in this area is to increase this level to 100% from April 2013, minus the buffer of 25% which is required by statutory government guidance.
- 1.3 This option will increase the contributions made for their care by vulnerable and elderly people. However, the charges are based entirely on a person's ability to pay, and will bring our levels of charges in line with other Councils in the North West.

2.0 RATIONALE FOR PROPOSAL

- 2.1 Local authorities have discretionary powers under Section 17 of the Health and Social Services and Social Security Adjudication Act 1983 to charge adult recipients of non-residential care services. Charging for non-residential services is covered in the Local Authority Circular LAC (2001)32 - Fairer Charging Policies for Home Care and Other non-residential Social Services published by the Department of Health in November 2001. The Fairer Charging guidance allows local authorities to decide whether to charge for services and there is quite significant scope for local discretion.
- 2.2 Further guidance was issued by the Department of Health in July 2009 to supplement the Fairer Charging guidance. This fairer contributions guidance provides a model for calculating a person's contribution to their personal budget.
- 2.3 The assessed charge is based on the person's ability to pay and, unless they are assessed to pay the maximum charge for their services, it is a contribution towards their package of care irrespective of the type or volume of support provided.
- 2.4 Benchmarking information has been obtained to compare the charge applied by Wirral with that of other North West Authorities. This is shown in the table below:

Council	% Charge against Disposable income
Wirral	75

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Wigan	75
Sefton	80
Lancashire	85
Rochdale	90
Cheshire East	97
Blackpool	100
Bury	100
Cumbria	100
St Helen's	100
Stockport	100
Tameside	100
Trafford	100

- 2.5 The potential impact on an individual's weekly charge from an increase in the charging policy is provided in the table below. The examples shown cover the most common weekly assessed charges.

Current Charge	Revised Weekly Charge			
	85%	90%	95%	100%
£12.13	£13.75	£14.56	£15.37	£16.18
£17.11	£19.39	£20.53	£21.67	£22.81
£19.88	£22.54	£23.87	£25.20	£26.53
£55.78	£63.22	£66.94	£70.66	£74.38
£63.53	£72.01	£76.25	£80.49	£84.73

3.0 ACCESSIBILITY OF PROPOSAL

- 3.1 The option in relation to charging for non-residential services was published alongside a series of other options from the Chief Executive on November 9th 2012. These options were published following an extensive period of consultation during September and October 2012, which focussed on broad principles of policy to gather initial views on how options should be developed.
- 3.2 Residents, staff and stakeholders were provided with a range of information detailing the background, level of savings, potential impact and methods of mitigating any potential negative impact for this and all other options. This information included:

Questionnaire: Split into three sections, the questionnaire provided a one paragraph summary of each option and provided the opportunity for respondents to select one of three choices indicating their opinion on the option.

Summary Paper: Three summary papers (one per 'theme') were produced and were available online, at Council buildings and at consultation events. These papers provided a summary of each option, including the level of savings involved and some background information.

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Option Paper: For each of the published options, a detailed option paper was available. This paper provided information regarding the background to the option, the potential impact if the option was implemented, proposed methods to mitigate that impact and also the potential savings associated with the option.

- 3.3 The Questionnaire was the primary research tool used in this consultation, and as such it was essential that the document was designed in a way to ensure robust, clear and actionable results. It was also vital to the success of the project to ensure that the questionnaire was produced in a fashion that was accessible, clear and neutral. To ensure that this was the case, Council officers took a number of steps to ensure the questionnaire was externally validated as an effective research and consultation tool.
- 3.4 A draft version of the questionnaire was analysed by an external agency through the Market Research Society. The final draft of the questionnaire was also presented to the members of the Children in Care Council and a group of people with learning disabilities at a Council Day Centre who made further suggestions as to the design and wording of the document.
- 3.5 Further work was also done to ensure accessibility including publishing an interactive Easy Read version, and developing three individual videos, which were used at consultation events, on the Council website and also played through the network of 30 LCD screens in One Stop Shops and Libraries. These videos were designed to more fully explain the context of the options and also provide guidance for how to complete the questionnaire document.

4.0 CONSULTATION PROCESS

- 4.1 An extensive programme of public consultation was completed in relation to all options which were published in November 2012. This programme included over 100 community events at locations such as libraries, supermarkets, cinemas, community centres and children's centres.
- 4.2 Extensive online promotion of the consultation was also completed, with emails being sent to over 13,000 residents, and the consultation also featured prominently on the Council's website which receives in excess of 1,000 hits per day.
- 4.3 Organisations from the Voluntary, Community and Faith sectors were also actively encouraged to take part in this consultation process. Consultation responses were received from organisations such as Wirral Mencap and the Association for Carers' Executive (ACE), based in Wallasey.
- 4.4 A series of detailed meetings, covering all budget options, was also held with key organisations. These organisations included the Carers'

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Development Committee, Carers Association and the Enabling Fulfilling Lives Group among others.

- 4.5 A full programme of presentations and workshops were held in Council Day Centres and residential and respite facilities, which were extremely well attended and involved a full discussion of the proposed options, its potential impact and the mitigation which could be implemented.
- 4.6 A series of meetings scheduled to discuss this and other options people were provided with a detailed presentation related to the budget options involved. This provided people with the rationale for proposing the options, the potential impact of the option and proposed efforts to mitigate this impact. These meetings are listed below:

Group / Centre	Date
Carers Association	28.11.12
Carers Development Committee	30.11.12
Highcroft	14.12.12
Eastham Day Centre	7.1.13
Heswall Day Centre	10.1.13
Highcroft	14.1.13
Moreton Day Centre	17.1.13
Enabling Fulfilling Lives Group	18.1.13
Beaconsfield	29.1.13
Fernleigh	30.1.13
Sylvandale	4.2.13
Girtrell Court	7.2.13

- 4.7 People using services were also assisted throughout the consultation period to complete the online and paper based questionnaire, in easy read format, with help from other people using services, staff and the videos which were produced.

5.0 CONSULTATION FEEDBACK

- 5.1 In terms of the public consultation process, the response to the questionnaire demonstrated broad support from Wirral residents, staff and other stakeholders as to the implementation of this option. The table below shows the response to the public consultation:

Answer Options	Response Percent	Response Count
I support this under the circumstances	30.5%	1445
I accept this if it is absolutely necessary	33.9%	1604
I find this completely unacceptable	35.6%	1685

- 5.2 At the series of consultation meetings at key sites as described above, people attending were provided with a detailed presentation related to the budget options involved. This presentation provided people with the

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rationale for proposing the options, which is outlined in section 2.0 of this report.

- 5.3 People were then given the opportunity to ask questions of Council officers and also to have those questions fed into the consultation process; either through completing a questionnaire or by having their comments noted at the meeting, or with any Council officer they worked with at any convenient time.
- 5.4 It is clear from the notes from these meetings that the only major concern around this option was the person's ability to pay, and the potential impact of increasing charges on the person receiving care.

6.0 POTENTIAL IMPACT IDENTIFIED

- 6.1 Whilst the service will remain unchanged the proposal will increase the contributions made by vulnerable and elderly people in the borough towards the cost of their care and support.
- 6.2 People may decline the service if charges are increased and this may impact on their health and wellbeing. There may also be an impact on the level of Council debt as people may not pay the increased charge.

7.0 PROPOSED MITIGATION

- 7.1 It is important that due regard is shown to the concerns highlighted throughout this consultation process. It is proposed that, should this option be considered and recommended by Cabinet and approved at Council that the following factors should be taken into account in the implementation of the option.
- 7.2 Due regard must be shown to the concerns highlighted throughout the consultation, to ensure that charges are based on a person's ability to pay and will be reviewed on a case by case basis for individuals who experience difficulty in paying their assessed charge.

8.0 SUMMARY

- 8.1 The rationale for this proposal of this option is outlined within this report, together with an outline of the extensive consultation process which followed its publication. Concerns raised through this process have been highlighted and mitigation has been identified.
- 8.2 Therefore, it is felt appropriate that the decision can be taken to implement this option, while ensuring that due regard is shown to address the concerns highlighted by people during the consultation process.

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BUDGET OPTION: RESIDENTIAL AND RESPITE CARE

1.0 OUTLINE OF PROPOSAL

- 1.1 This option proposes a modernisation to short breaks for people with disabilities and mental health needs, and will involve the following:

LONG STAY AND RESPITE SERVICES FOR PEOPLE WITH DISABILITIES

- 1.2 In the short term, progress the move of the 8 residents from Girtrell Court and 'mothball' 50% of Sylvandale.
- 1.3 In the longer term, subject to consultation with service users and carers and staff, the closure of Sylvandale will result in a further release of resources that will be reinvested into the Community Care Budget, thus making this proposal cost neutral.

RESPITE SERVICES FOR PEOPLE WITH MENTAL HEALTH NEEDS

- 1.4 Funding of £500,000 to maintain the service at Fernleigh was allocated as a one year policy option until 31 March 2013. If the service remains unchanged this will result in a budget pressure in 2013/14. The closure of Fernleigh will require the commissioning of 7 beds in the independent sector at an estimated cost of £160,000; this will need to be accommodated from within the Community Care Budget. However, revenue pressures of £340,000 and capital investment of £900,000 will be avoided.
- 1.5 In the longer term, the closure of both Sylvandale and Fernleigh will result in sufficient release of resources in to the Community Care budget to ensure that the provision of short stay places, for people with learning and physical disabilities and mental health need will become cost neutral and contained within the Community Care Budget.
- 1.2 The re-commissioning of these services will allow the disposal of the Fernleigh and Sylvandale buildings.

2.0 RATIONALE FOR PROPOSAL

- 2.1 The Council currently provides residential respite and crisis services for people with mental health needs. It also provides long stay residential and short breaks services for people with physical disabilities and learning disabilities from three locations. Fernleigh is located in Leasowe, Girtrell Court in Saughall Massie and Sylvandale in Bromborough.
- 2.2 Council run residential services have not been maintained to market standard and have sometimes been seen as less flexible and innovative than alternative types of provision.

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- 2.3 The Department is seeking to balance the needs of those known to the services and the cost pressure of continuing to provide all three services. The proposals would allow sufficient capacity to “lease” four beds to the NHS to enable them to relocate their crisis bed service to Girtrell Court. It is anticipated that this would generate additional income of £320,000 in a full year.
- 2.4 An analysis of the type of short breaks provided by neighbouring Councils has revealed a different pattern of services to that provided, again reinforcing the need for change.
- 2.5 The proposed changes will seek to offer choice and control to people and to make best use of available resources. The model is predominantly one of Councils purchasing short breaks beds from other providers on an “as needs” basis. No Council maintains more than 2 short breaks beds compared to Wirral’s 8.
- 2.6 Fernleigh currently provides crisis and respite/a short breaks service. NHS Wirral will commission the specific element of the service relating to crisis intervention and the council seeking to offer short breaks/ respite separately. During consultation service users expressed a view that they would prefer a cohesive and combined service to continue, however this is not considered to be best use of council resources

3.0 ACCESSIBILITY OF PROPOSAL

- 3.1 The option in relation to Residential and Respite Care was published alongside a series of other options from the Chief Executive on November 9th 2012. These options were published following an extensive period of consultation during September and October 2012, which focussed on broad principles of policy to gather initial views on how options should be developed.
- 3.2 Residents, staff and stakeholders were provided with a range of information detailing the background, level of savings, potential impact and methods of mitigating any potential negative impact for this and all other options. This information included:

Questionnaire: Split into three sections, the questionnaire provided a one paragraph summary of each option and provided the opportunity for respondents to select one of three choices indicating their opinion on the option.

Summary Paper: Three summary papers (one per ‘theme’) were produced and were available online, at Council buildings and at consultation events. These papers provided a summary of each option, including the level of savings involved and some background information.

Option Paper: For each of the published options, a detailed option paper was available. This paper provided information regarding the background

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to the option, the potential impact if the option was implemented, proposed methods to mitigate that impact and also the potential savings associated with the option.

- 3.3 The Questionnaire was the primary research tool used in this consultation, and as such it was essential that the document was designed in a way to ensure robust, clear and actionable results. It was also vital to the success of the project to ensure that the questionnaire was produced in a fashion that was accessible, clear and neutral. To ensure that this was the case, Council officers took a number of steps to ensure the questionnaire was externally validated as an effective research and consultation tool.
- 3.4 A draft version of the questionnaire was analysed by an external agency through the Market Research Society. The final draft of the questionnaire was also presented to the members of the Children in Care Council and a group of people with learning disabilities at a Council Day Centre who made further suggestions as to the design and wording of the document.
- 3.5 Further work was also done to ensure accessibility including publishing an interactive Easy Read version, and developing three individual videos, which were used at consultation events, on the Council website and also played through the network of 30 LCD screens in One Stop Shops and Libraries. These videos were designed to more fully explain the context of the options and also provide guidance for how to complete the questionnaire document.

4.0 CONSULTATION PROCESS

- 4.1 An extensive programme of public consultation was completed in relation to all options which were published in November 2012. This programme included over 100 community events at locations such as libraries, supermarkets, cinemas, community centres and children's centres.
- 4.2 Extensive online promotion of the consultation was also completed, with emails being sent to over 13,000 residents, and the consultation also featured prominently on the Council's website which receives in excess of 1,000 hits per day.
- 4.3 Organisations from the Voluntary, Community and Faith sectors were also actively encouraged to take part in this consultation process. Consultation responses were received from organisations such as Wirral Mencap and the Association for Carers' Executive (ACE), based in Wallasey.
- 4.4 A series of detailed meetings, covering all budget options, was also held with key organisations. These organisations included the Carers' Development Committee, Carers Association and the Enabling Fulfilling Lives Group among others.

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- 4.5 A full programme of presentations and workshops were held in Council Day Centres, which were extremely well attended and involved a full discussion of the proposed option, its potential impact and the mitigation which could be implemented.
- 4.6 These meetings are listed below:

Group / Centre	Date
Carers Association	28.11.12
Carers Development Committee	30.11.12
Highcroft	14.12.12
Eastham Day Centre	7.1.13
Heswall Day Centre	10.1.13
Highcroft	14.1.13
Moreton Day Centre	17.1.13
Enabling Fulfilling Lives Group	18.1.13
Beaconsfield	29.1.13
Fernleigh	30.1.13
Sylvandale	4.2.13
Girtrell Court	7.2.13

- 4.7 The meetings in Fernleigh, Sylvandale and Girtrell Court focussed almost entirely on the option regarding residential and respite care. People attending had been provided with detailed information as to the option well in advance of the meetings and were further provided with a presentation from the Director outlining the issues and rationale behind the option, and were encouraged to ask questions and provide their views.
- 4.8 People using services were also assisted throughout the consultation period to complete the online and paper based questionnaire, in easy read format, with help from other people using services, staff and the videos which were produced.

5.0 CONSULTATION FEEDBACK

- 5.1 In terms of the public consultation process, the response to the questionnaire demonstrated broad approval from Wirral residents, staff and other stakeholders as to the implementation of the options. The table below shows the response to the public consultation:

Answer Options	Response Percent	Response Count
I support this under the circumstances	25.2%	1215
I accept this if it is absolutely necessary	29.6%	1426
I find this completely unacceptable	45.2%	2179

- 5.2 The public consultation also asked people to identify if they considered themselves to be a disabled person. 468 people answered 'Yes' to this

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question, and the response from those people to the question relating to Residential and Respite Care is provided below. This table shows that people answering the questionnaire who state they have a disability are in fact slightly more in favour of this option than the overall consultation sample.

Answer Options	Response Percent	Response Count
I support this under the circumstances	30.8%	144
I accept this if it is absolutely necessary	23.5%	110
I find this completely unacceptable	45.7%	214

- 5.3 At the series of meetings within the centres affected by this option, listed above, people were provided with a presentation from the Director, which was then followed by a question and answer session with people attending.
- 5.4 Prior to the meeting, following the publication of the budget proposal in November 2012, questionnaires and detailed information relating to this option was distributed throughout the centres to ensure people using the services were provided more than adequate information as to the proposal and sufficient time to submit their response.
- 5.5 This took place throughout November 2012, December 2012 and January 2013, and people were encouraged to either complete a questionnaire, which they were assisted to do by Council officers, or to make their views known in any other fashion which they may prefer. In addition to the public consultation period of November 9th – January 31st, a further series of meetings were held in affected centres, as detailed above.
- 5.6 At the meetings described, a number of concerns and suggestions were provided by people attending, which were answered by the Director who further assured people attending that he would return for further consultation and discussions with people following the Council decision in March.
- 5.7 The physical environment, particularly at Fernleigh, was poor and required substantial investment. However, the support provided at the centres was highly valued, as were the Council employees working there.
- 5.8 The majority of comments received at the meetings stated that people were not concerned where the service was provided, only that the service was continued to be provided and at the same quality. However, people would prefer that all sites remained open and were invested in.

6.0 POTENTIAL IMPACT IDENTIFIED

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- 6.1 Should recommendations not be agreed, the Council runs the risk of providing services at Sylvandale and Girtrell that people will not use. This will result in additional financial pressure as resources will be locked into empty buildings rather than being reinvested into supporting people in the community.
- 6.2 With regard to Fernleigh the risk is that the Council will miss the opportunity to modernise the service in line with current best practice. This will result in the Council not being able to run the service, not only due to the significant capital investment required to bring the building up to an acceptable standard but also the additional unbudgeted revenue expenditure.
- 6.3 Both of these proposals involve the closure of Council run buildings with the resultant risk to staff employed. Whilst management has been covering vacancies with agency staff there is still a potential impact on the 100 staff directly employed by the Council.

7.0 PROPOSED MITIGATION

- 7.1 A market analysis exercise has been undertaken with a number of Wirral residential providers to ascertain whether there was the capacity within the current market to provide respite care. Although only one of the providers had current capacity, 5 of the 6 contacted indicated that they would be interested in providing a short breaks service.
- 7.2 In addition all people able to access secondary mental health services are now offered a self directed assessment and personal budget which enables them to purchase their own care through a personal assistant or agency.
- 7.3 There is also the potential for the VCF sector to be involved in the provision of these services, in particular as the Department will be looking to commission short stay services within the independent sector.

8.0 SUMMARY

- 8.1 The rationale for the proposal of this option is outlined within this report, in that to ensure the best level of service for people requiring residential and respite care in Wirral then savings must be realised to allow for re-investment into the Community Care budget.
- 8.2 The proposal was widely distributed, allowing for people using the service to respond intelligently within an extended timeframe. The Director of Adult Social Services further attended a series of events within the centres and ensured that everyone wishing to provide their view was provided adequate opportunities to do so.
- 8.3 The consultation and engagement exercise has demonstrated that people using these services, their families and carers are more

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concerned about ensuring the level of service provision is maintained and improved than preserving the physical buildings the service is provided from.

- 8.4 Therefore it is felt appropriate that a decision can be taken to recommend this option for Council approval, and delegate to the Director of Adult Social Services the responsibility for ensuring that before any closures take place adequate re-provision of support has been identified and agreed for each person using the services affected.

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BUDGET OPTION: DAY SERVICES TRANSFORMATION

1.0 OUTLINE OF PROPOSAL

- 1.1 Currently, Wirral Council provides a number of Day Centres which support people with Learning Disabilities, Physical Disabilities and Mental Health difficulties. The Council is exploring ways to deliver an effective, efficient in-house service that can remain competitive, in terms of quality and cost. All of our Day Centres at the moment need substantial investment to varying degrees to bring them up to an acceptable quality standard.
- 1.2 This option will involve the complete transformation and improvement of day services; which will result in investing in some centres to make them modern, fit for purpose and suitable to provide the best possible support, but would also mean the Council providing fewer centres. The potential for Social Enterprises is also being explored. The Capital requirement is retained for modernisation as grant funded capital or it could disappear. It is currently only possible to have a specific and reduced level of improvement which is in excess of the estimated cost of modernisation, but we will work closely with services to ensure that any resources are used to best effect
- 1.3 There were two proposals published and consulted on in relation to the Day Services budget option; both of which involved the closure of one large Day Centre, and the consolidation of mental health provision into one Centre. The options further proposed the further development of day care while either being retained in house or being operated as an independent social enterprise. The full option was published alongside all other budget options on November 9th 2012 and is available on the Wirral Council website at <http://www.wirral.gov.uk/whatreallymatters>
- 1.4 Whilst this proposal may result in the closure of some centres, individuals will still be able to access day services if they choose to do so whilst others, through a personal budget, may choose other ways to receive support. The demand for day services in the voluntary sector may increase as people exercise greater choice through personal budgets. The project to transform day services is developing a service model based on the needs and priorities of service users, with a particular focus on employment needs. In relation to alternative delivery vehicles, we are looking to spend 12 months extending the review of an appropriate delivery vehicle or operating model. We will consider all options, including social enterprise, mutual's or Local Authority Trading Company. We will work across the sub region to consider this further where appropriate and feasible.

2.0 RATIONALE FOR PROPOSAL

- 2.1 The Council currently operates six in-house day centres for people with physical and learning disabilities, three day centres for people with mental health needs and six day services offering “work type” placements for people with a disability. These have close links with their communities, operate increasingly personalised services and carry out a range of trading activities including catering and sale of plants and produce.
- 2.2 The model of operation needs to evolve further to meet national expectations and changing needs. The policy of offering people Personal Budgets has changed the profile of service provision. It is increasing demand for flexible support packages, which has in turn reduced demand for traditional long term day care. There is evidence that service users often attend more than one day centre and “mix and match” provision.
- 2.3 Young people who are making the transition from children’s to adult’s services are not automatically choosing to attend day centres and the majority are choosing to access alternative mainstream provision and activity.
- 2.4 Council run day centres have not been maintained to market standard and have sometimes been seen as less flexible and innovative than alternative types of provision. There is also evidence of an increasing demand for the “work type” placements delivered in six of the council’s day services. These currently offer the equivalent of around 130 full time places a day to service users and are anxious to expand the provision to manage demand.

FACTORS AFFECTING THE PROPOSAL

- 2.5 The following factors have been taken into account to develop options to deliver a modernised service:
 - 2.5.1 The predicted demand for any future service. This has been based upon an analysis of current levels of occupancy of the day centres, future need in terms of the population of young adults coming through the transition process and the choices they are making about what type of day provision to access. This demonstrates that around 33% of the places currently available are not being used. Given the drive towards more personalised services this is likely to increase in coming years and there is a need for the department to consolidate its provision at the same time as ensuring that there is sufficient capacity to meet the needs of the learning disabled, physically disabled and mental health “populations”. Based on this analysis it will be necessary for the department to ensure sufficient capacity to support 312 people with physical and learning disabilities and 36 people with mental health needs on a daily basis.

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- 2.5.2 The requirement for sufficient capacity to meet high dependency needs. As highlighted above, there is a significant minority of service users with profound disabilities who will continue to need specialist centres.
- 2.5.3 Where services are located. Any new model of service provision has to be flexible enough to meet individual needs and take into account the increasing emphasis on services based on a locality model, nearer to where people live.
- 2.5.4 The level of capital investment in the current provision which would be required to bring centres up to a modern standard. Full condition surveys have been carried out on all buildings and it has been established that although some centres are in a much better state of repair than others, the cost of basic reparation to bring all buildings up to an acceptable standard would be £1.5m. This estimate covers only the basic repairs needed and does not include any level of improvement.
- 2.5.5 The need to deliver savings over three years as part of the council's budget strategy.

3.0 ACCESSIBILITY OF PROPOSAL

- 3.1 The option in relation to Day Services was published alongside a series of other options from the Chief Executive on November 9th 2012. These options were published following an extensive period of consultation during September and October 2012, which focussed on broad principles of policy to gather initial views on how options should be developed.
- 3.2 Residents, staff and stakeholders were provided with a range of information detailing the background, level of savings, potential impact and methods of mitigating any potential negative impact for this and all other options. This information included:

Questionnaire: Split into three sections, the questionnaire provided a one paragraph summary of each option and provided the opportunity for respondents to select one of three choices indicating their opinion on the option.

Summary Paper: Three summary papers (one per 'theme') were produced and were available online, at Council buildings and at consultation events. These papers provided a summary of each option, including the level of savings involved and some background information.

Option Paper: For each of the published options, a detailed option paper was available. This paper provided information regarding the background to the option, the potential impact if the option was implemented,

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proposed methods to mitigate that impact and also the potential savings associated with the option.

- 3.3 The Questionnaire was the primary research tool used in this consultation, and as such it was essential that the document was designed in a way to ensure robust, clear and actionable results. It was also vital to the success of the project to ensure that the questionnaire was produced in a fashion that was accessible, clear and neutral. To ensure that this was the case, Council officers took a number of steps to ensure the questionnaire was externally validated as an effective research and consultation tool.
- 3.4 A draft version of the questionnaire was analysed by an external agency through the Market Research Society. The final draft of the questionnaire was also presented to the members of the Children in Care Council and a group of people with learning disabilities at a Council Day Centre who made further suggestions as to the design and wording of the document.
- 3.5 Further work was also done to ensure accessibility including publishing an interactive Easy Read version, and developing three individual videos, which were used at consultation events, on the Council website and also played through the network of 30 LCD screens in One Stop Shops and Libraries. These videos were designed to more fully explain the context of the options and also provide guidance for how to complete the questionnaire document.

4.0 CONSULTATION PROCESS

- 4.1 An extensive programme of public consultation was completed in relation to all options which were published in November 2012. This programme included over 100 community events at locations such as libraries, supermarkets, cinemas, community centres and children's centres.
- 4.2 Extensive online promotion of the consultation was also completed, with emails being sent to over 13,000 residents, and the consultation also featured prominently on the Council's website which receives in excess of 1,000 hits per day.
- 4.3 Organisations from the Voluntary, Community and Faith sectors were also actively encouraged to take part in this consultation process. Consultation responses were received from organisations such as Wirral Mencap and the Association for Carers' Executive (ACE), based in Wallasey.
- 4.4 A series of detailed meetings, covering all budget options, was also held with key organisations. These organisations included the Carers' Development Committee, Carers Association and the Enabling Fulfilling Lives Group among others.

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- 4.5 A full programme of presentations and workshops were held in Council Day Centres, which were extremely well attended and involved a full discussion of the proposed option, its potential impact and the mitigation which could be implemented. The full list of meetings which were held is listed below:

Group / Centre	Date
Carers Association	28.11.12
Carers Development Committee	30.11.12
Highcroft	14.12.12
Eastham Day Centre	7.1.13
Heswall Day Centre	10.1.13
Highcroft	14.1.13
Moreton Day Centre	17.1.13
Enabling Fulfilling Lives Group	18.1.13
Beaconsfield	29.1.13
Fernleigh	30.1.13
Sylvandale	4.2.13
Girtrell Court	7.2.13

- 4.6 People using services were also assisted throughout the consultation period to complete the online and paper based questionnaire, in easy read format, with help from other people using services, staff and the videos which were produced.

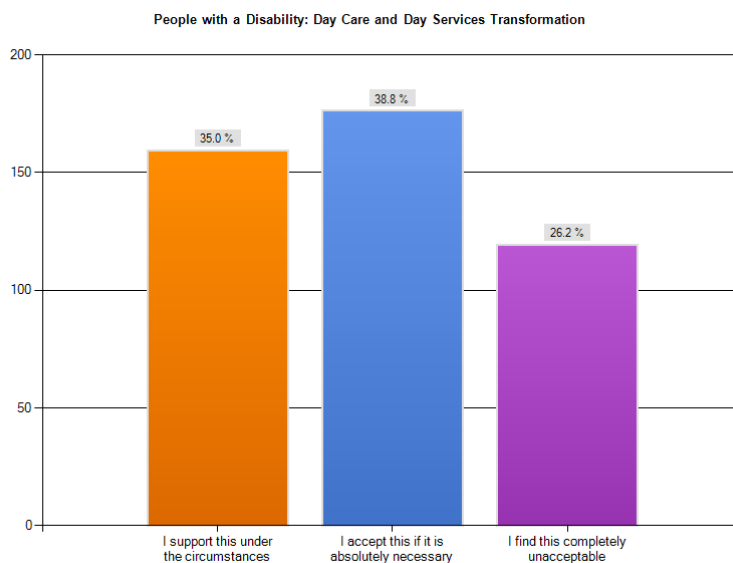
5.0 CONSULTATION FEEDBACK

- 5.1 In terms of the public consultation process, the response to the questionnaire demonstrated broad approval from Wirral residents, staff and other stakeholders as to the implementation of the options. The table below shows the response to the public consultation:

Answer Options	Response Percent	Response Count
I support this under the circumstances	35.1%	1681
I accept this if it is absolutely necessary	37.4%	1790
I find this completely unacceptable	27.4%	1313

- 5.2 The public consultation also asked people to identify if they considered themselves to be a disabled person. 468 people answered 'Yes' to this question, and the response from those people to the question relating to Day Services is provided below. This graph shows that people answering the questionnaire who state they have a disability are in fact slightly more in favour of this option than the overall consultation sample.

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- 5.3 At the series of consultation meetings at Day Services sites described above, people attending were provided with a detailed presentation related to the budget options involved. This presentation provided people with the rationale for proposing the options, in terms of the transformation of the service and financial issues faced by the Council, which are outlined in section 2.0 of this report.
- 5.4 People were then given the opportunity to ask questions of Council officers and also to have those questions fed into the consultation process; either through completing a questionnaire or by having their comments noted at the meeting, or with any Council officer they worked with at any convenient time.
- 5.5 At each consultation event held at a Council Day Centre, the fact that a key part of this option was the closure of one or more Day Centres was made clear to all those who were in attendance.
- 5.6 It is clear from the notes from each of these meetings that those in attendance would prefer for none of the sites to close, and rather that they were invested in. However, people also accepted that the financial situation in the Council meant that was unlikely.
- 5.7 People who attended these meetings also made various points related to questioning who would be responsible for the quality of the service, if parts of the current day services were to be turned into a social enterprise. Further concerns were expressed around transport, and specifically highlighting the increased demand for transport if one or more sites were to close.
- 5.8 A number of concerns were expressed by people using services and their carers as to the staff potentially affected by this option, who were specifically worried that closing centres and reducing the number of staff

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would cause them to lose the relationships they have built up with staff over the course of many years.

- 5.9 A suggestion was also made at a number of meetings that it would be more beneficial to close three smaller day centres rather than closing one of the larger sites.

6.0 POTENTIAL IMPACT IDENTIFIED

- 6.1 The potential impact on Council staff of implementing this option was provided at the start of the process in the original options paper, and is provided below. Further potential impacts have been identified and discussed with people using services throughout the consultation process.

POTENTIAL IMPACT ON STAFF

- 6.2 The closure of one large day centre and the consolidation of mental health services will result in a saving of £2 million over three years but will include a reduction of staff. There will be a resale value to the Council if the sites of the former day centres are sold.
- 6.3 There are significant implications for staff arising from these proposals. Posts will be lost and full consultation with staff and trade unions has been undertaken. In addition there are significant skills development issues to be addressed with remaining staff as the service moves into its new model.
- 6.4 It is anticipated that the creation of a social enterprise network will generate additional efficiencies within the day services budget and these will form part of the plan to commission this service. There will be significant implications for staff working within these services as they move forward into a new organisation.
- 6.5 All of the options for modernising day services involve the closure of Council run buildings with the resultant risk to staff employed. Whilst management has been covering vacancies with agency staff there is still a potential impact on up to 82 staff directly employed by the Council. Detailed Equality Impact Assessments have been completed in relation to potential staff impacts due to budget options.

POTENTIAL IMPACT ON PEOPLE USING SERVICES

- 6.6 As mentioned above, people using services made repeated references as to their concerns over the quality of a future service which may not be delivered directly by Wirral Council.
- 6.7 The accessibility of services, in relation to physical transport to and from sites, was also frequently mentioned as being a great concern to people who use services, their families and carers. A further concern was raised

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that the option could create difficulties for people to cope with changes of service, location and staff.

- 6.8 The option initially proposes states that people using services are able to choose from a wide variety of services to suit their needs, using their personal budgets. People were concerned that, if the option was implemented and other concerns such as transport were not mitigated, then their choice of services could be severely affected.
- 6.9 While people who were involved in the consultation would prefer all centres to remain open, the financial pressures on the Council were recognised. The potential impacts described above would vary dependent on which centre was selected for closure and therefore concerns were raised as to the selection criteria for which site was to close.

7.0 PROPOSED MITIGATION

- 7.1 It is important that due regard is shown to the concerns highlighted throughout this consultation process from people using the services, their families, carers, and our own workforce. It is proposed that, should this option be considered and recommended by Cabinet and approved at Council that the following factors should be taken into account in the implementation of the option.

PROPOSED MITIGATION TO IMPACT ON STAFF

- 7.1 The department has already engaged “Skills for Care” to undertake an analysis of the skills required within the workforce and a developmental programme will be implemented.
- 7.2 Extensive support and advice is already available to all Council staff affected by the proposed budget options; and this support will be specifically tailored dependent on the needs of employees.
- 7.3 If appropriate, specialist advice will be sought to ensure that TUPE implications are fully understood and there will be extensive consultation with staff and unions as the Business Plan is developed for potential development of a social enterprise model in the future.

PROPOSED MITIGATION TO IMPACT ON SERVICE USERS

- 7.4 If any part of the service is further developed into an independent social enterprise, or if people using current Day Services elect to purchase other commissioned services using their personal budgets, that the Council retains overall responsibility for the quality of that service.
- 7.5 If people using the Day Centre which is selected for closure wish to continue using directly provided Council day centre services, then every opportunity should be provided to do so, through a fair and accessible

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transport provision. Transition assistance should also be provided for people who are changing services or centres.

- 7.6 If the decision is taken at Council that one large day centre should close, and mental health provision should be consolidated into one site, then the people using these services should be fully consulted and involved in the selection of the sites for closure.

8.0 SUMMARY

- 8.1 The rationale for this proposal of this option is outlined within this report, in that to modernise and make the day services provision from Wirral Council truly fit for purpose then a complete transformation of the physical buildings and services provided is a definite requirement.
- 8.2 While unhappy at the prospect of any sites closing, people using services accept that improvements and investments are needed in the service, and have suggested a number of concerns which should be given due regard in any Council decision.
- 8.3 Therefore, it is felt appropriate that the decision can be taken to close one large day centre and begin the process of consolidating mental health provision to one site, and to further investigate the development of a social enterprise organisation for an improved day services provision, and realise those savings immediately. It is also appropriate to ensure full consultation with people using those services to identify which site(s) should be closed as part of this option.

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BUDGET OPTION: REVIEW OF SUPPORT FOR CARERS

1.0 OUTLINE OF PROPOSAL

- 1.1 In the process of conducting a community care assessment, a carer for an individual may be identified. The department has a duty to consider the needs of the carer as part of the overall assessment and the carer has the right to ask for a separate assessment of their own needs.
- 1.2 As part of the current assessment process, a carer's assessment generates (through the Resource Allocation System) a carer's budget, a sum of money based on the nature and extent of the impact of the carer role on that individual. This can be paid as a Direct Payment to carers to support them in their carer role. The average annual Direct Payment to carers in Wirral is currently £1,730.
- 1.2 The proposal is to review the current process and consider the efficacy of three alternative options:
 - The cessation of personal budgets for carers with support for carers being commissioned by the department.
 - The introduction of an annual grant to carers.
 - The introduction of a payment to carers based on a banding system that reflects the impact of the carer role on the individual
- 1.3 The NHS has also been given additional funding to support Carers and NHS Wirral has recently commissioned the Wirral Information Resource for Equality and Diversity Carers Support Service to offer short breaks for Carers. Carers are now able to access these services through GPs rather than through Adult Social Services.

2.0 RATIONALE FOR PROPOSAL

- 2.1 There are a number of issues about the current process for generating a personal budget for carers:
 - Providing carers with a budget does not help create the range of support services that carers require to sustain them in their carer role.
 - There is confusion about what should be in the individual and the carer budgets.
 - The cost of providing support to carers in this way has contributed to significant budget pressures.
- 2.2 It is anticipated that through a review of the current process and implementation of one of the above options that savings of £250,000 can be generated in a full year.

3.0 ACCESSIBILITY OF PROPOSAL

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- 3.1 The option in relation to a review of support for carers was published alongside a series of other options from the Chief Executive on November 9th 2012. These options were published following an extensive period of consultation during September and October 2012, which focussed on broad principles of policy to gather initial views on how options should be developed.
- 3.2 Residents, staff and stakeholders were provided with a range of information detailing the background, level of savings, potential impact and methods of mitigating any potential negative impact for this and all other options. This information included:

Questionnaire: Split into three sections, the questionnaire provided a one paragraph summary of each option and provided the opportunity for respondents to select one of three choices indicating their opinion on the option.

Summary Paper: Three summary papers (one per 'theme') were produced and were available online, at Council buildings and at consultation events. These papers provided a summary of each option, including the level of savings involved and some background information.

Option Paper: For each of the published options, a detailed option paper was available. This paper provided information regarding the background to the option, the potential impact if the option was implemented, proposed methods to mitigate that impact and also the potential savings associated with the option.

- 3.3 The Questionnaire was the primary research tool used in this consultation, and as such it was essential that the document was designed in a way to ensure robust, clear and actionable results. It was also vital to the success of the project to ensure that the questionnaire was produced in a fashion that was accessible, clear and neutral. To ensure that this was the case, Council officers took a number of steps to ensure the questionnaire was externally validated as an effective research and consultation tool.
- 3.4 A draft version of the questionnaire was analysed by an external agency through the Market Research Society. The final draft of the questionnaire was also presented to the members of the Children in Care Council and a group of people with learning disabilities at a Council Day Centre who made further suggestions as to the design and wording of the document.
- 3.5 Further work was also done to ensure accessibility including publishing an interactive Easy Read version, and developing three individual videos, which were used at consultation events, on the Council website and also played through the network of 30 LCD screens in One Stop Shops and Libraries. These videos were designed to more fully explain the context of the options and also provide guidance for how to complete the questionnaire document.

4.0 CONSULTATION PROCESS

- 4.1 An extensive programme of public consultation was completed in relation to all options which were published in November 2012. This programme included over 100 community events at locations such as libraries, supermarkets, cinemas, community centres and children’s centres.
- 4.2 Extensive online promotion of the consultation was also completed, with emails being sent to over 13,000 residents, and the consultation also featured prominently on the Council’s website which receives in excess of 1,000 hits per day.
- 4.3 Organisations from the Voluntary, Community and Faith sectors were also actively encouraged to take part in this consultation process including organisations such as Voluntary Community Action Wirral, Wirral WIRED and others. Organisations such as Wirral Mencap and the Agencies for Carers’ Executive (ACE) also submitted responses to this budget option and others.
- 4.4 In addition to the public consultation completed in relation to this option, the proposal was also discussed at a series of meetings in Council day centres and residential and respite centres, as well as in meetings of specialist Carers’ groups such as the Carers’ Development Committee and the Carers’ Association.

5.0 CONSULTATION FEEDBACK

- 5.1 In terms of the public consultation feedback, the response to this option demonstrated relatively strong approval from people answering the questionnaire, as is demonstrated by the table below.

Answer Options	Response Percent	Response Count
I support this under the circumstances	39.0%	1853
I accept this if it is absolutely necessary	37.6%	1787
I find this completely unacceptable	23.4%	1115

- 5.2 At a series of meetings scheduled to discuss this and other options people were provided with a detailed presentation related to the budget options involved. This provided people with the rationale for proposing the options, the potential impact of the option and proposed efforts to mitigate this impact. These meetings are listed below:

Group / Centre	Date
Carers Association	28.11.12
Carers Development Committee	30.11.12
Highcroft	14.12.12
Eastham Day Centre	7.1.13

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Heswall Day Centre	10.1.13
Highcroft	14.1.13
Moreton Day Centre	17.1.13
Enabling Fulfilling Lives Group	18.1.13
Beaconsfield	29.1.13
Fernleigh	30.1.13
Sylvandale	4.2.13
Girtrell Court	7.2.13

- 5.3 People were then given the opportunity to ask questions of Council officers and also to have those questions fed into the consultation process; either through completing a questionnaire or by having their comments noted at the meeting, or with any Council officer they worked with at any convenient time.
- 5.4 Feedback received from these meetings make it clear that carers would be concerned at any potential reduction in the support, financial or otherwise, which they receive. However, it is also made clear that carers would be accepting of the option if they were assured that the person being cared for was receiving adequate support.
- 5.5 Further feedback centred on the market of services and support available for carers. People highlighted that they believed carers were not aware of the range of services available to them in addition to Council support and, if Council support was reduced, were concerned that carers would not be in a position to access other support as they were unaware of how and where to access it.
- 5.6 The preferred option from carers, according to the feedback received through the consultation, was the implementation of an annual grant which they believed would reduce current administration costs. Carers further suggested that they believed the current system to be overly bureaucratic and that further savings could be made to streamline the process, while at the same time improving the service provided to carers from the Department.

6.0 POTENTIAL IMPACT IDENTIFIED

- 6.1 This proposal may result in a reduction in the number of carers directly supported by the Department.

7.0 PROPOSED MITIGATION

- 7.1 It is important that due regard is shown to the concerns highlighted throughout this consultation process from carers. It is proposed that, should this option be considered and recommended by Cabinet and approved at Council that the following factors should be taken into account in the implementation of the option.

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- 7.2 Every effort should be made to ensure that carers are made aware of and supported to access, the range of support available to them through organisations such as the NHS and the VCF sector. These services should be actively promoted to carers and the Department should work with Carers to ensure they are able to access services which provide them with adequate support in their caring role.
- 7.3 For everyone currently receiving a carer's budget, a review would be required before any changes were made to their current support arrangements to ensure that the point made above has been adequately addressed.
- 7.4 Full consideration should be given to the option which involves an annual carer's grant, and priority should be given to improving the assessment process for carers.

8.0 SUMMARY

- 8.1 The rationale for this proposal is outlined within this report, in that to both improve the suitability of the support provided to carers, and to make financial savings, it is necessary to review the current system of financial support.
- 8.2 While concerned at the potential impact of reduced support from the Council, carers made a number of suggestions for how this option could be implemented with minimum impact on their ability to continue to provide care.
- 8.3 Therefore it is felt appropriate that the decision could be taken to conduct a full review of Carers Support, with a view to implementing one of the identified options, provided that due regard is shown to address the concerns and suggestions received by Carers during this consultation process.

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BUDGET OPTION: TRANSPORT POLICIES

1.0 OUTLINE OF PROPOSAL

- 1.1 The Council provides transport for over a thousand people across the borough every day; travelling to schools, colleges, Council facilities and other services.
- 1.2 This option will, if accepted, involve a full review of that transport, with a view to stopping providing transport to some Council services, and instead requiring the people using the services to either contribute to the cost of the transport or find other means.
- 1.3 For home to school transport including post 16 college transport the proposal is to change the Council's transport policies so that the Council provides statutory transport which supports those with the greatest need. The proposal is to phase the changes based on academic year, commencing 2014/15.
- 1.4 The home to school transport has a budget of £4.6m – savings proposed are:
 - The removal of discretionary denominational transport.
 - The removal of Post 16 transport (non SEN).
 - A reduction in the number of students with Special Educational Needs (SEN) eligible for transport. This includes the removal of all Post 16 transport for students with SEN.

2.0 RATIONALE FOR PROPOSAL

- 2.1 Department for Education benchmarking data indicates that Wirral's SEN Transport spend per capita is relatively high compared to other Local Authorities: Wirral £91, Statistical Neighbour Average £77; Lowest £31; Highest £93. Wirral has higher SEN population than most authorities (Percentage of children with Statements: Wirral 3.3%, National 2.2%). The current policy provides transport for all children with a statement, other Local Authorities do not.

3.0 ACCESSIBILITY OF PROPOSAL

- 3.1 The option in relation to transport policies for children and adults was published alongside a series of other options from the Chief Executive on November 9th 2012. These options were published following an extensive period of consultation during September and October 2012, which focussed on broad principles of policy to gather initial views on how options should be developed.
- 3.2 Residents, staff and stakeholders were provided with a range of information detailing the background, level of savings, potential impact

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and methods of mitigating any potential negative impact for this and all other options. This information included:

Questionnaire: Split into three sections, the questionnaire provided a one paragraph summary of each option and provided the opportunity for respondents to select one of three choices indicating their opinion on the option.

Summary Paper: Three summary papers (one per 'theme') were produced and were available online, at Council buildings and at consultation events. These papers provided a summary of each option, including the level of savings involved and some background information.

Option Paper: For each of the published options, a detailed option paper was available. This paper provided information regarding the background to the option, the potential impact if the option was implemented, proposed methods to mitigate that impact and also the potential savings associated with the option.

- 3.3 The Questionnaire was the primary research tool used in this consultation, and as such it was essential that the document was designed in a way to ensure robust, clear and actionable results. It was also vital to the success of the project to ensure that the questionnaire was produced in a fashion that was accessible, clear and neutral. To ensure that this was the case, Council officers took a number of steps to ensure the questionnaire was externally validated as an effective research and consultation tool.
- 3.4 A draft version of the questionnaire was analysed by an external agency through the Market Research Society. The final draft of the questionnaire was also presented to the members of the Children in Care Council and a group of people with learning disabilities at a Council Day Centre who made further suggestions as to the design and wording of the document.
- 3.5 Further work was also done to ensure accessibility including publishing an interactive Easy Read version, and developing three individual videos, which were used at consultation events, on the Council website and also played through the network of 30 LCD screens in One Stop Shops and Libraries. These videos were designed to more fully explain the context of the options and also provide guidance for how to complete the questionnaire document.

4.0 CONSULTATION PROCESS

- 4.1 An extensive programme of public consultation was completed in relation to all options which were published in November 2012. This programme included over 100 community events at locations such as libraries, supermarkets, cinemas, community centres and children's centres.

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- 4.2 Extensive online promotion of the consultation was also completed, with emails being sent to over 13,000 residents, and the consultation also featured prominently on the Council's website which receives in excess of 1,000 hits per day.
- 4.3 Organisations from the Voluntary, Community and Faith sectors were also actively encouraged to take part in this consultation process.
- 4.4 Detailed consultation meetings were held with the Wirral Schools Forum, Primary Heads, Secondary Heads, Special Heads, School Governors and the Wirral Children's Trust among others, where this and other appropriate budget options were discussed at length. These meetings involved a full discussion of the proposal, its potential impact and the mitigation which could be implemented.

5.0 CONSULTATION FEEDBACK

- 5.1 In terms of the public consultation process, the response to the questionnaire demonstrated broad approval from Wirral residents, staff and other stakeholders as to the implementation of the option. The table below shows the response to the public consultation:

Answer Options	Response Percent	Response Count
I support this under the circumstances	35.2%	1691
I accept this if it is absolutely necessary	33.1%	1591
I find this completely unacceptable	31.7%	1520

- 5.2 At the series of meetings with schools and other bodies described above, people attending were provided with detailed information relating to each option. This information contained the details of the proposal, the rationale for the proposal, information as to the potential impact and the suggested mitigation of that impact.
- 5.3 People attending were given the opportunity to ask questions of Council officers and also to have those questions and concerns fed into the consultation process.
- 5.4 It was made clear at these meetings that colleagues from schools, including head teachers and governors, and partners from the Wirral Children's Trust, were concerned as to the potential impact of this option on education in the borough, particularly the impact on a significant number of high risk vulnerable young people.
- 5.5 Concerns were raised by the Diocese that the removal of the denominational transport policy would discourage parents from sending their child to a denominational school.

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- 5.6 It was highlighted at all meetings that reductions in transport funding could potentially lead to a decrease in attendance, particularly for those who are post 16 and at risk of becoming NEET.

6.0 POTENTIAL IMPACT IDENTIFIED

- 6.1 The potential impact on Council staff of implementing this option was provided at the start of the process in the original options paper, and is provided below. Further potential impacts have been identified and discussed with people using services throughout the consultation process.
- 6.2 The option would result in a reduction in School Escort Staff which is commensurate with a reduction in the number of students transported and also transport drivers and attendants.
- 6.3 The changes have the potential to impact on the educational attainment of students, life chances, reduced choice and parental employment opportunities. Other potential impacts are on school attendance, school resources, OFSTED inspections and Department for Education assessments. There is potential to impact on other Council services such as Education Social Welfare, Special Educational Needs teams, Social Work teams, Youth Outreach and Youth Offending Teams. There may be carbon reduction implications as more children may be driven to school with associated road safety implications.
- 6.4 There is also potential for more families or adults requiring assistance from voluntary and community sector organisations following the proposed reduction in services.
- 6.5 Further potential impacts were identified during the course of the consultation, which are described above in points 5.5 and 5.6.

7.0 PROPOSED MITIGATION

- 7.1 It is important that due regard is shown to the concerns highlighted throughout this consultation process from people using the services, their families, carers, and our own workforce. It is proposed that, should this option be considered and recommended by Cabinet and approved at Council that the following factors should be taken into account in the implementation of the option.
- 7.2 There should be a full consultation with students, parents, schools and colleges on any proposed policy changes.
- 7.3 Phasing of the policy change to ensure that transport will not be withdrawn from those currently eligible and at school. Use of travel training in a phased supported way can increase confidence in using public transport for other purposes and can help to prepare the young person for life after education and into adulthood.

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7.4 The consultation process suggested that those who are most vulnerable should be prioritised, particularly those who are at risk of becoming NEET. People suggested that ongoing monitoring of the performance of the service, and associated factors such as attendance, should be reported regularly to the Children's Trust Board as the new policy is phased in.

8.0 SUMMARY

8.1 The rationale for this proposal is outlined within this report, in that to rationalise, and achieve financial savings, from the borough's transport policies, and to bring them in line with other authorities, will require a full review of all policies.

8.2 While expressing concern at the potential impact of a reduction in transport, people contributing to the extensive consultation process made a number of suggestions as to how the impact could be monitored and mitigated.

8.3 It is therefore felt appropriate that the decision can be taken to review all transport policies with a view to implementing the options described in section 1.0 of this report.

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BUDGET OPTION: YOUTH AND PLAY SERVICES

1.0 OUTLINE OF PROPOSAL

- 1.1 The option in this area is to review provision of Play Schemes, reduce the youth outreach service and integrate all youth clubs and the Duke of Edinburgh Open Award Centre) into the 4 main Youth Hubs, where services would be centralised.
- 1.2 It is further proposed that the Youth Opportunity Fund should be stopped (this fund provides opportunities for organisations to bid for funding to deliver projects for young people) and that Birkenhead Youth Hub (currently located at Shaftesbury Youth Club) and Response be relocated to Pilgrim Street Arts Centre.
- 1.3 In addition, it is proposed that the service will be aligned with the New Youth Zone planned for Birkenhead.

2.0 RATIONALE FOR PROPOSAL

- 2.1 DFE benchmarking data indicate that Universal Services for young people in Wirral are high cost - spend per head of £78 compared with a statistical neighbour average of £39.
- 2.2 Reviewing the provisions as detailed, a budget saving of £923,000 will be achieved within the Youth Service and £255,000 within the Play Service.

3.0 ACCESSIBILITY OF PROPOSAL

- 3.1 The option in relation to Youth and Play Services was published alongside a series of other options from the Chief Executive on November 9th 2012. These options were published following an extensive period of consultation during September and October 2012, which focussed on broad principles of policy to gather initial views on how options should be developed.
- 3.2 Residents, staff and stakeholders were provided with a range of information detailing the background, level of savings, potential impact and methods of mitigating any potential negative impact for this and all other options. This information included:

Questionnaire: Split into three sections, the questionnaire provided a one paragraph summary of each option and provided the opportunity for respondents to select one of three choices indicating their opinion on the option.

Summary Paper: Three summary papers (one per 'theme') were produced and were available online, at Council buildings and at

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consultation events. These papers provided a summary of each option, including the level of savings involved and some background information.

Option Paper: For each of the published options, a detailed option paper was available. This paper provided information regarding the background to the option, the potential impact if the option was implemented, proposed methods to mitigate that impact and also the potential savings associated with the option.

- 3.3 The Questionnaire was the primary research tool used in this consultation, and as such it was essential that the document was designed in a way to ensure robust, clear and actionable results. It was also vital to the success of the project to ensure that the questionnaire was produced in a fashion that was accessible, clear and neutral. To ensure that this was the case, Council officers took a number of steps to ensure the questionnaire was externally validated as an effective research and consultation tool.
- 3.4 A draft version of the questionnaire was analysed by an external agency through the Market Research Society. The final draft of the questionnaire was also presented to the members of the Children in Care Council and a group of people with learning disabilities at a Council Day Centre who made further suggestions as to the design and wording of the document.
- 3.5 Further work was also done to ensure accessibility including publishing an interactive Easy Read version, and developing three individual videos, which were used at consultation events, on the Council website and also played through the network of 30 LCD screens in One Stop Shops and Libraries. These videos were designed to more fully explain the context of the options and also provide guidance for how to complete the questionnaire document.

4.0 CONSULTATION PROCESS

- 4.1 An extensive programme of public consultation was completed in relation to all options which were published in November 2012. This programme included over 100 community events at locations such as libraries, supermarkets, cinemas, community centres and children's centres.
- 4.2 Extensive online promotion of the consultation was also completed, with emails being sent to over 13,000 residents, and the consultation also featured prominently on the Council's website which receives in excess of 1,000 hits per day.
- 4.3 Organisations from the Voluntary, Community and Faith sectors were also actively encouraged to take part in this consultation process.
- 4.4 All youth centres and 'hubs' in the borough were encouraged to take part in the consultation process, with questionnaires distributed across all sites. Further consultation and engagement was also completed through

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organisations such as the Wirral Children's Trust, Schools Forum as well as all head teachers and governors in the borough.

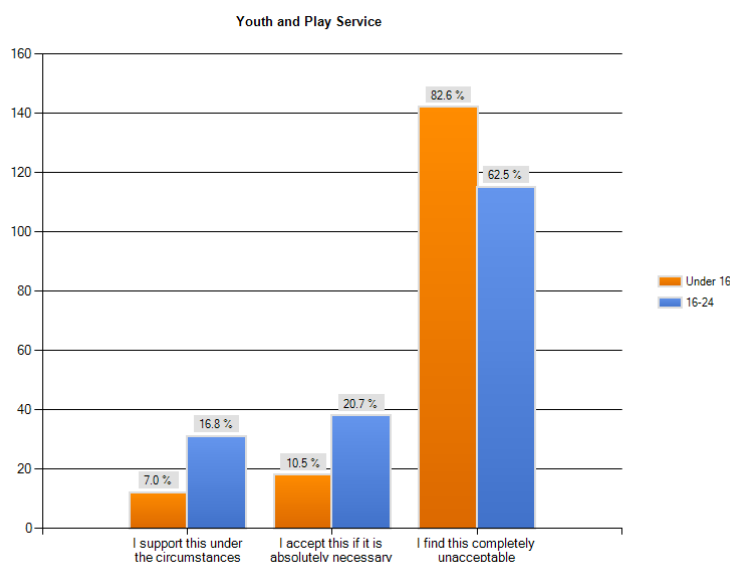
- 4.5 At consultation meetings with the bodies described above, concerns were highlighted about the proposed reduction in these services, with members highlighting the positive impact they have on the lives of the young people they serve.

5.0 CONSULTATION FEEDBACK

- 5.1 In terms of the public consultation process, the response to the questionnaire demonstrated a mixed response from Wirral residents, staff and other stakeholders as to the implementation of this option. The table below shows the response to the public consultation.

Answer Options	Response Percent	Response Count
I support this under the circumstances	29.5%	1494
I accept this if it is absolutely necessary	28.5%	1445
I find this completely unacceptable	42.1%	2133

- 5.2 The public consultation also asked people to identify their age, by selecting one of five bands. 356 people answered this question that also identified their age as either being under 16, or 16-24, and their responses are shown in the graph below.



- 5.3 A number of petitions were also received in support of certain youth centres and projects, details of which were reported to Cabinet on February 7th 2013. These centres included Wirral Youth Theatre, St

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Mary's Youth Club, Belvidere Youth Club, Gautby Road Play Area, and Moreton Youth Centre.

6.0 POTENTIAL IMPACT IDENTIFIED

- 6.1 The potential impact of implementing this option was provided at the start of the process in the original options paper; further potential impacts have been identified and discussed with people using services throughout the consultation process.
- 6.2 The proposal would reduce the number of easily accessible youth facilities. It would cease the Youth Opportunity Fund, close 11 Youth Clubs and the Duke of Edinburgh Open Award Centre, reduce Youth Outreach provision and management, and focus provision to young people around the 4 Youth Hubs, while relocating Response and Birkenhead Youth Hub at Pilgrim Street Arts Centre.
- 6.3 Most Youth Clubs and Play Schemes have been in operation for decades and are well embedded in local communities and valued by them. The proposal would also impact greatly on the current level of staff within the service.
- 6.4 Concerns were raised in the consultation that reducing the level of youth provision could impact on levels of anti social behaviour, as well as reduce the potential for young people to take part in positive activities such as the Duke of Edinburgh's Award Scheme.

7.0 PROPOSED MITIGATION

- 7.1 It is important that due regard is shown to the concerns highlighted throughout this consultation process from people using the services, their families, carers, and our own workforce. It is proposed that, should this option be considered and recommended by Cabinet and approved at Council that the following factors should be taken into account in the implementation of the option.
- 7.2 The accessibility of youth services to young people should be considered of paramount importance if this option is accepted, including those young people with learning difficulties and disabilities. Consideration should also be given to young people with transport to Hubs, as well as opening hours.
- 7.3 Further work should be completed with the voluntary, community and faith sector to promote the availability of other youth and play provisions, particularly those which cater for young people to take part in positive activities.
- 7.4 The new Youth Zone in Birkenhead will provide a major enhanced service for young people in Wirral.

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8.0 SUMMARY

- 8.1 The rationale for this proposal is outlined within this report, in that to modernise, consolidate and realise savings from universal youth services a complete review of the services is necessary. It is also clear that Wirral's spend per head is almost double that of its statistical neighbour average.
- 8.2 The consultation has raised a number of concerns around this option, which should be shown due regard if this option is considered and recommended by Cabinet and approved by Council, particularly with regard to accessibility and achievement.
- 8.3 It is therefore felt appropriate that a decision can be taken to implement this option, and continue to work with the young people and potential alternative providers in order to ensure due regard is paid to the concerns.

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BUDGET OPTION: CHILDREN'S CENTRES AND SURE START

1.0 OUTLINE OF PROPOSAL

1.1 Children's Centres and Sure Start has a combined budget of £8,246,000 and from this area total savings of £2,172,000 are proposed.

1.1 In terms of Children's Centres, this option proposes to:

- Reduce universal services in children's centres, retaining those covered by charges. Early support for some families could be missed, but universal services would remain available and affordable.
- The proposal to reduce the funding to Bookstart removes a part time post which was used to enhance the service. Children's Centres have a statutory responsibility to facilitate Bookstart. This duty will continue in the Children's Centre. The part time post was used to enhance the service organised by the Library Service. The Bookstart programme will continue to be organised by the Library Service.
- Stop providing bilingual support for children aged under 5 years, where English is an additional language. Children with English as an Additional Language would in future receive support commissioned by the Children's Centre to meet their individual needs. Support would still be available from the Council's Minority Ethnic Achievement Team.
- Relocate staff based at Bidston St James Children's Centre to Brassey Gardens Children's Centre. A proportion of the Children's Centre budget is currently spent on renting the top floor of Bidston St James Children's Centre. Moving the staff and stopping paying the rent for the first floor space in St James Centre building will make savings while allowing the service to continue from the Brassey Gardens site, which is nearby. Children's Centre facilities will continue to be delivered on the ground floor.
- Release of the Children's Centre Satellite bases at schools. The transfer of these facilities would result in a saving in operating costs. The Council will retain the option to continue to provide services through room rentals.
- Cease the current counselling service available at Children's Centres, and the counselling service for domestic violence provided at the Zero Centre. Early identification and prevention work with vulnerable families may be reduced however staff members have received training to provide some of this support.
- Outsource day care provision across a number of Children's Centres. The private and voluntary sectors have expressed an interest in taking over provision at these centres. This would result in a budget saving for the Council and a new enterprise for the voluntary sector. Day care

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provision at these locations will continue to be available. Close monitoring of the service will be put in place to ensure the quality and affordability of the service does not reduce.

1.2 The Sure Start service contributes to a range of different services and projects and helps families to find suitable services to meet their needs. In this area, this proposal would mean that:

- The options relating to Sure Start are to reduce the budget of the service through reconfiguring the Family Information Service, and stopping funding of the Play Council and Toy Library
- The reduction in Foundation Stage consultants and childcare development workers will be managed by changing the way that Early Years quality assurance and retained functions are delivered through Children's Centres and the two Early Excellence Centres.

2.0 RATIONALE FOR PROPOSAL

2.1 The Statutory Duties within the Childcare Act 2006 states that the local authority should:

- Make arrangements for integrated working; work with health and employment services (Section 3 & 4)
- Secure sufficient Children's Centres to meet local need (Section 5a)
- Consider whether early childhood services should be delivered through Children's Centres
- Ensure there are sufficient childcare places
- Provide pre registration training for childminders

2.2 Proposals for spending reductions are based around the following principles for change:

- Protecting front line delivery for children and families
- Refocusing provision into the areas of greatest need
- Allowing children's centres to generate income by charging for universal services in some areas of the borough
- Removing layers of management
- Protecting provision by transferring the risk and responsibility to other providers such as schools, the voluntary sector etc

2.3 DFE benchmarking data for 2012/13 indicates that this is an area where spend is above average compared to statistical neighbours - £106 per head, compared to an average of £89.

2.4 The percentage of children registered in the 30% most deprived wards is 84.98% which is higher than the national average. The percentage of children registered in the 70% most deprived wards is 74.4%.

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- 2.5 The percentage of pupils attaining at least 78 points in the Early Years Foundation Stage with at least 6 points in PSE and CLL is 61% the highest percentage ever achieved. Improvement since 2009 is in line with the other North West local authorities and better than 3 of our neighbouring authorities.
- 2.6 For attainment of children in receipt of free school meals Wirral is top of the North West table with the narrowest gap.
- 2.7 As a result of the health promoting activities within the children centres Wirral has the lowest obesity rates in the North West.
- 2.8 As a result of support for parents with safety in the home hospital emergency admission rates have decreased year on year for the last 3 years.

3.0 ACCESSIBILITY OF PROPOSAL

- 3.1 The option in relation to Children's Centres and Sure Start was published alongside a series of other options from the Chief Executive on November 9th 2012. These options were published following an extensive period of consultation during September and October 2012, which focussed on broad principles of policy to gather initial views on how options should be developed.
- 3.2 Residents, staff and stakeholders were provided with a range of information detailing the background, level of savings, potential impact and methods of mitigating any potential negative impact for this and all other options. This information included:

Questionnaire: Split into three sections, the questionnaire provided a one paragraph summary of each option and provided the opportunity for respondents to select one of three choices indicating their opinion on the option.

Summary Paper: Three summary papers (one per 'theme') were produced and were available online, at Council buildings and at consultation events. These papers provided a summary of each option, including the level of savings involved and some background information.

Option Paper: For each of the published options, a detailed option paper was available. This paper provided information regarding the background to the option, the potential impact if the option was implemented, proposed methods to mitigate that impact and also the potential savings associated with the option.

- 3.3 The Questionnaire was the primary research tool used in this consultation, and as such it was essential that the document was designed in a way to ensure robust, clear and actionable results. It was also vital to the success of the project to ensure that the questionnaire

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was produced in a fashion that was accessible, clear and neutral. To ensure that this was the case, Council officers took a number of steps to ensure the questionnaire was externally validated as an effective research and consultation tool.

- 3.4 A draft version of the questionnaire was analysed by an external agency through the Market Research Society. The final draft of the questionnaire was also presented to the members of the Children in Care Council and a group of people with learning disabilities at a Council Day Centre who made further suggestions as to the design and wording of the document.
- 3.5 Further work was also done to ensure accessibility including publishing an interactive Easy Read version, and developing three individual videos, which were used at consultation events, on the Council website and also played through the network of 30 LCD screens in One Stop Shops and Libraries. These videos were designed to more fully explain the context of the options and also provide guidance for how to complete the questionnaire document.

4.0 CONSULTATION PROCESS

- 4.1 An extensive programme of public consultation was completed in relation to all options which were published in November 2012. This programme included over 100 community events at locations such as libraries, supermarkets, cinemas, community centres and children's centres.
- 4.2 Extensive online promotion of the consultation was also completed, with emails being sent to over 13,000 residents, and the consultation also featured prominently on the Council's website which receives in excess of 1,000 hits per day.
- 4.3 Organisations from the Voluntary, Community and Faith sectors were also actively encouraged to take part in this consultation process.
- 4.4 Registered users of Children's Centres were informed of the consultation through email, as well as extensive promotion of the exercise within each centre. People using the services were assisted to complete the consultation documents, and had the implications associated with the option provided and explained to them through a variety of channels.
- 4.5 Further, extensive consultation was completed through bodies such as Wirral Children's Trust, School Governors Forum, and all Head Teachers across the borough.

5.0 CONSULTATION FEEDBACK

- 5.1 In terms of the public consultation process, the response to the questionnaire demonstrated a mixed view from Wirral residents, staff and other stakeholders as to the implementation of the options. The table below shows the response to the public consultation.

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Answer Options	Response Percent	Response Count
I support this under the circumstances	27.1%	1286
I accept this if it is absolutely necessary	29.4%	1397
I find this completely unacceptable	43.5%	2063

- 5.2 At the meetings with professional bodies described at 4.5, people were provided with detailed information regarding the proposals in this area, as well as identified potential impacts and mitigation. This information was also available to the general public and people using the services involved.
- 5.3 People were provided with the opportunity to highlight concerns, and ask questions of Council officers and to take part in the consultation process either through the meetings or by completing questionnaires.

6.0 POTENTIAL IMPACT IDENTIFIED

- 6.1 The potential impact of implementing this option was provided at the start of the process in the original options paper, and is provided below. Further potential impacts have been identified and discussed with people using services throughout the consultation process.
- 6.2 This will impact in a number of ways, including opportunities for children with complex special needs being less available and less support for child minders, breakfast clubs and after school clubs.
- 6.3 It will also mean a reduction in the quality of summer play schemes. Information about the services available for people to access will be provided through electronic kiosks within children centres and a redeveloped website.
- 6.4 Removing funding from the Play Council and Toy Library would not necessarily mean that the provision could not continue; the organisations would be supported to find alternative means of funding and / or income generation.
- 6.5 Further concerns were highlighted during the consultation that introducing charges and reducing universal services could potentially lead to a lack of engagement in services, particularly among the most in need.

7.0 PROPOSED MITIGATION

- 7.1 It is important that due regard is shown to the concerns highlighted throughout this consultation process from people using the services, their families, carers, and our own workforce. It is proposed that, should this option be considered and recommended by Cabinet and approved at

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Council that the following factors should be taken into account in the implementation of the option.

- 7.2 The Council has a requirement to undertake a childcare sufficiency audit to ensure there are enough places available for parents. There is currently a mixed economy where childcare in children's centres is provided by external providers and staff employed directly by the local authority. Schools and the private sector could take over the childcare offer currently provided the local authority, the extent and method of this will be developed in the coming months.
- 7.3 Ceasing to provide specialist services such as Bookstart, Bi-lingual support and domestic violence counselling may provide an opportunity for the private and voluntary sector to apply for funding to provide these services.
- 7.4 This might give schools that have satellites the option to take over the buildings with the proviso that outreach services from the children centres can book designated times to deliver services.
- 7.5 Concerns were raised during the consultation related to the potential reduced availability of children centre services to the most vulnerable and in need families. This will be mitigated through ensuring services are targeted at the most vulnerable wherever possible.

8.0 SUMMARY

- 8.1 The rationale for this proposal is outlined within this report, in that to modernise, effectively target and bring costs in line with the statistical average spend per head, a full review of universal services is necessary.
- 8.2 While raising concerns through the consultation at the potential for a reduced universal provision, residents and other stakeholders were primarily concerned with ensuring services for most vulnerable residents and family were maintained. This concern should be addressed by ensuring that services are targeted at those most in need.

WIRRAL COUNCIL

CABINET

18 FEBRUARY 2013

SUBJECT	LEVEL OF GENERAL FUND BALANCES FOR 2013-14
WARD/S AFFECTED	ALL
REPORT OF	INTERIM DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER	COUNCILLOR PHIL DAVIES
KEY DECISION	YES

1 EXECUTIVE SUMMARY

1.1 This report is to review the recommended level of general fund balances for 2013-14, that was agreed by Cabinet on November 29th on a risk basis, in the light of budgetary developments since then.

2 BACKGROUND

2.1 Sound financial management principles require that sufficient funds are retained by the Council to provide a stable financial base at all times. To retain this stable financial base, the Council needs to maintain a general fund balance that is sufficient to provide a financial reserve for unanticipated expenditure and/or expenditure that is of an unforeseen, emergency nature.

2.2 The report to Cabinet on the 2013-14 budget on November 28th, 2012, set the minimum general fund balance in relation to the risks faced by, and financial circumstances of Wirral, so that the Council could work towards funding an increased level of Reserves.

2.3 Since then, the budget process for the 2013-14 budget has been very stringent, with particular emphasis on identifying slippage and double-counting, whilst also improving the mechanisms to ensure the successful delivery of savings to plan. Some risks have moved from uncertainty to certainty over the past months, with a consequent reduction in risk. Also, the major under-budgeting risk has been mitigated by the provision of ongoing funding (£8m), one-off funding (£13,7m) and proposed suppression (£3.4m).

3 FINANCIAL RESILIENCE: REDUCTIONS TO RISK AND MITIGATION

4.1 In determining the appropriate level of general fund balances the Council should take account of the strategic, operational and financial risks facing the Council. In planning the financial future and the level of reserves the Council needs to take into account the main risks and uncertainties.

4.2 The risks identified were grouped as set out below. The following Table lists the change in risk and the financial effect.

Table: Revised risk calculation of Reserves

Risk Item	Change	Original amount £m	Change £m	Revised amount £m
Legislative changes	• Items now known, and reduced risk:	□		
	Formula grant	1.360	-1.360	0.000
	Council Tax Grant Reduction	0.156	-0.156	0.000
	Public Health Transfer	0.220	-0.220	0.000
	Health & Social Care Bill	0.750	-0.750	0.000
	• Items rephased to later years			
Waste levy - 50% recycling by 2020	0.450	-0.010	0.440	
• Other items	1.344	0.000	1.344	
Inflation and Interest Rates	No change	3.627	0.000	3.627
Grants	No change	1.057	0.000	1.057
Employee Related Risks	No change	0.105	0.000	0.105
Volume and Demand Changes	• Budget correction results in reduced risk:	□		
	Customer client receipts	0.942	-0.707	0.235
	Demand led budgets, social care	0.445	-0.222	0.223
	• Other Items	0.593	0.000	0.593
Budget Savings	• Revised tracking reduces risk	9.747	-4.679	5.068
Insurance and Claims	No change	0.264	0.000	0.264
Energy Security	No change	0.049	0.000	0.049
Total		21.109	-8.104	13.005

Details of the calculation are set out in Appendix 1.

6 OTHER OPTIONS CONSIDERED

6.1 No other options are available.

7 CONSULTATION

7.1 No consultation has been carried out in relation to this report.

8 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

8.1 As yet there are no implications for voluntary, community or faith groups.

9 RESOURCE IMPLICATIONS: FINANCIAL, IT, STAFFING AND ASSETS

9.1 The locally determined approach to General Fund Balances would result in an increase in balances.

8 LEGAL IMPLICATIONS

8.1 There are none arising directly from this report.

9 EQUALITIES IMPLICATIONS

9.1 This is essentially a monitoring report which reports on financial performance.

10 CARBON REDUCTION IMPLICATIONS

10.1 There are no implications arising directly from this report.

11 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 There are no implications arising directly from this report.

12 RECOMMENDATIONS

12.1 Cabinet is asked to agree:

a) The level of general fund balances recommended is based a locally determined approach to the assessment of the financial risks that the Council may face in the future.

b) The Council maintains it level of balances at or above the locally determined level of general fund balances.

13 REASONS FOR THE RECOMMENDATIONS

13.1 The Council needs to have good financial resilience at a time of increasing financial pressures and in difficult economic times. The holding of sufficient funds is part of the move to improve resilience. The locally and risk based approach to the level of general fund balance is in line with the achievement of this approach.

REPORT AUTHOR:

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APPENDICES

1 Risk Based Assessment of General Fund Balances

SUBJECT HISTORY

Council Meeting	Date
Cabinet	November 29 th 2012

Risk Based Assessment of General Fund Balances

Area of Risk	2012/13			2013/14			2014/15			Budget £000's
	Budget £000's	Risk Level	Value £000's	Budget £000's	Risk Level	Value £000's	Budget £000's	Risk Level	Value £000's	
Legislative Changes										
Total Formula Grant / Localised Business Rates	148,023	0.00%	0.0	136,053	0.00%	0.0	125,169	1.00%	1,251.7	115,155
Council Tax Benefit	31,249	0.00%	0.0	28,124	5.00%	1,406.2	28,124	5.00%	1,406.2	28,124
Council Tax Grant Reduction	0	0.00%	0.0	3,125	0.00%	0.0	3,125	5.00%	156.3	3,125
Technical Changes to Council Tax	0	0.00%	0.0		Calculation	-400.0		Calculation	-400.0	
Public Health Transfer	22,000	0.00%	0.0	22,000	0.00%	0.0	16,000	0.00%	0.0	16,000
Health & Social Care Bill	15,000	0.00%	0.0	15,000	0.00%	0.0	15,000	0.00%	0.0	15,000
Waste Levy - 50% recycling by 2020	14,687	0.00%	0.0	14,687	3.00%	440.6	14,687	6.00%	881.2	14,687
Discretionary Social Fund	0	0.00%	0.0	6,751	5.00%	337.6	6,751	5.00%	337.6	6,751
	230,959		0.0	225,740		1,784.4	208,856		3,632.9	198,842
Inflation										
Employees	140,936	0.10%	140.9	142,936	0.10%	142.9	142,436	0.10%	142.4	140,936
Premises	22,180	0.75%	166.4	22,180	0.75%	166.4	22,180	0.75%	166.4	22,180
Transport	8,556	1.00%	85.6	8,556	1.00%	85.6	8,556	1.00%	85.6	8,556
Supplies	113,960	1.00%	1,139.6	113,960	1.00%	1,139.6	113,960	1.00%	1,139.6	113,960
Services	72,438	0.50%	362.2	92,438	0.50%	462.2	86,938	0.50%	434.7	72,438
Agency & Transfer	163,072	1.00%	1,630.7	163,072	1.00%	1,630.7	163,072	1.00%	1,630.7	163,072
	521,142		3,525.4	543,142		3,627.4	537,142		3,599.4	521,142
Interest Rates										
Borrowing	12,644	0.00%	0.0	12,644	0.00%	0.0	12,644	0.00%	0.0	12,644
Investment	875	0.00%	0.0	875	0.00%	0.0	875	0.00%	0.0	875
	13,519		0.0	13,519		0.0	13,519		0.0	13,519
Grants										
Housing Benefits incl Admin Grant	169,522	0.75%	1,271.4	138,273	0.50%	691.4	138,273	0.50%	691.4	138,273
Other General Fund Grants	53,313	0.50%	266.6	73,113	0.50%	365.6	57,113	0.50%	285.6	54,913
	222,835		1,538.0	211,386		1,056.9	195,386		976.9	193,186
Employee Related Risks										
Single Status	6,000	3.00%	180.0	3,500	3.00%	105.0	3,750	3.00%	112.5	3,000
	6,000		180.0	3,500		105.0	3,750		112.5	3,000
Volume / Demand Changes										
Capital Receipts	3,000	2.00%	60.0	3,000	2.00%	60.0	3,000	2.00%	60.0	3,000
Customer and Client Receipts	45,751	1.00%	457.5	47,124	0.50%	235.6	48,537	0.50%	242.7	49,993
Demand Led Budgets (Social Care)	89,140	2.00%	1,782.8	89,140	0.25%	222.9	89,140	0.25%	222.9	89,140
Collection Fund	132,911	0.25%	332.3	132,911	0.25%	332.3	132,911	0.25%	332.3	132,911
Winter Pressures	400	50.00%	200.0	400	50.00%	200.0	400	50.00%	200.0	400
	271,202		2,832.6	272,175		1,050.7	273,588		1,057.8	275,044
Budget Savings										
Budget Reductions	16,500	25.00%	4,125.0	38,988	13.00%	5,068.4	40,184	20.00%	8,036.8	24,314
Insurance/Public Liability Third Party Claims										
MMI Liabilities	498	2.00%	10.0	498	2.00%	10.0	498	2.00%	10.0	498
Legal Liabilities	9,723	2.00%	194.5	9,723	2.00%	194.5	9,723	2.00%	194.5	9,723
Self Insured Liabilities	2,977	2.00%	59.5	2,977	2.00%	59.5	2,977	2.00%	59.5	2,977
	13,198		264.0	13,198		264.0	13,198		264.0	13,198
Energy Security and Resilience										
Carbon Tax Legislation	204	10.00%	20.4	245	20.00%	49.0	294	20.00%	58.8	250
TOTAL			12,485.3			13,005.8			17,739.0	

Appendix 1 : Balances Calculation

Risk Based Assessment of General Fund Balances

Area of Risk	2012/13			2013/14			2014/15			2015/16		
	Budget £000's	Risk Level	Value £000's	Budget £000's	Risk Level	Value £000's	Budget £000's	Risk Level	Value £000's	Budget £000's	Risk Level	Value £000's
Legislative Changes												
Total Formula Grant / Localised Business Rates	148,023	0.00%	0.0	136,053	0.00%	0.0	125,169	1.00%	1,251.7	115,155	1.00%	1,151.6
Council Tax Benefit	31,249	0.00%	0.0	28,124	5.00%	1,406.2	28,124	5.00%	1,406.2	28,124	5.00%	1,406.2
Council Tax Grant Reduction	0	0.00%	0.0	3,125	0.00%	0.0	3,125	5.00%	156.3	3,125	5.00%	156.3
Technical Changes to Council Tax	0	0.00%	0.0		Calculation	-400.0		Calculation	-400.0		Calculation	-400.0
Public Health Transfer	22,000	0.00%	0.0	22,000	0.00%	0.0	16,000	0.00%	0.0	16,000	0.00%	0.0
Health & Social Care Bill	15,000	0.00%	0.0	15,000	0.00%	0.0	15,000	0.00%	0.0	15,000	0.00%	0.0
Waste Levy - 50% recycling by 2020	14,687	0.00%	0.0	14,687	3.00%	440.6	14,687	6.00%	881.2	14,687	6.00%	881.2
Discretionary Social Fund	0	0.00%	0.0	6,751	5.00%	337.6	6,751	5.00%	337.6	6,751	5.00%	337.6
	230,959		0.0	225,740		1,784.4	208,856		3,632.9	198,842		3,532.8
Inflation												
Employees	140,936	0.10%	140.9	142,936	0.10%	142.9	142,436	0.10%	142.4	140,936	0.10%	140.9
Premises	22,180	0.75%	166.4	22,180	0.75%	166.4	22,180	0.75%	166.4	22,180	0.75%	166.4
Transport	8,556	1.00%	85.6	8,556	1.00%	85.6	8,556	1.00%	85.6	8,556	1.00%	85.6
Supplies	113,960	1.00%	1,139.6	113,960	1.00%	1,139.6	113,960	1.00%	1,139.6	113,960	1.00%	1,139.6
Services	72,438	0.50%	362.2	92,438	0.50%	462.2	86,938	0.50%	434.7	72,438	0.50%	362.2
Agency & Transfer	163,072	1.00%	1,630.7	163,072	1.00%	1,630.7	163,072	1.00%	1,630.7	163,072	1.00%	1,630.7
	521,142		3,525.4	543,142		3,627.4	537,142		3,599.4	521,142		3,525.4
Interest Rates												
Borrowing	12,644	0.00%	0.0	12,644	0.00%	0.0	12,644	0.00%	0.0	12,644	0.00%	0.0
Investment	875	0.00%	0.0	875	0.00%	0.0	875	0.00%	0.0	875	0.00%	0.0
	13,519		0.0	13,519		0.0	13,519		0.0	13,519		0.0
Grants												
Housing Benefits incl Admin Grant	169,522	0.75%	1,271.4	138,273	0.50%	691.4	138,273	0.50%	691.4	138,273	0.50%	691.4
Other General Fund Grants	53,313	0.50%	266.6	73,113	0.50%	365.6	57,113	0.50%	285.6	54,913	0.50%	274.6
	222,835		1,538.0	211,386		1,056.9	195,386		976.9	193,186		965.9
Employee Related Risks												
Single Status	6,000	3.00%	180.0	3,500	3.00%	105.0	3,750	3.00%	112.5	3,000	3.00%	90.0
	6,000		180.0	3,500		105.0	3,750		112.5	3,000		90.0
Volume / Demand Changes												
Capital Receipts	3,000	2.00%	60.0	3,000	2.00%	60.0	3,000	2.00%	60.0	3,000	2.00%	60.0
Customer and Client Receipts	45,751	1.00%	457.5	47,124	0.50%	235.6	48,537	0.50%	242.7	49,993	0.50%	250.0
Demand Led Budgets (Social Care)	89,140	2.00%	1,782.8	89,140	0.25%	222.9	89,140	0.25%	222.9	89,140	0.25%	222.9
Collection Fund	132,911	0.25%	332.3	132,911	0.25%	332.3	132,911	0.25%	332.3	132,911	0.25%	332.3
Winter Pressures	400	50.00%	200.0	400	50.00%	200.0	400	50.00%	200.0	400	50.00%	200.0
	271,202		2,832.6	272,175		1,050.7	273,588		1,057.8	275,044		1,065.1
Budget Savings												
Budget Reductions	16,500	25.00%	4,125.0	38,988	13.00%	5,068.4	40,184	20.00%	8,036.8	24,314	15.00%	3,647.1
Insurance/Public Liability Third Party Claims												
MMI Liabilities	498	2.00%	10.0	498	2.00%	10.0	498	2.00%	10.0	498	2.00%	10.0
Legal Liabilities	9,723	2.00%	194.5	9,723	2.00%	194.5	9,723	2.00%	194.5	9,723	2.00%	194.5
Self Insured Liabilities	2,977	2.00%	59.5	2,977	2.00%	59.5	2,977	2.00%	59.5	2,977	2.00%	59.5
	13,198		264.0	13,198		264.0	13,198		264.0	13,198		264.0
Energy Security and Resilience												
Carbon Tax Legislation	204	10.00%	20.4	245	20.00%	49.0	294	20.00%	58.8	250	20.00%	50.0
TOTAL			12,485.3			13,005.8			17,739.0			13,140.2

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WIRRAL COUNCIL

CABINET

18 FEBRUARY 2013

SUBJECT	REVENUE BUDGET 2013/16
WARD/S AFFECTED	ALL
REPORT OF	INTERIM DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER	COUNCILLOR PHIL DAVIES
KEY DECISION	YES

1.0 EXECUTIVE SUMMARY

- 1.1 This report provides the proposed Budget for 2013/14 and the projections for 2014/15 and 2015/16.
- 1.2 Council agreed the Council Tax Base for 2013/14 on 28 January 2013.
- 1.3 Budget Council is scheduled for 5 March 2013. The Council has to agree a Budget and set the level of Council Tax for 2013/14 by 10 March 2013.

2.0 BACKGROUND AND KEY ISSUES

BUDGET PROJECTIONS

- 2.1 The Budget Projections were formally reported to Cabinet on 19 July 2012 when the projected spend and resources highlighted a budget gap of £63 million for 2013/15.
- 2.2 The Projections were updated to include for demographic growth and the robust review of the adequacy of the base budget. As a result the budget gap for 2013/16 was reported as £103 million and was the base position prior to the announcement of the Autumn Statement.
- 2.3 The Chancellor of the Exchequer in his Autumn Statement on 5 December 2012 indicated that funding for local government would be reduced by a further 2% from 2014/15. At that stage no specific details were known about the distribution across local authorities. It was assumed that Wirral would lose at least a further £2.7 million in 2014/15 and £2.5 million in 2015/16, which increased the budget gap to £109 million. The Government Grant for 2013/14 was announced on 4 February 2013 and shows a negligible amendment to our figures which are detailed in Appendix 1.

EXCEPTIONAL ITEMS

- 2.4 A review of the Council's revenue budget has concluded that the base budget is a net £25.3 million understated. £8 million had been assumed in

the projections and with actions to suppress this requirement by £3.6 million the effect is an increase in the budget gap of £13.7 million.

- 2.5 An investigation into outstanding debt raised by the Department of Adult Social Services has identified a shortfall in Bad Debt provision of £6.1 million. An independent review of the DASS invoice procedure is being undertaken and is expected to report in March 2013. It is proposed that the additional bad debt provision is funded from the further release of earmarked reserves as reported in the Revenue Monitoring 2012/13 report to Cabinet on 24 January 2013.
- 2.6 A need to create a provision of £1 million, to address anomalies in the grading structure pending completion of Job Evaluation has now been identified. It is expected that this can be funded from integration of budgets following the transfer of Public Health in April 2013.
- 2.7 The Council continues to seek support from the Government to help address the funding pressures. Specifically we are seeking permission to fund the redundancy costs from capital receipts (£5 million). If granted this would reduce our capital receipts to £1.2 million at 31 March 2013.

LEVIES

- 2.8 Formal notification has been received from the Merseyside Recycling and Waste Authority and the Merseyside Transport Authority of the levies for 2013/14. Whilst both bodies have agreed to minimise the overall Merseyside increase the allocation methodology has resulted in an increase for Wirral of £1.3 million being £0.9 million for waste and £0.4 million for transport.
- 2.9 The Transport Authority is investigating options around funding an element of highways and street lighting spend which relates to supporting the provision of strategic bus routes across the area. This could, potentially, result in the Council being able to recharge the Authority in the region of £0.7 million per year. At this stage it has been assumed that Wirral will be able to recover these costs.
- 2.10 The detail behind the Budget Projections for 2013/16.

Table 1: Summary of the Budget Funding Gap

Funding Gap	2013/14	2014/15	2015/16	Total
	£m	£m	£m	£m
Funding Gap as reported 20 December 2012 (Appendix 1)	39.0	43.0	27.0	109.0
Under budgeting (Para 2.4)	13.7	-	-	13.7
Levies (Para 2.8)	1.3	-	-	1.3

Levies – Recharge (Para 2.9)	-0.7	-	-	-0.7
Revised Budget Gap	53.3	43.0	27.0	123.3
Cumulative Gap	53.3	96.3	123.3	

- 2.11 The gap is the result of demographic changes, the impact of levies, inflation and other cost pressures and reductions in Government Grant. This is shown in detail at Appendix 1.

GROWTH ITEMS

- 2.12 The Budget Projections for 2013/16 include £11 million for growth arising from demographic changes, Government decisions regarding funding and local decisions relating to income.
- 2.13 All Chief Officers identified potential growth bids which were subject to review by the Executive Team and the Chief Executive and Interim Director of Finance as to their validity and justification.
- 2.14 Growth bids that have been agreed, and were included in the report to Cabinet on 20 December 2012, are detailed at Appendix 3. These have only been accepted where increased demand is placing uncontrollable pressure on safeguarding services for Adults and Children’s Services and other services where the Council has a contractual obligation to fulfil. The figures have been updated to reflect the change to Residential Care fees reported to Cabinet on 7 February 2013.

SAVINGS OPTIONS

- 2.15 The Council undertook a comprehensive What Really Matters consultation programme from 10 September 2012 to 19 October 2012. The findings from this initial stage in a comprehensive programme of consultation and engagement were reported to Cabinet on 8 November 2012 – and subsequently to Overview & Scrutiny Committees.
- 2.16 The second stage of the Consultation began on 23 November 2012 and ran to 31 January 2013. This involved more detailed options proposed by the Chief Executive and the consultation extended to residents, partners and employees and included Member engagement through the Committee process. The outcome to this consultation was reported to Cabinet on the 7 February 2013 and is also reported elsewhere on this agenda.
- 2.17 A schedule of the options proposed by the Chief Executive but not yet approved by Cabinet / Council is included at Appendix 4.

Table 2: Summary Of The Savings Options

Status	2013/14	2014/15	2015/16	TOTAL
	£m	£m	£m	£m

Approved November 2012	7.2	2.0	2.0	11.2
Approved December 2012	14.5	6.2	8.9	29.6
Approved January 2013	2.2	0	0	2.2
Total Approved	23.9	8.2	10.9	43.0
Still to be Approved	25.2	8.8	3.6	37.6
Total	49.1	17.0	14.5	80.6

COUNCIL TAX

- 2.18 The Government has announced that a Council Tax Freeze Grant will be available for 2013/14 for Councils which freeze Council Tax levels in 2013/14. This is the equivalent of a 1% Council Tax rise, based upon the 2012/13 levels, and for Wirral equates to £1.3 million. This sum will be payable for both 2013/14 and 2014/15 only.
- 2.19 If the Council agreed to increase Council Tax level then the Government has again imposed the requirement for a Council Tax Referendum for increases of 2%. The calculation of the Referendum 'trigger' amount is complex and excludes levies. As an example :- if Wirral elected to opt for a 2% increase in Council Tax the figure under the Referendum calculation would be 1.6% and the income generated would be £2.6 million which would then be part of the Base Budget for future years.
- 2.20 The sum of £1.3 million has been built into the Chief Executive Budget proposals for 2013/14 from Council Tax. Whilst an increase in Council Tax will be built into the Base Budget the Freeze Grant is payable for two years only.
- 3.0 **RELEVANT RISKS**
- 3.1 For 2013/16 there will be significant changes to the financing of local government which includes the changes in respect of the Formula Grant and also Business Rates. The latter places an increased risk upon local authorities as any they will benefit from a share of any increased revenues but also liable for at least a share of any falls in income (subject to the safety net triggers) and any non-collection.
- 3.2 The Government has indicated that the austerity measures outlined in the Spending Review for 2011/15 will continue beyond 2015 and until at least 2018. In the Autumn Statement on 5 December 2012 the Chancellor announced that there would a further 2% reduction in local government support from 2014/15 and that there would be a Spending Review in 2013.
- 3.3 The Audit Commission have recently reported upon a 36% rise in the level of reserves held by local authorities from 2007 to 2012. The Commission recommended that authorities should improve their decision-making about the appropriate levels of reserves.

3.4 In recognising the changing financial environment in which the Council operates Cabinet on 29 November 2012 agreed to a risk-based approach being adopted for setting the level of General Fund Balances. Cabinet agreed that the risk based approach should set General Fund Balances at £21.1 million in 2013/14, £19.6 million in 2014/15, and £15.0 million in 2015/16.

4.0 OTHER OPTIONS CONSIDERED

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

5.0 CONSULTATION

5.1 The findings from the What Really Matters consultation that ran from 10 September 2012 to 19 October 2012 were reported to Cabinet on 8 November 2012 and subsequently to Overview & Scrutiny Committees.

5.2 The second stage began on 23 November 2012 and ran to 31 January 2013. The options were proposed by the Chief Executive and the results reported to Cabinet on 7 February 2013 and are also elsewhere on this agenda.

5.3 Where legally required to undertake a more formal consultation in respect of individual options then this more specific consultation will be carried out.

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

6.1 Where budget options recommend a reduction or removal of a public service, discussions will take place with appropriate alternative service providers to ascertain if the impact would result in increased demand for services from the alternative providers. This will include voluntary and community sector groups and organisations.

7.0 RESOURCE IMPLICATIONS

7.1 The Budget Projections 2013/16 indicate a shortfall between spend and resources of £124 million. This forms the base position for identifying any actions to address the Budget gap.

7.2 The Growth options proposed of £10.9 million over the period 2013/15 are within the £11 million identified for growth in the Budget Projections 2013/16.

7.3 Table 3: Summary Of Budget Gap/ Saving Options

	2013/14	2014/15	2015/16	TOTAL
	£m	£m	£m	£m
Budget Gap	53.3	43.0	27.0	123.3
Savings Options	49.1	17.0	14.5	80.6
Net Budget Gap	4.2	26.0	12.5	42.7

- 7.4 The Council must bridge the net budget gap for 2013/14 to set a budget within the legal framework as set out in the Local Government Finance Act 1988. The table below presents a possible solution for 2013/14.

Table 4: Funding 2013/14 Net Budget Gap

Issue	Funding Source	Budget Gap
	£m	£m
Budget Gap This assumes that all of the savings options are accepted		4.2
Funding Source Earmarked Reserves Additional 'one-off' sum per Revenue Monitoring report to Cabinet 24 January	3.2	
Funding Source General Fund Balance The remaining sum has to be found from the 'one-off' use of balances	1.0	
Total Funding	4.2	

Table 5: General Fund Balance

	£m
Estimated Balance at 31 March 2013	23.8
Utilised 2013/14 To Meet The Budget Gap	-1.0
Integration Of Public Health	0.5
Balance at 31 March 2014	23.3
Agreed Minimum Balance	21.1

- 7.5 A number of the budget proposals will impact on staff. The Chief Executive formally opened statutory consultation under Section 188 (4) of the Trade Union and Labour Relations (Consolidation) Act 1992 on the impact of the Officer Budget Options on 12 November 2012. Formal consultation meetings and communication have been taking place across the organisation. Any budget options which impact on staff will be subject to further detailed consultation on the potential impact including one-to-one consultation with employees as part of the statutory process.

8.0 LEGAL IMPLICATIONS

- 8.1 The Council is required to agree a Budget for 2013/14 by 10 March 2013. The report concerns the duty of the Council to avoid a budget shortfall which is not just an academic exercise in balancing the books. The Chief Finance Officer of a local authority has a personal duty under Local Government Finance Act 1988 section 114A to make a report to the executive if it appears to him that the expenditure of the authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure.

8.2 If the Chief Finance Officer reports that there are insufficient resources to meet expenditure, the Council is prevented from entering into any new agreement which may involve the incurring of expenditure at any time by the authority, until the report is considered, and if the problem is ongoing until it is resolved. It is remarkably broad in its prohibition of new agreements, no matter what their scale. It would not only prevent the authority from hiring new staff or letting new construction contracts, but from ordering minor office supplies.

9.0 EQUALITIES IMPLICATIONS

9.1 When taking Budget decisions the individual decisions may have Equality Implications. Equality Impact Assessments have been completed in relation to the options and these will be re-assessed as the options progress and updated where appropriate. A cumulative assessment will accompany the Budget proposal.

10.0 CARBON REDUCTION IMPLICATIONS

10.1 There are no implications arising directly from this report.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 There are no implications arising directly from this report.

12.0 RECOMMENDATIONS

12.1 That the Budget Projections 2013/16 and the increase in the Budget gap from £109 million to £123.3 million be noted.

12.2 That the Budget Growth 2013/16 totalling £10.9 million be agreed and the detail be built into the Budget.

12.3 That the additional savings options 2013/16 set out at appendix 4 be considered and the budget gap be amended in respect of saving options not accepted.

12.4 Cabinet recommend to Council a budget proposal for 2013/14.

13.0 REASON FOR RECOMMENDATION

13.1 The Cabinet are required to recommend a budget to Council on 5 March 2013.

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APPENDICES

- Appendix 1 Wirral Council Budget Projections 2013/16.
- Appendix 2 Under Budgeting Report
- Appendix 3 Wirral Council Growth Submissions 2013/16
- Appendix 4 Savings awaiting approval

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 2012/15 - October 2011.
- Local Government Finance Settlement 2012/13 - DCLG – January 2012.
- Council Budget 2012/13 - March 2012.
- Autumn Statement – HM Treasury – December 2012.
- Local Government Finance Settlement 2013/15 - DCLG - February 2013.

SUBJECT HISTORY

Council Meeting	Date
Cabinet	
Budget Projections	19 July 2012
What Really Matters Consultation Findings	8 November 2012
Level Of General Fund Balances	29 November 2012
Cabinet	20 December 2012

APPENDIX 1

WIRRAL COUNCIL - BUDGET PROJECTIONS 2013/16

Financial Year	BUDGET PROJECTIONS			CHANGE ANALYSIS		
	Projected Net Exp £000	Projected Funding £000	Cumulative Difference £000	Spending Increases £000	Grant Reduced £000	Total £000
2012/13	287,481	287,481				
2013/14	312,052	273,064	38,988	24,571	14,417	38,988
2014/15	341,352	259,480	81,872	29,300	13,584	42,884
2015/16	355,652	254,666	108,686	14,300	12,513	26,813
Reduction in Specific Government Grants				-20,400	+20,400	
				<u>47,771</u>	<u>60,915</u>	<u>108,686</u>

Note: Figures include an estimate for the 2% additional reduction in Government Grant from 2014/15 being £2.7 million 2014/15 and £2.5 million 2015/16 per Autumn Statement on 5 December 2012.

ANALYSIS OF THE CHANGES

	2013/14 £000	2014/15 £000	2015/16 £000	TOTAL £000
Cost increases				
Pay - Inflation/pension costs	2,000	4,200	2,000	8,200
Price inflation	2,300	2,400	3,400	8,100
Efficiency Fund	2,000	2,000	2,000	6,000
Growth	1,000	1,000	1,000	3,000
Net Demographic Growth	4,000	2,000	2,000	8,000
Streetscene Contract	100	0	0	100
Pacific Road Theatre	600	0	0	600
Levies – Waste / Merseytravel	0	0	0	0
Capital Financing	1,700	1,700	1,700	5,100
Base Budget correction	21,700	0	0	21,700
	<u>35,400</u>	<u>13,300</u>	<u>12,100</u>	<u>60,800</u>
Savings				
Income inflation	0	0	0	0
Change Programme savings	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cessation of spends				
One-off policy options	-4,943	0	0	-4,943
One-off cost C/Tax reimbursement	-3,990	0	0	-3,990
	<u>-8,933</u>	<u>0</u>	<u>0</u>	<u>-8,933</u>
Funding cessation				
One off Funding - Reserves	9,604	0	0	9,604
SPENDING INCREASE	<u>36,071</u>	<u>13,300</u>	<u>12,100</u>	<u>61,471</u>
Reduction in Government Grants				
General Grants	-14,417	-13,584	-12,513	-40,515
Various Specific Grants	-2,200	-16,000	-2,200	-20,400
REDUCTION IN GRANTS	<u>-16,617</u>	<u>-29,584</u>	<u>-14,713</u>	<u>-60,915</u>

**Under Budgeting Report of Interim Director of Finance
Executive Team Briefing
24 January 2013**

1.0 EXECUTIVE SUMMARY

1.1 Proposal to address under funded budgets (bad budgets)

2.0 BACKGROUND AND KEY ISSUES

2.1 There is evidence that the Council has had under budgeting issues for a number of years.

Financial Year	Overspend excluding "one offs"
2009/10 Outturn	£6.8 million
2010/11 Outturn	£9.3 million
2011/12 Outturn	£14.6 million
2012/13 Month 7 position	£17.0 million
2013/14 Provisional base budget	£25.3 million

2.2 The table below sets out the current position on under budgeting. Members should not that our initial budget assumptions allocated £8 million to addressing the under budgeting issue.

Category	DASS	CYP	Fin	Law	RHP	Tech	Total
	£m	£m	£m	£m	£m	£m	£m
Income Target not met	0.5	-	0.4	0.4	0.8	2.4	4.5
Savings not achieved	4.8	2.0	1.8	0.9	0.1	0.7	10.3
Increased Demand	8.8	4.9	-	0.1	-	0.1	13.9
Withdrawal of External Funding	0.9	0.4	-	-	0.1		1.4
Job Evaluation/ Pension Cost	1.1	-	0.3	0.1	0.1	-	1.6
Under recovery Technical Fees	-	-	-	1.3	-	-	1.3
Less Savings Identified	-3.3	-0.1	-2.5	-0.4	-1.0	-0.4	-7.7
TOTAL NET UNDER BUDGET	12.8	7.2	0	2.4	0.1	2.8	25.3

2.3 The Budget assumptions set aside £8 million to resolve under funded budgets.

2.4 The bad budgets in DASS and CYP are being analysed and are likely to result in a net reduction in the under budgeting.

2.5 Following the meeting with the DCLG on possible funding solutions £15m has been set aside to "borrow" from balances in 2013/14 to fund, in part, the under

budgeting. This is a once off funding mechanism and the base budget must be corrected for the financial year 2014/15.

3.0 PROPOSAL

3.1 Finance and Regeneration, Planning and Housing to balance their under budgeting from existing departmental resources.

3.2 £8m included in base budget be used to fund:

- i. Income Targets not met. This will reduce under budgeting in DASS by £0.5m, Law etc £0.4m and Technical by £2.4m.
- ii. Under recovery of Technical Fees £1.3m.
- iii. Remaining under budget in Technical (£0.4m) and Law etc (£0.7m).
- iv. Withdrawal of External Funding, DASS £0.9m and CYP £0.4M.
- v. Unfunded Job Evaluation and Pension Costs, DASS £1.1.

3.3 Under budgeting from savings not achieved in DASS and CYP to be funded from those savings so far identified and further savings to be identified in the base budget for 2013/14. Further savings of £1.5m for DASS and £1.9m for CYP are required.

3.4 Increased demand DASS £8.8m, CYP £4.9m to be funded from balances for 2013/14 only.

4.0 SUMMARY

4.1 The table below sets out the summary position, if the proposal is accepted.

	<u>Under Budget</u>	<u>Suppressed 2013/14</u>	<u>Base Adjusted</u>	<u>Less. ie wholly funded in 2013-14 Funded 2013/14 (only)</u>	<u>Result Issue for 2014/15</u>
	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>
Finance	0	-	-	-	0.0
Reg, Hsg & Planning	0.1	-	0.1	-	0.0
Law, HR & Asset Mgt	2.4	-	2.4	-	0.0
Technical	2.8	-	2.8	-	0.0
Adult Social Services	12.8	1.5	2.5	8.8	8.8
Children & Yg People	7.2	1.9	0.4	4.9	4.9
TOTAL	25.3	3.4	8.2	13.7	13.7

4.2 The achievement of workable budgets will enable the introduction of 'year-end' rules for 2013-14, to encourage good behaviour. Overspending departments would have to pay the deficit back from the following years budget. Underspending departments could carry forward some of the underspend, with Cabinet agreement, to the following year. There would no longer be the temptation to spend up to the budget.

APPENDIX 3

WIRRAL COUNCIL GROWTH SUBMISSIONS 2013/16

Department	Option Title	2013/14 £000	2014/15 £000	2015/16 £000	Total £000
Children	Independent Reviewing Officers	90	0	0	90
	Additional Social Worker Capacity in Wallasey District	315	0	0	315
	Social Workers in Schools	75	0	0	75
	Family Justice Review	100	0	0	100
	Staying Put Policy	100	0	0	100
	Increase in demand (Foster Care)	500	0	0	500
	Youth Justice Board Costs	50	0	0	50
Adult Services	Increase in Fees for Residential & Nursing Care	1,000	0	0	1,000
	Increase in Demand (Young Adults with Learning Disabilities)	944	926	930	2,800
	Increase in Demand (Older People)	1,773	1,276	875	3,924
LHRAM	Continuation of Community Fund and Supporting People funded services	0	0	573	573
RHP	Continuation of Community Fund funded services	0	0	1,000	1,000
Technical	Annual Property Uplift Biffa Waste contract	12	12	12	36
	Increase in running costs following extensions to Cemeteries	0	60	60	120
Finance	Reduction in Housing Benefit Administration grant 2013/14	237	0	0	237
Totals		5,196	2,274	3,450	10,920

APPENDIX 4

**SAVINGS PROPOSED BY THE CHIEF EXECUTIVE
STILL TO BE APPROVED BY CABINET / COUNCIL**

CONSULTATION AREA / OPTION TITLE	2013/14	2014/15	2015/16	Total
	£000	£000	£000	£000
FAMILIES AND WELL-BEING				
Agency Costs	0	0	0	0
Reconfigure front Line Services by streamlining the assessment process	400	100	0	500
Review of Personal Budgets and Advocacy Support for Carers	250	0	0	250
Increase charges for non-residential services	880	0	0	880
Review Assistive Technology Equipment Service	0	0	0	0
Cease Provision of Community Meals Service	94	31	0	125
Community Meals full cost recovery	75	0	0	75
Agency Costs	97	0	0	97
Transformation of In-house Day Services	653	750	500	1,903
Cease to provide the POPIN service	250	100	0	350
Residential Care reduction in LD numbers	300	0	0	300
Develop a Contracts Framework for Day Care provided by external providers	0	100	0	100
Re-tender of existing contracts for Extra Care Housing	100	100	0	200
Review of existing Respite and Short Term Care Provision	200	100	0	300
Review of Emergency Duty Team	0	100	0	100
Review of Equipment Services	100	0	0	100
Review of existing In-House Residential and Respite Care Provision	160	160	0	320
NHS investment in Reablement services	800	0	0	800
Reduce number of Care Home Placements	484	468	452	1,404
Review NHS Continuing Health Care funding	377	754	377	1,508
Review of Assistive Technology and Equipment Service	83	83	83	249
Review Reablement services	84	84	82	250
Review of contracts and grant funding to the Voluntary, Community and Faith sector	385	115	0	500
Review of Drugs and Alcohol Assessment and Rehabilitation Service	320	0	0	320
Child & Adolescent Mental Health Service	250	0	0	250
Family Support review	200	0	0	200
Cease support for Foundation Learning	121	12	0	133
Oaklands reduce Council subsidy	23	0	0	23

Targeted Commissioning	700	200	0	900
Removal of subsidy supporting the music service.	21	0	0	21
Reduction in provision of Short Breaks for Disabled Children	150	150	0	300
Refocus provision around Youth Hubs	815	110	0	925
Withdraw service provision and commission VCF	63	190	0	253
Targeted Commissioning Youth Challenge	200	200	0	400
Adoption of new Transport Policy	250	250	0	500
Change Denominational Transport Policy	0	20	35	55
Change post 16 Transport Policy	0	31	53	84
Change SEN Transport Policy	0	255	438	693
Cease bilingual support for 0-5 year olds	41	0	0	41
Cease Domestic Violence Support	25	0	0	25
Cease rental of space at Bidston and St James	25	0	0	25
Cease support for Bookstart programme	27	0	0	27
Cease the counselling service	26	0	0	26
Outsource all remaining daycare	453	319	0	772
Reduce foundation consultants, childcare development workers, training and other support	799	277	0	1,076
Reduction of universal services	80	0	0	80
Transfer satellites on school premises to schools	100	0	0	100
Court Costs - A	1,197	0	0	1,197
Court Costs - B	1,232	0	0	1,232
Discretionary Business Rate Relief	0	320	0	320
Pensioner Discounts - A	905	0	0	905
Pensioner Discounts - B	124	0	0	124
Pensioner Discounts - C	271	0	0	271
Book Fund Reduction	241	-144	42	139
Libraries/One Stop Shop Operating Arrangements	120	280	0	400
Libraries/One Stop Shop Operating Arrangements (Additional arrangements)	0	100	0	100
Further Book Fund Reduction	30	0	0	30
Libraries/One Stop Shops	0	90	60	150
Libraries/One Stop Shop Agile Cover	0	140	15	155
Cease Local Initiatives	31	0	0	31
FAMILIES AND WELL-BEING	14,613	5,845	2,136	22,594
REGENERATION AND ENVIRONMENT				
Car Parking	281	0	0	281
Garden Waste - Removal of free kerbside recycling service	582	176	393	1,151
Highways Drainage	106	0	0	106
Highway Maintenance	588	0	0	588
Leisure Centres Modernisation	429	0	0	429
Initial project for change in land use - Parks	450	0	0	450

Maintenance Reduction				
Reduction in Street Cleansing Frequencies	1,000	-250	0	750
Lighting Maintenance	265	0	0	265
Household Waste Collection - Increasing charges and charging opportunities	80	0	0	80
Reduction in Handyperson scheme	209	0	0	209
Supporting People - BME	111	0	0	111
Supporting People Service - Reduce Service	0	2,000	0	2,000
Apprentices	420	0	0	420
Dog Kennels - Merseyside consortium to deal with the reception / accomodation of stray dogs	50	50	0	100
Community Patrol - Remove shift allowance	95	0	0	95
Dog Fouling Enforcement	62	0	0	62
General Running Costs Saving	0	0	40	40
Biffa Break Clause Review	0	600	0	600
Schools Waste Charging Project	180	0	0	180
REGENERATION AND ENVIRONMENT	4,908	2,576	433	7,917
TRANSFORMATION AND RESOURCES				
Payment of Charges for Merseyside Procurement Partnership (MPP)	11	0	0	11
Officer Options Terms and Conditions	3,076	0	0	3,076
Single Time Working and Modernisation of Leisure Centre Activity Programmes	750	0	0	750
Civic Services - Rationalisation	50	0	0	50
Fair Trading Officers	71	0	0	71
Tranmere Rovers Sponsorship	135	0	0	135
Area Forum Funding	391	0	0	391
One-off election saving for 2013/14	180	0	0	180
TRANSFORMATION AND RESOURCES	4,664	0	0	4,664
CORPORATE				
Council Tax Increase / Freeze Grant	1,300	0	0	1,300
Shared Services	0	400	1,000	1,400
Trade Union Costs	-270	0	0	-270
CORPORATE	1,030	400	1,000	2,430
TOTAL	25,214	8,821	3,569	37,605

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WIRRAL COUNCIL

CABINET

18 FEBRUARY 2013

SUBJECT	BUDGET 2013/16 – CHIEF FINANCIAL OFFICER STATEMENT
WARD/S AFFECTED	ALL
REPORT OF	INTERIM DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER	COUNCILLOR PHIL DAVIES
KEY DECISION	YES

1.0 EXECUTIVE SUMMARY

1.1 Under Section 25 of the Local Government Act 2003, the Authority's Chief Financial Officer (Director of Resources) is required to report on the robustness of the estimates made for the purposes of the Council's Budget calculations and the adequacy of the adequacy of the General Fund balances and reserves. A statement to this effect is set out below for Members' information.

2.0 BACKGROUND AND KEY ISSUES

2.1 Budget estimates are exactly that, being estimates of spend and income made at a point in time. This Statement about the robustness of estimates cannot give a guaranteed assurance about the Budget, but gives Members reasonable assurances that the budget has been based on the best available information and assumptions.

2.2 In order to meet the requirement on robustness a number of key processes were put into place, including:

- the issuing of clear guidance on preparing budget growth and savings options for the three year period 2013/16;
- peer review by finance staff involved in preparing the standstill [base] budget i.e. the existing budget plus inflation;
- the use of budget monitoring, and the bad budget review, in 2012/13 in order to re-align budgets with current demand, for 2013/14 and future years;
- a review by the Management Team, supported by a series of officer challenge sessions, of proposed savings and their achievability;

- a Member review and challenge of each proposal through the Overview & Scrutiny Committees and Cabinet;
 - the Chief Financial Officer providing advice throughout the process on robustness, including inflationary factors, avoiding unallocated savings and reflecting current demand and service standards (unless standards and eligibility are to be changed through a change in policy); and
 - extensive consultation with the public and various groups including the business community and voluntary sector.
- 2.3 Notwithstanding these arrangements, which are designed to test the Budget throughout its various stages of development, considerable reliance is placed on Managers having proper arrangements in place to identify issues, project demand for services, and consider value for money and efficiency.
- 2.4 A key part of improving these processes is to develop data and information to monitor service volume and unit costs and track changes in both. This will also assist in the Council's Medium Term Strategy Planning.

3.0 **RELEVANT RISKS**

- 3.1 Finance undertook a formal Risk Review of the Revenue Budget, and proposed that Balances be set at a level appropriate to the currently identified risks. This was the subject of a report to Cabinet on 29 November 2012 since which time there have been changes to the financial position and an updated review is on this agenda. This is not intended to replace the existing Risk Register but should inform any revision the Council Risk Register.
- 3.2 Capital Programme and Revenue Budget Risk Registers will be completed and approved following the final determination of both the Capital Programme and the Revenue Budgets for 2013/16. These are intended to form part of the future Budgetary Control framework being reviewed at least quarterly.

ROBUSTNESS OF THE REVENUE ESTIMATES

- 3.3 The 2013/14 Budget process was improved through the preparation including a more robust process to identify, review and assess both growth and savings proposals. This has seen the production of proposals from the Chief Executive which have been subject to public consultation and review by Elected Members.
- 3.4 Whilst proposals will be made to Cabinet in order to produce a balanced Revenue Budget for 2013/14 and broad areas identified for 2014/16 that will seek to address the deficits in these years. The development of Medium Term Financial Planning will improve the 2014/16 savings and efficiency proposals. Appendix 1 shows the factors taken into account in developing the draft budget.

3.5 In assessing the robustness of Revenue Budgets, the achievability of savings / reductions and income It is expected that the key risks remaining will be:

- Changes to staffing including equal pay as the Council has yet to conclude its equal pay payments and changes to terms and conditions.
- The ongoing impact of the economic downturn including increasing demand for services and reducing grant funding and income from charges.
- The actual delivery of the approved savings and efficiencies.
- Changes to the Capital Programme, to achieve the policy objective of eliminating Prudential Borrowing;
- The delivery within budget of key housing, schools and regeneration capital schemes.
- The possibility of legal challenge including judicial review
- The confirmation of Government grants, of which a number remain currently unknown.

3.6 These assumptions and potential changing circumstances will require the forecasts for future years to be reviewed early each financial year leading to more detailed budgets being prepared for the next financial year and the medium term during the Autumn of each financial year.

ROBUSTNESS OF THE CAPITAL PROGRAMME

3.7 The agreed Capital Programme includes projects costed at current year prices with many subject to a subsequent tender process which lead to variance in the final cost. In some areas, the design brief may not yet be finalised, again giving rise to potential price variance.

3.8 In assessing the robustness of the Capital Programme the risk of being unable to fund variations outside of the Programme is minimal mainly due to phasing of projects. If necessary, the Council can choose to freeze parts of the Programme throughout the year to ensure spend is kept within the agreed budget.

3.9 There are two main risks:-

- The ability to deliver the Programme within the agreed timescales. Slippage from 2012/13 is fully funded but this will increase pressure on the Council to deliver the anticipated 2013/14 Programme.
- The future Programme has amounts for new starts based on the availability of capital receipts. In today's climate, these receipts may be lower than expected, which will have to be managed.

ADEQUACY OF THE GENERAL FUND BALANCES AND RESERVES

- 3.10 The Council had for a number of years identified 2% of the Revenue Budget as being an appropriate and minimum level of balances. Cabinet on 29 November 2012 agreed to a different approach in determining the level of General Fund balances and reserves. This recommended a locally determined approach based upon an assessment of the financial risks that the Council may face in the future.
- 3.11 The Level Of General Fund Balances For 2013/14 report on this agenda provides an update in the light of budgetary developments since the November report.

4.0 OTHER OPTIONS CONSIDERED

- 4.1 None as the Statement of the Chief Financial Officer is a legal requirement.

5.0 CONSULTATION

- 5.1 None as the Statement is that of the Chief Financial Officer.

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 6.1 There are no implications arising directly from this report.

7.0 RESOURCE IMPLICATIONS

- 7.1 In the Budget 2013/16 - Initial Proposals report to Cabinet on 20 December 2012 the Budget Projections 2013/16 indicated a shortfall between spend and resources of £109 million. At that time officer savings options totalled £78 million. Cabinet agreed, in principle, savings options totalling £30 million taking the total to £41 million and on 24 January 2013 agreed savings to Council Tax discounts and exemptions realising £2.2 million of savings.

Table 1 : Summary of the Budget Funding Gap

Funding Gap	2013/14	2014/15	2015/16	Total
	£m	£m	£m	£m
Funding Gap	39	43	27	109
Cumulative Gap	39	82	109	

Table 2 : Summary Of Agreed Savings By Approval Date

Cabinet	2013/14	2014/15	2015/16	Total
	£m	£m	£m	£m
November Efficiency Fund and Council Tax Support Scheme	7.2	2.0	2.0	11.2
December Agreed in principle a range of options	14.5	6.2	8.9	29.6
January Council Tax Discounts	2.2	-	-	2.2
Totals	23.9	8.2	10.9	43.0

- 7.2 In respect of 2013/14 the budget gap was £39 million and the savings agreed, including those in principle, totalled £24 million. The Chief Executive's savings proposals are included in the Budget Report.
- 7.3 Since the December report a number of exceptional items have been identified which add to the financial difficulties. Whilst discussions are on-going with the Government these remain to be resolved.

Table 3 : Exceptional Items

Item	2013/14	Actions being pursued
	£m	
Under-budgeting in previous years	17.1	To reduce requirement by £3.4m with £13.7m addressed through use of balances 2013/14
Review of outstanding debts – potential write-off	6.1	To be funded from reserves per the Revenue Monitoring report to Cabinet 24 January
Redundancy costs from reduction in workforce	5.0	To seek Government permission to treat as capital spend what are revenue costs

- 7.4 There are no staffing, asset or IT implications arising directly out of this report.

8.0 LEGAL IMPLICATIONS

- 8.1 The Chief Financial Officer is required under Section 25 of the Local Government Act 2003 to produce a report on the robustness of the estimates made for the Council's budget.

8.2 The Council is required to agree a Budget for 2013/14 by 10 March 2013. The report concerns the duty of the Council to avoid a budget shortfall which is not just an academic exercise in balancing the books. The Chief Financial Officer of a local authority has a personal duty under Local Government Finance Act 1988 section 114A to make a report to the executive if it appears to him that the expenditure of the authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure.

9.0 EQUALITIES IMPLICATIONS

9.1 There are none arising directly from this Statement. When taking Budget decisions the individual decisions may have Equality Implications. Equality Impact Assessments have been completed in relation to the options and these will be re-assessed as the options progress and updated where appropriate. A cumulative assessment will accompany the Budget proposal.

10.0 CARBON REDUCTION IMPLICATIONS

10.1 There are no implications arising directly from this report.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 There are no implications arising directly from this report.

12.0 RECOMMENDATIONS

12.1 That the Statement of the Chief Finance Officer be noted.

13.0 REASON FOR RECOMMENDATION

13.1 Under Section 25 of the Local Government Act 2003, the Authority's Chief Financial Officer (Director of Resources) is required to report on the robustness of the estimates made for the purposes of the Council's Budget calculations and the adequacy of the adequacy of the General Fund balances and reserves.

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APPENDICES

Appendix 1 Analysis Of The Robustness Of Revenue Estimates.
Appendix 2 Analysis Of The Robustness Of Capital Estimates.

SUBJECT HISTORY

Council Meeting	Date
Cabinet	
Budget Projections	19 July 2012
Level Of General Fund Balances	29 November 2012
Budget 2013/16 – Initial Proposals	20 December 2012
Council Tax Discounts and Exemptions	24 January 2013
Council Tax Base	24 January 2013

ANALYSIS OF ROBUSTNESS OF REVENUE ESTIMATES

Budget Assumption	Financial Standing and Management
1. The treatment of growth pressures	<p>Two major demand factors affect the 2013/16 budgets:-</p> <ul style="list-style-type: none"> • 2012/13 budget pressures continuing into 2013/14 and future years. A number of pressures identified through the 2012/13 budget monitoring include the failure to deliver agreed savings and bad budgets arising from the failure to address recurring overspends. • Demographic demand pressures have been identified within Social Care - the elderly, children and the vulnerable. This relates to both the previous years under-budgeting as well as growth included for 2013/14. <p>The 2013/14 Budget has been based upon 2012/13 budget monitoring reports and projections made by Managers of demand in future years.</p>
2. The treatment of inflation and interest rates.	<p>Pay – 1% has been provided in the 2013/14 Budget and future years for pay awards for staff. The overall planning totals have provided for an estimate for the implementation of equal pay.</p> <p>Pensions – Employer rates fully reflect the most recent actuarial review in 2010 The next review is in 2013.</p> <p>Price inflation is only been provided on contractual arrangements at the rate stated in the relevant agreement.</p> <p>Price inflation has also been applied to utility budgets to reflect in 2012/13 and 2013/14 to reflect price increases.</p>
3. Surplus cash balances (income, capital, receipts and grants)	<p>At any time the Council will have a number of positive cash income streams, such as capital receipts and government grants, etc. These will be invested as part of the overall and day-to-day cash flow management activities undertaken by the Treasury Manager. This income will be available to support the revenue budget during 2013/14. Cash investments can be liquidated at short notice and are available at any point in time to meet the Council's day-to-day requirements for cash funding.</p>
4 The treatment of income	<p>Changes to fees and charges have been presented as individual budget options and have generally been reviewed in light of prevailing inflation.</p> <p>The review of previous years under-budgeting included adjustments of £4 million made to reduce unrealistic / undeliverable income targets.</p>
5. The treatment of efficiency savings / productivity gains.	<p>All Managers have a responsibility to ensure the efficient delivery of services and, when savings are proposed, they are realistic in terms of the level and the timing. Should these vary due to unforeseen events management action or policy actions within the relevant Business Units and corporately, will be implemented.</p>
6. The financial risks inherent in any significant new	<p>The sharing of risk is in accordance with the principle of the risks being borne by the party best placed to manage that risk. Inherent risks include any guarantee or variation of service throughput (service</p>

Budget Assumption	Financial Standing and Management
funding partnerships, major outsourcing deals or major capital developments	<p>volumes). If risks materialise the expectation is that such an eventuality will be considered in future years' budgets and General Fund balances restored to at least the minimum prudent level.</p> <p>Responsibility for Public Health transfers to the Council from 1 April 2013. For 2013/14 and 2014/15 funding has been provided by the Government in the form of a specific grant to cover the costs.</p> <p>From 1 April 2013 the Council has to have in place a Local Council Tax Support Scheme and a Local Welfare Assistance Scheme. Additionally the Government funding changes give the Council a financial incentive / pressure in relation to Business Rates. These places additional risks upon the Council which has been assessed in the level of General Fund balances.</p>
7. The availability of other funds to deal with major contingencies	<p>The minimum level of reserves assumes that management and policy actions will be taken to address major contingencies. Should these be insufficient, the minimum level of reserves may have to be used temporarily but restored to at least their minimum prudent level or the optimal level through future budgets. This risk based approach is set out in a separate report on General Fund balances.</p>
8. The overall financial standing of the authority (level of borrowing, debt outstanding, council tax collection rates etc)	<p>The Council acts to manage its borrowing prudently and in accordance with statutory guidance regarding affordability and sustainability with regard to debt expenses incurred in its revenue account.</p> <p>This is achieved through the Treasury Management Strategy and Investment Policy approved by Council each year.</p> <p>The level of borrowing is restrained through reducing the need for unsupported borrowing so the Capital Programme contains plans to minimise new borrowing. The additional costs of financing this debt are built into the 2013/14 budget and future MTFP assumptions and are contained within the overall parameters set by the Council for prudential borrowing,</p> <p>The assumed Council Tax collection rate for 2013/14 onwards is 96.75% and judged to be achievable. This has been reduced from 98.5% because of the expected reduction in collection resulting from the Local Council Tax Support scheme and changes to the Council tax Discounts and exemptions effective from April 2013.</p> <p>Legislation requires that any Collection Fund deficit be corrected through the Council Tax in the next year. There is no surplus to be distributed in 2013/14.</p>
9. The authority's track record in budget and financial management.	<p>As projected at Month 9 the 2012/13 revenue monitoring report is forecasting an overall overspend on the General Fund of £7.9 million. This has reduced from the £17 million that was reported at the end of Month 3 as a result of a number of actions including a spending freeze and the release of 'one-off' sums from reserves and provisions.</p> <p>In previous years the Council has managed its budget despite significant budget pressures. However this had been achieved through a number of savings of a 'one-off' nature such that recurring overspends had not been addressed and undermined the financial position of the Council. These have been identified through Budget Reviews in 2012 although funding from balances is required in 2013/14 order to address the shortfalls in Adults and Children's Services.</p>

Budget Assumption	Financial Standing and Management
	Ultimately, financial performance relies on all budget managers actively managing their budgets and complying with financial regulations, including not committing expenditure if there is no budget provision available.
10. The authority's capacity to manage in-year budget pressures	In order to improve the ability to manage in-year budget pressures a number of actions have been put in place. Improvements have been made to the financial monitoring system in terms of accuracy, the frequency of reporting and the challenge process. The budget preparation for 2013/14 has involved greater rigour and challenge as well as involvement from those delivering the services and the savings. This has enabled action earlier in the year to correct any over / underspendings and the ability to deliver what was planned. Equally, the ability to manage in-year pressures has been recognised in the local approach in reflecting risk in determining the appropriate level of General Fund balances and Reserves.
11. The strength of the financial information and reporting arrangements.	The in-year financial monitoring arrangements have been improved through the introduction of a more comprehensive monthly report as per 9 The draft Medium Term Financial Strategy has been improved and will further strengthen the basis of reporting. Appendices to the Budget report will show the budget over the three years 2013/16 and a budget book will be published in March.
12. The authority's virement and end of year procedures in relation to budget under / overspends at authority and directorate level.	There will be a review of the Budget virement policy to incorporate management disciplines to ensure management and policy actions are considered in relation to overspending budgets. Generally virement is considered at a corporate level against corporate priorities, including the contribution towards the optimal level of General Fund reserves.
13. The adequacy of the authority's insurance arrangements to cover major unforeseen risks.	The Council's insurance arrangements are a balance between external insurance premiums and internal funds to "self-insure" some areas. Premiums and self-funds are reactive to external perceptions of the risks faced by the Council which includes both risks that are generic to all organisations and those specific to the authority. The level of the Insurance Reserve is regularly reviewed and is judged to be adequate in that estimated outstanding liabilities are covered by the balance on the Reserve.

ANALYSIS OF ROBUSTNESS OF CAPITAL ESTIMATES

Budget Assumption	Financial Standing and Management
<p>1. Estimates of the level and timing of capital receipts.</p>	<p>The Council's policy is to fund its Capital Programme over the three year MTFS cycle, from three sources:</p> <ul style="list-style-type: none"> • Borrowing (with provision made in the Revenue Estimates), • Grants, Government and Other; • Capital Receipts. <p>In respect of borrowing the objective is to minimise/eliminate:</p> <ul style="list-style-type: none"> ▪ Prudential Borrowing, and ▪ Revenue contributions, <p>unless the proposed spending can generate its own funding.</p> <p>Capital Receipts are managed through an officer group working to income generation targets as part of delivering the 2013/16 Capital Programme.</p> <p>Capital Receipts are invested as part of the Council's normal treasury management activity. The income continues to be used to help to support the Council's revenue expenditure.</p>

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WIRRAL BOROUGH COUNCIL

CABINET

18 FEBRUARY 2013

SUBJECT	CAPITAL PROGRAMME AND FINANCING 2013-2016
WARD(S) AFFECTED	ALL
REPORT OF	INTERIM DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER	COUNCILLOR PHIL DAVIES
KEY DECISION	YES

1 EXECUTIVE SUMMARY

- 1.1. This report provides Cabinet with Capital Programme bids for 2013/16 for consideration and referral to Council for approval. It also includes the related capital financing requirements based upon the prudential indicators that inform the Treasury Management Strategy.
- 1.2. The report also refers to schemes carried forward into 2013/16 from the current 2012-13 capital programme, as detailed in the Capital Programme Monitoring Report for Period 8 (January 24th Cabinet).
- 1.3. The size and shape of the Capital Programme will be dictated by the Government's announcements on supported programmes and, affordability. The Council's 2013-16 revenue budgets will severely limit the scope for unsupported capital expenditure (that generates revenue costs) to schemes that generate immediate revenue savings.
- 1.4. Also, Capital Receipts will be consumed by Redundancy and Equal Pay costs, and, initially, will be unavailable to support the Capital Programme, as has been the case in the past. As new capital receipts are generated, schemes that are held up, can be released.
- 1.5. Schemes that would otherwise proceed, but can't, due to a shortage of revenue funds and Capital receipts, are corralled into a section for release when revenue funding or/and, capital receipts, becomes available. The guiding thought is that such schemes will be deferred for a least a year.

2 BACKGROUND AND KEY ISSUES

- 2.1 The Background information on the architecture of the capital programme, is set out at [Annex 1](#).
- 2.2 We now turn to the key issues. The initial proposed programme is front loaded, reflecting the delay in Government announcements for the latter years. The

programme for 2013-16 amounts to £70.0m – it is set out at Annex 2 - of which, £31.2m is unsupported expenditure. This is 45% of the programme and would generate a revenue cost of £3.1m by 2016. This is illustrated in the following two tables:

Table 1: Initial proposed capital programme - current and new bids

1	2013-14	2014-15	2015-16	Totals
	£m	£m	£m	£m
Current capital programme	28.091	9.362	1.500	38.953
New bids	21.773	6.989	2.282	31.044
Total	49.864	16.351	3.782	69.997

2	2013-14	2014-15	2015-16	Totals
	£m	£m	£m	£m
Current capital programme	7.604	1.500	1.500	10.604
New bids	12.837	5.882	1.925	20.644
Total	20.441	7.382	3.425	31.248
% Unsupported of total programme	41.0	45.1	90.6	44.6
Revenue cost Cum		2.044	2.782	3.125

2.3 To arrive at the proposed programme, we will build it up in steps. Of necessity, the financial position of the Council drives the choices, the downside of which is that careful prioritisation, which exercise has been undertaken, is put to one side for a year. The starting point is a radical approach, which excludes all unsupported expenditure. This produces the following minimal programme of £38.7m.

Table 2: Proposed capital programme (ie excluding all unsupported)

3	2013-14	2014-15	2015-16	Totals
	£m	£m	£m	£m
Current capital programme	20.487	7.862	0.000	28.349
New bids, supported only	8.936	1.107	0.357	10.400
Total	29.423	8.969	0.357	38.749

2.4 However, some of the supported new bids have accompanying unsupported funding of £8.6m and £0.4m of capital receipts. Allowing this, would produce the following capital programme of £47.7m:

Table 3: Proposed capital programme (as 3 plus new bids & accompanying unsupported)

4	2013-14	2014-15	2015-16	Totals
	£m	£m	£m	£m
Current capital programme	20.487	7.862	0	28.349
New bids, supported only plus	15.336	2.707	1.357	19.400
Total	35.823	10.569	1.357	47.749

2.5 In addition, there are two categories of scheme that have the ability to minimise the revenue cost of unsupported borrowing. They are:

- invest to save schemes - the schemes could only proceed if they fulfilled the spend-to-save criteria previously agreed by the Cabinet; and,

- schemes to generate capital receipts. The proposed sales are estimated to generate £7.455m, for a cost of £2m, resulting in a net gain of £5.455m. Unfortunately, the net gain falls into 2014-15, and is no help for 2013-14.

The programme would then increase by £6.25m to £54.0m, as follows:

Table 4: Proposed capital programme (as 4 plus unsupported, invest to save and releasing redundant assets)

5	2013-14	2014-15	2015-16	Totals
	£m	£m	£m	£m
Current capital programme	20.487	7.862	0	28.349
New bids, supported only plus	15.336	2.707	1.357	19.400
New bids, invest to save	4.102	0.098	0.028	4.228
New bids, assets	1.883	0.120	0.000	2.003
	<u>41.808</u>	<u>10.787</u>	<u>1.385</u>	<u>53.980</u>

- 2.6 It is proposed that the remaining unsupported schemes, amounting to £16.4m, are deferred until the revenue position of the Council improves. They split into existing schemes, at £9.0m, and new schemes, at £7.4m. They are detailed at Annex Z; in summary, just over half of the total occurs in 2013-14, and would be deferred for a year.

Table 5: Unsupported schemes, not proceeded with in 2013-14

	2013-14	2014-15	2015-16	Totals
	£m	£m	£m	£m
DASS	0	0	0	0
Finance	0	0	0	0
CYP	0.680	1.200	0	1.880
Law, HR & Asset Management	1.860	1.500	1.500	4.860
Regeneration	2,680	0	300	2.980
Technical Services	3.269	2.864	597	6.730
Total	<u>8.489</u>	<u>5.564</u>	<u>2.397</u>	<u>16.450</u>

3 RELEVANT RISKS

- 3.1 All relevant risks have been discussed within Section 2 of this report.

4 OTHER OPTIONS CONSIDERED

- 4.1 Each Business Case includes an assessment of the alternative options with the conclusion that a submission for inclusion in the capital programme is the preferred option.

5 CONSULTATION

- 5.1 There has been no specific consultation with regards to this report. In terms of the delivery of schemes consultation will take place as part of the scheme development and implementation.

6 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 6.1 There are none arising directly out of this report.

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

- 7.1 The Capital Programme commitments from 2012-13, will be subject to the same affordability criteria, as new bids. Consequently, it is important that residents are updated as quickly as possible on the possible delay to schemes that appeared to be about to be delivered.
- 7.2 As in the previous bidding processes, a scoring and ranking system was deployed, to identify the most important schemes – this is set out at Annex 3. A minimum score was also applied. The table at Annex 4 illustrates the effect of setting a cut off using a score of 280 (although all schemes were included in the initial programme). The figures show the cumulative borrowing requirement as each bid's funding need is added to the schedule. The total requirement is reduced from £31.5m to £22.5m, if the cut off is used. A lower score will reduce the outlay further but care is needed not to split schemes which are interdependent, as is the case with Foxfield School's development which requires the schools demolition (bid 4 and 39).
- 7.3 in normal circumstances, Cabinet would be likely to have other considerations they may wish to apply to include or exclude bids. The scores, after all, are intended as a guide rather than an absolute selection criteria. Unfortunately, the Council's financial position over-rides the scoring system for 2013-14. A consequence is the application to Government to use capital receipts to fund reductions in staffing, and so, immediately realise the full revenue savings.
- 7.4 Annex 5 details the approved schemes and funding carried over from the 2012/15 Capital programme.
- 7.5 Annex 6 details the new schemes submitted for consideration for the capital programme 2013 - 2016. Ignoring capital receipts, these require a total of £31.5m of unsupported borrowing which would bring about an increase of £3.15m in revenue costs.

PRUDENTIAL INDICATORS

- 7.6 In considering the programme for 2013/16 and ignoring the potential for capital receipts to part fund the programme, Cabinet is advised that:-
- a The existing commitments require additional borrowing of around £10 million for 2013/14 as illustrated in Annex 5.
 - b To accommodate all the bids detailed in Annex 6 would increase the potential level of borrowing by £18.7 million in 2013/14, £9.1 million in 2014/15 and £3.6 million in 2015/16 and the effect on the year Increase in borrowing Revenue costs (cumulative) would be:-
 - 2013/14 an increase of £1.87 million
 - 2014/15 a further increase of £0.90 million
 - 2015/16 a further increase of £0.36 million
 - c If the decision is taken to spend in excess of the level of identified resources then this would require increased use of borrowing which incurs annual revenue costs at the rate of £100,000 per £1 million of capital

expenditure. In considering the impact upon Council Tax levels each 1% rise in Council Tax equates to £1.3 million of increased expenditure.

8 LEGAL IMPLICATIONS

8.1 There are none arising directly out of this report.

9 EQUALITIES IMPLICATIONS

9.1 An Equality Impact Assessment (EIA) is attached at [Annex 7](#)

10 CARBON REDUCTION IMPLICATIONS

10.1 There are none arising directly out of this report.

11 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 There are none arising directly out of this report.

12 RECOMMENDATIONS

12.1 That the 2013-16 capital programme, set out at Table 4 and detailed at [Annex 8](#), is agreed and referred to Council for approval.

12.2 That 'spend to save' and 'schemes to generate capital receipts' are reviewed in detail, prior to being specifically approved by Cabinet for implementation.

12.3 That the capital financing requirements are reflected in the projected revenue budget for 2013-14 and the 2013-16 MTFS (Medium Term Financial Strategy).

12.4 That the Prudential Indicators be noted and reported to Cabinet as part of the Treasury Management Strategy.

13 REASONS FOR RECOMMENDATIONS

13.1 The purpose of the Capital Programme is to enable the Council to prioritise and effectively deliver capital investment that contributes to the achievement of Council objectives.

13.2 Links to the revenue budget ensure that revenue funding is provided to meet the financing costs, and any running costs, as a result of the capital programme investment.

13.3 The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code requires local authorities to determine Prudential Indicators on an annual basis. Prudential Indicators must be calculated in accordance with the Prudential Code.

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APPENDICES

- **Annex 1** Capital "technical details" and definitions
- **Annex 2** Initial Capital programme 2013-16, by programme & funding

- **Annex 3** Capital Investment Programme Prioritisation Evaluation Criteria.
- **Annex 4** Ranked new schemes
- **Annex 5** Current Capital Programme Commitments for 2013/16.
- **Annex 6** Capital Programme Submissions for Approval.
- **Annex 7** Equality Impact Assessment
- **Annex 8** Recommended Capital Programme 2013-16 (to follow)

REFERENCE MATERIAL

Prudential Code for Capital Finance in Local Authorities, CIPFA 2009.

SUBJECT HISTORY

Council meeting and report matter	Date
Cabinet- Capital Monitoring Report 2012/13 – Period 3	6 Sep 2012
Cabinet- Capital Monitoring Report 2012/13 – Period 5	18 Oct 2012
Cabinet- Capital Monitoring Report 2012/13 – Period 6	8 Nov 2012
Cabinet- Capital Programme Review	29 Nov 2012
Cabinet- Capital Monitoring Report 2012/13 – Period 7	20 Dec 2012
Cabinet- Capital Monitoring Report 2012/13 – Period 8	2013
Cabinet- Capital Monitoring Report 2012/13 – Period 9	2013

Annex 1 Capital “technical details” and definitions

1 CAPITAL PROGRAMME

- 1.1 The Capital Programme is a list of investment schemes to be undertaken over the medium term which help the Council achieve its objectives. It is aligned to Council plans and strategies, including the Medium Term Financial Strategy and the Corporate Plan. It is reviewed, updated and considered by Council each December and informs the annual budget setting process.

- 1.2 Capital expenditure is defined under the Financial Reporting Standard (FRS) 15 as expenditure incurred on the creation, purchase or enhancement of a tangible asset required over the long term to carry out the activities of an organisation. Expenditure which purely maintains the useful life or open market value of an asset should be charged to revenue. The Local Government Act 2003 amended the definition to allow expenditure on computer software and on the making of loans or grants for capital expenditure by another body to be treated as the capital expenditure of a local authority.

- 1.3 In preparing the programme for 2013/16 the process was reviewed by Executive Team on 8 November 2012 and bids were invited from each department and then considered by the Capital Working Group.

- 1.4 All submissions for inclusion in the Capital Programme required the completion of a Business Case. This details how the proposed project meets Council objectives, how it will be managed, including resource implications and the outcomes expected. Schemes are then assessed against the prioritisation criteria to inform the recommendations for inclusion in the programme.

- 1.5 The criteria are included at Appendix A whilst Appendix B details the currently approved capital programme slippage into 2013/14 and Appendix C outlines the bids for consideration for the Capital Programme 2013/16.

2 CAPITAL FINANCING

- 2.1 Over recent years the capital funding available to Local Authorities has reduced significantly. The Government no longer offers new supported borrowing allocations and major grant funding streams have been significantly reduced, including the Housing Market Renewal and Transport programmes.

- 2.2 Other, previously specific, grant funding streams are no longer ring-fenced in a move which has seen Authorities obtain greater autonomy over the funding of capital projects but at a much reduced level.

- 2.3 Local Authorities continue to have the ability to augment capital funding under the Prudential Code whereby additional expenditure on capital investment can be incurred as long as the plans are affordable, prudent and sustainable. This is measured by a series of indicators integral to the Treasury Management Policy of which the key is the revenue cost.

2.4 Capital spend can be funded by borrowing, use of capital grants, capital receipts, from revenue or other contributions which are each discussed below.

2.4.1 *Borrowing*

- The Prudential Capital Finance system allows local authorities to self-finance borrowing for capital expenditure without Government consent. This facilitates the use of borrowing for capital projects, provided it is affordable. Local Authorities must manage their debt responsibly and decisions about debt repayment should be made through the consideration of prudent treasury management practice.
- As a guide, borrowing incurs a revenue cost of approximately 10% of the loan each year, comprising interest charges and the repayment of the debt (known as the Minimum Revenue Provision or MRP). The Council needs to be satisfied that it can afford this annual revenue cost.
- The Government has given Local Authorities greater freedom in the way they provide for their debts. Local Authorities have to earmark revenues each year as provision for repaying debts incurred on capital projects. When the MRP regime changed on 31 March 2008 it became a duty on each local authority to make provision for debt which the local authority considers prudent.
- The Council has determined that the most prudent method of earmarking revenues to repay unsupported borrowing is by matching the debt repaid each year to the life of the asset which the borrowing helped to finance. As an example, if the Council borrowed £5 million to build a new asset with a life of 20 years then revenue costs would be £0.25 million each year for 20 years plus the interest cost of the borrowing.

2.4.2 *Government Grants*

- These are specific to schemes and are therefore allocated in accordance with the terms of the grant approval, primarily in the areas of education and regeneration. As outlined above the numbers and amounts of such capital grants received has reduced significantly.
- The Government reviewed grant arrangements as part of the Spending Review 2010. Since then there has been significantly less ring-fencing of capital grants which has increased freedoms and flexibilities over use but overall the level of grants available has reduced.

2.4.3 *Capital Receipts*

- Capital receipts are estimated and are based upon the likely sales of assets as identified under the Asset Management Plan. These include development sites, former school sites and the agreement with Wirral Partnership Homes for the sharing of receipts from sales of former Council houses.
- The use of receipts has been estimated at £3 million per year. This reflects the likely timing of such receipts and the latest projections of sites either available or which could become available over the period.

2.4.4 *Revenue / Other Contributions*

- The Prudential Code allows for the use of additional revenue resources within agreed parameters. However, the requirements of Financial Reporting Standard 15 have lead to schemes and funding previously included within the capital programme having to be transferred to revenue.

- Contributions are received from other organisations to support the delivery of schemes with the main area being within the education programme with contributions made by individual schools.

3 MONITORING of spend

- 3.1 Cabinet receive monthly monitoring reports on the progress of the Capital Programme and its funding.

Annex 3 – Capital Investment Programme Prioritisation Evaluation Criteria

Factors to be used to appraise and assess bids for the capital programme 2013-2016				
Investment Title		Dept		Date
A: Direct links to Council Themes (30%)		(A) Score 1 to 5	(B) Multiplier	Weighted Score (A * B)
1	Your economy		6	
2	Your neighbourhood		6	
3	Your council		6	
4	Your family: children and young people		6	
5.	Your family: adults		6	
B: Outcomes (30%)				
1	Realistic and detailed time table with key events and dependencies rigorously addressed		5	
2	Realistic and clearly stated outcomes with achievable, measured outputs that the investment will produce.		15	
3	Demonstrates need for, benefits of and priority for investing and evaluation of alternate options.		10	
C: Finance (40%)				
1	Business case demonstrates achievable and realistic revenue savings.		10	
2	Attracts noticeable outside funding		15	
3	Accommodates all revenue borrowing or ongoing revenue running costs.		15	
Total weighted score – maximum 500				
Scored by: Name			Position	
(Scoring scheme: 1 poor, 2 below average, 3 average, 4 good, 5 very good)				

Annex 4 Ranked new schemes

Ref	Bid	Score out of 500	Capital required £m	Cumulative Capital Required 2013/14 £m	Cumulative Capital Required 2014/15 £m	Cumulative Capital Required 2015/16 £m	Total Cumulative Capital Required £m
20	Empty Property Intervention	389	0.360	0.120	0.120	0.120	0.360
18	Integrated Childrens' System	375	1.000	1.120	0.120	0.120	1.360
16	Energy Efficiency Initiatives	365	0.166	1.230	0.148	0.148	1.526
17	Install solar power	365	0.261	1.491	0.148	0.148	1.787
36	LD Extra Care Housing Scheme	361	3.000	4.491	0.148	0.148	4.787
39	Foxfield School Development	347	0.500	4.491	0.648	0.148	5.287
40	Arrove park changing facilities	341	1.490	4.991	1.448	0.338	6.777
6	School remodelling	340	2.800	5.791	2.448	1.338	9.577
19	Housing Renewal Programme	340	2.195	6.599	3.245	1.928	11.772
7	Somerville Primary School:	339	0.800	6.799	3.845	1.928	12.572
34	Maritime business park	333	0.400	7.199	3.845	1.928	12.972
1	Adaptations and disabled Facilities	331	2.100	7.899	4.545	2.628	15.072
5	Demolition of Stanley Special School	316	0.275	8.174	4.545	2.628	15.347
26	Extend use of Central Management System to further 575 Streetlights	314	0.200	8.374	4.545	2.628	15.547
27	plant and equipment for parks maintenance	314	2.400	10.774	4.545	2.628	17.947
37	Replacement of Parks vehicles	314	0.364	11.138	4.545	2.628	18.311
21	Healthy Homes intervention	309	0.360	11.258	4.665	2.748	18.671
15	Voltage Optimisation:	302	0.151	11.409	4.665	2.748	18.822
11	Demolition of Bebington Town Hall and Liscard Municipal.	297	0.378	11.787	4.665	2.748	19.200
24	Birkenhead Tennis Court	291	0.097	11.877	4.672	2.748	19.297
3	Demolition of former Rock Ferry High School	290	0.400	12.277	4.672	2.748	19.697
33	Road Safety Improvements	286	0.250	12.527	4.672	2.748	19.947
4	Demolition of Foxfield Special School	284	0.120	12.527	4.792	2.748	20.067
25	Park depot rationalisation	284	2.500	13.027	6.592	2.948	22.567
Cut-off level							
12	Relocate Seacombe Library within Wallasey Town Hall.	266	0.830	13.857	6.592	2.948	23.397
13	Wallasey Town Hall – Window frame renewal	264	1.200	15.002	6.647	2.948	24.597
32	Preventative Maintenance to Non-Principal Classified Roads based on condition improvement and casualty reduction.	256	0.998	15.491	7.156	2.948	25.595
23	Life expired street lighting	254	0.950	16.441	7.156	2.948	26.545

Ref	Bid	Score out of 500	Capital required £m	Cumulative Capital Required 2013/14 £m	Cumulative Capital Required 2014/15 £m	Cumulative Capital Required 2015/16 £m	Total Cumulative Capital Required £m
10	Business Investment Grant	252	0.900	16.741	7.456	3.248	27.445
22	Cosy Homes heating	249	0.600	16.941	7.656	3.448	28.045
8	Woodchurch Rd Primary School: Provision of dedicated Foundation 2 classrooms with direct external learning environment.	246	0.780	17.021	8.356	3.448	28.825
9	Woodslee Primary School	246	0.600	17.621	8.356	3.448	29.425
29	Landican Cemetery	240	0.100	17.671	8.406	3.448	29.525
14	Wallasey Town Hall – Heating system alterations	233	0.300	17.956	8.421	3.448	29.825
30	Preventative Maintenance to Unclassified and Residential Streets	233	1.000	18.456	8.921	3.448	30.825
38	Birkenhead Park Drainage	208	0.352	18.694	8.978	3.505	31.177
28	Frankby Cemetery	207	0.330	18.724	9.128	3.655	31.507

ANNEX 5: APPROVED CAPITAL PROGRAMME 2013/14

1. The capital programme monitoring report elsewhere on the Cabinet Agenda provides the following details of the commitments for 2013/16.

Scheme	2013/14 Programme £m	2014/15 Programme £m
Law, HR & Asset Management Capital Programme		
Cultural Services Assets	4.000	-
The Priory	0.025	-
Rock Ferry Centre	0.315	-
Wallasey Town Hall	0.835	0.027
Adult Social Services Capital Programme		
Transformation of Day Service	0.625	-
Integrated IT	1.400	-
Children and Young People Capital Programme		
Aiming Higher for Disabled Children	0.240	-
Condition/Modernisation	4.500	-
Formula Capital Grant	2.000	-
- Pensby Primary School	1.510	-
Wirral Youth Zone	1.000	-
Finance Capital Programme		
West Kirby and Conway Centre OSSs	0.210	-
Regeneration, Housing & Planning Capital Programme		
Think Big Investment Fund	0.300	0.300
Improvements to Stock	0.950	0.950
Disabled Facilities – Adaptations	2.929	1.000
Wirral Healthy Homes	0.105	-
Cosy Homes Heating	0.250	-
Empty Property Interventions	0.125	-
Hoylake	0.600	-
New Brighton	0.600	-
Integrated Transport Programme		
Road Safety	1.155	1.155
Local Sustainable Transport Fund	0.676	0.675
Maintenance Programme		
Street Lighting	0.200	-
Bridges	0.250	-
Highways Maintenance	2.864	2.670
Capitalised Highways Maintenance	1.000	1.000
Coast Protection	0.047	0.055
Other		
Parks Plant and Equipment	2.317	-
Leisure Equipment	0.063	-
Totals	31.091	7.862

ANNEX 5: APPROVED CAPITAL PROGRAMME 2013/14

2. The capital programme monitoring report also details how these commitments for 2013/16 will be funded as shown in the following table.

Commitments from the Current Capital Programme	2013-14 £m	2014-15 £m	Totals £m
Expenditure	31,091	7,862	38,953
Funded by:			
Unsupported Borrowing	9,904	-	9,904
Grant – Education	8,250	-	8,250
Grant – Integrated Transport	1,155	1,155	2,310
Grant – Transport Local	2,864	2,699	5,563
Grant – Local Sustainable Transport Fund	0.676	676	1,352
Grants – Other	4,354	0.700	5,054
Capital Receipts brought forward	3,000	2,632	5,632
Revenue Contributions	0.888	-	0.888
Total Financing	31,091	7,862	38,953

3. The capital programme monitoring report elsewhere on the Cabinet Agenda also provided details of the revenue effects of the unsupported borrowing from these commitments and the following table details this:-

Revenue Commitments	2013-14 £m	2014-15 £m	Totals £m
Unsupported Borrowing already committed from the current capital programme	9,904	-	9,904
Cumulative Annual Revenue repayment costs		0.990	0.990

ANNEX 6: Capital Programme Submissions for Approval.

upped so that bids with a similar theme are shown together and listed in order of their score. The table shows the score, total capital outlay involved, grant funding and net capital funding that the Council will be required to find. This net funding is then shown for 2013 to 2016 to evaluate the profile of each scheme. Cumulative net funding is shown in each group to give the impact of approving the schemes in order of their score.

Bid Ref	Bid Description	Score out of 500	Total outlay £M	Total Grant Funding	Total Net funding required £m	Net Funding Profile £m			Cumulative Net Funding Required in each Group £m	Revenue budget reduction £m
						2013/14	2014/15	2015/16		
A: INVEST TO SAVE OR CORE SERVICE EFFICIENCY AND IMPROVEMENT BIDS										
20	Empty Property Intervention	389	0.360	-	0.360	0.120	0.120	0.120	0.360	Increases New Housing Bonus and Council Tax.
18	Replacement of the Integrated Children's System (in conjunction with the adult care system already funded by £1.5m grant)	375	1.000	-	1.000	1.000	-	-	1.360	Social Care service efficiencies and improvements in both Adults and Children's services.
16	Energy Efficiency Initiatives: Birkenhead Library, Cheshire Lines, Conway Building, Europa Pools, Floral Pavilion, Hamilton Building, The Oval, Wallasey Town Hall and Wirral Tennis Centre.	365	0.166	-	0.166	0.110	0.028	0.028	1.526	0.070
17	Install solar power to ten buildings including: Treasury Building, Williamson Art Gallery, Green Lane Pavilions, Heswall Library, Landican Cemetery, Rock Ferry One Stop Shop, Upton Library, Wallasey Town Hall	365	0.261	-	0.261	0.261	-	-	1.787	0.040
26	Extend use of Central Management System to further 575 Streetlights	314	0.200	-	0.200	0.200	-	-	1.987	0.040

ANNEX 6: Capital Programme Submissions for Approval.

Bid Ref	Bid Description	Score out of 500	Total outlay £M	Total Grant Funding	Total Net funding required £m	Net Funding Profile £m			Cumulative Net Funding Required in each Group £m	Revenue budget reduction £m
						2013/14	2014/15	2015/16		
15	Voltage Optimisation: install equipment at the Treasury, Wirral Tennis Centre, Leasowe Leisure Centre and Europa Pools.	302	0.151	-	0.151	0.151	-	-	2.138	0.032
13	Wallasey Town Hall – Window frame renewal	264	1.200	-	1.200	1.145	0.055	-	3.338	Some but not significant
23	Replace or re-furbish 1,000 Life-expired street lights.	254	0.950	-	0.950	0.950	-	-	4.288	Not quantified
14	Wallasey Town Hall – Heating system alterations	233	0.300	-	0.300	0.285	0.015	-	4.588	Some but not significant
TOTALS FOR GROUP			4.588	-	4.588	4.222	0.218	0.148		
B: BIDS THAT RELEASES REDUNDANT COUNCIL ASSETS										
5	Demolition of Stanley Special School, planning requirement	316	0.275	-	0.275	0.275	-	-	0.275	Some but not quantifiable
11	Demolition of Bebington Town Hall and Liscard Municipal.	297	0.378	-	0.378	0.378	-	-	0.653	0.190
3	Demolition of former Rock Ferry High School	290	0.400	-	0.400	0.400	-	-	1.053	Some but not quantifiable
4	Demolition of Foxfield Special School (Also allows Bid 39 to proceed - Foxfield School contribution to Priority School Building Programme)	284	0.120	-	0.120	-	0.120	-	1.173	Some but not quantifiable
12	Relocate Seacombe Library within Wallasey Town Hall.	266	0.830	-	0.830	0.830	-	-	2.003	0.030
TOTALS FOR GROUP			2.003	-	2.003	1.883	0.120	2.003		

ANNEX 6: Capital Programme Submissions for Approval.

Bid Ref	Bid Description	Score out of 500	Total outlay £M	Total Grant Funding	Total Net funding required £m	Net Funding Profile £m			Cumulative Net Funding Required in each Group £m	Revenue budget reduction £m
						2013/14	2014/15	2015/16		
C: SCHOOLS DEVELOPMENT PROGRAMME										
39	Foxfield School contribution to Priority School Building Programme (requires Bid 4 – Demolition of Foxfield School)	347	0.500	-	0.500	-	0.500	-	0.500	
6	School remodelling & additional classrooms due to changes in pupil numbers across the CYP estate	340	3.800	1.000	2.800	0.800	1.000	1.000	3.300	
7	Somerville Primary School: Mobile replacement scheme and internal refurbishment & remodelling	339	1.800	1.000	0.800	0.200	0.600	-	4.100	
8	Woodchurch Rd Primary School: Provision of dedicated Foundation 2 classrooms with direct external learning environment.	246	0.780	-	0.780	0.080	0.700	-	4.880	Some but not quantifiable
9	Woods lee Primary School: Foundation class-base replacement & internal refurbishment & remodelling	246	0.600	-	0.600	0.600	-	-	5.480	
TOTALS FOR SCHOOLS DEVELOPMENT PROGRAMME			7.480	2.000	5.480	1.680	2.800	1.000		
D: PARKS, CULTURAL SERVICES AND ROADS										
40	Arrowe park changing facilities	341	1.490	-	1.490	0.500	0.800	0.190	1.490	
27	Replacement of obsolete plant and equipment for parks maintenance	314	2.400	-	2.400	2.400	-	-	3.890	
37	Replacement of Parks vehicles	314	0.364	-	0.364	0.364	-	-	4.254	
24	Birkenhead Tennis Court	291	0.097	-	0.097	0.090	0.007	-	4.351	

ANNEX 6: Capital Programme Submissions for Approval.

Bid Ref	Bid Description	Score out of 500	Total outlay £M	Total Grant Funding	Total Net funding required £m	Net Funding Profile £m			Cumulative Net Funding Required in each Group £m	Revenue budget reduction £m
						2013/14	2014/15	2015/16		
33	Road Safety Improvements to reduce the number of pedestrians and cyclists killed or seriously injured at Bolton Road / New Chester Road Roundabout (A41).	286	0.250	-	0.250	0.250	-	-	4.601	
25	Park depot rationalisation	284	2.500	-	2.500	0.500	1.800	0.200	7.101	
32	Preventative Maintenance to Non-Principal Classified Roads based on condition improvement and casualty reduction.	256	0.998	-	0.998	0.489	0.509	-	8.099	
29	To carry out improvements to the Cemetery that will enhance the cemetery infrastructure and landscape and increase opportunities for income generation.	240	0.100	-	0.100	0.050	0.050	-	8.199	
30	Preventative Maintenance to Unclassified and Residential Streets	233	1.000	-	1.000	0.500	0.500	-	9.199	
38	Birkenhead Park Drainage	208	0.352	-	0.352	0.238	0.057	0.057	9.551	
28	To extend Frankby Cemetery in order to provide additional sections for Full Burials, Cremated remains and a meadow section, before the current provision runs out	207	0.330	-	0.330	0.030	0.150	0.150	9.881	
TOTALS FOR PARKS, CULTURAL SERVICES AND ROADS			9.881	-	9.881	5.411	3.873	0.597		
E: REGENERATION										
19	Housing Renewal Programme	340	2.695	0.500	2.195	0.808	0.797	0.590		
34	Maritime business park	333	2.800	2.400	0.400	0.400	-	-	2.195	

ANNEX 6: Capital Programme Submissions for Approval.

Bid Ref	Bid Description	Score out of 500	Total outlay £M	Total Grant Funding	Total Net funding required £m	Net Funding Profile £m			Cumulative Net Funding Required in each Group £m	Revenue budget reduction £m
						2013/14	2014/15	2015/16		
1	Adaptations and disabled Facilities Grant Programme	331	6.900	4.800	2.100	0.700	0.700	0.700	2.595	
21	Healthy Homes intervention	309	0.360	-	0.360	0.120	0.120	0.120	4.695	
10	Business Investment Grant	252	0.900	-	0.900	0.300	0.300	0.300	5.055	
22	Cosy Homes heating	249	0.600	-	0.600	0.200	0.200	0.200	5.955	
TOTALS FOR REGENERATON			14.255	7.700	6.555	2.528	2.117	1.910		
F: SOCIAL SERVICES										
36	LD Extra Care Housing Scheme	361	9.000	6.000	3.000	3.000	-	-		
GRAND TOTALS			47.207	15.700	31.507	18.724	9.128	3.655		

ANNEX 7: Equalities Impact Assessment

Section 1: Your details:

EIA lead Officer: Tom Sault

Email address: tomsault@wirral.gov.uk

Head of Section: Tom Sault

Chief Officer: Peter Timmins

Department: Finance

Date: 7 January 2013

Section 2: What Council proposal is being assessed? Capital Programme 2013 -2016

Section 2b: Will this EIA be submitted to a Cabinet or Overview & Scrutiny Committee?

Yes **If 'yes' please state which meeting and what date**

Cabinet 24 January 2013

ANNEX 7: Equalities Impact Assessment

Please add hyperlink to where your EIA is/will be published on the Council's website
<http://www.wirral.gov.uk/my-services/community-and-living/equality-diversity-cohesion/equality-impact-assessments/eias-2010/finance>

.....

Page 150

Section 3: Does the proposal have the potential to affect..... (please tick relevant boxes)

- Services**
- The workforce**
- Communities**
- Other** (please state eg: Partners, Private Sector, Voluntary & Community Sector)

If you have ticked one or more of above, please go to section 4.

None (please stop here and email this form to your Chief Officer who needs to email it to equalitywatch@wirral.gov.uk for publishing)

Section 4: Does the proposal have the potential to maintain or enhance the way the Council (please tick relevant boxes)

ANNEX 7: Equalities Impact Assessment

- Eliminates unlawful discrimination, harassment and victimisation
- Advances equality of opportunity
- Fosters good relations between groups of people

If you have ticked one or more of above, please go to section 5.

- No** (please stop here and email this form to your Chief Officer who needs to publishing) email it to equalitywatch@wirral.gov.uk for publishing)

ANNEX 7: Equalities Impact Assessment

Section 5: Could the proposal have a positive or negative impact on any of the protected groups (race, gender, disability, gender reassignment, age, pregnancy and maternity, religion and belief, sexual orientation, marriage and civil partnership)?

You may also want to consider socio-economic status of individuals.

Please list in the table below and include actions required to mitigate any potential negative impact.

Which group(s) of people could be affected	Potential positive or negative impact	Action required to mitigate any potential negative impact	Lead person	Timescale	Resource implications
All groups	Budgetary overspends will result in requirement to reduce expenditure in year with consequences on communities and staff. Rational decision making to tackle issues will enhance good relations and minimise negative impacts	Budgetary control including regular monitoring, freeze procedures and budgetary reviews will assist in limiting impact	Peter Timmins	On Going	Budgetary overspends would require funding from resources
All groups	Reduction in expenditure from freeze proposals could impact on services delivered to communities	Freeze process includes exemptions for critical service areas. Process allows for business case to be submitted to exempt expenditure from freeze	Peter Timmins	On Going	Freeze proposals will assist enabling control of expenditure

ANNEX 7: Equalities Impact Assessment

Section 5a: Where and how will the above actions be monitored?

Monthly monitoring report to Cabinet. This will include recommendations for approval of spending freeze decisions

Section 5b: If you think there is no negative impact, what is your reasoning behind this?

Section 6: What research / data / information have you used in support of this process?

Budgetary forecast information

Section 7: Are you intending to carry out any consultation with regard to this Council proposal?

Yes / No – (please delete as appropriate) No

If 'yes' please continue to section 8.

If 'no' please state your reason(s) why: Urgent decisions required to tackle budgetary position. Freeze proposals undergo review process and involve officers and members

ANNEX 7: Equalities Impact Assessment

(please stop here and email this form to your Chief Officer who needs to email it to equalitywatch@wirral.gov.uk for publishing)

Section 8: How will consultation take place and by when?

Before you complete your consultation, please email your preliminary EIA to equalitywatch@wirral.gov.uk via your Chief Officer in order for the Council to ensure it is meeting it's legal requirements. The EIA will be published with a note saying we are awaiting outcomes from a consultation exercise.

Once you have completed your consultation, please review your actions in section 5. Then email this form to your Chief Officer who needs to email it to equalitywatch@wirral.gov.uk for re-publishing.

Deferred unsupported - Total

SUMMARY	2013/14	2014/15	2015/16	Overall
	Budget	Budget	Budget	Budget
	£000	£000	£000	£000
Invest to save or core efficiency	0	0	0	0
Bids that release redundant council assets	0	0	0	0
DASS	0	0	0	0
Finance	0	0	0	0
CYP	680	700	0	1,380
Law, HR & Asset Management	1,860	1,500	1,500	4,860
Regeneration	2,680	1,250	300	4,230
Technical Services	3,269	3,919	597	7,785
Total	8,489	7,369	2,397	18,255

Invest to save or core efficiency				
Replace Integrated Childrens System (additional to adult care)	0	0	0	0
Energy efficiency initiatives	0	0	0	0
Install solar power 10 buildings	0	0	0	0
Extend Central Management System re street lights	0	0	0	0
Voltage optimisation	0	0	0	0
Wallasey Town Hall window frames	0	0	0	0
Street light replacement	0	0	0	0
Wallasey Town Hall heating system	0	0	0	0
Total	0	0	0	0

Bids that release redundant council assets				
Demolish Stanley Special school	0	0	0	0
Demolish Bebington Town Hall and Liscard Municipal	0	0	0	0
Demolish former Rock Ferry High school	0	0	0	0
Demolish Foxfield Special school	0	0	0	0
Relocate Seacombe library	0	0	0	0
Total	0	0	0	0

DASS				
Transformation of Day Service	0	0	0	0
Integrated IT	0	0	0	0
LD Extra Care Housing	0	0	0	0
Total	0	0	0	0

Finance				
West Kirby and Conway Centre OSSs	0	0	0	0
Total	0	0	0	0

CYP				
Aiming Higher for Disabled Children	0	0	0	0
Condition/Modernisation	0	0	0	0
Formula Capital Grant	0	0	0	0
Pensby Primary School	0	0	0	0
Wirral Youth Zone	0	0	0	0
Schools Development Programme	0	0	0	0
Foxfield school - contribution to Priority school	0	0	0	0
School remodelling and additional classrooms	0	0	0	0
Somerville Primary school mobile replacement	0	0	0	0
Woodchurch Rd primary school Foundation 2 classrooms	80	700	0	780
Woodslee Primary school	600	0	0	600
Total	680	700	0	1,380

Deferred unsupported - Total

SUMMARY	2013/14	2014/15	2015/16	Overall
	Budget	Budget	Budget	Budget
	£000	£000	£000	£000
Law, HR & Asset Management				
Cultural Services Assets	1,000	1,500	1,500	4,000
The Priory	25	0	0	25
Rock Ferry Centre	0	0	0	0
Wallasey Town Hall	835	0	0	835
Total	1,860	1,500	1,500	4,860

Regeneration				
Think Big Investment Fund	300	300	0	600
Improvements to Stock	950	950	0	1,900
Disabled Facilities – Adaptations	0	0	0	0
Wirral Healthy Homes	105	0	0	105
Cosy Homes Heating	0	0	0	0
Empty Property Interventions	125	0	0	125
Hoylake	600	0	0	600
New Brighton	600	0	0	600
Maritime Business Park	0	0	0	0
Business Investment grants (i.e. Think Big)	0	0	300	300
Total	2,680	1,250	300	4,230

Technical Services				
Road Safety	0	0	0	0
Local Sustainable Transport	0	0	0	0
Street Lighting	200	0	0	200
Bridges	250	0	0	250
Highways Maintenance	0	0	0	0
Capitalised Highways Maintenance	1,000	1,000	0	2,000
Coast Protection	47	55	0	102
Parks Plant and Equipment	0	0	0	0
Leisure Equipment	0	0	0	0
Parks, Cultural Services and Roads	0	0	0	0
Arrowe Park changing facilities	500	800	190	1,490
Parks vehicles replacement	364	0	0	364
Birkenhead tennis court	90	7	0	97
Park depot rationalisation	500	1,800	200	2,500
Cemetery infrastructure and landscaping	50	50	0	100
Birkenhead Park drainage	238	57	57	352
Frankby cemetery extension	30	150	150	330
Total	3,269	3,919	597	7,785

Funding Type				
Unsupported Borrowing	8,489	7,369	2,397	18,255
Capital Receipts	0	0	0	0
Revenue / Reserves	0	0	0	0
Education Grants	0	0	0	0
Integrated Transport	0	0	0	0
Local Sust Transport	0	0	0	0
Local Transport	0	0	0	0
Other Grants	0	0	0	0
Total	8,489	7,369	2,397	18,255

Recommended Capital Programme

SUMMARY	2013/14	2014/15	2015/16	Overall
	Budget	Budget	Budget	Budget
	£000	£000	£000	£000
Invest to save or core efficiency	4,102	98	28	4,228
Bids that release redundant council assets	1,883	120	0	2,003
DASS	11,025	0	0	11,025
Finance	210	0	0	210
CYP	10,286	7,707	1,357	19,350
Law, HR & Asset Management	315	27	0	342
Regeneration	5,979	1,000	0	6,979
Technical Services	5,958	5,047	0	11,005
Total	39,758	13,999	1,385	55,142

Invest to save or core efficiency				
Replace Integrated Childrens System (additional to adult care)	1,000	0	0	1,000
Energy efficiency initiatives	110	28	28	166
Install solar power 10 buildings	261	0	0	261
Extend Central Management System re street lights	200	0	0	200
Voltage optimisation	151	0	0	151
Wallasey Town Hall window frames	1,145	55	0	1,200
Street light replacement	950	0	0	950
Wallasey Town Hall heating system	285	15	0	300
Total	4,102	98	28	4,228

Bids that release redundant council assets				
Demolish Stanley Special school	275	0	0	275
Demolish Bebington Town Hall and Liscard Municipal	378	0	0	378
Demolish former Rock Ferry High school	400	0	0	400
Demolish Foxfield Special school	0	120	0	120
Relocate Seacombe library	830	0	0	830
Total	1,883	120	0	2,003

DASS				
Transformation of Day Service	625	0	0	625
Integrated IT	1,400	0	0	1,400
LD Extra Care Housing	9,000	0	0	9,000
Total	11,025	0	0	11,025

Finance				
West Kirby and Conway Centre OSSs	210	0	0	210
Total	210	0	0	210

Children and Young People's				
Aiming Higher for Disabled Children	240	0	0	240
Condition/Modernisation	4,500	0	0	4,500
Formula Capital Grant	2,000	0	0	2,000
Pensby Primary School	1,510	0	0	1,510
Wirral Youth Zone	1,000	0	0	1,000
Schools Development Programme	0	0	0	0
Foxfield school - contribution to Priority school	0	5,000	0	5,000
School remodelling and additional classrooms	586	1,357	1,357	3,300
Somerville Primary school mobile replacement	450	1,350	0	1,800
Woodchurch Rd primary school Foundation 2 classrooms	0	0	0	0
Woodslee Primary school	0	0	0	0
Total	10,286	7,707	1,357	19,350

Recommended Capital Programme

SUMMARY	2013/14 Budget	2014/15 Budget	2015/16 Budget	Overall Budget
	£000	£000	£000	£000
Law, HR & Asset Management				
Cultural Services Assets	0	0	0	0
The Priory	0	0	0	0
Rock Ferry Centre	315	0	0	315
Wallasey Town Hall	0	27	0	27
Total	315	27	0	342

Regeneration				
Think Big Investment Fund	0	0	0	0
Improvements to Stock	0	0	0	0
Disabled Facilities – Adaptations	2,929	1,000	0	3,929
Wirral Healthy Homes	0	0	0	0
Cosy Homes Heating	250	0	0	250
Empty Property Interventions	0	0	0	0
Hoylake	0	0	0	0
New Brighton	0	0	0	0
Maritime Business Park	2,800	0	0	2,800
Business Investment grants (i.e. Think Big)	0	0	0	0
Total	5,979	1,000	0	6,979

Technical Services				
Road Safety	1,155	1,155	0	2,310
Local Sustainable Transport	676	676	0	1,352
Street Lighting	0	0	0	0
Bridges	0	0	0	0
Highways Maintenance	2,864	2,699	0	5,563
Capitalised Highways Maintenance	0	0	0	0
Coast Protection	0	0	0	0
Parks Plant and Equipment	1,200	517	0	1,717
Leisure Equipment	63	0	0	63
Parks, Cultural Services and Roads	0	0	0	0
Arrowe Park changing facilities	0	0	0	0
Parks vehicles replacement	0	0	0	0
Birkenhead tennis court	0	0	0	0
Park depot rationalisation	0	0	0	0
Cemetery infrastructure and landscaping	0	0	0	0
Birkenhead Park drainage	0	0	0	0
Frankby cemetery extension	0	0	0	0
Total	5,958	5,047	0	11,005

Funding Type				
Unsupported Borrowing	11,452	2,318	1,028	14,798
Capital Receipts	1,883	844	0	2,727
Revenue / Reserves	888	0	0	888
Education Grants	8,786	5,607	357	14,750
Integrated Transport	1,155	1,155	0	2,310
Local Sust Transport	676	676	0	1,352
Local Transport	2,864	2,699	0	5,563
Other Grants	12,054	700	0	12,754
Total	39,758	13,999	1,385	55,142

WIRRAL COUNCIL

CABINET

18 FEBRUARY 2013

SUBJECT	REVENUE MONITORING 2012/13 MONTH 9 (DECEMBER 2012)
WARD/S AFFECTED	ALL
REPORT OF	INTERIM DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER	COUNCILLOR PHIL DAVIES
KEY DECISION	YES

1 EXECUTIVE SUMMARY

- 1.1 This report sets out the revenue position for 2012/13 as at Month 9 (December 2012). It identifies the latest financial projections and prioritises the risks for ongoing management actions, to ensure any year end overspend is minimised.

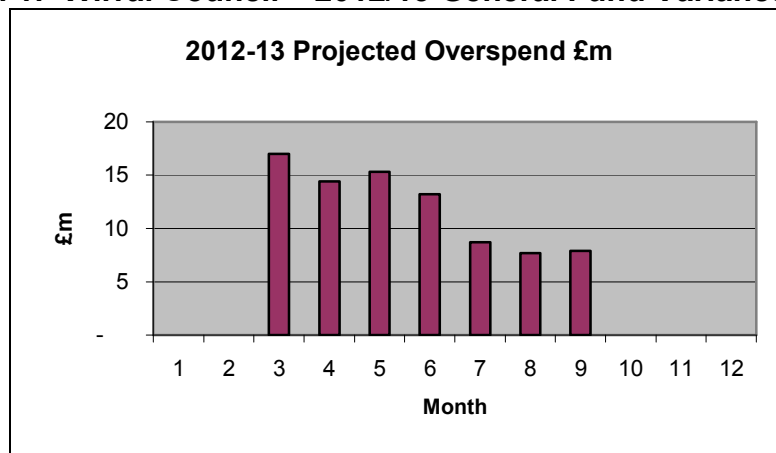
2 BACKGROUND

- 2.1 Cabinet on 6 September 2012, when considering the Month 3 monitor, instituted a spending freeze, in the light of a £17m projected overspend. Items within the freeze agreed by 18 October, 8 November and 20 December Cabinets are included within the monitoring figures below. The outcome of weeks since then are reported within Appendix 7, attached.

OVERALL POSITION AT MONTH 9 (DECEMBER 2012)

- 2.2 The projected revenue forecast for the year, at Month 9 (to end December 2012), shows a potential General Fund **overspend of £7.9m**, up £0.2m on the M8 projection of a £7.7m overspend. This is the result of the inclusion of an estimated increase in care home fees as reported to Cabinet on 7th February less reductions in forecast outturn from a number of departments.

Graph 1: Wirral Council – 2012/13 General Fund Variance, by month



- 2.3 As outlined in the previous month 8 monitoring report additional work is continuing to examine the level of bad debt relating to income which has previously been included within the authority's accounts which had been assumed was collectable. The outcome of this work will be very likely to increase the size of the projected overspend. The release of earmarked reserves, to cover this cost, has been identified
- 2.4 In August, the Cabinet instructed the Chief Executive and the Interim Director of Finance to instigate an emergency response, in the form of a spending freeze and review of all major areas of spend. This has reduced the level of overspend, however, the situation remains critical given a number of anticipated adverse changes which will increase the projected overspend in coming months including issues relating to an increased shortfall in debt recovery income.

CHANGES TO THE AGREED BUDGET AND VARIATIONS

- 2.5 The Budget for 2012/13 was agreed by Council on 1 March 2012 and is detailed in Appendix 2; any increase in the Budget has to be agreed by full Council. Changes to the budget have occurred since it was set and these are summarised in the table below. These comprise variations approved by Cabinet / Council including approved virements, budget realignments reflecting changes to the departmental structure and responsibilities, expenditure freeze decisions as well as any technical adjustments. These are detailed in Appendix 3.

Table 1: 2012/13 Original & Revised Net Budget analysed by Department

	Original Net Budget	Approved Budget Virements Month 1-8	Previous Freeze Decisions	Approved Budget Virements Month 9	Revised Net Budget
	£000	£000	£000	£000	£000
Adult Social Services	66,660	-327	-85	-	66,248
Children & Young People	73,665	-195	-172	-	73,298
Finance	24,610	-2,524	-493	-	21,593
Law, HR & Asset Management	13,901	1,183	-54	-	15,030
Regeneration, Hsg & Planning	25,764	130	-962	-	24,932
Technical Services	59,478	178	-526	-	59,130
Freeze Savings	-	-	2,292	-	2,292
Efficiency Fund	-	2,232	0	-	2,232
Net Cost of Services	264,078	677	0	0	264,755

- 2.6 The main report will only comment on large variations (Red and Yellow items). The 'variations' analysis distinguishes between overspends and underspends and the proposed 'risk band' classification is:
- Overspends - Red (over +£301k), Amber (+£141k to +£300k)
 - Acceptable - Green (range from +£140k to -£140k)
 - Underspends - Blue (-£141k to -£300k),
 - Yellow (over -£301k)

Table 2: RAGBY Classification of 2012/13 Departmental Projected General Fund Budget variations (Month 8 in brackets)

Department	Number of Budget Areas	Red	Amber	Green	Blue	Yellow
Adults	4	2 (2)	0 (0)	1 (1)	0 (0)	1 (1)
Children & YP	7	2 (3)	1 (0)	0 (0)	2 (2)	2 (2)
Finance	6	0 (0)	1 (1)	1 (1)	0 (1)	4 (3)
Law, HR & AM	7	2 (2)	0 (0)	3 (3)	1 (1)	1 (1)
Reg, Hsg & Plan	5	0 (0)	0 (0)	3 (3)	0 (1)	2 (1)
Technical Servs	7	1 (1)	1 (1)	5 (5)	0 (0)	0 (0)
TOTAL	36	7 (8)	3 (2)	13 (13)	3 (5)	10 (8)

- 2.7 The reporting process identifies over or underspends and classifies them into risk bands. The projection is for a total potential General Fund overspend of £7.9m across the six Directorates for 2012/13, as set out in the table below, which records four departments on red and two on yellow (unchanged from M8).

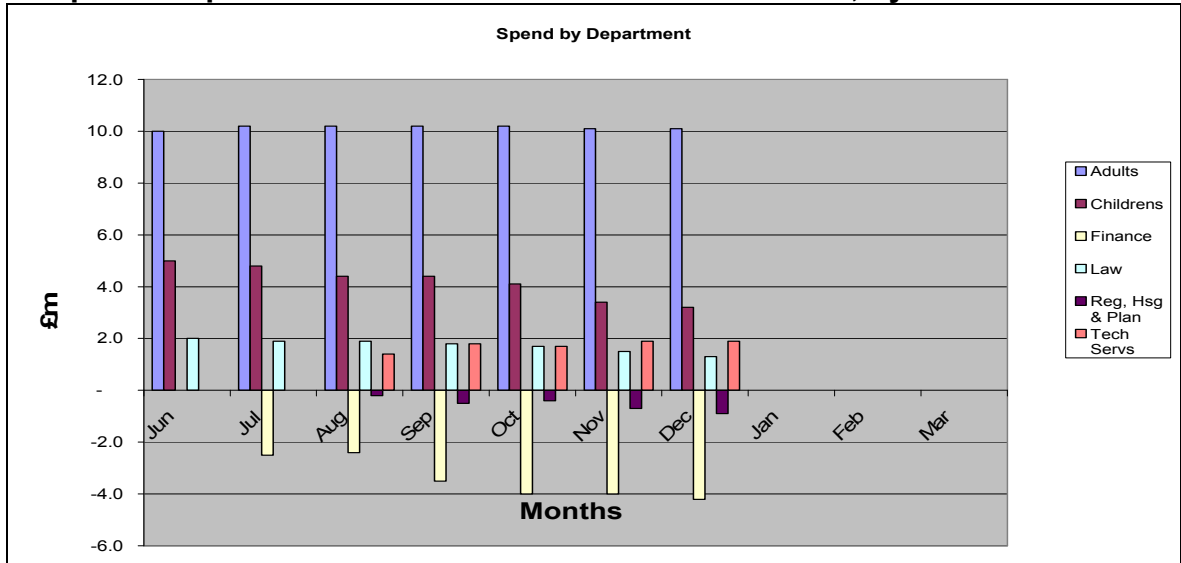
Table 3: 2012/13 Projected General Fund Budget variations by Department

Department	Revised Budget	Forecast Outturn	(Under) Overspend Month 9	RAGBY Classification	Month 8 (Under)/Overspend	Change
	£000	£000	£000		£000	£000
Adults	66,248	76,390	10,100	R	10,100	-
Children & YP	73,298	76,497	3,200	R	3,400	-200
Finance	21,593	17,349	-4,200	Y	-4,000	-200
Law,HR & AM	15,030	16,327	1,300	R	1,500	-200
Reg, Hsg & Plan	24,932	24,042	-900	Y	-700	-200
Technical Servs	59,130	61,059	1,900	R	1,900	-
Freeze wks	2,292	-	-2,300	n/a	-2,300	-
Efficiency Fund	2,232	-	-2,200	n/a	-2,200	-
Care Home Fees		1,000	1,000	n/a	n/a	1,000
TOTAL	264,755	272,664	7,900		7,700	200

- 2.8 Within the various departments, there have been the following developments:

- **Adult Social Services** there is a potential overspend of £10.1m, unchanged since M8.
- **Children and Young People** there is a potential overspend of £3.2m, down £0.2m on M8.
- **Law, HR and Asset Management** there is a potential overspend of £1.3m, down £0.2m on M8.
- **Finance** is projecting a £4.2m underspend, an improvement of £0.2m on M8.
- **Regeneration, Housing and Planning** are forecasting a £0.9m underspend, an improvement of £0.2m on month M8.
- **Technical Services** are forecasting a £1.9m overspend, unchanged since M8.
- **Care Home Fees:** Cabinet on 7 February considered a report regarding 2012-13 fees for Residential and Nursing Home fees. The cost of the proposal is estimated to be £1.058 million. Some further work is being undertaken to identify any compensating income that may be receivable. A net increased cost of £1 million has been included within the monitor as a best estimate.

Graph 2: Department – 2012/13 General Fund Variance, by month



2.9 To complete the analysis, the table below sets out the position by category of spend/income. The largest area of variance remains supplies and services which incorporates the cost of care for adults and children.

Table 4: Projected Departmental Variations by Spend and Income

	Reported Budget	Virements Month 9	Revised Budget	Forecast Outturn	Variance	R AGB Y	Change from Month 8
	£000	£000	£000	£000	£000	£000	£000
Gross Expenditure							
Employees	142,338	-	142,338	143,238	900	R	-387
Premises	20,477	-	20,477	19,683	-794	Y	-244
Transport	7,187	-	7,187	8,527	1,340	R	18
Supplies and Services	113,073	-100	112,973	125,619	12,646	R	815
Third Party Payments	74,286	-	74,286	73,777	-509	Y	-224
Transfer Payments	170,810	-	170,810	170,387	-423	Y	-199
Support Services	80,190	-	80,190	77,944	-2,246	Y	10
Financing Costs	71,376	-	71,376	69,885	-1,491	Y	46
Schools Expenditure	442,596	-	442,596	441,046	-1,550	Y	-
Total Expenditure	1,122,333	-100	1,122,233	1,130,106	7,873		-165
Gross Income							
Schools Income	439,851	-	439,851	438,451	1,400	R	-
Government Grants	212,736	-100	212,636	214,642	-2,006	Y	-70
Other Grants and Reimbursements	17,769	-	17,769	21,567	-3,798	Y	-919
Customer / Client Receipts	45,971	-	45,971	40,980	4,991	R	1,185
Interest	920	-	920	932	-12	G	-55
Recharge Other Rev A/c	140,331	-	140,331	140,870	-539	Y	202
Total Income	857,578	-100	857,478	857,442	36		343
Net Expenditure	264,755	-	264,755	272,664	7,909		178

- 2.10 Schools expenditure is funded from the Dedicated Schools Grant. As this grant is ringfenced any over/underspend will not impact on the General Fund financial position.
- 2.11 Only one virement has been made in the month. This was to amend a previous adjustment regarding the Empty Shops Fund.
- 2.12 An exercise has been undertaken to identify departmental budgets containing significant variations. A budget realignment exercise is to take place during 2012/13 within individual departmental budgets which will firstly correct or reduce overspending budgets from underspending budget lines. These adjustments will be reported on a forthcoming monitor and will enable a more reliable spend and income forecast across individual categories to be produced.

RAGBY REPORTING AND OTHER ISSUES

- 2.13 The Red and Yellow RAGBY issues that are the subject of corporate focus are detailed in the following sections by Business Area (by Department identifying the service) and then by Subjective Area (by the type of spend / income). The Business Areas are defined as the high level Objective Summary as per the Council Estimates (Blue Book).

2.14 Business Area Reds

Adult Social Services: Two of the Department's Business Areas remain reported as red (unchanged from month 8); Personnel Assessment and Planning; and Personal Support. A forecast overspend of £10.1 million is forecast for the department. The issues involve underlying pressures in Community Care, shortfall in 2011/12 re-provision and unachieved income which totals £6.55 million. There is slippage across a number of savings targets including market review £1.6 million, corporate EVR/VS £1.35 million and £0.7 million relating to staff savings targets.

Children and Young People: Two of the Department's Business Areas are flagged as red (one less than month 8) with a £3.2 million overspend forecast for the department. The red areas are Children's Services and the Integrated Transport Unit. Children's Services pressures relate in the main to social care costs and case numbers. The Children's Services overspend has dropped during the month due to expenditure controls and increased contributions from Health for Children's Homes and Disability. Transport is provided by the department on behalf of all departments and the projected overspend remains at £1.1m. Capital and Support Services has dropped from a red to amber rating.

Finance: No Business areas are flagged as red.

Law, HR and Asset Management: Two areas remain flagged red (as per month 8) with a forecast overspend of £1.3m. The red areas are Asset Management and Human Resources. Both of these areas continue to report issues regarding the non-achievement of savings across a number of activities. These include business transformation and terms and conditions within Human Resources and facilities management, office rationalisation and asset disposal under Asset Management.

Regeneration, Housing and Planning: No Business Areas are flagged as red.

Technical Services: Only one area is flagged as red (unchanged from Month 8). Engineers, where shortfalls in car parking income and income relating to inspection and alteration of highways is significantly below target, remains red.

Schools: The authority remains in discussion with the Department for Education regarding the possible loss of £1.4 million of grant for schools. Table 4 reflects a potential loss of grant with a corresponding reduction in schools expenditure.

2.15 **Business Area Yellows**

Adult Social Services: One area, Finance and Performance is flagged as yellow. However some of this budget related to amounts to be allocated against the Community Care budget area.

Children and Young People: Two areas remain flagged as yellow, LEA School Costs and Non-School Costs. LEA School Costs reflect the receipt of additional refund of deducted grant and fees in respect of Academies plus general expenditure savings. The non school variance is due to savings relating to Connexions expenditure and receipt of a Troubled Families Grant.

Finance: Four areas are flagged as yellow (one more than Month 8). Financial Services reflects savings on Treasury Management; lower borrowing costs will provide benefit of £1.5m. Benefits and Revenue Services are forecast to provide a further £1m of savings from additional grant receipts and £0.5 million relating to staffing savings through vacancy control. IT services are forecast as yellow mainly due to savings on equipment costs. Customer Services is now forecast as yellow due to savings on staffing costs.

Law, Human Resources and Asset Management: One area, Regulatory Services is flagged as yellow. The variation is due to higher than anticipated income for Community Patrol services and the Fair Trading scheme combined with an underspend within Environmental Health transport costs and controls on expenditure.

Regeneration, Housing and Planning: Two areas are now flagged as yellow (one more than Month 8). Housing and Regeneration Services are forecast as yellow due to variances on Staff savings from recharges to projects and savings on regeneration implementation costs. Strategic Development's underspend reflects a freeze on grant payments exceeding underachievement of external grant income relating to West Wirral Schemes.

2.16 **Subjective Area Reds**

Employees: Departments have been allocated additional vacancy control targets for 2012/13 whilst for Adults there remains the achievement of savings expected from the Early Voluntary Retirement / Voluntary Severance Scheme. There are also savings targets under Employees Terms and Conditions and Business Transformation change projects which have yet to be progressed. The freeze

decision regarding local pay and savings within the Finance Department and Regeneration Housing and Planning have helped to reduce the level of projected overspend within this area.

Transport: The Integrated Transport Unit is managed by Children & Young People and the budget continues to be under pressure as a consequence of the demands in respect of Adults Services and Special Education Needs.

Supplies and Services: The variation is mainly comprised of pressures within Adult Social Services and Children & Young People relating to care service costs. An element of the overspend in expenditure is funded from health grants which show as a corresponding over achievement of income within the other grant income line. The month 9 increase is a result of the inclusion of the estimated increase in fees for residential and nursing home care.

Schools Income: Discussions have taken place with the Department for Education regarding potential loss of schools grant. Any shortfall will be met by a corresponding decrease in schools expenditure.

Customer and Client Receipts: This mainly reflects likely income shortfalls within a number of departments. Areas forecasting to underachieve budget include, car parking, Cultural Services, cemeteries and crematorium fees, highways inspection and alteration fees, building control and planning and social services fees. The forecast outturn position reflects the need to write off a sizeable amount of irrecoverable income relating to a court case regarding New Road and Street Works Act invoices.

As a result of the challenge process, a major risk has been brought to the attention of the Chief Executive and Interim Director of Finance concerning the reliability of fees and charges income, going back many years. It is clear from a system review of Social Services debt collection, that the process to enforce the payment of amounts owing is deficient. The process only consists of the production of reminder letters, with no recourse to the courts and enforcement to ensure payment. Officers have urgently put in place a system to ensure ongoing income is recovered by implementing agreed policy. The further release of earmarked reserves, to cover this cost has been identified. The reserve set aside for debt restructuring is unlikely to be used whilst the present economic situation continues so can be released. This releases £7.9m. In addition £1.4m set aside for other purposes has been identified as no longer being required.

2.17 Subjective Area Yellows

Premises: The major reasons for the projected saving are the restrictions to highways and parks expenditure which is classed within this category together with projected savings on authority rates bills and a number of spending freeze decisions. Offsetting this is the delivery of savings under the rationalisation of office accommodation which is not progressing in accordance with the expected timetable.

Third Party Payments: The forecast underspend within this area is largely due to budgets within Adult Social Services and Regeneration, Housing and Planning

which are shortly to be realigned against other budget areas which have pressures.

Transfer Payments: The forecast underspend within this area is largely due to budgets within Adult Social Services which are shortly to be realigned against other departmental budget areas which are overspending.

Support Services Costs: The variation within this area is mainly due to the abolition of the Efficiency Fund. For reporting purposes the £2.2m unused budget has been left within the report totals rather than shown as a transfer to General Fund balances.

Financing Costs: Lower borrowing costs arising from slippage and reductions to the capital programme will result in savings of £1.5m within this area.

Government Grants: The Authority is forecasting an increased level of Housing and Council Tax Benefit grant receipts and Troubled Family Grant.

Schools Expenditure: The underspend in this area reflects reductions to compensate for a potential loss of grant within the year. There are some further savings in relation to asset costs.

Other Grants and Reimbursements: This includes additional monies received including in respect of Academy funding plus monies from health which are partly funding the increased community care costs within the supplies and services line.

Recharge to other revenue Accounts: This variance is mainly due to the receipt of supporting people monies within DASS which is being used to fund care costs within supplies and services.

MANAGEMENT ACTIONS

- 2.18 The Departmental Directors and the Executive Team continue to seek to identify actions to keep spend within the Budget allocated – these actions are detailed in Appendix 4. Besides the normal Management actions to address the financial pressures, the spending freeze was implemented by Cabinet on 6 September 2012 and agreed decisions are reflected within the tables above.
- 2.19 A number of items have been identified as recurring issues, such as the inability to meet income targets in a range of service areas. An exercise has been undertaken to review the accuracy of budgets, in order to:
- Identify short-term funding for 2012/13, if there is a net increase in cost; and,
 - As part of compiling next year's budget, propose growth or savings to ensure that the budget inaccuracies are corrected and budgets are soundly based.

A parallel review of Earmarked Reserves has been undertaken together with a review of the requirements of the 2012/13 policy options. Cabinet 8 November also agreed to remove the Efficiency Fund base budget and replace with a self replenishing fund initially funded from reserves.

- 2.20 A series of actions are being undertaken to produce a further reduction in the

overspend in coming months. Future monitors will also include additional savings from the HR freeze process.

FREEZE PROCESS AND OUTCOMES

- 2.21 The Freeze process was agreed on September 6 and developed further as reported in the month 5 monitor. Adjustments of £2,291,867 have been incorporated into the current monitoring forecast representing decisions made by Cabinet on 18 October and 8 November. No additional items have been rejected in the month.
- 2.22 The purpose of the exercise is to reduce the projected overspend which by Section 28 of the Local Government Act 2003, is the duty of the Council, that is, all its Members. No items have been recommended under the freeze process this month.
- 2.23 An analysis by department of the freeze items so far agreed is detailed in the following table:-

Table 5: Freeze savings analysed by department

Description	DASS	CYP	Finance	LAWHRAM	RHP	Tech Serv	Total
	£	£	£	£	£	£	£
To 31/12	85,038	171,871	492,900	54,158	961,586	526,314	2,291,867

3 RELEVANT RISKS

- 3.1 The possible failure to deliver the Revenue Budget will be mitigated by the monthly review by Chief Officers, charged with improving performance. There are a number of risks that may impact adversely on the forecast expenditure for the remaining months of the year including:-
- Individual budgets may turn out to be unsound, for the excess of codes has given scope to behaviours that have spread expenditure over inappropriate budgets. A review of codes has been put in place and will report back at the end of February 2013;
 - Increased demand for services, particularly within Adult and Children's Social Care Services, where greater than forecast numbers coming into care services can impact significantly on financial forecasts. Cabinet 20 December agreed a revised fee proposal for residential and nursing home care fees which was subject to a four week consultation with providers. The consultation outcome was reported to Cabinet on 7 February. The proposal would cost up to £1,058,000 per annum;
 - The impact of the economic downturn significantly affects both the demand for services and also levels of income, such as fees and charges and arrears collection. This report already forecasts a potential under recovery of fees and charges which may need to be revised if the economic downturn was to worsen;
 - The Council's arrangements for the implementation of a new pay and grade structure under Single Status are progressing and an earmarked reserve for the costs of implementation has been established. There remains uncertainty as to

the likely final costs;

- There are budget saving options still to be delivered and these are detailed in Appendix 5. Those yet to be delivered are reflected in the forecast overspends of the Departments;
- There are a number of significant issues regarding outstanding debt owed to the Council which may result in increased costs if the costs are deemed to be irrecoverable.

3.2 The underlying level of under-budgeting remains an issue that will constitute an issue in 2013/14, as illustrated in the following table:

Table 6: Underlying level of under-budgeting £m

Overspends	M3	M9
	£m	£m
Adults	10.0	10.1
Children's	5.0	3.2
Law, HR & AM	2.0	1.3
Technical Services	0.0	1.9
	17.0	16.5

The savings in 2012/13 will not be available in 2013/14 to fund under-budgeting for two reasons:

- The underspends in two departments, amounting to £5.1m, will contribute to funding the 2013/14 base budget, rather than meeting under-budgeting;
- The one-off emergency measures, amounting to £4.5m – freeze and efficiency fund – are, again, built into resolving next year's base budget.

4 OTHER OPTIONS CONSIDERED

4.1 Options are included for Cabinet to consider on increasing the level of the General Fund balance.

5 CONSULTATION

5.1 No consultation has been carried out in relation to this report.

6 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

6.1 As yet there are no implications for voluntary, community or faith groups.

7 RESOURCE IMPLICATIONS: FINANCIAL, IT, STAFFING AND ASSETS

7.1 The agreed minimum level of General Fund balance was set at £6m, as part of the March budget decision. The November 29 Cabinet revised the policy level so that it is set in relation to the risks the Council faces. For 2012/13 it has been calculated at £12.5m, and for 2013/14 at £21.1m. However there are a number of areas which could result in adverse future pressures on the budget and the General Fund Balance, in particular the emerging concern as to the reliability of fees & charges

income, going back many years.

Table 7: SUMMARY OF THE PROJECTED GENERAL FUND BALANCES

Details	£m	£m
Projected balance 31 March 2013 when setting the Budget 2012/13		+8.8
Add : Increase following completion of 2011/12 accounts	+2.0	
Add : Council Tax re-imburement met in 2011/12 rather than budgeted 2012/13	+3.9	+5.9
<i>Sub total</i>		+14.7
Less : Cabinet decisions since the 2012/13 Budget was agreed	-0.7	
Add : Cabinet decision September 6 to release Earmarked Reserve	+7.0	
Cabinet decision November 29 to further release Earmarked Reserves	+10.5	+16.8
Less : Potential overspends, at M9 (includes Efficiency Fund removal)		-7.9
Projected balance 31 March 2013		23.6

- 7.2 The current levels of Earmarked Reserves are shown in Table 8 with a full listing included at Appendix 6.

Table 8: Earmarked Reserves 2012/13

	Balance at 1 April 2012 £000	Movement in year £000	Current Balance 31 Dec 2012 £000
Housing Benefit Reserve	11,155	(2,000)	9,155
Insurance Fund	9,635	(543)	9,092
Working Neighbourhoods Fund	7,959	(7,073)	886
Debt Restructuring Fund	7,941	-	7,941
Grant Reserves	1,884	(296)	1,588
Management of other risks	32,530	(9,556)	22,974
School Balances and Schools Related	15,144	(280)	14,864
Total Reserves	86,248	(19,748)	66,500

Note: Cabinet on 6 September 2012 agreed to release £7m of an Earmarked Reserve (Working Neighbourhood Fund), and on 29 November 2012 agreed to release various additional reserves, totalling £12.505m.

8 LEGAL IMPLICATIONS

- 8.1 The entire report concerns the duty of the Council to avoid a budget shortfall as outlined at paragraph 2.22. This is not just an academic exercise in balancing the books. The Chief Finance Officer is under a personal duty under the Local Government Finance Act 1988 section 114A to make a report to the executive if it appears to him that the expenditure of the authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure.
- 8.2 If the Chief Finance Officer reports that there are insufficient resources to meet expenditure, the Council is prevented from entering into any new agreement which may involve the incurring of expenditure at any time by the authority, until the report is considered, and if the problem is ongoing until it is resolved. It is remarkably broad in its prohibition of new agreements, no matter what their scale. It would not only prevent the authority from hiring new staff or letting new construction contracts, but from ordering minor office supplies.

9 EQUALITIES IMPLICATIONS

9.1 An Equalities impact assessment is attached to this report. This is essentially a monitoring report which reports on financial performance. However any budgetary decisions including freeze recommendations need to be assessed for any equality implications.

10 CARBON REDUCTION IMPLICATIONS

10.1 There are no implications arising directly from this report.

11 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 There are no implications arising directly from this report.

12 RECOMMENDATIONS

12.1 Cabinet is asked to note that:

- a) at Month 9 (December 2012), the full year forecast projects a potential General Fund overspend of £7.9m;
- b) there were no rejected freeze items in the month;
- c) a major risk continues to exist concerning the reliability of fees & charges income, going back many years. Corrective action is being taken to maximise recovery. As better information becomes available, there will be further reports regarding this serious matter.

13 REASONS FOR THE RECOMMENDATIONS

13.1 The Council, having set a Budget at the start of the financial year needs to ensure that the delivery of this Budget is achieved. This has to be within the allocated and available resources to ensure the ongoing financial stability of the Council. Consequently there is a requirement to regularly monitor progress so that corrective action can be taken when required which is enhanced with the monthly reporting of the financial position.

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APPENDICES

- Appendix 1 Revenue Monitoring and Reporting Timetable 2012/13.
- Appendix 2 General Fund Revenue Budget for 2012/13 agreed by Council.
- Appendix 3 Changes to the Budget 2012/13 since it was set.
- Appendix 4 Management actions
- Appendix 5 Progress on delivering agreed savings 2012/13
- Appendix 6 Earmarked Reserves – General Fund
- Appendix 7 Freeze outcomes

SUBJECT HISTORY

Council Meeting	Date
Revenue monitoring reports have previously been submitted as part of the Performance & Financial Review presented to Cabinet on a quarterly basis and from September 2012 are being submitted monthly.	

REVENUE MONITORING AND REPORTING TIMETABLE 2012/13

Budget Monitoring Timetable 2012/13

Period Number	Month	General Ledger Updated and Reports Available To Be Produced	Reports Available For The Executive Team	Reports Available For Cabinet	Reports Available For Council Excellence Overview & Scrutiny Committee
			Monthly	Monthly	Quarterly
1	April	06-May		-	-
2	May	11-Jun		-	04-Jul
3	June	06-Jul	23-Aug	06-Sep	01-Oct
4	July	07-Aug	04-Oct	18-Oct	-
5	August	07-Sep	04-Oct	18-Oct	-
6	September	05-Oct	25-Oct	08-Nov	27-Nov
7	October	07-Nov	29-Nov	20-Dec	-
8	November	07-Dec	10-Jan	24-Jan	-
9	December	08-Dec	24-Jan	18-Feb (rev)	26-Mar
10	January	07-Feb	28-Feb	14-Mar	-
11	February	07-Mar	tbc	tbc	tbc
12	Outturn (Provisional)	tbc	tbc	tbc	tbc

GENERAL FUND REVENUE BUDGET 2012/13

AGREED BY COUNCIL ON 1 MARCH 2012

Department	Current Budget
Expenditure	£000
Adult Social Services	66,660
Children & YP (plus Schools)	73,665
Finance	24,610
Law, HR and Asset Mgt	14,151
Regeneration, Housing and Planning	25,764
Technical Services	59,905
Merseytravel	29,060
Local Pay Review + Low Pay	248
EVR/VS Scheme	(290)
Council Tax Reimbursement	3,990
Contribution from Balances	(10,282)
Budget Requirement	287,481
Income	
Government Grant	144,737
C/Tax Freeze Grant	6,573
Local Services Grant	1,805
Council Tax	132,911
Collection Fund	1,455
Total Income	287,481
Statement of Balances	
As at 1 April	18,405
Contributions from Balances	(9,605)
Balances	8,800

**CHANGES TO THE BUDGET AGREED SINCE THE 2012/13 BUDGET WAS SET
RELATING TO THE COMPLETION OF THE 2011/12 ACCOUNTS**

Cabinet	Items	£m
21 Jun 12	2011/12 Financial Outturn report resulted in an improvement in balances due to a net underspend in the year	-5.9
	OVERALL IMPACT OF THESE DECISIONS	-5.9

VARIATIONS TO THE APPROVED BUDGETS 2012/13

Cabinet	Items	£m
29 Mar 12	Pacific Road Theatre – Law/Technical Services Increase budget	+0.6
12 Apr 12	Streetscene Contract Review - Increase budget	+0.1
	OVERALL IMPACT OF THESE DECISIONS	0.7

VIREMENTS BELOW LEVEL REQUIRING CABINET APPROVAL

Cabinet	Items	£m
The following adjustments have no bottom line impact on the authority budget:		
n/a	Adjustment of Community Asset Transfer capital financing budget from LawHRAM to Finance	0.077
n/a	Employee budget transferred from LawHRAM to HRP	0.034
n/a	Employee budget transferred from Technical Services to LawHRAM	0.035
n/a	Technical Services reallocation of Internal Savings Targets within budget lines	1.400
n/a	Reallocation of Home Insulation Works within Regeneration, Housing and Planning between Supplies and Services category and Third Party payments	1.100
n/a	Movement of posts between departments relating to Building Control, Welfare Rights and Community Services personnel. The housing benefit review increase claims (transfer payments) and associated grant of £7.3 million, the reclassification of DASS transport recharge from transport to support services and adjustments for financing costs and grant receivable relating to regeneration schemes.	

MANAGEMENT ACTIONS

ACTIONS TAKEN BY THE EXECUTIVE TEAM / DEPARTMENTAL DIRECTORS TO REDUCE SPEND / INCREASE INCOME

Department	Items	£000
Children	Connexions – Further reductions in the contract costs (in excess of the agreed savings target)	500
	Troubled Families –Successful submission for Government Grant which will help meet some of the existing costs.	250
	Academies – Increased income being achieved through a review of charges to academies for services provided.	100
	Academies – additional monies received from refund of 'top slice from Department for Education	150
All	Reviews of on going expenditure across all departments	Tbc
All	Review of budgets to improve monitoring through realignment	Tbc
DASS	Review of all voluntary sector contracts	Tbc
DASS	Overarching commissioning strategy developed	Tbc
All	Spending freeze (including Policy Option Review)	2,292
All	Abolition of Efficiency Fund	2,200
	Total savings from these actions	5,492

PROGRESS ON DELIVERING THE AGREED SAVINGS 2012/13 £000's

Department	16,457	Comments / progress on implementation	RA GB Y	4,732	260	11,465
	100%			28.8	1.6	69.6
DASS				R	A	G
Commissioning Of Services	1,600	The Department is currently reviewing how services are commissioned to deliver savings of £1.6m. An overarching commissioning strategy has been developed and was presented to 21 June Cabinet	R	1,600		
Prevention Services	500	The Department is currently undertaking a review of all voluntary sector contracts and is seeking to re-commission this activity at a more efficient cost.	R	500		
Employee Budgets 2%	400	This saving is in addition to the Department's existing staff turnover target of £496,100. The shortfall against the total target of £896,100 is estimated at £700,000.	R	400		
Procurement	26	It is anticipated that this saving will be achieved	G			26
Austerity – Supplies	24	It is anticipated that this saving will be achieved	G			24
EVR Scheme	17	Saving have been achieved in full	G			17
CHILDREN & YOUNG PEOPLE						
Early Intervention Grant	1,000	Has been achieved	G			1000
Employee Budgets 2%	750	Progress remains difficult, with pressures on Social work.	R	750		
EVR Scheme	386	Staff who left were from self funded areas, so no budget saving possible.	R	386		
Connexions contract	250	Achieved, with a further £700k contract saving.	Y			250
Schools Intervention Funding	250	Achieved	G			250
Procurement	246	Allocated across Social Care	R	246		
Austerity – Supplies	16	Will be achieved within expenditure controls	G			16
FINANCE						
Efficiency Investment Budget	2,500	The Efficiency Investment Budget has been reduced	G			2,500
Housing Benefit	1,200	This has been built into HB budgets	G			1,200
IT and Printing Services	550	This is part of the departments strategic savings target	G			550
Employees Budget 2%	520	This is part of the departments strategic savings target	G			520
EVR Scheme	343	This is part of the departments strategic savings target	G			343
Procurement	189	This is part of the departments strategic savings target	G			189
Austerity – Supplies	8	This saving has been built into departmental budgets	G			8

LAW,HR,ASSET MGT						
Facilities Management	500	£250k achieved through the reduction in Maintenance budgets, the balance remaining will not be achieved in year.	R	250		250
Business Transformation	300	Target will not be achieved in 2012/13	R	300		
Employee Terms & Conditions	300	Target will not be achieved in 2012/13	R	300		
Employee Budgets 2%	260	Currently on target to be achieved in year.	A		260	
Office Rationalisation	260	Achieved	G			260
Disposal of Assets	100	Achieved.	G			100
Procurement	33	Budgets reduced to reflect these savings.	G			33
Austerity – Supplies	6	Budgets reduced to reflect these savings.	G			6
REG,HSG & PLANNING						
Broadband Facility	1,075	Achieved	G			1,075
Home Insulation Programme	1,000	Achieved	G			1,000
Employee Budgets 2%	160	On target to achieve	G			160
Supporting People Contracts	150	Achieved	G			150
Merseyside Info Service	50	Achieved	G			50
EVR Scheme	13	Achieved	G			13
Austerity – Supplies	8	Achieved	G			8
TECHNICAL SERVICES						
Procurement	745	Currently anticipated to be achieved. Biffa contract part of this	G			745
Employee Budgets 2%	380	Currently anticipated to be achieved.	G			380
EVR Scheme	150	Currently anticipated to be achieved.	G			150
Street Lighting	100	Currently anticipated to be achieved.	G			100
Highways Administration	80	Currently anticipated to be achieved.	G			80
Austerity – Supplies	12	Currently anticipated to be achieved.	G			12

EARMARKED RESERVES - GENERAL FUND

Earmarked Reserves	Balance 1 April 2012 £000	Movement In Year	Current Balance 31 Dec 12 £000
Schools Balances	11,767	-	11,767
Housing Benefit	11,155	(2,000)	9,155
Insurance Fund	9,635	(543)	9,092
Working Neighbourhood Fund	7,959	(7,073)	886
Debt Restructuring	7,941	-	7,941
Minimum Revenue Provision	4,400	(4,400)	-
Community Fund Asset Transfer	3,301	-	3,301
Intranet Development	3,161	-	3,161
Local Pay review	2,641	-	2,641
One Stop Shop/Libraries IT Networks	2,119	-	2,119
Supporting People Programme	1,505	(400)	1,105
Cosyhomes Insulation	1,244	(800)	444
School Harmonisation	1,241	-	1,241
Stay, Work, Learn Wise	908	-	908
Schools Capital Schemes	777	-	777
Matching Fund	558	(558)	-
20 MPH Zones	550	(500)	50
Home Adaptations	537	-	537
West Wirral Schemes	530	(300)	230
Merseyside Information Service	500	(500)	-
ERDF Match Funding	500	-	500
Strategic Asset Review	495	-	495
Planned Preventative Maintenance	483	-	483
Heritage Fund	420	(300)	120
Schools Automatic Meter Readers	415	-	415
Children's Workforce Development Council	399	-	399
Schools Contingency	370	-	370
Business Improvement Grant	342	-	342
Local Area Agreement Reward	322	4	326
Primary Care Trust Physical Activities	300	-	300
Schools Service IT	294	-	294
Schools Summer Term	280	(280)	-
Homeless Prevention	271	-	271
Other Reserves	<u>8,928</u>	<u>(2,098)</u>	<u>6,830</u>
	86,248	(19,748)	66,500

Note : Cabinet on 6 September 2012 agreed to release £7m of an Earmarked Reserve (Working Neighbourhood Fund), and on 29 November 2012 agreed to release various additional reserves, totalling £12.505m.

No freeze items submitted for consideration were rejected during the period

Equality Impact Assessment Toolkit (from May 2012)

Section 1: Your details: Peter Molyneux

EIA lead Officer: Peter Molyneux

Email address: petemolyneux@wirral.gov.uk

Head of Section: Tom Sault

Chief Officer: Peter Timmins

Department: Finance

Date: 31 January 2013

Section 2: What Council proposal is being assessed?
Revenue Monitoring (including freeze proposals)

Section 2b: Will this EIA be submitted to a Cabinet or Overview & Scrutiny Committee?

Yes

If 'yes' please state which meeting and what date
Cabinet 18 October 2012

Please add hyperlink to where your EIA is/will be published on the Council's website <http://www.wirral.gov.uk/my-services/community-and->

Section 3: Does the proposal have the potential to affect..... (please tick relevant boxes)

- ✓ **Services**
- ✓ **The workforce**
- ✓ **Communities**
- ✓ **Other** (please state eg: Partners, Private Sector, Voluntary & Community Sector)

If you have ticked one or more of above, please go to section 4.

- None** (please stop here and email this form to your Chief Officer who needs to email it to equalitywatch@wirral.gov.uk for publishing)

Section 4: Does the proposal have the potential to maintain or enhance the way the Council (please tick relevant boxes)

- Eliminates unlawful discrimination, harassment and victimisation
- Advances equality of opportunity
- ✓ Fosters good relations between groups of people

If you have ticked one or more of above, please go to section 5.

- No** (please stop here and email this form to your Chief Officer who needs to email it to equalitywatch@wirral.gov.uk for publishing)

Section 5: Could the proposal have a positive or negative impact on any of the protected groups (race, gender, disability, gender reassignment, age, pregnancy and maternity, religion and belief, sexual orientation, marriage and civil partnership)?

You may also want to consider socio-economic status of individuals.
Please list in the table below and include actions required to mitigate any potential negative impact.

Which group(s) of people could be affected	Potential positive or negative impact	Action required to mitigate any potential negative impact	Lead person	Timescale	Resource implications
All groups Page 182	Budgetary overspends will result in requirement to reduce expenditure in year with consequences on communities and staff. Rational decision making to tackle issues will enhance good relations and minimise negative impacts	Budgetary control including regular monitoring, freeze procedures and budgetary reviews will assist in limiting impact	Peter Timmins	On Going	Budgetary overspends would require funding from resources
All groups	Reduction in expenditure from freeze proposals could impact on services delivered to communities	Freeze process includes exemptions for critical service areas. Process allows for business case to be submitted to exempt expenditure from freeze	Peter Timmins	On Going	Freeze proposals will assist enabling control of expenditure

Section 5a: Where and how will the above actions be monitored?

Monthly monitoring report to Cabinet. This will include recommendations for approval of spending freeze decisions

Section 5b: If you think there is no negative impact, what is your reasoning behind this?

Section 6: What research / data / information have you used in support of this process?

Budgetary forecast information

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Section 7: Are you intending to carry out any consultation with regard to this Council proposal?

Yes / No – (please delete as appropriate) No

If 'yes' please continue to section 8.

If 'no' please state your reason(s) why: Urgent decisions required to tackle budgetary position. Freeze proposals undergo review process and involve officers and members

(please stop here and email this form to your Chief Officer who needs to email it to equalitywatch@wirral.gov.uk for publishing)

Section 8: How will consultation take place and by when?

Before you complete your consultation, please email your preliminary EIA to equalitywatch@wirral.gov.uk via your Chief Officer in order for the Council to ensure it is meeting it's legal requirements. The EIA will be published with a note saying we are awaiting outcomes from a consultation exercise.

Once you have completed your consultation, please review your actions in section 5. Then email this form to your Chief Officer who needs to email it to equalitywatch@wirral.gov.uk for re-publishing.

Section 9: Have you remembered to:

- a) **Add appropriate departmental hyperlink to where your EIA is/will be published (section 2b)**
- b) **Include any potential positive impacts as well as negative impacts? (section 5)**
- c) **Send this EIA to equalitywatch@wirral.gov.uk via your Chief Officer?**
- d) **Review section 5 once consultation has taken place and sent your completed EIA to equalitywatch@wirral.gov.uk via your Chief Officer for re-publishing?**

WIRRAL COUNCIL

CABINET

18 FEBRUARY 2013

SUBJECT	CAPITAL MONITORING 2012/13– PERIOD 9 (DECEMBER)
WARD/S AFFECTED	ALL
REPORT OF	INTERIM DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER	COUNCILLOR PHIL DAVIES
KEY DECISION	YES

1. EXECUTIVE SUMMARY

1.1 This report informs Members of the current position regarding the Council's 2012/13 to 2014/15 capital programme. The report reflects:

- The re-profiled 2012/13 capital programme budget which incorporates previous decisions made by Cabinet to amend the programme;
- The expenditure to date, which continues to be less than it should be;
- Request for a revision to the capital programme to reflect slippage of £1.451 million of schemes into the 2013/14 financial year. In addition Cabinet of 20 December 2012 approved slippage of £0.515 for the New Brighton Environmental Improvement scheme.;
- Request for an increase in the programme of £0.675 million for schemes requiring no unsupported borrowing.
- A reduction in the estimated grant for Mersey Heartlands Growth Point of £0.585 million.
- The projected outturn figures for 2012/13, which suggest an underspend of £5.103 million on the revised programme;
- The current funding of the programme and its future affordability.

2. BACKGROUND AND KEY ISSUES

- 2.1 Cabinet on 6 September 2012, when considering the Month 3 monitors instituted a spending freeze, in the light of significant forecast revenue overspend and acknowledgement that unsupported capital financing contributes to revenue costs. Up to the report on 24 January Cabinet had considered the outcome of the first fifteen weeks of the freeze.
- 2.2 Cabinet on 29 November approved the report into the review of the capital programme which reduced the overall three year programme by £30.7 million.
- 2.3 The Council's capital programme is subject to a monthly review by a senior group of officers who form the Capital Steering Group, each project will be scrutinised as follows:

- Project approvals for financing, delivering corporate outcomes and delivery timetable;
- Financial appraisals for funding and ongoing revenue costs,
- Spend profiles against delivery timetable,
- End of project reviews;
- Delivery of Asset Management Plans and overall strategy.

2.4 ORIGINAL AND PROPOSED CAPITAL PROGRAMME FOR 2012/13

2.4.1 The capital budget for 2012/13 is subject to change. The Period 8 monitor detailed slippage of £34 million carried forward from 2011/12 plus an additional overall in year reduction of £26.8 million reflecting changes to slippage and revised programme approvals. Table 1 summarises the overall movement between that already approved and changes to Period 9 that require approval.

Table 1: Revised Capital Programme 2012/13 Period 9 (December) £000's

	Capital Strategy	Changes approved by Cabinet	Budget change to be approved by Cabinet	Revised 2012/13 Capital Programme
Adult Social Care	2,750	-2,025	-625	100
Children's & Young People	21,481	-1,442	-157	19,882
Finance	0	597	0	597
Law, HR & Asst Management	4,000	-87	-100	3,813
Regeneration, Housing & Planning	6,079	7,511	-605	12,985
Technical Services	7,668	2,653	-397	9,924
Total Expenditure	41,978	7,207	-1,884	47,301

2.4.2 A summary of the significant changes to be approved by Cabinet for Period 9 are provided below:

Request for slippage to the 2012/13 Programme

A number of requests are included for slippage to the programme. These include:

Adult Social Care

- Further slippage of £0.625m for transforming day care services. It is considered more appropriate to delay the overall scheme until the 2013-14 revenue budget has been determined. Resources can then be directed to the appropriate areas.

Children and Young People.

- Although it is expected that the scheme for Birkenhead Girls Academy will be completed by the year end, it is estimated that retentions of £0.157m will be required to be paid in the following year.

Law, HR and Asset Management

- There will be additional slippage of £0.100m in respect of the Rock Ferry Centre.

Technical Services

- Highways Maintenance works have had to be postponed due to delays in the commencement of statutory undertaking works, resulting in slippage of £0.569m

Request to increase the 2012/13 programme

Regeneration, Housing and Planning

- The Council has received additional grant funding of £0.439m for Disabled Facilities and £0.046m in respect of fuel poverty which will be used to expand the Cosy Homes heating scheme..

Technical Services

- The Council has received a grant of £0.180m to support the development of outdoor gyms in parks.

2.5 ACTUAL SPEND TO DATE – IS THE PROGRAMME BEING DELIVERED TO PLAN?

- 2.5.1 The actual capital expenditure at Period 9 is £23.2 million, which represents 48.4% of the revised capital programme budget, with 75% of the financial year having elapsed.

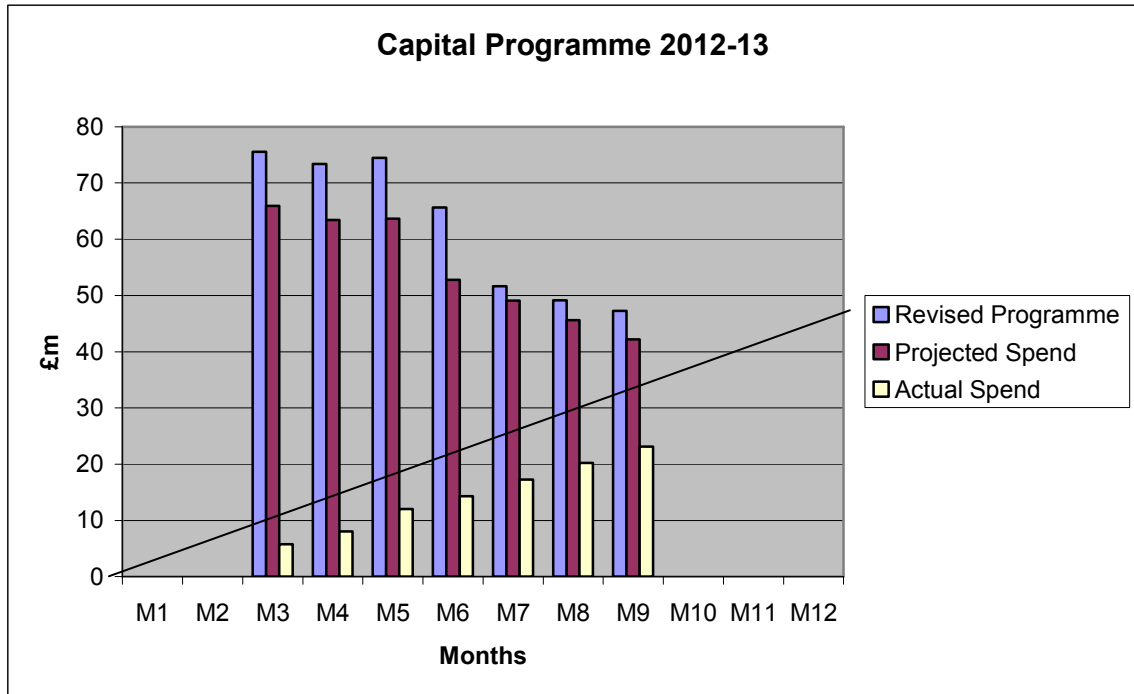
Table 2: Spend to date April to December (9/12 = 75%)

	Spend to date	
	£,000's	Per cent
Adult Social Care	55	55.0
Children's & Young People	11,837	59.5
Finance	29	4.9
Law, HR & Asset Management	2,080	54.6
Regeneration, Housing & Planning	5,071	39.1
Technical Services	4,080	41.1
Total Expenditure	23,152	48.9

- 2.5.2 The Period 9 figures include an additional £2.952 million of expenditure incurred during the month. The level of expenditure however continues to be less than anticipated with only 48.4% of the programme expended after 9 months. An element of this can be explained by the time lag between work being completed and invoices then being raised by contractors and then paid by the authority. The reduction in the programme agreed by Cabinet of 29

November 2012 has reduced the gap between the profiled percentage and actual percentage spend figure.

Chart 1: Capital Programme spend below line of best fit



2.5.3 A Capital Steering Group has been established and has examined current and future schemes. The recommendations of the group were reported and approved by Cabinet on 29 November 2012 as part of the period 7 monitor and are incorporated within this report. This will also result in a more accurate programme and improve the correlation between programme and actual expenditure.

2.5.4 A financial risk regarding costs and delays with the Pensby/Stanley School build within the Children and Young People’s capital programme was reported to Cabinet on 21 June 2012. Slippage of £1.510 million was reported in the period 8 monitor and discussions are still continuing with the contractor. Cabinet will be kept informed of any future financial implications once quantified.

2.5.5 The likely outturn would be in the region of £42.2 million, not the £47.3 million planned. Table 3 sets out the variations derived from returns submitted from Departments.

Table 3: Projected Outturn compared to Revised Budget £000's

	Revised Budget	Projected Outturn	Variation
Adult Social Care	100	100	0
Children's & Young People	19,882	19,882	0
Finance	597	590	-7
Law, HR & Asset Management	3,813	3,944	131
Regeneration, Housing & Planning	12,985	7,976	-5,009
Technical Services	9,924	9,706	-218
Total Expenditure	47,301	42,198	-5,103

2.6 FINANCING OF THE CAPITAL PROGRAMME

2.6.1 Table 4 summarises the financing sources and changes made to Period 9. The major changes since the capital programme was approved in March are slippages of funding following closure of the 2011/12 programme, changes in grant funding as reported in previous Cabinet reports, re-profiling of financing to 2012/13 and the decision of Cabinet on 29 November 2012 to reduce or cease £30.755 million of schemes from the programme. The period 9 amendments reflect requested slippage from 2012/13 to 2013/14 and the variation regarding Mersey Heartlands as outlined in paragraph 1.1 above.

Table 4: Revised Capital Programme Financing 2012/13 £000's

Capital Programme Financing	Capital Strategy	Changes approved by Cabinet	Budget changes to be approved by Cabinet	Revised 2012/13 Programme
Unsupported Borrowing	9,035	4,140	-1,092	12,083
Grant – Education	20,181	-2,214	-157	17,810
Grant – Integrated Transport	1,155	5	0	1,160
Grant – Local Transport Plan	2,958	0	0	2,958
Grant – Local Sustainable Transport Fund	0	676	0	676
Grants – Other	5,349	2,452	-545	7,256
Capital Receipts brought forward	3,000	0	0	3,000
Revenue Contributions	300	2,148	-90	2,358
Total Financing	41,978	7,207	-1,884	47,301

2.6.2 Where there is a “cocktail” of funding to a scheme, the Council maximises the use of grant and other external resources before using its own receipts and borrowing. Capital receipts are used to minimise the impact on the revenue budget by being applied to schemes which would require a relatively significant minimum revenue provision to be made.

2.7 PROJECTED LONGER TERM CAPITAL PROGRAMME

2.7.1 Funding for the forecast 2012/13 to 2014/15 capital programme is shown in Table 5. This has been updated since the 2012/13 to 2014/15 Capital Programme Report was submitted to Council. It reflects decisions previously taken by this Committee regarding further slippage and approval of additional grant resources. Both the 2012/13 and 2013/14 financing forecasts have also been updated to reflect the variations requested for approval in Table 1 and paragraph 2.4.2. The financing for 2013/14 has been increased by £2.47 million to reflect the impact of slippage from 2012/13, which is subject to this Cabinet's approval. 2013-14 and 2014-15 have also been amended to take into account the recently announced increase in highways maintenance grant of £0.522 million in 2013-14 and £0.279 million in 2014-15.

Table 5: Capital Programme Financing 2012/13 to 2014/15 £000's

	2012-13	2013-14	2014-15	
Capital Programme Financing	Revised Estimate	Revised Estimate	Revised Estimate	Total Programme
Unsupported Borrowing	12,083	11,696	0	23,779
Grant – Education	17,810	8,407	0	26,217
Grant – Integrated Transport	1,160	1,136	1,651	3,947
Grant – Transport Local	2,958	2,864	2,699	8,521
Grant – Local Sustainable Transport Fund	676	676	676	2,028
Grants – Other	7,256	4,801	979	13,036
Capital Receipts brought forward	3,000	3,000	2,632	8,632
Revenue Contributions	2,358	988	0	3,346
Total Financing	47,301	33,568	8,637	89,506

2.7.2 The Capital Strategy needs to be made more affordable by delivering the planned capital receipts and reducing the element of unsupported borrowing and the associated ongoing revenue costs.

2.8 SUPPORTED AND UNSUPPORTED BORROWING AND THE REVENUE CONSEQUENCES OF UNSUPPORTED BORROWING

2.8.1 The cost of £1 million of Prudential Borrowing would result in additional revenue financing costs of £100,000 per annum. As part of the Capital Strategy 2012/13 to 2014/15 the Council has included an element of prudential borrowing. At Period 9, there is a sum of £23.8 million of new unsupported borrowing included over the next three years, which will result in approximately £2.4 million of additional revenue costs detailed at Table 6, if there is no change in strategy.

Table 6: Revised Unsupported Borrowing Forecasts & Revenue costs £000's

	2012-13	2013/14	2014/15	2015-16	Total
	Estimate				
New Unsupported borrowing	12,083	11,696	0	-	23,779
Cumulative Annual Revenue repayment costs		1,208	1,170		2,378

2.8.2 Given the predicted revenue overspend previously reported, it is important to reduce the revenue costs of capital. A pause of two months in the start to new unsupported capital schemes was agreed by Cabinet on September 6. The reductions and cessation of schemes approved by Cabinet on 29 November 2012 have reduced future financing costs by £2.6 million and this has been reflected within the above tables.

2.9 CAPITAL RECEIPTS POSITION

2.9.1 The capital programme is reliant on the Council generating a limited amount of capital receipts to finance the future capital programme schemes. The Capital Receipts Reserve at 1 April 2012 contained £9.2 million of receipts. The current capital programme assumes that £3 million a year will be drawn from this reserve over a two year period with a further £2.6 million required in 2014/15. Table 8 below, summarises the current allocated and projected capital receipts position across 2012/13 to 2014/15. The latest receipts assumptions follow on from a review of possible land sites that could be sold. A similar review of buildings will be undertaken early in 2013.

Table 7: Projected capital receipts position – funding requirement £000's

	2012/13	2013/14	2014/15
Capital Receipts Reserve	9,237	8,237	7,737
Receipts Assumption	2,000	2,500	tbc
Funding assumption	(3,000)	(3,000)	(2,632)
Closing Balance	8,237	7,737	5,105

2.9.2 Any projected receipts will be reviewed in future periods, along with other strategic site availability, to maximise the offset of unsupported borrowing and so reduce future revenue growth. There are also options for using a greater proportion of the reserve to generate savings in borrowing. Any decision however also needs to take account of savings that can be achieved from using capital receipts against schemes which would otherwise incur a high minimum revenue provision charge.

2.9.3 There is a high level of risk in these projections as they are subject to changes in legislation, property and land values, the actions of potential buyers and being granted planning permission on sites.

2.10 FREEZE PROCESS AND OUTCOMES

2.10.1 The freeze process was agreed on September 6 and developed further as reported in the Month 5 monitor. As at the end of December £0.9 million has been slipped into 2013/14.

2.10.2 The whole point of the exercise is to reduce the projected overspend, which by Section 28 of the Local Government Act 2003, is the duty of the Council, that is, all its Members. No items have been frozen during the period.

3.0 RELEVANT RISKS

3.1 The possible failure to deliver the Capital Programme will be mitigated by the monthly review by a senior group of officers, charged with improving performance. They will also be able to improve the affordability of the programme.

4.0 OTHER OPTIONS CONSIDERED

4.1 None.

5.0 CONSULTATION

5.1 No consultation has been carried out in relation to this report.

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

6.1 As yet, there are no implications for voluntary, community or faith groups.

7.0 RESOURCE IMPLICATIONS

7.1 The whole report is about significant resource implications.

8.0 LEGAL IMPLICATIONS

8.1 There are no legal implications.

9.0 EQUALITIES IMPLICATIONS

9.1 An Equality impact assessment is attached to this report.

10.0 CARBON REDUCTION IMPLICATIONS

10.1 None.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 None.

12.0 RECOMMENDATIONS

12.1 That Cabinet is asked to:

- a) Agree the revised Capital Programme of £47.301 million.
- b) Agree additional slippage in the programme of £1.451 million from 2012/13 to 2013/14.
- c) Agree the following increases to the programme which have resulted from additional grant allocations:
 - Disabled facilities £0.439 million
 - Cosy Homes heating £0.046 million
 - Outdoor gyms in parks £0.180 million
- d) Note the spend to date at Month 9 of £23.152 million, which represents 48.9% of the revised capital budget, with 75% of the financial year having elapsed.
- e) Note the work of the Capital Steering Group to detail the schedule of sites to validate the estimate of capital receipts.

13.0 REASONS FOR RECOMMENDATIONS

13.1 Regular monitoring and reporting of the capital programme will enable decisions to be taken faster which may produce revenue benefits and will improve financial control of the programme.

REPORT AUTHOR: Reg Huyton
Group Accountant
Telephone: 0151 666 3403
Email: reghuyton@wirral.gov.uk

SUBJECT HISTORY

Council Meeting	Date
Capital monitoring reports have previously been submitted as part of the Performance & Financial Review presented to Cabinet on a quarterly basis and from September 2012 are being submitted monthly	

Equality Impact Assessment Toolkit (from May 2012)

Section 1: Your details: Reg Huyton

EIA lead Officer: Reg Huyton

Email address: reghuyton@wirral.gov.uk

Head of Section: Tom Sault

Chief Officer: Peter Timmins

Department: Finance

Date: 23rd January 2013

Section 2: What Council proposal is being assessed? Capital Monitoring (including any freeze proposals)

Section 2b: Will this EIA be submitted to a Cabinet or Overview & Scrutiny Committee?

Yes

**If 'yes' please state which meeting and what date
Cabinet 7 February 2013**

Please add hyperlink to where your EIA is/will be published on the Council's website <http://www.wirral.gov.uk/my-services/community-and-living/equality-diversity-cohesion/equality-impact-assessments/eias-2010/finance>

Section 3: Does the proposal have the potential to affect..... (please tick relevant boxes)

- ✓ **Services**
- ✓ **The workforce**
- ✓ **Communities**
- ✓ **Other** (please state eg: Partners, Private Sector, Voluntary & Community Sector)

If you have ticked one or more of above, please go to section 4.

- None** (please stop here and email this form to your Chief Officer who needs to email it to equalitywatch@wirral.gov.uk for publishing)

Section 4: Does the proposal have the potential to maintain or enhance the way the Council (please tick relevant boxes)

- Eliminates unlawful discrimination, harassment and victimisation
- Advances equality of opportunity
- ✓ Fosters good relations between groups of people

If you have ticked one or more of above, please go to section 5.

- No** (please stop here and email this form to your Chief Officer who needs to email it to equalitywatch@wirral.gov.uk for publishing)

Section 5: Could the proposal have a positive or negative impact on any of the protected groups (race, gender, disability, gender reassignment, age, pregnancy and maternity, religion and belief, sexual orientation, marriage and civil partnership)?

You may also want to consider socio-economic status of individuals.
Please list in the table below and include actions required to mitigate any potential negative impact.

Which group(s) of people could be affected	Potential positive or negative impact	Action required to mitigate any potential negative impact	Lead person	Timescale	Resource implications
All groups	Budgetary overspends will result in requirement to reduce expenditure in year with consequences on communities and staff. Rational decision making to tackle issues will enhance good relations and minimise negative impacts	Budgetary control including regular monitoring, freeze procedures and budgetary reviews will assist in limiting impact	Peter Timmins	On Going	Budgetary overspends would require funding from resources
All groups	Reduction in expenditure from freeze proposals could impact on services delivered to communities	Freeze process includes exemptions for critical service areas. Process allows for business case to be submitted to exempt expenditure from freeze	Peter Timmins	On Going	Freeze proposals will assist enabling control of expenditure

Section 5a: Where and how will the above actions be monitored?

Monthly monitoring report to Cabinet. This will include recommendations for approval of spending freeze decisions

Section 5b: If you think there is no negative impact, what is your reasoning behind this?

Section 6: What research / data / information have you used in support of this process?

Budgetary forecast information

Section 7: Are you intending to carry out any consultation with regard to this Council proposal?

Yes / No – (please delete as appropriate) No

If 'yes' please continue to section 8.

If 'no' please state your reason(s) why: Urgent decisions required to tackle budgetary position. Freeze proposals undergo review process and involve officers and members

(please stop here and email this form to your Chief Officer who needs to email it to equalitywatch@wirral.gov.uk for publishing)

Section 8: How will consultation take place and by when?

Before you complete your consultation, please email your preliminary EIA to equalitywatch@wirral.gov.uk via your Chief Officer in order for the Council to ensure it is meeting it's legal requirements. The EIA will be published with a note saying we are awaiting outcomes from a consultation exercise.

Once you have completed your consultation, please review your actions in section 5. Then email this form to your Chief Officer who needs to email it to equalitywatch@wirral.gov.uk for re-publishing.

Section 9: Have you remembered to:

- a) Add appropriate departmental hyperlink to where your EIA is/will be published (section 2b)
- b) Include any potential positive impacts as well as negative impacts? (section 5)
- c) Send this EIA to equalitywatch@wirral.gov.uk via your Chief Officer?
- d) Review section 5 once consultation has taken place and sent your completed EIA to equalitywatch@wirral.gov.uk via your Chief Officer for re-publishing?

WIRRAL COUNCIL

CABINET

18 FEBRUARY 2013

SUBJECT	2013-16 MEDIUM TERM FINANCIAL STRATEGY
WARD/S AFFECTED	ALL
REPORT OF	INTERIM DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER	COUNCILLOR PHIL DAVIES
KEY DECISION	YES

1.0 EXECUTIVE SUMMARY

- 1.1 This report sets out the Medium Term Financial Strategy 2013-16. It is a strategic, financial document that set outs the Councils financial approach for the planning period 2013-14 to 2015-16. It also incorporates the Treasury Management and Investment Strategy for 2013-2016 in accordance with the CIPFA Code of Practice for Treasury Management in Public Services.

2.0 BACKGROUND AND KEY ISSUES

- 2.1 Wirral is facing one of the most challenging financial periods faced by Local Government. The Council along with the majority of the public sector must realign itself to the new financial reality. The Government has set out how it aims to eliminate the budget deficit. The size of the reduction is leading to change across the public sector; much of this is impacting directly on local government.
- 2.2 Significant savings are expected throughout the period of the Medium Term Financial Strategy. Local Government's contribution to public sector savings is anticipated to be substantial, with spending on health, schools and overseas development being projected. The economy during the period 2013-16 will see weak economic recovery, while there is likely to be continued uncertainty in the eurozone. The cumulative effect is that the Council in the period of the Medium Term Financial Strategy will operate in a challenging and uncertain funding environment.

- 2.3 The Medium Term Financial Strategy as well as providing financial background, sets out the Councils budget strategy over the next few years. The responses and approaches that will be adopted to meet the challenges faced and resolve the funding gap. The Medium Term Financial Strategy contains the following sections:

Overview the period 2013-16

Resources

Revenue

Working Balances and Earmarked Reserves

Capital, Treasury, IT, Assets

Risk Management and Business Continuity

Procurement

Consultation

Wherever a financial estimate can be made of likely events this has been included. Given the level of assumptions for any projection of this type, only significant items have been included. The aim of this Strategy is not to give provisional budget figures, but to provide Cabinet with a framework with which to support planning considerations for the medium term. The Medium Term Financial Strategy will be completed following approval of the budget 2013/14, when all tables will be completed.

- 2.4 The Medium Term Financial Strategy incorporates the Treasury Management Strategy. This remains a key area of the financial strategy, especially with low interest rates and limited investment opportunity. It is included in appendix 3 and is subject to approval by the Council at the same time as the budget. The following paragraphs are specific to the strategy and highlighted to assist Members in their consideration of the Treasury Management Strategy.

- 2.5 CIPFA has defined treasury management as:

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

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

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

- The Treasury Management Strategy for 2013-16 - The long term direction for Council borrowing, debt rescheduling and investments.
- The Prudential Indicators – information to ensure the Council’s capital investment is affordable, prudent and sustainable.
- The Minimum Revenue Provision (MRP) Statement – The Council’s policy on the repayment of long term debt.
- Authorised signatories for treasury management activities.

3.0 RELEVANT RISKS

3.1 The Medium Term Financial Strategy provides a strategic overview of the issues facing future authority finances and includes a risk assessment.

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

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

4.0 OTHER OPTIONS CONSIDERED

4.1 There are no other options considered in this report.

5.0 CONSULTATION

5.1 The outcome of the What Really Matters will help influence future priorities and service delivery. The Medium Term Financial Strategy links to the Corporate Plan priorities. The Treasury Management Strategy has been written in consultation with the Council’s external treasury management advisors, Arlingclose Ltd. There has been no further consultation undertaken or proposed for this strategy report. There are no implications for partner organisations arising out of this report.

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

6.1 There are none arising out of this report.

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

7.1 The resource implications are within the Strategy and the financial implications are updated by the Budget Projection reports submitted to Cabinet throughout the year. Approval and implementation of Treasury Management Strategy will limit financial risks while helping to minimise financing costs and maximise investment returns.

8.0 LEGAL IMPLICATIONS

8.1 There are none arising out of this report.

9.0 EQUALITIES IMPLICATIONS

9.1 There are none arising out of this report.

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

10.0 CARBON REDUCTION IMPLICATIONS

10.1 There are none arising out of this report.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 There are none arising out of this report.

12.0 RECOMMENDATIONS

Treasury Management and Investment Strategy 2013-16

12.1 That Members approve the Treasury Management and Investment Strategy for 2013-2016.

12.2 That the Prudential Indicators be adopted.

12.3 That Members approve the Council's Minimum Revenue Provision policy.

12.4 That the Council Officers listed within Appendix F, of the Strategy Statement, be authorised to approve payments from the Council's bank accounts for all treasury management activities.

The Medium Term Financial Strategy

12.5 That the Medium Term Financial Strategy be approved.

12.6 That regular updates of the Medium Term Financial Strategy be reported to Cabinet.

13.0 REASON FOR RECOMMENDATIONS

- 13.1 The Corporate Plan identifying how the corporate objectives are to be achieved which are delivered through the setting of the annual Budget. The Medium Term Financial Strategy indicates the resource issues and principles that shape the Budget as by identifying current issues as well as potential developments / related issues the Strategy helps inform future revenue and capital budgets.
- 13.2 The Chartered Institute of Public Finance and Accountancy's Code of Practice for Treasury Management in Public Services (the "CIPFA TM Code") and the Prudential Code require local authorities to determine the Treasury Management Strategy Statement (TMSS) and Prudential Indicators on an annual basis. The TMSS also incorporates the Investment Strategy as required under the CLG's Investment Guidance.
- 13.2 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 (SI 2008/414) also places 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.
- 13.3 Following staffing changes, Members are asked to approve a revised list of Officers to approve treasury management activities.

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APPENDICES

Medium Term Financial Strategy
Treasury Management Strategy at Appendix 3

REFERENCE MATERIAL

CLG Local Authority Investment Guidance, 2004
CLG Changes to the Capital Financing System Consultation, 2009
Code of Practice for Treasury Management in Public Services (2011 Edition), CIPFA 2011.
Prudential Code for Capital Finance in Local Authorities (2011 Edition), CIPFA 2011.

SUBJECT HISTORY

Council Meeting	Date
<u>The Medium Term Financial Strategy</u> Cabinet - Medium Term Financial Strategy Cabinet - Medium Term Financial Strategy Cabinet - Draft Corporate Plan for 2011-14 Cabinet - Delivering the Corporate Plan Cabinet - Budget Projections 2012-2015	13 October 2011 4 November 2010 17 March 2011 14 April 2011 1 September 2011
<u>Treasury Management and Investment Strategy 2013- 16</u> Cabinet - Treasury Management and Investment Strategy 2012 to 2015 Cabinet - Treasury Management Annual Report 2011/12 Cabinet - Treasury Management Performance Monitoring Cabinet - Treasury Management Performance Monitoring Cabinet - Treasury Management Performance Monitoring	20 February 2012 21 June 2012 6 September 2012 8 November 2012 7 February 2013

2013-16 Medium Term Financial Strategy.

Contents

- 1 Overview**
- 2 Resources**
- 3 Revenue**
- 4. Working Balances and Earmarked Reserves**
- 5. Capital, Treasury, IT and Assets**
- 6 Risk Management and Business Continuity**
- 7 Procurement**
- 8 Consultation**

Appendices

Appendix 1	Population Trends
Appendix 2	Capital Strategy
Appendix 3	Treasury Management
Appendix 4	Asset Management Plan

1 Overview

1.1 Purpose of the Document

The Medium Term Financial Strategy is intended to provide a robust, consistent and sustainable approach to establishing and maintaining a stable and prudent financial basis on which improvement and transformation of Wirral Council's services can progress.

The Council is facing a challenging financial future. The setting of next and future year's budgets will be difficult. The level of savings required to balance the Council's budget are significant and will be of a similar size to those that occurred in 2011/12 and 2012/13. Significant savings are expected throughout the next 3 years and beyond as public sector expenditure is reduced.

It is through the MTFS process that the Council sets out how it will respond to the new financial realities it faces over the period 2013-16. The strategy also links with Wirral's vision and priorities. It shows how our finances will be structured and managed to ensure that they meet future financial challenges, as well as supporting the priorities of the Council and its partners.

Each year there is the short-term requirement to prepare an annual budget and set the council tax. The achievement of Wirral Council's long-term objectives however, with the planning of new initiatives, capital developments and the allocation of resources in response to changing service needs, requires service and financial planning to be undertaken over more than one year. The MTFS therefore looks to take into account the longer term implications of the following:-

- Resources – forecast future resource levels on both revenue and capital;
- Revenue - forecast service pressures as a result of the impact of demographic and other changes on service demands;
- Prioritise - relate service demands and priorities to likely resource availability;
- Plan - provide a financial framework within which business planning can proceed effectively.

In addition to the Wirral Council's annual budget the following are the major strategy documents in support of the MTFS – all of which are identified as appendices:-

- Capital Strategy
- Corporate Asset Management Plan
- Capital Programme Summary
- Treasury Management Strategy
- IT Strategy

1.2 Links to Key Corporate Plans and Strategies

The MTFS complements the Corporate Plan as a means of ensuring that Wirral Council's finances are aligned with its vision, aims & priorities.

1.3 National and External Influences

National Influences

The MTFS for the three years, 2013-14 to 2015-16 has been developed against an uncertain financial economic picture. The outlook for the next 3 years for the British economy continues to be uncertain. The major national influences on the Councils MTFS are detailed in the following paragraphs.

The Governments Deficit Reduction Programme

The Governments Spending Review 2010 (October 2010) covering the period 2011/12 to 2014-15; during this period Local Government funding has been reduced by more than average for the public sector as a whole. The cuts were front loaded with the largest reductions taking place in 2011/12 and 2012/13.

The Autumn Statement (November 2011) announced a further two years of cuts for 2015/16 and 2016/17. The allocation to specific Government departments and so to local government has yet to be announced.

The Autumn Statement (November 2012) announced a further 2% cut to local government spending in 2014-15, over and above the already announced Spending Review 2010 reductions.

The National Economy

A one year spending Review will be finalised in 2013 for 2015/16. It is anticipated that further reductions will be made in areas such as Local Government. The level of Central Government funding is the biggest financial factor influencing the Council. This level is in turn influenced by the state of the national economy.

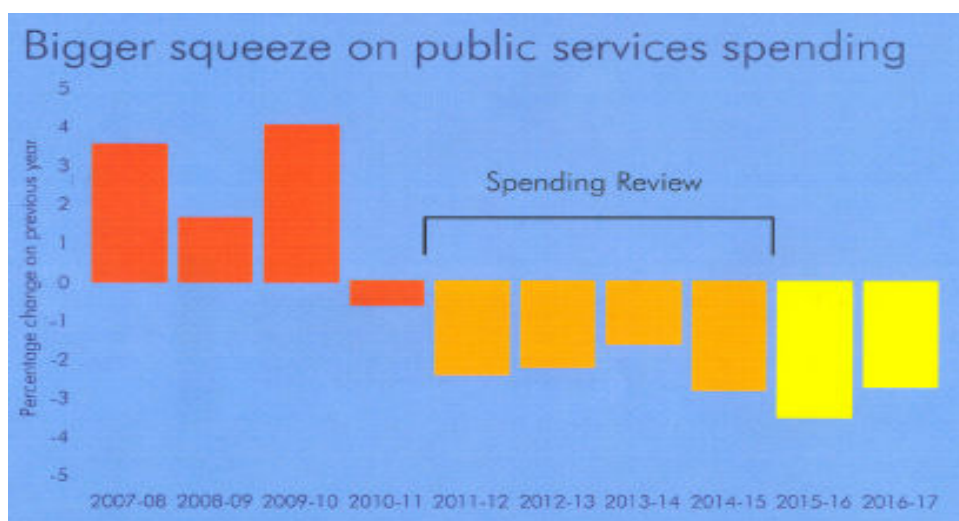
The national economic outlook is unclear over the next five years. This is due to the effect of the following:-

- The Governments continued fiscal reductions and austerity measures;
- Higher than expected inflation, especially in items such as food and fuel;
- The Euro area crisis. There continues to be economic instability and uncertainty in the Eurozone. This is feeding through to household and business decisions and to tighter credit conditions. All of these impact on the health of the British Economy.

The National Impact on the Local Outlook

The period beyond 2013/14 is uncertain in terms of the support that the Council receives from Central Government.

Two further years of austerity 2015/17



Source: Office for Budget Responsibility (November 2011)

It is not known how further reductions in public sector expenditure or central government spending will affect funding to local government. As such the future years of this MTF period continues to be cloaked in uncertainty. The risk is that there will be more reductions in the next spending review period` from 2015/16. These would be on top of the reductions in Wirral's funding in 2013/14 and 2014/15, announced in the Local Government Finance Settlement. There is, as stated before, little information available about the funding levels in 2015/16 and 2016/17. In the coming years the national economic situation will impact on all public sector organisations in Wirral and the wider Wirral region.

1.4 Local Factors

Population

A number of local factors have an impact on service delivery and associated costs; as well as levels of demand for services and allocation of funding by central Government. The most significant of these factors is population.

Population Trends

The current resident population of Wirral, as at mid 2011, is 310,400 (using 2010 ONS estimates). Population projections have not yet been produced which take into account the results of the 2011 Census. The latest ONS population forecast is based on the mid year 2010 figures. ONS have predicted a 5.68% increase in Wirral by 2031. This contrasts with a significantly larger increase for England and the North West overall, which are projected to increase by 14% and 12% respectively over the same period. By age, the population of younger people aged 0-15 is expected to rise slightly, but then tail off again after 2026. A striking feature of these projections is the percentage decrease in Wirral (and Merseyside overall) in the working age population, those aged 16 to 64. In Wirral, there is projected to be a 5.16% decrease in the population, compared to a 2.7% decrease in Merseyside, a 6.92% increase in England and a 3.41% increase in the North West.

The population of older people aged 65 and over is projected to increase by 16.03% over the period 2010 to 2016. In addition the percentage of people aged 75 plus continues to increase. Forecasts suggest that the percentage of the population aged 75+ will increase from 12.17% in 2012 to 12.60% in 2016. This is anticipated to lead to an increased demand for older people's services resulting from both an increasing older people's population and also an increase in the average age of older people.

Deprivation

Deprivation has been identified using the Index of Multiple Deprivation (IMD) 2010. This shows that the majority of the areas of acute deprivation are in Bidston and St James and Birkenhead and Tranmere wards. The majority of the least deprived areas of Wirral are in Heswall ward (Gayton and Heswall) with some other areas in West Kirby and Thurstaston Ward (Caldy area), Hoylake ward and Clatterbridge ward. In summary there is a north and east/west and south split in Wirral with regard to deprivation.

Effect on Services

The Council is continuing to analyse the impact of population forecasts in terms of its medium term planning of services. Appendix 1 contains further details on Wirral's local population and its characteristics.

1.5 Budget Priorities

Wirral Council will seek to safeguard those services that it considers to be highest priority. The Council may make savings in priority areas only if there is no significant adverse impact to quality and level of service provision. For example, the Council may find a more efficient means of delivering services, or partnership funding may be secured. Otherwise, Wirral Council will not make savings that result in diminution in service quality in these areas unless there is absolutely no alternative e.g. inability to balance the budget. The approach will be to not direct cuts to services wherever possible, but to implement transformational change (delivering quality services within the reduced budgets now available).

In approving the budget savings options for 2013-14 the council has had regard for those services deemed to be of the highest priority.

Wirral Council acknowledges the need to provide statutory services, and in many cases these will be consistent with its priorities. Where the link between the need to provide a statutory service and Corporate Plan priorities is not as strong, the Council will provide a level of service consistent with affordability. Efficiency gains and partnership working will be explored as means of providing statutory services to an acceptable level at a lower cost. In some circumstances, Wirral Council will consider reducing the level of service in order to make savings and redirect resources to the Council's highest priorities.

To ensure the Council has rigorously looked to avoid expenditure that directly affects residents it has used a savings prioritisation analysis, to minimise cuts and reductions to services - this is detailed at section 3.3.

Subject to the above, unavoidable and essential growth items will be funded by the making of savings from elsewhere within the Wirral Council budget, or the generation of additional income. The Council will manage its budget as a corporate whole, if necessary

transferring money from one activity to another if this is what is necessary to match limited resources to the highest priorities.

1.6 Data Quality

We are committed to maintaining and improving the quality of the financial and non financial data underpinning our medium term financial strategy. This will be achieved through greater integration of both financial and non financial planning, so that we are using the same data for service and financial planning.

The Council participates in a number of benchmarking arrangements at both sub-regional and national level to enable it to assess performance against similar organisations and geographic neighbours. The use of benchmarking data assists in the continuous improvement in both delivery and value for money of the services it provides.

1.7 Equality

Equality and diversity themes are embedded into policy development and service planning as well as the budget planning process. We actively promote equality of opportunity and are committed to eliminating unlawful discrimination for all our residents, customers and employees. The Council values diversity, mainstreaming equalities into all of its service planning to enhance quality, improve access and deliver better value.

2. Resources

2.1 Local Government Funding

The 2013/14 year will see the implementation of a major change to how local government is funded. The fundamental changes and implications for future Council resources include:-

- Changes to the local financing system, including the localisation of business rates;
- Changes to formula funding and the calculation of baseline funding for the Council, called Start Up funding;
- A new treatment of specific grants such as Early Intervention Grant;
- Welfare reform including the localisation of Council Tax Benefits;
- Council Tax reforms, including changes to exemptions and discounts.

The Local Government Finance Settlement announced our funding allocations for 2013/14 and 2014/15 (indicative). This is set out in the following sections:-

Start-Up Funding

The Government, as part of the consultation on the changes to the local government finance system, announced that for 2013/14 no local authority would be better or worse off than they would have been under the current formula grant system. To ensure that local authorities have a stable starting point at the beginning of the new business rates retention scheme, the Government has calculated a start-up allocation based on 2012/13 formula and current data.

For 2013/14 and 2014/15, each council has been assigned a Start-Up Funding Assessment. This combines formula funding (what formula grant would have been had it continued) and rolled-in grants (previously specific grants now deringfenced and included in the single assessment).

The formula funding element has been calculated on a similar basis to formula grant in 2012/13. This calculation has been adjusted for technical changes that were part of the July 2012 consultation on the data components.

For Wirral, the government's calculation of start-up funding comprises of the following:-

	2013/14 Start -up Funding £m	2014/15 Indicative Funding
Grants Rolled in Using Tailored Distributions	Tbc-final settlement figures	Tbc-final settlement figures
Relative Needs Amount		
Relative Resource Amount		
Central Allocation		

Floor Damping		
Central Education Functions within LACSEG		
Formula Funding		
Add Grants rolled in		
2011/12 Council Tax Freeze Compensation		
Council Tax Support Funding		
Homelessness Prevention Funding		
Lead Local Authority Funding		
Learning Disability and Health Reform Funding		
Total Grants Rolled in		
Total Start Up Funding		

The total start-up funding is dependent on the business rate retention mechanism. The council's net rate yield is adjusted to take account of the central government to give the council's retained business rates (RBR) element:

	£m
Net Forecast rate yield	Tbc-final settlement figures
Less: Amount to be paid to Central Government	
Retained Business (RBR) element:	

To this RBR is added the retained business rates (RBR) top up which is fixed, and the Revenue Support Grant, also fixed, to give total start-up funding. This is shown in the table below:

		2013/14 £m
Retained Business Rates (RBR)	Variable amount	Tbc-final settlement figures
RBR Top up from Government	Fixed amount	
Revenue Support Grant	Fixed amount	
Total 2013/14 Funding		

Actual retained business rates income for 2013/14 will be dependent on the assessed rateable values, effect of appeals and collection rates. The NNDR1 return will estimate this amount and is due to be submitted to the DCLG in March.

There is uncertainty over the operation of the business rates retention scheme. This presents significant risk to the Council. Any uncollected business rates, or unfavourable variation from government estimates of rateable values, will impact directly on council resource available and therefore on resources available to fund and to provide services.

Although the business rates retention scheme will include a safety net at 7.5% to protect local authorities from significant reductions in business rates, this means that shortfalls from 0% - 7.5% will not be protected and will have to be borne by the local authority. It would be possible for a local authority to lose just below 7.5% for a number of years and never receive any safety net payment. In addition, the council has to estimate for the impact of appeals. Business rates are clearly very significantly influenced by the overall economic climate.

Revenue Spending Power

As part of the 2013/14 finance settlement the government announced for all councils reductions in their spending power when compared to the previous year. According to DCLG analysis, Wirral has incurred a £xxm reduction (x%). This compares with a reduction for Metropolitan Districts of £m. At a national level the reduction is £m (xx%).

The analysis of movements from 2012/13 to 2013/14 is extremely complex as new funding arrangements are introduced. In total, reductions for 2013/14 are as predicted and in many respects as expected from the Spending Review.

Education Funding and Schools

The Dedicated Schools Grant (DSG) is funded 100% by government with no funding from local taxation (Council Tax or business rates). The grant is specific and has to be spent on schools (although local authorities are able to provide a top-up from Council Tax or other local sources).

There have been significant changes to how DSG will be determined in future. Previously the overall value of DSG has only been updated for changes in pupil numbers through the Guaranteed Unit of Funding (GUF). In the last two years GUF has been the same as the previous years. The DSG did not take account of any other changes in pupil characteristics e.g. relative age, levels of special need/deprivation.

Following extensive consultation the DSG will in future be calculated in three blocks; Schools, Early Years and High Needs. The Schools and Early Years block are both allocated on a per pupil basis. The amount per pupil is determined by splitting the 2012/13 DSG for each authority into the relevant blocks. For Schools and Early Years this is divided by the number of pupils used to allocate 2012/13 DSG to determine the amount per pupil. The same amounts per pupil are used to allocate 2013/14 provisional DSG (based on October 2012 schools census). This methodology means that each authority receives a different amount of DSG per pupil for these two blocks (based on historical allocations under the previous arrangement), and for 2013/14 receives the same per pupil as they would have received under the old GUF (allocations now reflect changes in early years and school pupil numbers).

The calculation of the high needs block is based on the 2012/13 baseline (i.e. not adjusted for any changes in the number of high needs pupils or their needs). The baseline is set on an agreed number of high need places (based on local authority returns) and includes the removal of inter authority recoupment. There is also an adjustment relating to changes in 16+ high needs pupils not the responsibility of the Education Funding Agency (EFA) for the academic year starting August 2013.

The provisional DSG for 2013/14 includes additional funding for the expansion of the two year old programme (including the transfer from local authority EIG), transition funding following the end of floor protection for 3 year old funding and transfer of funding for induction of newly qualified teachers (NQTs). Finally, there is provision for a cash floor to protect any overall reduction due to falling pupil numbers to no more than 2% (although no authority qualifies for this floor in 2013/14 provisional allocations).

Although the overall value of DSG has increased this is mainly due to the additional pupils within the Schools block, the transfer of responsibility for 16+ high needs students, the transfer of additional responsibilities for 2 year olds and NQT induction. Individual schools allocations are still governed by a minimum funding guarantee (MFG) of -1.5% per pupil which the Government has confirmed will apply in 2013/14 and 2014/15.

The responsibility for local authority central spend equivalent grant (LACSEG) has transferred to DfE. Current spending at a national level (adjusted for planned reductions in SR2010 spending totals) has been deducted from the baseline used for the new business rates arrangements. DfE will allocate a new Education Services Grant (ESG) to individual local authorities on a national per pupil basis to provide central services for maintained schools. The 2013/14 ESG for local authorities has been announced as £116 per pupil in maintained schools plus £15 per pupil in all schools to reflect statutory duties

not transferring to academies although provisional allocations have not yet been released. Academies will also receive an ESG allocation of £150 per pupil in 2013/14, (reducing to £140 in 2014/15), some academies will also receive transitional protection to mitigate reductions against previous higher LACSEG allocations.

2.2 Council Tax strategy for financial planning purposes

In developing a council tax strategy, Wirral Council has to balance between the needs of service users, who are often some of the most vulnerable people in our society, and the burden of the council tax on local council tax payers. With the Government placing severe constraints upon the level of general grant support, the burden of financing increasing service demand falls primarily upon the level of council tax.

The Council faces two choices - to increase the Council Tax or to take a grant in lieu.

The Government have proposed a referendum regime from 2012 onwards, for Council Tax increase that it regards as excessive. For 2013-14 the measure is a maximum +2.0%, defined on a part of the Council's Council Tax (the relevant basic amount). The definition removes 40% of the Council Tax Base over which an increase can be affected, reducing the benefit of a 2.0% increase from £2.0m to £1.2m. However the increase is available in future years.

The alternative is a Freeze Grant.

The three years of Freeze Grants has the following history

2011-12 Council Tax Freeze Grant - income that is received by Wirral

- Percentage - 2.5%
- Grant amount - a grant of £3.285m pa
- Duration – 2011-14 and future years.

2012-13 Council Tax Freeze Grant - income that is received by Wirral

- Percentage - 2.5%
- Grant amount - a grant of £3.285m
- Duration – 2012-13 only.

2013-14 Council Tax Freeze Grant - no decision taken yet

- Percentage – 1.0%
- Grant amount - a grant of approximately £1.329m
- Duration – 2013-14 only.

2.3 Projections for General Fund Resources 2013-14 to 2015-16

The forecast level of overall general fund resources available to the Council, including Formula Grant and Council Tax income, over the next planning period is as follows:

Table 3: General Fund Resources 2012-16

Financial Year	Formula Grant/ Localised Rates £m	Council Tax Freeze Grant £m	Council Tax Income £m	Collection Fund £m	Overall Financial Resources £m	Change from Previous Year %
2012-13						
2013-14						
2014-15						
2015-16						

NB. Localised Business Rates from 2013/14 onwards.

There was no change to the council tax base resulting in no change in Council Tax income in 2013-14 compared to the previous year. The figures assume no increase in Council Tax for 2013-14 or thereafter, but the acceptance of the freeze grant in 2013-14.

3. Revenue

3.1 Cost Pressures

The financial pressures in the period 2013/16 facing Wirral Council are considerable. There are five lines of enquiry for cost pressures and change that the Council has to manage. These result from events beyond the Councils control but must be faced.

Growth Changes

- Economic – loss of income and jobs: inflation;
- Demographic – increase in elderly with resultant costs;
- Policy – budget correction, Government Legislation, grant settlement;
- Technology - change in work practises and service possibilities;
- Climate - change in standards, availability of resources and adaptive consequences, such as disease.

As part of 2013/16 growth will be examined and challenged to explore alternative options for meeting the cost pressures faced.

Wirral Council, as mentioned, has never attempted this degree of budgetary and organisational change before, both in the size of the task and the pace at which it has to be delivered. The enhanced degree of risk in 2013-14 will be reflected in the level of Working Balances the Council should hold to cover the greater exposure. The challenges facing the Council are considerable.

The basis of the level of general fund balances framework is an area of risk, a budget amount, an assessed level of risk, and a percentage factor, which will vary according to the level of risk, which produces a value. The total of the value column is the level of balances required to cover the identified risk. The following example illustrates the text:

Salaries budget: £tbcn Risk: low Factor: tbc% Value: £tbck

The areas of risk considered in the general contingency are set out in the Cabinet on the 18th February 2012, with an explanation of the potential risks faced by the Wirral Council. The calculation of the level of General Reserves Balances is as follows:-

2012-13	2013-14	2014-15	2015-16
£tbcn	£tbcn	£tbcn	£tbcn

These pressures are a mix of clear cost pressures, which are quantified in-year as part of the normal budget monitoring process and other factors, which are much more challenging to quantify. This is because some external factors are outside the Council's control or influence and therefore best estimates must be made.

A balance needs to be struck between areas where budget pressures need to be recognised within the medium term plan where they are quantifiable, and areas of risk

where it is deemed that the level of balances held, derived through a robust risk assessment process will cover any potential realisation of the financial impact of that risk.

3.2 Overall Financial Projections for 2013-14 to 2015-16

	2013/14 £m	2014/15 £m	2015/16 £m	Total £m
Increased costs (including demographic changes)	22	13	12	47
Reduced Grants	17	30	15	62
Funding Gap	39	43	27	109

The 3-year financial projections highlights that there continues to be a gap between the Councils available resources and spending pressures. As mentioned before the Council has been, and will continue to be, in one of the most challenging financial periods it has ever faced. The Spending Review period to 2014/15 will see the greatest ever post war reduction in Local Government funding. To respond to this the Council must reshape to meet this new financial reality. Wirral has made savings in the period 2011-2013 and will do so again in 2013/14. Significant savings are expected throughout the spending review period and beyond. The Council is working in an increasingly difficult and unpredictable financial environment.

3.3 The Revenue Budget Strategy to meet Pressures

In order to meet these challenges and close the financial gap the Medium Term Financial Strategy will drive forward the financial planning process. Wirral's financial strategy to close the gap will be based on the following:-

Prioritisation

The medium term planning cycle aims to link resources to Wirral objectives and priority areas. The Council recognises the pressures on its budget and, while seeking to protect and enhance front-line services as far as possible, will aim to contain these pressures within existing resources. Cabinet Members will examine all budget pressures and seek reductions where possible. The approach will be to continue to avoid direct cuts to services where possible and deliver transformational change. The budget building has been informed by valuing what is most important for residents. To enable this, savings are differentiated between those that do not directly affect residents, such as efficiency gains, and savings that have an impact on residents, such as reduced standards or stopping services.

The priority approach assesses savings options under the following classifications of savings:-

Savings affecting residents less

Organisation	Arrange People Better
Lean	Better Processes
Procurement	Buy at a Lower Price
Shared Services	Spread Costs to Others
Capital	Reduce Revenue Costs
Terms & Conditions	Terms and Conditions of Employees
Sweat the assets	Improve Income
Change Assumptions	Revisions to Future Predictions

Savings that affect residents directly

Change Standards	Usually reduce Service Standards
Stop Doing Things	Cease Services

Finally, to guide the identification of savings opportunities, the Council has adopted a cost/performance analysis to identify high cost or low performing services. The work is complex and will become available from June 2013 onwards, for use in 2014-15 budget round.

Partnership

The Council will seek new funding and new ways of working with support provided by the outside organisations. Cabinet Members will continue to look at new methods of service delivery over the three-year budget period to improve services to the public and the value for money that they provide.

Efficiency and Productivity

That Council recognises the need to improve efficiency and deliver value for money. Cabinet Members will seek to identify efficiencies that will not impact on service delivery, and to identify options that will improve the value for money services through improving performance and/or reducing service costs

Pressures

That the Council has determined, that given the financial pressures faced by Wirral, growth can only be supported in priority areas, or where the Council is required to fund new items e.g. by new legislation. Demand across a number of services will increase in the future, especially in social care areas, at a time when grant funding from the Government is reducing.

Multi Year

The budget will be agreed in early March 2013, and will cover a three year period to avoid taking a series of annual short term decisions. The vision is to imagine the Council in April 2016, and look back on how well the journey, over the three years, was accomplished.

Capital and Revenue

The budget is better linked as there are significant revenue costs arising from capital schemes (for example, schools), just as some capital spends, such as refurbishments, can reduce revenue expenditure on maintenance.

Transparent

This year's budget process improved the transparency of decision making. The budget consultation process shared with residents the entire budget saving options at the beginning of the process and categorised them in terms of their effect on residents. Residents were able to see the range of options that Members would consider.

Consultative

The budget process has sought as wide a canvass of views as possible. It has used a number of methods to gain everyone's opinions and views.

4. Working Balances and Earmarked Reserves

Wirral Council adopts a risk-based approach to financial planning, which is used to determine the minimum level of reserves required. Compliance against this benchmark is monitored on a regular basis and reported to Members through the revenue budget monitor. The aims of the strategy are to:-

- Ensure the Working Balance is set at a reasonable level – this is the Council's 'last line of defence' should unforeseen financial difficulties emerge;
- Ensure earmarked reserves are set at a reasonable level to cover specific financial risks faced by Wirral Council – these may also be used on a short-term temporary basis for other purposes provided the funding is replaced in future years.

Wirral Council's risk-based reserves strategy needs to be applied in the context of the current state of the economy, the other financial risks facing the council and the underlying financial assumptions within the medium term financial plan. The level of the Working Balance has been maintained at £xxm for 2013-14 which represents xx% of Wirral Council's 2013-14 net revenue budget.

The Council maintains earmarked reserves in addition to its Working Balances, which are set aside for specific purposes. The main earmarked reserves are set out in the table below and a brief description of each category of earmarked reserve is set out below:

- The Council is obliged to maintain a number of Legally Restricted Reserves; these are sums of money that the Council is required to set aside for legally defined purposes (e.g. the Dedicated Schools Grant is ring-fenced and can only be used as defined in the Schools Finance (England) Regulations 2009).
- The Schools Balances are not available for Wirral Council's general use.

Table Earmarked Reserves 2011/12

	Balance at 1 April 2012		Current Balance
	£'000	£'000	£'000
Earmarked Reserves			
General Fund Reserves	tbc	tbc	tbc
Schools Balances			

TOTAL RESERVES	tbc	tbc	Tbc
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A statement on the robustness of the estimates for 2013/14 to 2015/16 was reported to Cabinet on the 18th February 2013 giving reasonable assurances about the estimates and setting out the key processes that were followed including:-

To be detailed and linked to report on reasonable assurances.

In summary, although the budget position is very challenging and will remain so for the foreseeable future, the Director of Finance and Resources considers the level of reserves and balances to be reasonable for 2013-14 based on:-

- Working Balances of £m, which at % of the 2013-14 net revenue budget is reasonable given the financial risks the council is facing;
- Current general fund earmarked reserves totalling £m (of which £m are related to identified risks)

A framework for a risk based approach to reserves and balances is the subject of a separate report to Cabinet on the 18th February 2013. Whilst the level of reserves and balances have been determined as sufficient for 2013/14 the report sets out an increased level of risks that will apply from 2013/14 when significant risks are transferred from Central Government to Local Government through legislative changes and new burdens including the localisation of business rates, benefit changes, health reforms etc. The level of Working Balance has been determined as £tbcm for 2013-14, £tbcm for 2014-15, and £tbcm for 2015-16.

5. Capital, Treasury, IT and Assets.

5.1 Balance Sheet Management

Balance sheet management is a comprehensive approach to managing assets and liabilities to ensure that resources are used effectively (both financially and operationally) and that appropriate governance arrangements are in place around the use of public sector assets and liabilities. Failure to do this could expose the authority to a range of operational, reputational and accounting risks.

We already have embedded processes to review our fixed assets and strategies for treasury management and borrowing. Over the course of 2013-14 we will undertake a self-assessment of process for managing and making provisions for outstanding debtors to ensure that it is effective and will implement any appropriate changes.

5.2 Capital Overview

The MTFs includes the capital strategy for a three year period 2013-14 to 2015-16. The strategy is designed to maximise outcomes through a prioritisation of limited resource allocations. The Council will continue to identify future capital resources including a review of its own asset holding, the latter aiming to generate receipts to be reinvested into its capital resources. In addition the strategy seeks to minimise the level of unsupported borrowing where no additional source of income or saving can be identified to cover the ongoing revenue costs.

5.3 Capital Strategy

The Capital Strategy (Appendix 2) is concerned with, and sets the framework for, all aspects of the Council's capital expenditure over the 3 year period 2013-14 to 2015-16 – its planning, prioritisation, management and funding. It is closely related to, and informed by, the Council's Asset Management Plan and is an integral aspect of the Council's medium term service and financial planning process as reflected in the Medium Term Financial Strategy (MTFS). It is also essential that the strategy reflects the wider private sector investment into the overall regeneration of the area.

The key aims of the Capital Strategy are:

- how the Council identifies, programmes and prioritises capital requirements and proposals arising from the Asset Management Plan (AMP) and other related strategies;
- provide a clear context within which proposals are evaluated to ensure that all capital investment is targeted at meeting the Council's Vision, Aims and Priorities;
- consider options available to maximise funding for capital expenditure;
- identify the resources available for capital investment over the three year planning period;
- establish effective controls for the management of capital expenditure.

5.4 Treasury Management

The Treasury Management Strategy is detailed in Appendix 3 and sets out the expected

treasury operations for this period, linked to the Council's Medium Term Financial Strategy, Capital Strategy, Asset Management Plan and the Council's Corporate Plan. It is inextricably linked to delivering the Council's priorities and strategy. It contains four key legislative requirements:-

- The Treasury Management Strategy Statement which sets out how the Council's treasury service supports capital decisions, day to day treasury management and the limitations on activity through treasury prudential indicators. The key indicator is the Authorised Limit required by S3 of the Local Government Act 2003 and is in accordance with the CIPFA (Chartered Institute of Public Finance & Accountancy) Codes of Practice;
- The reporting of the prudential indicators for external debt and the treasury management prudential indicators as required by the CIPFA Treasury Management Code of Practice;
- The investment strategy which sets out the Council's criteria for choosing investment counterparties and limiting exposure to the risk of loss. This strategy is in accordance with the Department for Communities and Local Government (DCLG) Guidance on Local Government Investments updated in 2010. It is proposed to reduce the Council's minimum long term credit rating requirement from A to A- to enable investment with a wider group of counterparties whose credit standing has not changed but whose ratings are lower because more stringent tests are now applied by credit rating agencies;
- The Council's Minimum Revenue Provision (MRP) Policy, which sets out how the Council will pay for capital assets through revenue each year as required by Local Authorities (Capital Finance and Accounting) Regulations 2008.

Revised editions of the CIPFA Prudential Code for Capital Finance in Local Authorities and CIPFA Treasury Management Code of Practice were published in November 2011. The changes are largely regulatory updates and there is little material change affecting the Council. The Council has adopted the codes and the Treasury Management Strategy Statement 2013-14 reflects the updated codes.

One element of the revised Treasury Management Code is that the wording of the Treasury Policy Statement must be amended to include the reporting of financial instruments used to manage risks. The revised statement also now includes high level policies for borrowing and investments.

5.5 Information Technology

The ICT Strategy for 2013 to 2015 will be submitted to Cabinet separately. Its key components include implementing the conclusion of the Strategic Review of Social Care information systems in DASS and CYPD over the next year, starting the project investigating joining the Cheshire West and Cheshire East ICT Shared Service facility, and the investment in enhanced Broad Band facilities across the Wirral. In addition the Authority has begun the full Agile working programme for Council staff supported by ICT changes. This will facilitate working away from Wirral offices, supporting the use of mobile devices for staff working in the field, and reducing the need for office space by supporting hot desk working and secure working from remote locations. The strategy also plans for a refresh across the Council of obsolete equipment. This will make all staff more efficient and reduce the maintenance load on much of the desktop equipment.

5.6 Asset Management

After its staff the council's land and property is the next biggest resource. The Asset Management Plan is detailed in Appendix 4 which is vital to ensure that this resource is utilised and managed effectively and efficiently so that the council derives maximum benefit from its assets in support of its strategic aims and priorities, as well as use the asset base to shape and influence the quality of life for local people and businesses.

Assets will therefore only be retained where it can clearly be demonstrated that they:-

- contribute to the effective delivery of business provision (i.e. the condition and performance of the asset does not impede service delivery);
- support and meet the social, economic and environmental well-being objectives of the community;
- assist in the delivery of the Wirral's strategic, economic and regeneration objectives and/or;
- provide value for money (in respect of their current or future investment, capital value and/or ability to influence regeneration).

Where assets do not satisfy the above criteria consideration will be given to the asset either being better utilised, freeing up accommodation elsewhere or disposed.

The asset will be reviewed on a regular basis to challenge the retention of assets on the grounds stated above. A review of accommodation and buildings is on-going which, it is anticipated, will generate savings. A review of the rest of the operational estate has also recently commenced which will look at opportunities for the generation of capital receipts.

Key Challenges

In developing an asset management plan it will need to be flexible to take account of and accommodate a variety of factors and challenges which will impact on the future of the asset base. In summary these include:-

- The reduction in Local Government funding over the coming years and the year on year reduction in available revenue and traditional forms of grant funding;
- Changes in legislation;
- Global and national economic climate and the influence of the local property market;
- Protection of key front line services and better alignment of asset provision to service delivery;
- Growing gap between required investment in the asset base (to tackle maintenance backlog and known growth items) and the availability of funding. Further details of the current level of gap are set out in appendix 4;
- Maintain existing income levels from letting/use of Council premises by third parties.

6 Risk Management and Business Continuity

The MTFS demonstrates how financial planning over the medium term enables Wirral Council to invest in its priority services, and deliver its objectives within the resources available, whilst ensuring the sustainability of the Council's finances over future years. The degree of certainty about assumptions and figures reduces in relation to future years, so it is vital that the council has the flexibility to manage the risks of reduced funding and growing costs and demands.

Wirral Council is also budgeting to hold a suitable level of general balances, based on an assessment of the financial risks facing the authority. This is summarised in the above section on Balances and Reserves.

The level of risk is below the level of balances currently held, which is therefore deemed to be at an appropriate level. The level of balances and reserves will be reviewed on an ongoing basis. Whilst many budgets carry a low level of risk, assumptions concerning demand led services can prove to be inaccurate. Where overspending occurs, directorate monitoring procedures allow it to be identified and addressed at an early stage. These procedures may not be sufficient to mitigate all risk and a residual risk is recognised.

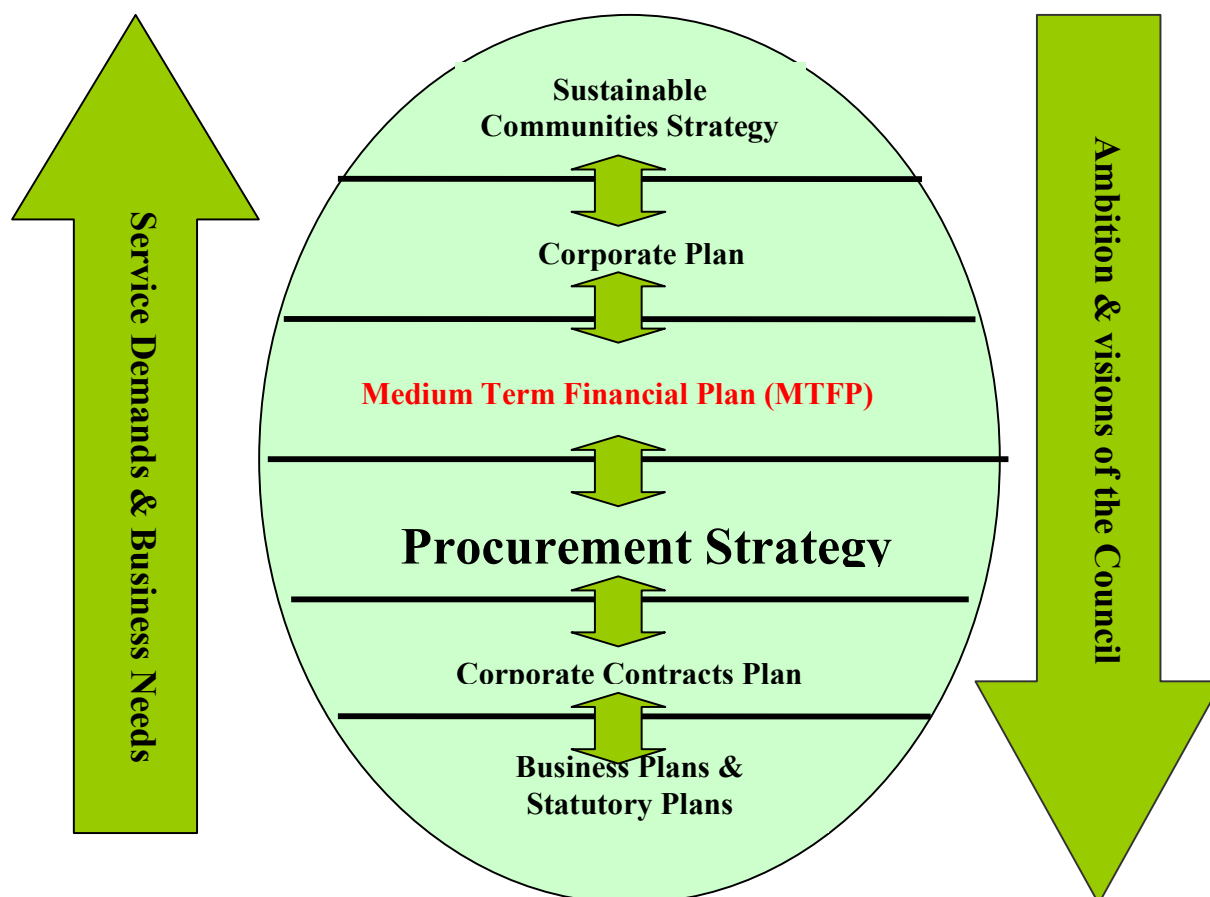
Anticipation of future demand and cost uncertainties are further mitigated by establishing earmarked reserves and drawing them down as need requires.

7 Procurement

7.1 Links to Key Strategies

The Corporate Procurement Strategy supports the Medium Term Financial Plan (which is itself underpinned by the Capital Strategy, Treasury Management Plan and Asset Management Plan).

The relationship and hierarchy between these strategies is set out below;



7.2 Efficiency

We are faced with a challenging local Government funding settlement and a major cut in Government grant at a time when demands on council services are increasing. Procurement and commissioning functions will deliver a significant proportion of the budget savings required to meet this challenge.

The vision to transform procurement to enable it to meet its challenging savings targets and sustainability agenda (in particular to support our local businesses) includes:-

- Ensuring that procurement is appropriately structured and has the critical mass to possess and retain the procurement expertise, commercial skills and market knowledge needed to maximise the opportunities to improve services and deliver savings and efficiencies from third party expenditure;
- The professional development of procurement staff;
- Developing the understanding and knowledge of strategic procurement of key Members and the staff;
- Training for transactional procurement staff to appreciate the intrinsic links between their roles and strategic procurement, to assist them to “close the loop” and help deliver service improvement;
- Make effective use of collaborative procurement when that is appropriate.

7.3 Savings strategy

We will deliver budget savings through procurement as set out in the Procurement Strategy. Further work is being undertaken to develop the Councils procurement activities as part of the budget setting process and combines opportunities identified through the analysis of third party expenditure and procurement themed budget proposals.

From this early analysis, deliverable savings opportunities will be produced for the 3 years of the MTF5. These target savings will be realistic and based on the knowledge that the Council has made year on year savings from procurement for a number of years. However it is anticipated that a higher % of savings can be delivered for specific categories of spend, and this will be reflected in the Procurement Strategy in future years.

To achieve the savings targets there will have to be a number of work streams set up which will:-

- Greatly improve the visibility of spend data and the joint ownership of savings initiatives;
- Develop the procurement functionality within the Council’s financial system;
- Introduce category and contract strategies that will benefit the Council;
- Reduce commodity and contract costs and prices;
- Value engineer specifications in conjunction with budget holders;
- Deliver early procurement involvement in “make or buy” decisions;
- Obtain added value or additional services for the same or lower price;
- Source lower cost or economically more advantageous products and services;
- Renegotiate contracts with existing providers to deliver savings and greater efficiencies and improve services;
- Rationalise the supply base;
- Decommissioning of low priority and non essential activity having regard to local priorities and customer expectations;
- Achieve compliance with corporate contracts and corporate procurement policies and procedures;
- Make the best use of collaborative procurement opportunities, and existing framework agreements;
- Simplify the purchase to pay process;
- Reduce procurement transaction costs;
- Improve commissioning and procurement knowledge across the Council.

7.4 Sustainable Procurement

Sustainable procurement needs to be considered in its fullest context and at the very earliest opportunity in the commissioning and procurement cycle.

Not only should we consider the impact of our requirements on the environment, but also we need to look at the opportunities to sustain local communities and to create a thriving business sector. The Corporate Procurement Strategy addresses both issues directly, and there is a commitment to increase opportunity for local and SME businesses to compete for Council contracts through the increased visibility of those opportunities and the development of a risk based approach to the procurement process.

8 Consultation

As part of the preparation of the budget for 2013-14 the Council has consulted on its budget proposals, What Really Matters, to achieve the required savings target included in the MTF5 by a number of means including:-

- Public consultation sessions with over 100 events were held at many locations throughout the borough, including supermarkets, community centres and libraries;
- A programme of direct engagement events;
- Online communications with emails being sent to Wirral residents;
- Council website also via social media, as well as partner and community owned websites;
- Regular communications were also provided via local and regional media organisations;
- Statutory consultation with the voluntary, community and faith organisations;
- What Really Matters Consultation Phases1 & 2;
- Use of a dedicated email address to ask questions and put forward comments/ suggestions;
- Staff consultation via meetings;
- Trades Union Consultation via meetings with representatives;
- Scrutiny of budget proposals by Overview and Scrutiny Committees;
- Consultation on specific service budget proposals as necessary.

Appendices

Appendix 1	Population Trends
Appendix 2	Capital Strategy
Appendix 3	Treasury Management
Appendix 4	Asset Management Plan

Population projections and deprivation briefing for Wirral: November 2012

Sub-National Population Projections produced by the Office for National Statistics (ONS) are one of the main determinants of future funding from central Government.

Population projections have not yet been produced which take into account the results of the 2011 Census (they are only produced every 2 years or so and were last produced in 2010). As the most current projections are based on Mid-Year 2010 figures, it is now thought that they have under-estimated Wirral's population (based on the preliminary information released from the Census so far).

ONS have predicted a 5.68% increase in the population of Wirral by 2031. This contrasts with significantly larger increases for England and the North-West overall, which are projected to increase by 14% and 12% respectively over the same period.

Wirral appears to show a similar increase to that of Merseyside overall and some Industrial Hinterlands* near statistical neighbours Sefton and Kingston-upon-Hull (but is noticeably different from other neighbour Redcar & Cleveland in the North-East which is projected to lose 2.33% of its population by 2031).

See Table 1 for figures (shown in thousands).

Table 1: Percentage change in population 2011 to 2031 (using 2010 ONS estimates)

	2011	2016	2021	2026	2031	2011-31 % Change
England	52655.4	54909.8	57020.4	58982.8	60751.1	14.05
North West	6980.2	7204.4	7423.2	7623.9	7800.0	12.41
Merseyside	1356.3	1377.3	1399.3	1420.2	1439.1	6.40
Wirral	310.4	314.5	319.5	323.9	327.3	5.68
Sefton*	275.0	276.9	280.1	283.4	286.3	4.15
Redcar & Cleveland*	137.1	136.4	135.9	135.1	134.0	-2.33
Kingston upon Hull*	259.5	264.0	267.4	270.8	274.4	6.07

* Industrial Hinterlands Group is one of seven groupings devised by the Office of National Statistics to classify areas using indicators from the Census such as employment and housing. The groupings enable more relevant comparisons to be made between demographically similar areas.

The information shown in Table 1 above is also shown in Figure 1 below.

Figure 1: Population Projections (percentage increases) for England, North-West, Merseyside, Wirral and three Industrial Hinterlands* comparators, 2011-2031

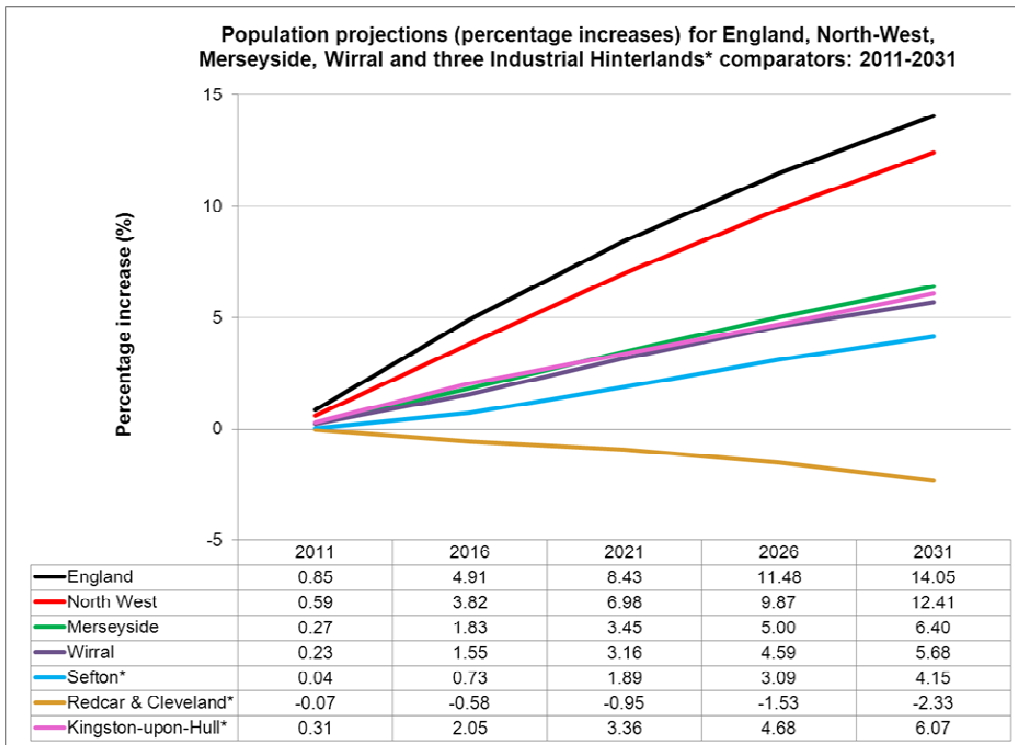
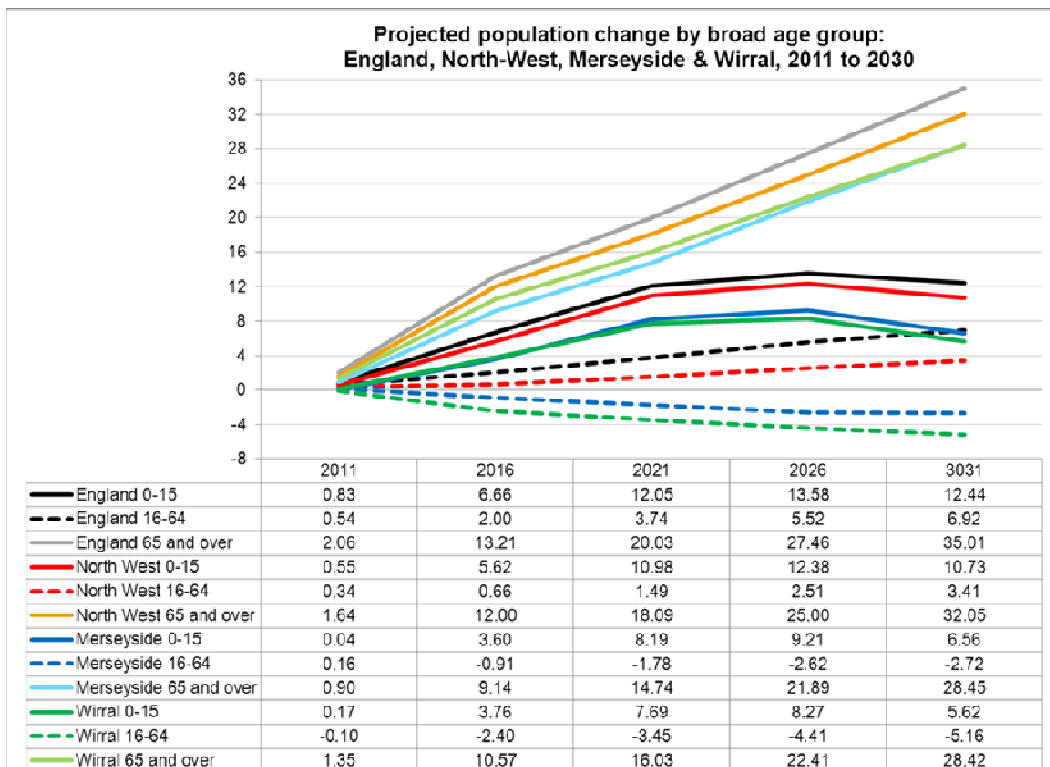


Figure 1 shows all ages, the considerable variation by age group is shown in Figure 2 below.

Figure 2: Projected population change by broad age group: England, North-West, Merseyside & Wirral, 2011-2031

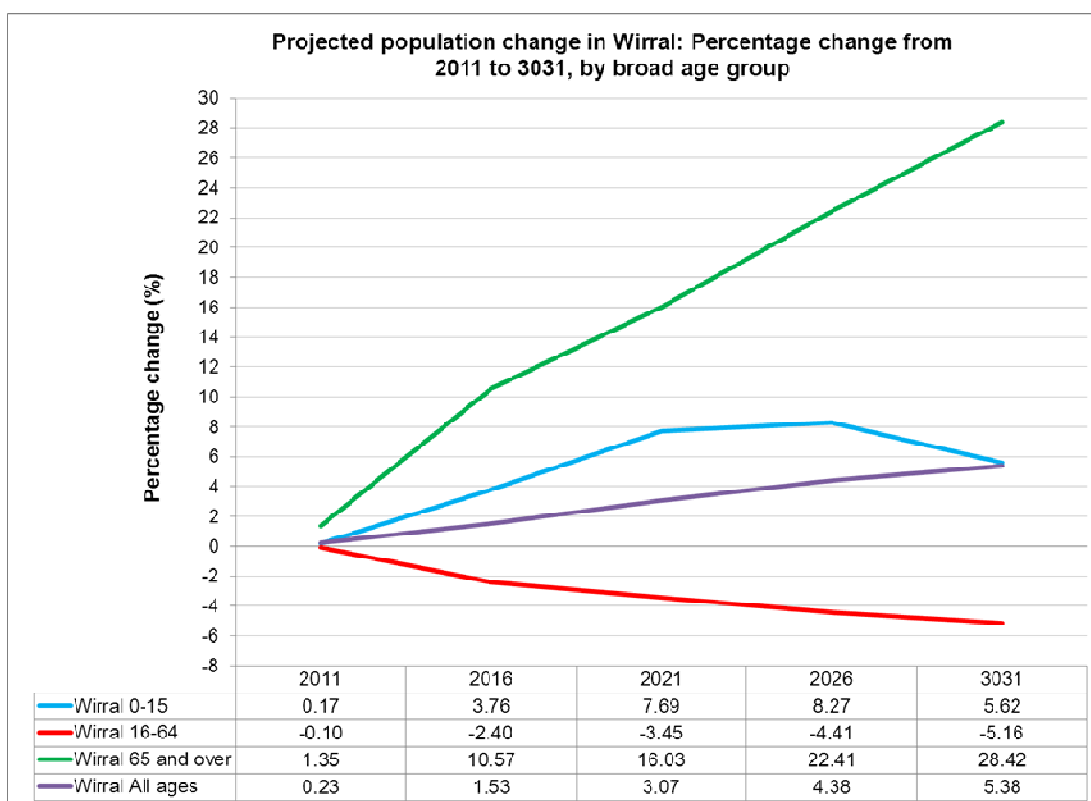


As Figure 2 above shows, population change looks considerably different when split by broad age group. It can be seen very clearly, that even in England and the North-West, most of the projected increase in population will be amongst those aged 65+.

The population of younger people aged 0-15 is expected to rise slightly, but then tail off again after 2026 in all the areas and regions shown.

A striking feature of these projections is the percentage decrease in Wirral (and Merseyside overall) in the working age population of those aged 16 to 64 (shown by the broken lines). In Wirral, there is projected to be a 5.16% decrease in this population, compared to a 2.72% decrease in Merseyside, a 6.92% increase in England and a 3.41% increase in the North West. Figure 3 below, shows these percentage changes just for Wirral (for clarity).

Figure 3: Projected population change by broad age group (Wirral only): 2011-2031



Overall, the population of Wirral (and Merseyside) has been declining since the 1980's (1982 was the year used as baseline for Figure 4 below). The North-West also saw a declining population over this time period, but as of 2010, experienced a slight population increase.

England overall saw steady increases in its population over the time period, with a percentage increase of 12% between 1985 and 2010. See Figure 4 below.

Figure 4: Percentage change in population of England, North-West, Merseyside & Wirral: 1985-2010

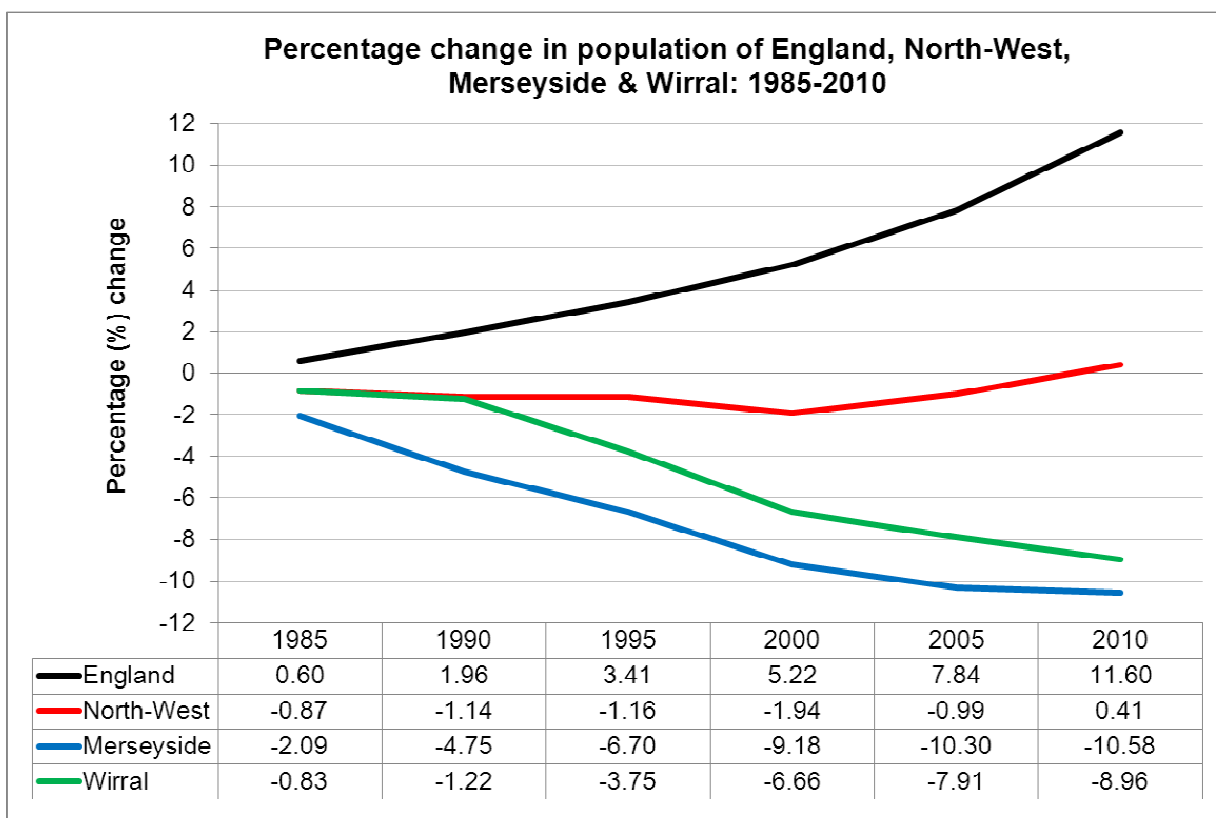


Figure 5: Trend in population density in England, North-West & Wirral: 1981-2011 (persons per Mile²)

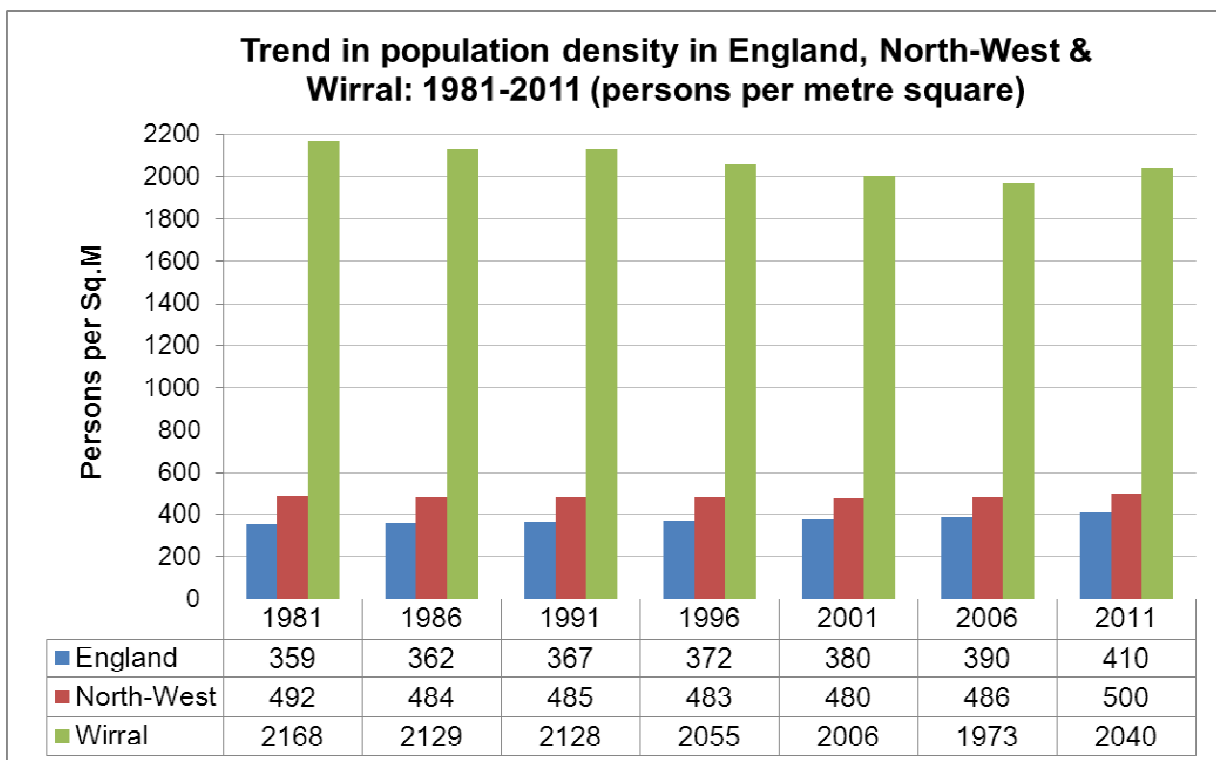


Figure 5 above shows the trend in population density over time in Wirral, England and the North-West. As the charts shows, although Wirral is much more densely populated than England and the North-West overall, the area still showed a decline during the 1980's and 1990's in population density, but this now seems to be reversing.

It is still much less densely populated than other areas of Merseyside however, with the Liverpool area for example, having a population density of 4,000+ persons per mile square.

Future projections

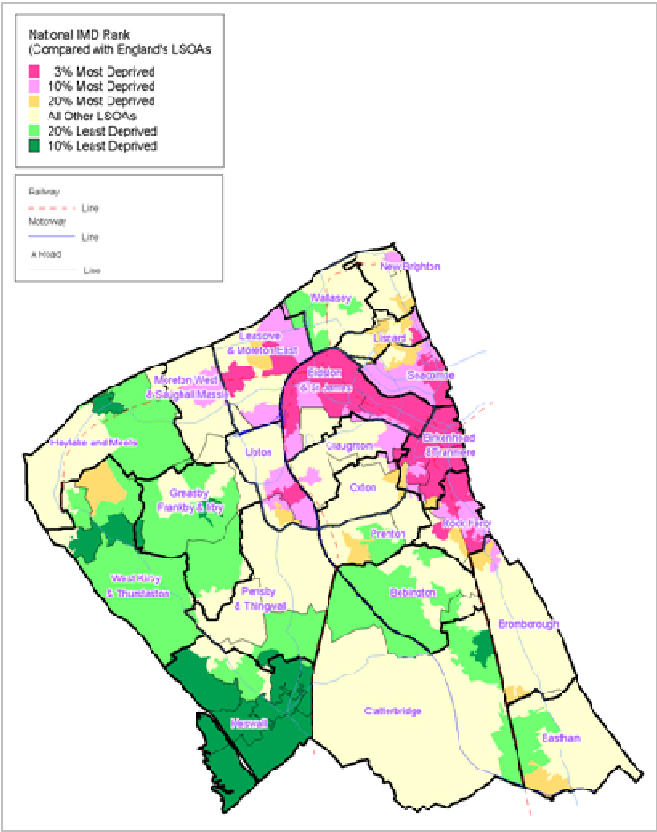
The results of the 2011 Census are expected to be released in stages during 2013. Some very basic information has already been released, which as mentioned before, appears to show that ONS have been *under*-estimating the Wirral population in recent years.

Deprivation

The Index of Multiple Deprivation (IMD) is a measure of relative deprivation at a small area level. It is an important tool to identify disadvantaged areas so that policy makers can target limited resources where they are most needed.

Deprivation covers a broad range of issues and refers to unmet need caused by a lack of resources of all kinds, not just financial resources. Map 1 one below shows deprivation in Wirral as classified by the IMD in 2010.

Map 1: Deprivation according to the IMD 2010 in Wirral (overlaid with ward boundaries)



Map1 (left) shows the distribution of deprivation in Wirral visually. As the map shows, the majority of the areas of acute deprivation are in Bidston & St. James and Birkenhead & Tranmere wards.

Rock Ferry and Seacombe wards also have a large number of very deprived LSOAs.

There are also several areas in south and west Wirral (Acre Lane area of Bromborough, part of Eastham and area around Anglesea Road in West Kirby) which fall into the 20% most deprived, but generally speaking, there is a north & east/west & south split in Wirral with regard to deprivation.

The majority of the least deprived areas of Wirral are in Heswall ward (Gayton and Heswall) with some other pockets in West Kirby & Thurstaston ward (Caldy area), Hoyle ward and Clatterbridge ward.

The IMD attempts to capture deprivation in its broadest sense, using seven distinct 'domains'. These 'domains' (or different dimensions of deprivation) which together make up the overall IMD are: income, employment, education & skills & training, health deprivation and disability, barriers to housing and services, crime and living environment.

Table 2 below, shows how many of the 207 Lower Super Output Areas (LSOAs) in Wirral fall into the most deprived 1%, 10% and 20% in England on each of the seven separate domains.

Table 2: Number of Wirral LSOAs classified as being amongst the 1%, 10% and 20% most deprived nationally, by IMD 2010 domain

IMD Domain	Number of LSOAs		
	In most deprived 1%	In most deprived 10%	In most deprived 20%
Income	13	45	67
Employment	21	63	89
Education, Skills & Training	1	17	41
Health Deprivation & Disability	16	62	90
Barriers to Housing & Services	0	0	2
Crime	0	3	9
Living Environment	0	27	52

Note: LSOAs compared on rank in each domain. Those ranking 1-324 classed as most deprived 1%, 325-3,248 ranked in most deprived 10% 3,249-6,496 ranked in most deprived 20%.

As Table 2 shows, Wirral performs particularly poorly on three domains (Employment, Health Deprivation & Disability and Income), with a large number of LSOAs (out of the total of 207) falling into the most deprived 1%, 10% and 20% nationally.

Wirral performs fairly well or is similar to England averages on the remaining four domains of Barriers to Housing and Services, Crime, Living Environment and Education. These domains are less heavily weighted than the Income, Employment and Health & Disability domains however.

As the IMD is heavily weighted toward the Income and Employment domains (together they make up 45% of the overall IMD), this goes a long way to explaining the poor performance of the borough on the overall IMD and its classification as being one of the 20% most deprived areas in England.

Strategy to be included following Budget Cabinet 18 February 2013.



Wirral Council's Treasury Management and Investment Strategy 2013-2016

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1. Background
2. Capital Financing Requirement
3. Borrowing Strategy
4. Annual Investment Strategy
5. Outlook for Interest Rates
6. Policy on Delegation
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8. 2013/14 Minimum Revenue Provision Statement
9. Performance Monitoring and Reporting

APPENDICES

- A. Treasury Management Policy Statement
- B. Existing Investment and Debt Portfolio Position
- C. Specified and Non-Specified Investments
- D. Prudential Indicators 2013/14 – 2015/16
- E. Arlingclose's Economic and Interest Rate Outlook
- F. Authorised Signatories

1. BACKGROUND

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

1.2 Wirral Council defines its treasury management activities as:

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

1.3 The Council will create and maintain, as the cornerstones for effective treasury management:

- A treasury management policy statement (see Appendix A), stating the policies, objectives and approach to risk management of its treasury management activities.
- Suitable treasury management practices (TMPs), setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

1.4 Treasury Management is about the management of risk. The Council is responsible for its treasury decisions and activity. No treasury management activity is without risk.

1.5 As per the requirements of the Prudential Code, the Authority has adopted the CIPFA Treasury Management. All treasury activity will comply with relevant statute, guidance and accounting standards.

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

- Treasury Management Strategy for 2013/14 (including the adoption of the revised CIPFA Treasury Management Code of Practice).
- Annual Investment Strategy for 2013/14
- Minimum Revenue Provision (MRP) Statement
- Treasury Management Policy Statement
- Prudential Indicators for 2013/14, 2014/15 and 2015/16
- Authorised Signatories for Treasury Management Activity

2. CAPITAL FINANCING REQUIREMENT

- 2.1 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR). The CFR, together with Usable Reserves are the core drivers of treasury management activity.
- 2.2 The Authority's current level of debt and investments are set out in Appendix B.
- 2.3 The Authority is able to borrow funds in excess of the current level of its CFR up to the projected level in 2015/16. The Authority is likely to only borrow in advance of need if it felt the benefits of borrowing at interest rates now compared to where they are expected to be in the future, outweighs the current cost and risks associated with investing the proceeds until the borrowing was actually required.
- 2.4 The forecast movement in the CFR in coming years is one of the Prudential Indicators (PIs). The movement in actual external debt and usable reserves combine to identify the Authority's borrowing requirement and potential investment strategy in the current and future years.

Table 1: Balance Sheet Summary Analysis

	31-Mar-13 Estimate £m	31-Mar-14 Estimate £m	31-Mar-15 Estimate £m	31-Mar-16 Estimate £m
Capital Financing Requirement (CFR)	371	365	349	332
Less: Existing Profile of Borrowing and Other Long Term Liabilities	307	273	257	248
Cumulative Maximum External Borrowing Requirement	64	92	92	84
Usable Reserves	95	60	50	40
Cumulative Net Borrowing Requirement / (Investments)	(31)	32	42	44

- 2.5 Table 1 shows that the capital expenditure plans of the Authority over the next three years cannot be funded entirely from other sources and external borrowing would eventually be required.

3. BORROWING STRATEGY

3.1 Treasury management and borrowing strategies in particular continue to be influenced not only by the absolute level of borrowing rates but also the relationship between short and long term interest rates. The interest rate forecast, provided in Appendix E, indicates that an acute difference between short and longer term interest rates is expected to continue for the foreseeable future. This difference creates a “cost of carry” for any new longer term borrowing. Cost of carry is the difference between what is paid on the borrowing and the investment income that can be earned while the borrowed monies are temporarily held as investments until needed to fund capital expenditure. Whilst the cost of carry can be assumed to be a reasonably short term issue, since borrowing is often for longer dated periods (anything up to 50 years), it cannot be ignored against a backdrop of uncertainty and affordability constraints in the Authority’s wider financial position.

3.2 As indicated in Table 1, the Authority has a gross borrowing requirement, with an underlying potential to borrow, from internal or external sources, of up to £92m in 2013/14. The Authority will adopt a flexible approach to this borrowing in consultation with its treasury management advisers. The following issues will be considered prior to undertaking any external borrowing:

- Affordability;
- Maturity profile of existing debt;
- Interest rate and refinancing risk;
- The borrowing source.

Borrowing source

3.3 In conjunction with advice from Arlingclose, the Authority will keep under review the following borrowing sources:

- Internal
- PWLB
- Local authorities
- Commercial banks
- European Investment Bank
- Capital market (stock issues, commercial papers and bills)
- Structured finance
- Leasing

3.4 At present, the PWLB remains the Council’s preferred source of borrowing given the transparency and control that its facilities continue to provide

Type of borrowing

3.5 As the cost of carry remains high there is a greater reliance upon shorter dated and variable rate borrowing. This type of borrowing injects volatility into the debt portfolio in terms of interest rate risk but is counterbalanced by its affordability and alignment of borrowing costs with investment returns. The Authority’s exposure to shorter dated and variable rate borrowing is kept under regular review by reference to the spread between variable rate and longer term borrowing costs. A narrowing in the spread by 0.5% will result in an immediate

review of the borrowing strategy to determine whether the exposure to short dated and variable rates is maintained or altered.

LOBOs

- 3.6 The Authority has £171m of exposure to LOBO loans (Lender's Option Borrower's Option) of which £161m of these can be called within 2013/14. A LOBO is called when the Lender exercises its rights to amend the interest rate on the loan at which point the Borrower can accept the revised terms or reject them and repay the loan. LOBO loans present a potential refinancing risk to the Authority since the decision to call a LOBO is entirely at the lender's discretion.
- 3.7 Any LOBOs called will be discussed with Arlingclose prior to acceptance of any revised terms. The default position will be the repayment of the LOBO without penalty i.e. the revised terms will not be accepted.

Debt Rescheduling

- 3.8 The Authority's debt portfolio can be restructured by prematurely repaying loans and refinancing them on similar or different terms to achieve a reduction in risk and/or savings in interest costs.
- 3.9 The lower interest rate environment and changes in the rules regarding the premature repayment of PWLB loans has adversely affected the scope to undertake meaningful debt restructuring although occasional opportunities arise. The rationale for undertaking debt rescheduling would be one or more of the following:
- Savings in risk adjusted interest costs
 - Rebalancing the interest rate structure of the debt portfolio
 - Changing the maturity profile of the debt portfolio
- 3.10 The affordability, prudence and sustainability of borrowing plans will be regulated by a range of Prudential Indicators, which can be found in Appendix D.
- 3.11 Borrowing and rescheduling activity will be reported to Cabinet in the Annual Treasury Management Report and the regular treasury management reports.

4. ANNUAL INVESTMENT STRATEGY

- 4.1 In accordance with Investment Guidance issued by the CLG and best practice this Authority's primary objective in relation to the investment of public funds remains the security of capital. The liquidity or accessibility of the Authority's investments followed by the yields earned on investments are important but are secondary considerations.
- 4.2 The Authority and its advisors remain on a heightened state of alert for signs of credit or market distress that might adversely affect the Authority.
- 4.3 Investments are categorised as 'Specified' or 'Non Specified' investments based on the criteria in the CLG Guidance. Specified investments are sterling denominated investments with a maximum maturity of one year. They would also not be deemed capital expenditure investments under Statute. Non-specified investments are effectively, everything else. Both types of investment would have to meet the high credit quality as determined by the Authority.
- 4.4 The types of investments that will be used by the Authority and whether they are specified or non-specified are as follows:

Table 2: Specified and Non Specified Investments

Investments	Specified	Non-Specified
Term deposits with banks & building societies	✓	✓
Term deposits with other UK local authorities	✓	✓
Investments with Registered Providers	✓	✓
Certificates of deposit with banks & building societies	✓	✓
Gilts	✓	✓
Treasury Bills (T-Bills)	✓	✗
Bonds issued by Multilateral Development Banks	✓	✓
Local Authority Bills	✓	✗
Commercial Paper	✓	✗
Corporate Bonds	✓	✓
AAA rated Money Market Funds	✓	✗
Other Money Market and Collective Investment Schemes	✓	✓
Debt Management Account Deposit Facility	✓	✗
Investments with other organisations ¹	✗	✓

¹ *Subject to an external credit assessment and specific advice from Arlingclose*

Further information regarding Specified and Non-Specified Investments can be found in Appendix C.

- 4.5 Two changes have been implemented to investment strategy for 2013/14 in response to evolving conditions in financial markets. This has resulted in the inclusion of 'Registered Providers' (RPs) and 'Investments with Other Organisations'. Investments with RPs will be analysed on an individual basis and discussed with Arlingclose prior to investing. 'Investments with Other Organisations' would include investment opportunities with small and medium sized enterprises and other businesses across the UK. Due to perceived higher credit risks of such organisations, considerably higher rates of return may be offered. An external credit assessment will be undertaken and advice from Arlingclose will be sought (where available) before any investment decision is made.
- 4.6 The Authority and its advisors, Arlingclose Ltd, select countries and financial institutions after analysis and ongoing monitoring of:
- Published credit ratings for financial institutions - **minimum long term rating of A- or equivalent for counterparties; AA+ or equivalent for non-UK sovereigns**. Counterparties with a credit rating of A- are defined as having high credit quality, low credit risk and a strong ability to repay.
 - Credit Default Swaps (where quoted)
 - Economic fundamentals (for example Net Debt as a percentage of GDP)
 - Sovereign support mechanisms
 - Share Prices
 - Corporate developments, news, articles, markets sentiment and momentum
 - Subjective overlay – or, put more simply, common sense.
- 4.7 Any institution can be suspended or removed should any of the factors identified above give rise to concern.
- 4.8 It remains the Authority's policy to make exceptions to counterparty policy established around credit ratings, but this is conditional and directional. What this means is that an institution that meets criteria may be suspended, but institutions not meeting criteria will not be added.
- 4.9 The Authority banks with Lloyds TSB Bank Plc. Lloyds started providing the Authority's banking service at the start of December 2012, following a competitive procurement exercise. At present Lloyds meets the proposed minimum credit criteria of A-. If the credit rating of Lloyds or any other bank supplying the main banking services did fall below the Authority's minimum credit criteria, the bank would continue to be used for short term liquidity requirements (overnight and weekend investments) and business continuity arrangements.
- 4.10 With short term interest rates forecast to remain low, an investment strategy would typically propose a lengthening of investment periods, where cash flow permits, in order to lock in higher rates of acceptable risk adjusted returns. The problem in the current environment is finding an investment counterparty providing acceptable levels of risk.
- 4.11 In order to diversify an investment portfolio largely invested in cash, investments will be placed with a range of approved investment counterparties to achieve a diversified portfolio of prudent counterparties, investment periods and rates of

return. Maximum investment levels with each counterparty will be set to ensure prudent diversification is achieved.

Money Market Funds

- 4.12 Money market funds (MMFs) are pooled funds that invest in short-term debt instruments. They provide the benefits of pooled investment, as investors can participate in a more diverse and high quality portfolio than they otherwise could. The principal objective of a MMF is the preservation of capital, very high liquidity and competitive returns commensurate with security and liquidity. MMFs will be utilised but good treasury management practice prevails and whilst MMFs provide good diversification the Authority will also seek to diversify any exposure by utilising more than one MMF. The Authority will also seek to restrict its exposure to MMFs with lower levels of funds under management and will not exceed 0.5% of the net asset value of the MMF. In the case of Government Liquidity Funds, the Council's exposure to a Fund will not exceed 2%.

Pooled Funds

- 4.13 The Authority has evaluated the use of Pooled Funds and determined the appropriateness of their use within the investment portfolio. Pooled funds enable the Authority to diversify the assets and the underlying risk in the investment portfolio and provide the potential for enhanced returns.
- 4.14 Investments in pooled funds will be undertaken with advice from Arlingclose Ltd. The Authority's current investments in pooled funds (other than MMFs) are with the Payden and Rygel Sterling Reserve Fund: their performance and continued suitability in meeting the Authority's investment objectives are regularly monitored.

Derivative Instruments

- 4.15 Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the Localism Act 2011 removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment). The CIPFA Code requires authorities to clearly detail their policy on the use of derivatives in the annual strategy
- 4.16 The Authority will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Authority is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.
- 4.17 Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a

derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.

- 4.18 The local authority will only use derivatives after seeking expertise, a legal opinion and ensuring officers have the appropriate training for their use.

Debt Management Office

- 4.19 In any period of significant stress in the markets, the default position is for investments to be made with the Debt Management Office or UK Treasury Bills. (The rates of interest from the DMADF are below equivalent money market rates, but the returns are an acceptable trade-off for the guarantee that the Council's capital is secure.)
- 4.20 The Director of Resources, under delegated powers, will undertake the most appropriate form of investments in keeping with the investment objectives, income and risk management requirements and Prudential Indicators. Decisions taken on the core investment portfolio will be reported to Cabinet meetings.

5. INTEREST RATE FORECAST

- 5.1 The economic interest rate forecast provided by the Authority's treasury management advisor is attached at Appendix E. The Authority will reappraise its strategies from time to time in response to evolving economic, political and financial events.

6. POLICY ON DELEGATION

- 6.1 The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to Cabinet, and for the execution and administration of treasury management decisions to the Director of Resources who will act in accordance with the Council's Strategy Statement, Treasury Management Practices (TMPs) and CIPFA's Standard of Professional Practice on Treasury Management.
- 6.2 On a day to day basis the Treasury Management Team within the Accountancy Section carries out the treasury management activities.
- 6.3 Decisions on short term investments and short term borrowings may be made on behalf of the Director of Resources by the Group Accountant for Treasury Management or any of the members of the Treasury Management Team who are empowered to agree deals subject to their conforming to the Authority's Treasury Management Strategy and policies outlined in this report.
- 6.4 Actual authorisation of payments from the Authority's bank account will be made by those listed in Appendix F.
- 6.5 Decisions on long term investments or long term borrowings (i.e. for periods greater than one year) may be made on behalf of the Director of Resources by the Group Accountant or the Senior Assistant Accountants on the Treasury Management Team and will be reported to Cabinet.

- 6.6 All officers will act in accordance with the policies contained within this document.
- 6.7 The Council nominates the Council Excellence Overview and Scrutiny Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

7. BALANCED BUDGET REQUIREMENT

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

8. 2013/14 MRP STATEMENT

- 8.1 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 (SI 2008/414) place a duty on local authorities to make a prudent provision for debt redemption. Guidance on Minimum Revenue Provision has been issued by the Secretary of State and local authorities are required to “have regard” to such Guidance under section 21(1A) of the Local Government Act 2003.

- 8.2 The four MRP options available are:

Option 1: Regulatory Method
Option 2: CFR Method
Option 3: Asset Life Method
Option 4: Depreciation Method

NB this does not preclude other prudent methods

- 8.3 MRP in 2013/14: Options 1 and 2 may be used only for supported expenditure. Methods of making prudent provision for self financed expenditure include Options 3 and 4 (which may also be used for supported expenditure if the Council chooses).
- 8.4 The MRP Statement will be submitted to Council before the start of the 2013/14 financial year. If it is ever proposed to vary the terms of the original MRP Statement during the year, a revised statement should be put to Council at that time.
- 8.5 The Council will apply Option 1 in respect of supported capital expenditure and Option 3 in respect of unsupported capital expenditure.
- 8.6 For prudence, when Option 3, the asset life method, is applied to the funding of an asset with a life greater than 25 years the Council will apply a default asset life of 25 years. Estimating assets lives over 25 years is difficult to achieve accurately; therefore, using a default of 25 years is considered the most prudent approach and is in keeping with the Regulations.
- 8.7 MRP in respect of PFI and leases brought on Balance Sheet under International Financial Reporting Standards (IFRS) will also be calculated using Option 3 and will match the annual principal repayment for the associated deferred liability.

9. PERFORMANCE MONITORING AND REPORTING

- 9.1 The Council will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close in the form prescribed in its TMPs.
- 9.2 To ensure adherence to this, the Director of Resources will report to Cabinet on treasury management policies, practices and activities activity / performance as follows:
- Quarterly against the strategy approved for the year.
 - The Council will produce an Outturn Report on its treasury activity no later than 30 September after the financial year end.
 - Council Excellence Overview and Scrutiny Committee will be responsible for the scrutiny of treasury management activity and practices.

10. TREASURY ADVISORS

- 10.1 The Authority continues to use Arlingclose Ltd. for external, independent treasury management advice. With approval from Corporate Procurement, an extension to the contract with Arlingclose was agreed, which runs until 31st March 2014.
- 10.2 Arlingclose provide the following services:
- Credit advice
 - Investment advice
 - Technical advice
 - Economic & interest rate forecasts
 - Workshops and training events

The Treasury Management Team within Accountancy monitor the quality of the service provided.

APPENDIX A

TREASURY MANAGEMENT POLICY STATEMENT

1. Introduction and background

- 1.1 The Council adopts the key recommendations of CIPFA's Treasury Management in the Public Services: Code of Practice (the Code), as described in Section 5 of the Code.
- 1.2 Accordingly, the Council will create and maintain, as the cornerstones for effective treasury management:-
 - A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities
 - Suitable treasury management practices (TMPs), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.
- 1.3 The Council (i.e. full Council) will receive reports on its treasury management policies, practices and activities including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs.
- 1.4 The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to Cabinet, and for the execution and administration of treasury management decisions to the Director of Resources who will act in accordance with the Council's Strategy Statement, Treasury Management Practices (TMPs) and CIPFA's Standard of Professional Practice on Treasury Management.
- 1.5 The Council nominates the Council Excellence Overview and Scrutiny Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

2. Policies and objectives of treasury management activities

- 2.1 The Council defines its treasury management activities as:

“The management of the Council's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”
- 2.2 This Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.
- 2.3 This Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is

therefore committed to the principles of achieving value for money in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.

- 2.4 The Council's borrowing will be affordable, sustainable and prudent and consideration will be given to the management of interest rate risk and refinancing risk. The source from which the borrowing is taken and the type of borrowing should allow the Council transparency and control over its debt.
- 2.5 The Council's primary objective in relation to investments remains the security of capital. The liquidity or accessibility of the Authority's investments followed by the yield earned on investments remain important but are secondary considerations.

APPENDIX B

EXISTING INVESTMENT & DEBT PORTFOLIO POSITION

	Current Portfolio as at 31 Dec 12 £m
External Borrowing:	
Fixed Rate – PWLB	80
Fixed Rate – Market	170
Variable Rate – PWLB	0
Variable Rate – Market	0
Total External Borrowing	250
Other long-term liabilities:	
PFI	59
Finance Leases	2
Total Other Long-Term Liabilities	61
Total External Debt	311
Investments:	
<i>Managed in-house</i>	
Deposits with Banks and Building Societies	49
Deposits with Money Market Funds	3
Deposits with other Public Sector Bodies	39
Deposits in Supranational Bonds and Gilts	8
<i>Managed externally</i>	
Payden Sterling Reserve	1
Total Investments	100
Net Borrowing Position	211

APPENDIX C

Specified Investments

New specified investments will be made within the following limits:

Instrument	Country/ Domicile	Counterparty	Maximum Counterparty Limits £m
Term Deposits	UK	Debt Management Account Deposit Facility (DMADF), Debt Management Office (DMO)	No limit
Term Deposits Call Accounts	UK	Other UK Local Authorities	Maximum of 15% per authority
Term Deposits Call Accounts Certificates of Deposit	UK and Non- UK	Counterparties rated at least A- (or equivalent) Long Term in the UK and select non-UK countries with a Sovereign Rating of at least AA+	Maximum of 15% per counterparty
Gilts	UK	DMO (Debt Management Office)	Maximum of 25% of portfolio
T-Bills	UK	DMO (Debt Management Office)	Maximum of 100% of portfolio
Money Market Funds	UK/Ireland/ Luxembourg domiciled	Constant Net Asset Value (CNAV) MMFs Variable Net Asset Value (VNAV) MMFs	Maximum of 10% of portfolio per MMF
Other MMFs and CIS	UK/Ireland/ Luxembourg domiciled	Pooled funds which meet the definition of a Collective Investment Scheme per SI 2004 No 534 and subsequent amendments	Maximum of 10% of portfolio per fund/scheme

Non-Specified Investments

Instrument	Maximum maturity	Max %/£M of portfolio	Capital expenditure?
Term deposits with banks, building societies which meet the specified investment criteria (on advice from TM Adviser)	<i>2 years</i>	15% per Counterparty	No
Term deposits with local authorities	<i>5 years</i>	15% per Counterparty	No
CDs and other negotiable instruments with banks and building societies which meet the specified investment criteria (on advice from TM Adviser)	<i>5 years</i>	15% per Counterparty	No
Investments with organisations which do not meet the specified investment criteria (subject to an external credit assessment and specific advice from TM Adviser)	<i>3 months</i>	<i>£5m per counterparty</i>	No
	<i>1 year</i>	<i>£1m per counterparty</i>	No
	<i>2 years</i>	<i>£1m per counterparty</i>	Yes/no ¹
Deposits with registered providers	<i>3 years</i>	15% per Counterparty	No
Gilts	<i>5 years</i>	25% per Counterparty	No
Bonds issued by multilateral development banks	<i>5 years</i>	15% per Counterparty	No
Sterling denominated bonds by non-UK sovereign governments	<i>5 years</i>	15% per Counterparty	No

¹ Depending on the nature of the transaction with the third party
Version as at 8.2.2013

Money Market Funds and Collective Investment Schemes	These funds do not have a defined maturity date	15% per fund	No
Corporate and debt instruments issued by corporate bodies purchased from 01/04/12 onwards	3 years	15% per Counterparty	No
Collective Investment Schemes (pooled funds) which do not meet the definition of collective investment schemes in SI 2004 No 534 or SI 2007 No 573 and subsequent amendments	These funds do not have a defined maturity date	15% per fund	Yes

APPENDIX D

PRUDENTIAL INDICATORS 2013/14 – 2015/16

1. Background

There is a requirement under the Local Government Act 2003 for local authorities to have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities (the "Prudential Code") when setting and reviewing their Prudential Indicators. In 2011 the CIPFA Prudential Code was revised and the changes have been incorporated into the Prudential Indicators below.

2. Estimates of Capital Expenditure

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

Table A:

	2012/13 Approved £000	2012/13 Revised £000	2013/14 Estimate £000	2014/15 Estimate £000	2015/16 Estimate £000
Capital Expenditure	41,978	49,185	41,808	10,787	1,385

Capital expenditure is expected to be financed and funded as follows:

Capital Financing	2012/13 Approved £000	2012/13 Revised £000	2013/14 Estimate £000	2014/15 Estimate £000	2015/16 Estimate £000
Supported Borrowing	0	0	0	0	0
Unsupported Borrowing	9,035	13,175	11,985	1,818	357
Capital Receipts	3,000	3,000	400	0	0
Capital Grants	29,643	30,562	29,423	8,969	1,028
Revenue Contribution	300	2,448	0	0	0
Total Financing and Funding	41,978	49,185	41,808	10,787	1,385

3. Incremental Impact of Capital Investment Decisions:

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

Table B:

Incremental Impact of Capital Investment Decisions	2012/13 Approved £	2013/14 Estimate £	2014/15 Estimate £	2015/16 Estimate £
Increase in Band D Council Tax	5.30	8.61	4.53	1.23

4. **Ratio of Financing Costs to Net Revenue Stream**

The estimate for interest payment in 2013/14 is £14m and for interest receipts is £1m. The ratio of financing costs to the Council's net revenue stream is an indicator of affordability. It highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of revenue budget required to meeting borrowing costs. The ratio is based on costs net of investment income.

Table C:

Ratio of Finance Costs to net Revenue Stream	2012/13 Approved %	2012/13 Revised %	2013/14 Estimate %	2014/15 Estimate %	2015/16 Estimate %
Ratio					

5. **Capital Financing Requirement**

The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose. The calculation of the CFR is taken from the amounts held in the Balance Sheet relating to capital expenditure and its financing.

Table D:

Capital Financing Requirement	2012/13 Approved £m	2012/13 Revised £m	2013/14 Estimate £m	2014/15 Estimate £m	2015/16 Estimate £m
CFR	384	371	365	349	332

6. **Gross Debt and the Capital Financing Requirement**

This is a key indicator of prudence. Its purpose is to ensure that over the medium term, net debt will only be for a capital purpose. In order to ensure this the Authority should ensure that debt does not, except in the short term exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional increases to the capital financing requirement for the current and the next two financial years.

The Authority had no difficulty meeting this requirement in 2012/13, nor does the Director of Resources envisage any difficulties meeting it in future years. This view takes into account current commitments, existing plans and the proposals in the approved budget.

7. **Actual External Debt**

The Council's balance of Actual External Debt (i.e. long and short term borrowing, overdrawn bank balances and long term liabilities) as at 31 March 2012 was **£326m**. A breakdown of this figure is provided in Table E below. This Prudential Indicator is measured in a manner consistent for comparison with the Operational Boundary and Authorised Limit.

Table E:

Actual External Debt as at 31 March 2012	2011/12
	£m
Borrowing	264
Other Long Term Liabilities	62
Total	326

8. The Authorised Limit

The Authorised Limit sets the maximum level of external debt on a gross basis (i.e. not net of investments) for the Council. It is measured on a daily basis against all external debt items on the Balance Sheet and is the statutory limit determined under Section 3 (1) of the Local Government Act 2003.

Table G:

Authorised Limit for External Debt	2012/13 Approved £m	2012/13 Revised £m	2013/14 Estimate £m	2014/15 Estimate £m	2015/16 Estimate £m
Borrowing	489	371	355	342	328
Other Long-term Liabilities	8	85	85	85	85
Total	497	456	440	427	413

9. The Operational Boundary

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

Table H:

Operational Boundary for External Debt	2012/13 Approved £m	2012/13 Revised £m	2013/14 Estimate £m	2014/15 Estimate £m	2015/16 Estimate £m
Borrowing	479	361	345	332	318
Other Long-term Liability	3	80	80	80	80
Total	482	441	425	412	398

The Director of Resources has delegated authority, within the total limit for any individual year, to effect movement between the separately agreed limits for

borrowing and other long-term liabilities. Decisions will be based on the outcome of financial option appraisals and best value considerations. Any movement between these separate limits will be reported to the next meeting of the Cabinet.

10. Upper Limits for Fixed Interest Rate Exposure & Variable Rate Exposure

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

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

Table I:

	2012/13 Approved %	2012/13 Revised %	2013/14 Estimate %	2014/15 Estimate %	2015/16 Estimate %
Upper Limit for Fixed Interest Rate Exposure					
Borrowings	100	100	100	100	100
Investments	100	100	100	100	100
Net	200	200	200	200	200
Upper Limit for Variable Interest Rate Exposure					
Borrowings	100	100	100	100	100
Investments	100	100	100	100	100
Net	200	200	200	200	200

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

11. Maturity Structure of Fixed Rate Borrowing

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

Table J:

Maturity structure of fixed rate borrowing	Lower Limit 2013/14 %	Upper Limit 2013/14 %
Under 12 months	0	80
12 months and within 24 months	0	50
24 months and within 5 years	0	50
5 years and within 10 years	0	50
10 years and over	0	100

12. Upper Limit for Total Principal Sums Invested over 364 Days

The Council has placed an upper limit for principal sums invested for over 364 days, as required by the Prudential Code. This limit is to contain exposure to the possibility of loss that may arise as a result of the Council having to seek early repayment of the sums invested.

Table K:

	2012/13 Approved £m	2012/13 Revised £m	2013/14 Estimate £m	2014/15 Estimate £m	2015/16 Estimate £m
Upper Limit for total principal sums invested over 364 days	30	30	30	30	30

13. Credit Risk

The Authority considers security, liquidity and yield, in that order, when making investment decisions.

Credit ratings remain an important element of assessing credit risk, but they are not a sole feature in the Authority's assessment of counterparty credit risk. The Authority also considers alternative assessments of credit strength, and information on corporate developments of and market sentiment towards counterparties. The following key tools are used to assess credit risk:

- Published credit ratings of the financial institution (minimum A- or equivalent) and its sovereign (minimum AA+ or equivalent for non-UK sovereigns);
- Sovereign support mechanisms;
- Credit default swaps (where quoted);
- Share prices (where available);
- Economic fundamentals, such as a country's net debt as a percentage of its GDP);
- Corporate developments, news, articles, markets sentiment and momentum;
- Subjective overlay.

The only indicators with prescriptive values remain to be credit ratings. Other indicators of creditworthiness are considered in relative rather than absolute terms.

14. Adoption of the CIPFA Treasury Management Code

This indicator demonstrates that the Council has adopted the principles of best practice.

The Council previously approved the adoption of the CIPFA Treasury Management Code at its Council meeting on 1 March 2010.

The Council has incorporated the changes from the revised CIPFA Code of Practice into its treasury policies, procedures and practices.

APPENDIX E

Arlingclose's Economic and Interest Rate Outlook

	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16
Official Bank Rate			0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Upside risk													
Central case	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Downside risk		-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
3-month LIBID													
Upside risk	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.75	0.75	0.75	0.75	0.75
Central case	0.40	0.40	0.40	0.45	0.45	0.50	0.50	0.50	0.55	0.55	0.55	0.60	0.60
Downside risk	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
1-yr LIBID													
Upside risk	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.75	0.75	0.75	0.75	0.75
Central case	0.85	0.90	0.95	0.95	1.00	1.00	1.00	1.00	1.10	1.10	1.10	1.10	1.10
Downside risk	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
5-yr gilt													
Upside risk	0.50	0.50	0.50	0.50	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00
Central case	0.95	0.95	0.95	0.95	1.00	1.00	1.00	1.00	1.10	1.10	1.10	1.20	1.20
Downside risk	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
10-yr gilt													
Upside risk	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.75	0.75	1.00	1.00	1.00	1.00
Central case	2.00	2.00	2.05	2.05	2.05	2.05	2.10	2.10	2.10	2.20	2.20	2.20	2.20
Downside risk	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
20-yr gilt													
Upside risk	0.50	0.50	0.50	0.50	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00
Central case	2.90	2.90	2.90	2.90	3.00	3.00	3.00	3.00	3.10	3.10	3.10	3.10	3.10
Downside risk	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
50-yr gilt													
Upside risk	0.50	0.50	0.50	0.50	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00
Central case	3.35	3.35	3.35	3.40	3.40	3.40	3.50	3.50	3.50	3.50	3.60	3.60	3.60
Downside risk	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25

Underlying Assumptions:

- UK growth is unlikely to return to above trend for the foreseeable future. Q3 GDP was strong at 0.9% but this momentum is unlikely to be sustained in Q4 or in 2013. The rebalancing from public-sector driven consumption to private sector demand and investment is yet to manifest, and there is little sign of productivity growth. Further contraction in the Eurozone, including Germany's powerful economy, and slower forecast growth in the emerging economies (Brazil/Mexico/India) are exacerbating the weakness.
- Consumer Price Inflation has fallen to 2.7 % from a peak of 5.2%. Near term CPI is likely to be affected by volatility in commodity prices and its decrease towards the 2% target is expected to be slower than previously estimated. Real wage growth (i.e. after inflation) is forecast to remain weak.
- The fiscal outlook for bringing down the structural deficit and stabilise debt levels remains very challenging. Weakened credibility of the UK reining its levels of debt poses a risk to the AAA status, but recent history (US, France) suggests this may not automatically result in a sell-off in gilts.
- In the absence of large, unexpected decline in growth, QE is likely to remain on hold at £375bn for now. The availability of cheaper bank borrowing and subsequently for corporates through the Funding for Lending Scheme (FLS) is a supporting factor.

- The US Federal Reserve's shift in its rate guidance from a date-based indication to economic thresholds (6.5% unemployment, inflation 1 – 2 years out projected to remain below 2.5%, longer term inflation expectations remain well anchored) is likely to increase market uncertainty around the highly volatile US employment data releases.
- The Eurozone is making slow headway which has curtailed some of the immediate risks although peripheral countries continue to struggle. Fully-fledged banking and fiscal union is still some years away.
- In the US, the issues of spending cuts, reducing the budget deficit and raising the country's debt ceiling remain unresolved. A failure to address these by March 2013 could lead to a similar showdown and risks a downgrade to the US sovereign credit rating by one or more agencies.
- A reversal in market risk sentiment from current "risk on" to "risk off" could be triggered by economic and/or political events – impending Italian and German elections, US debt ceiling impasse, difficulty surrounding Cyprus' bailout, and contagion returning the haunt the European peripheral nations – could inject renewed volatility into gilts and sovereign bonds.

APPENDIX F

AUTHORISED SIGNATORIES

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

Interim Director of Finance – Peter Timmins

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

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

Head of Financial Services – Tom Sault

Chief Accountant – Peter J. Molyneux

Chief Accountant – Jenny Spick

The plan is to be included following Budget Cabinet 18 February 2013.

WIRRAL COUNCIL

CABINET

18 FEBRUARY 2013

SUBJECT:	SCHOOLS BUDGET 2013/14
WARD/S AFFECTED:	ALL
REPORT OF:	ACTING DIRECTOR OF CHILDRENS SERVICES
RESPONSIBLE PORTFOLIO HOLDER:	COUNCILLOR TONY SMITH
KEY DECISION	YES

1.0 EXECUTIVE SUMMARY

This report recommends the approval of a Schools Budget for 2013/14 of £236,732,400 for maintained schools and academies in Wirral. In addition the funding of a further £250,000 of Schools Planned Programmed Maintenance from Dedicated Schools Grant (DSG). The report includes some minor changes to the Early Years Single Funding Formula. Reports on these areas were presented to the Schools Forum on 23rd January 2013.

2.0 RECOMMENDATION

2.1 Taking account of the views of the Schools Forum that:

- The DSG funded Schools Budget for maintained schools and academies is approved at the sum of £236,732,400.
- The headroom of £333,400 be allocated within the formula to all schools.
- The High Needs Contingency totalling £880,200 is agreed.
- A further £250,000 of PPM included in the Schools Budget is funded from DSG.
- The contributions to combined budgets are approved.
- The changes to the Early Years Single Funding Formula are agreed.

3.0 REASONS FOR RECOMMENDATION/S

3.1 The Council is required to set a Schools Budget for 2013/14.

4.0 BACKGROUND AND KEY ISSUES

4.1 Schools Budget 2013/14

The Schools Funding Allocations were issued by the Department for Education on 19th December 2012. The basis of the Dedicated Schools Grant (DSG) continues to be the "Spend Plus" methodology introduced in 2006; however the format and presentation has been changed by the DfE to show four unringfenced spending blocks for each authority:

- Early Years Block
- Schools Block
- High Needs Block
- Other

4.2 Pupil Premium

The Pupil Premium provides funding for deprived pupils in addition to DSG. Now in its third year, the rate will be set at £900 for each pupil that has been eligible for free school meals at any point in the last six years (increased from £623 in 2012-13). A premium is also paid in respect of Looked After Children (£900) and Service Children (£300)

Illustrative data based on 2012 gives a total Pupil Premium for 2013-14 for all schools and academies of £13.2m, an increase of £4.1m compared to the previous year.

4.3 Dedicated Schools Grant (DSG)

4.3.1 As the first part of the DfE's plans to reform school funding, DSG is now made up of four unringfenced blocks. These funding blocks have been based on each authority's Schools Budget as agreed in 2012-13 and in the case of the Schools Block and the Early Years Block are updated for changes in pupil numbers. Pupil numbers for the Schools Block have now changed to use those recorded in the October 2012 census (rather than the January 2013 count), whereas Early Years Funding will be a combination of January 2013 and January 2014. The dates for the Early Years Census mean that the exact DSG will not be finalised until June 2014. However, grant used for the purposes of the 2013-14 Schools Budget will use the indicative figures.

The High Needs Block is based on the identified spend in 2012-13, no pupil data is used. Additional funding has been provided for the Wirral Hospital School through a national top slice of DSG and there has been an adjustment for high needs pupils and places that are supported by other authorities.

The Blocks are summarised as follows:

	Block	Pupil Numbers	Funding Per Pupil £	Allocation £
1.	Schools Block	41,343	4,547.11	187,991,000
2.	Early Years Block	2,905	3,816.57	11,087,000
3.	High Needs Block	-	-	31,773,000
4.	Other Block	-	-	3,285,000
			Total	<u>234,136,000</u>

4.3.2 Schools Block

This funding covers the delegated budgets to mainstream schools and academies (totalling £183m in the appendix attached).

In addition the block funds a number of budgets that are managed centrally on behalf of schools such as admissions, carbon reduction and PPM. In line with national guidance and with the exception of central budgets for Licences and PFI these have not been increased and in relation to the contributions to combined budgets have decreased. The change in licence costs is due to the introduction by the DfE of a national scheme.

4.3.3 Early Years Block

This Block funds the costs of Early Years Education for 3 and 4 year old children in schools, nurseries and private voluntary and independent providers. Most of this funding is directed through the Early Years Single Funding Formula (EYSFF). The baseline pupil numbers and grant allocation has been corrected for the 2012-13 census error.

4.3.4 High Needs Block

The make up of this block is complex and includes many changes:

- WASP will have a delegated school budget from the start of the financial year.
- Special schools (pre-16), school bases and independent non-maintained `special schools will receive a base level funding of £10,000 per place. Place numbers have been agreed in advance with the Education Funding Agency (EFA).
- Equivalent place funding for post 16 SEN provision in special schools will be funded through the national funding formula allocation for all 6th form students. Pupil numbers are based on the October 2012 census.
- Alternative Provision Bases and WASP will be funded at £8,000 per place. Although the number of places will reduce in 2013-14 as a result of the base at Rock Ferry Primary closing, the overall funding received by the council has not reduced for this change.
- The delegation to mainstream schools for pre 16 SEN has been increased to £6,000 (previously the first 5 units were valued at £5,665).
- Additional funding over and above that provided for places will be paid in the form of “top ups”. These will be provided on a per pupil basis. The top up is to be based on the agreed assessed needs of pupils and will be paid by the “commissioner” responsible; this may be Wirral Children’s Services, a school or another Local Authority.
- Arrangements to recover place costs for students from Other Local Authorities will cease.
- The Hospital School budget will be funded separately.
- The high needs budget will include (from August 2013) the costs of all education and training for post 16 specialist and LLDD provision (top ups), this will include colleges and private providers. Funding previously received for part of this provision (in the SEN Block Grant) has been replaced by DSG.

4.3.5 Other Block

This funding is in respect of Free Education for 2 year olds. Parents whose children would meet the eligibility criteria for Free School Meals and Looked After Children will have a statutory entitlement for 15 hours Early Years Education from September 2013. This grant is not based on census data, but uses a proxy (children in schools aged 4 to 6 who are eligible for Free School Meals). Overall funding for this 2 year old provision has been top sliced from the Early Intervention Grant.

4.4 Academies

Currently there are 14 out of 22 secondary schools who have become Academies, with another 2 anticipated. Academies are independent from the local authority and

are funded directly from the EFA. Regulations require Wirral to continue to calculate their budgets. From 2013-14 budgets for Academies (and all schools) will include central costs such as maternity, behaviour and contingency budgets that were previously paid separately to Academies as School LACSEG.

The estimated grant reduction for Wirral is £57.5m including £0.5m for those budgets which may now be delegated to all schools.

4.5 Minimum Funding Guarantee (MFG)

The MFG will continue in 2013-14, protecting schools from formula changes and changes in pupil data. This is an important element of schools funding given the major changes that are being introduced to the formula. The MFG rate remains at minus 1.5%.

It is likely that the MFG will continue for some time and will be part of the future funding reforms.

4.6 Inflation

No direct provision is included within the budget for pay awards. At this stage none have been finalised, although there continues to be ongoing dialogues with pay review bodies about a 1% pay award (teachers from September 2013) . Without additional funding any costs would need to be met from existing school budgets and the headroom that has been identified.

There is no general provision for price inflation, although costs for rates within the schools budget have been increased and the central PFI budget continues to reflect RPI increases.

4.7 Changes in Delegated Schools Expenditure

4.7.1 Primary and Secondary school changes include:

- Net Falling Rolls £562,200. The estimated secondary numbers (11-15) have reduced from 17,565 to 17,225 (a 2% reduction). This is almost matched by an increase in primary numbers from 23,886 to 24,201. The overall reduction in the ISB arises from secondary funding per pupil being higher than primary schools.
- The inclusion of Academy budgets totalling £57.5m
- Additional delegation of services supporting schools £2,233,300. These budgets were previously held centrally
- An additional cost arising from ending the abatement of rates in the local funding formula for secondary 6th forms and primary nurseries £166,600
- Transfer of school SEN Base Top Ups £1,054,000.
- Funding for the induction of newly qualified teachers £58,000
- Headroom £333,400. Headroom is growth within the budget, which at a time of flat cash settlements is unexpected. It arises because there is a difference between pupil funding within the ISB and the overall pupil funding received through DSG. This difference is favourable since there is a rising primary roll and a falling secondary roll.

4.7.2 Special School Changes include:

- Additional delegation for support services of £316,900
- The transfer of £5,917,300 to SEN pupil top ups.
- The reduction of £753,300 in respect of 113 places in 6th form. This will be paid through the 6th Form National Formula from August 2013.
- The direct funding of the Hospital School within DSG.

4.7.3 Early Years

The main change within this budget is to include funding for 2 year olds. An allocation of £2,313,400 for statutory place funding has been received (the equivalent allocation in 2011-12 was £969,000) In addition £908,200 will be paid for Trajectory Funding. The latter amount is intended to increase provision beyond the statutory FSM level in preparation for the expansion of entitlement to 40% of 2 year olds from 2014. The rapid expansion in this area is being discussed in the Early Years Schools Forum Working Group.

4.7.4 WASP

The budget of £640,000 is in respect of 80 places (costing £8,000 per place). The remainder of the existing budget (reduced by 1.5%) is included within SEN top ups.

4.8 Changes in Central Schools Expenditure

SEN Top Ups

The funding for SEN Top Ups is a new area within the budget and is part of the overall national reform of school funding. The proposed Top Up budget is in excess of £16.6m and broken down in the table below.

SEN Top Ups 2013-14

	£
Statements	
Early Years	292,200
Primary	1,508,400
Secondary (including 6th Forms)	2,360,000
Exceptional Need	373,000
Other	381,800
Special Schools (and 6th Forms)	5,917,300
Independent Non Maintained Special Schools	2,993,100
Home Teaching	248,600
WASP	397,600
SEN units - resourced and alternative provision	884,400
Further Education, 6th Form College and other providers	393,300
Contingency	880,200
Total	16,629,900

SEN costs include additional provision which has been identified as part of the budget review for:

- **Statements.** Early Years costs will increase by £150,000 reflecting costs within Private Voluntary and Independent providers. This increase is offset by reductions in other statementing areas.

- **Independent Special Schools.** There is an expected growth in places to 89 and additional costs of £512,000.
- **Further Education and 6th Form College.** There is provision for 130 places from August 2013. The part year top up is calculated using £2,800 per pupil.
- **Contingency.** The contingency identified of £880,200 is significant. However, some or all may be required to cover the potential costs of:
 - o Additional FE and college numbers exceeding 130. A bid was submitted to the EFA for growth, however overall numbers (including maintained special schools) were capped at 322 which is an increase of 24% on the numbers in 2011. The original bid submitted was for 332 ie 10 more places.
 - o Additional top ups. £2,800 per student is potentially a low estimate of the costs that may be incurred.
 - o Raising of the participation age
 - o Any mismatch between places identified and places taken up.

The remaining centrally held budgets cover:

- Equal Pay and harmonisation back pay (£450,000)
- the continuing premature retirement costs of teachers and staff that have arisen from closing schools (£326,000)
- the cost of licences for copyright and music in all schools and academies (resulting from a national agreement) (£101,300)
- School Admissions (£456,000)
- the Carbon Reduction scheme (£260,300)
- Planned Programmed Maintenance (PPM £649,000) and the PFI Affordability Gap (£2,397,400). The calculation for PFI costs takes account of the December RPI of 3.1% and the inclusion within the Children and Young people's budget of PFI costs for City Learning Centres.
- Contributions to combined budgets as shown below:

Combined Budget Summary	£
Discretionary Rate Relief top up	270,000
School Improvement	359,900
LSCB Contribution	30,000
School Sports Coordinator	25,000
School Intervention	674,500
City Learning Centres	814,700
School Emoluments Wellbeing and Staff Surveys	44,600
Clinical Waste Disposal	11,600
Governors Forum	2,200
PFI Support Team	61,800
Use of School Swimming Baths	19,800
LACES	185,500
Total	2,499,600

The equivalent budget in 2012-13 was £2,815,400

The budgets held for Contingency, Special Staff (maternity and trade union duties), the School Library Service, Insurance (Governors Aided), Behaviour Support and the Minority Ethnic Achievement Service (MEAS) have been delegated to schools and

total £2,397,100. Members of the Schools Forum agreed to de-delegate the above budgets for Primary and Secondary Schools (with the exception of MEAS and insurance for secondary schools).

The costs of School Milk and Advanced Skills Teachers (£523,600) have also been delegated.

4.9 Insurance and Energy Costs

School Insurance charges are estimated to increase in 2013-14 by 12% on average, although some charges will be higher and some lower depending on risk and claims history. The overall increases are the result of higher costs for both Liability and Property Insurance (property claims have increased significantly in the past year).

Increases for energy costs are estimated to be 3% in the coming year, although the overall amount will depend on tariffs and contract renewals later in the year.

5.0 School Funding Formula Changes for the Early Years Single Funding Formula (EYSFF)

2 Year Old Early Education

A new Early Years Formula was introduced in April 2011 to fund the Free Entitlement for early years provision for all 3 and 4 year olds in nursery schools, nursery classes, day nurseries and pre-school playgroups.

This entitlement is now being expanded from September 2013 to cover a targeted provision within 2 year olds. Any 2 year old child in a family meeting the criteria used to establish school aged eligibility for Free School Meals or any 2 year old child that is looked after by the local authority will be entitled to a free 15 hour place. The estimated number of eligible children for Wirral is 834.

Wirral will receive £2,313,366 in 2013-14 together with additional "Trajectory" funding of £908,165. This will expand provision beyond the statutory level and prepare for an entitlement based on 40% of 2 year olds in 2014-15. This grant could fund a further 330 children for a full year.

A Schools Forum Working Party met in early January to consider this area. Arrangements are being put in place to advise providers, seek information about additional capacity and to promote the 2 year old scheme. Further meetings of this group are planned, where responses from providers and the use of a Capital Allocation of £614,624 to help deliver this programme will be considered.

The payments to providers must in future be made through the Early Years Single Funding Formula. Guidelines recommend that a single rate is used with no supplements. The current rate paid is £4.85, taking account of a higher staff to pupil ratio and it is recommended that this continues to be used in the future.

5.2 Amendments to the EYSFF

The current formula contains a number of supplements for Nursery Schools. This includes an additional amount to continue funding the level of grants previously

received by the schools. In 2013-14 the formula needs to be amended to remove this element as has happened with mainstream schools. The amounts concerned total £114,200 and should be transferred to the Headteacher and Harmonisation Lump Sum element paid to Nursery Schools.

Overall the formula is delivering less funding to the 3 nursery schools than previously. Whilst there is a protection element in the formula, when this reduces next year to 80% of the budget set in 2010-11, the schools are indicating that there is a budget shortfall of between £30,000 and £60,000.

2013-14 is the final year of the protection scheme. It is proposed that for this year the reduction from 85% to 80% is not implemented. This change will increase costs by £62,000. It is anticipated that this will be met from within the existing Early Years Budget.

6.0 RELEVANT RISKS

6.1 These formula changes enable Early Years budgets and funding budgets to be distributed taking account of DFE regulations.

7.0 OTHER OPTIONS CONSIDERED

7.1 None

8.0 CONSULTATION

8.1 Consultation has taken place with the School Forum.

9.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

9.1 All Providers of Early Years Education are paid using a single funding formula.

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

10.1 The financial implications are described in the report. IT, staffing and asset implications may arise from changes in pupil numbers and the level of funding.

11.0 LEGAL IMPLICATIONS

11.1 There are none arising from this report.

12.0 EQUALITIES IMPLICATIONS

12.1 There are none arising from this report.

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

13.0 CARBON REDUCTION IMPLICATIONS

13.1 There are none arising from this report. It should be noted that schools will incur carbon reduction charges in 2013/14.

14.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

14.1 There are none arising from this report.

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REFERENCE MATERIAL

School Funding Allocations 19th December 2012.

SUBJECT HISTORY

Council Meeting	Date
Wirral Schools Forum Pupil Premium Schools Budget Report 2013-14 Early Years Update	23 January 2013
Proposals for Changes to the Local Funding Formula for Schools	18 th October 2012

SCHOOLS BUDGET 2013-14

Appendix 1

SUMMARY

	Base Estimate 2013-14
	£000
Dedicated Schools Grant	<u>234,136</u>
Schools Budget Base Expenditure	194,366
Add back 2012-13 Academy Baseline	<u>36,804</u>
	231,170
Change in ISB Costs	
Net falling rolls	(562)
School Rates increases and ceasing abatement	187
Induction of NQT's	63
Delegation of central costs to schools	2,012
Headroom - growth	333
Early Years for 2 year olds	<u>3,222</u>
	5,255
Changes in SEN / High Costs :	
Early Years inclusive practice	150
Other statements and support	(175)
Independent Schools	512
SEN equipment	14
Adjustments with Other Local Authorities (net)	(45)
Post 16 provision in Further Education	314
SEN Contingency	880
SEN Block grant transferred into DSG	1,416
Post 16 places funded through the National funding Formula	(873)
Other changes in central costs:	
Delegation of central costs to schools	(2,012)
Transfer PFI costs re City Learning Centres	(117)
Increase (inflation) re PFI contracts	217
Other	<u>27</u>
	307
Total Schools Expenditure	<u><u>236,732</u></u>
Net Schools Budget	2,596

EDUCATION - SCHOOLS

Appendix 2

	Base Estimate 2012/13	Base Estimate 2013/14
Individual Schools Budget		
Primary Schools	91,613,500	93,001,100
Secondary Schools	55,024,800	89,584,700
Special Schools	16,250,600	8,776,400
SEN Bases		2,768,000
WASP		640,000
Wirral Hospital School		1,097,000
Early Years	10,174,600	13,396,600
Individual Schools Budget Total	173,063,500	209,263,800
Central School Costs		
Early Years	523,100	567,600
Admissions	456,000	456,000
School closure / retirement costs	326,000	326,000
Licences & Subscriptions	54,700	101,300
Carbon Reduction	260,300	260,300
Schools Forum	10,600	10,600
School Harmonisation Costs	450,000	450,000
Contribution to Combined Budgets	2,815,400	2,499,600
PPM	649,000	649,000
PFI affordability gap	2,296,100	2,397,400
Costs delegated to schools		
Library Service	209,700	
Insurances	65,400	
M E A S	286,400	
School Specific Contingencies	372,800	
Special Staff Costs	769,400	
Milk & Meals	224,000	
High Needs Pupils		
SEN top Ups		11,714,500
Statements	4,857,100	4,915,400
Support For SEN	2,235,900	2,292,700
Indep Special School Fees	2,945,600	770,000
Wirral Alternative Schools Programme	1,053,400	
Education Out Of School	248,600	
OLEA	134,900	
Special School Transport	58,200	58,200
Non Delegated School Costs Total	21,302,600	27,468,600
Dedicated Schools Grant Total	-191,621,000	-234,136,000
Grand Total	2,745,100	2,596,400

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WIRRAL COUNCIL

BUDGET CABINET

18 FEBRUARY 2013

SUBJECT:	CARBON BUDGET 2012/13
WARD/S AFFECTED:	ALL
REPORT OF:	LAW HR & ASSET MANAGEMENT
RESPONSIBLE PORTFOLIO HOLDER:	COUNCILLOR BRIAN KENNY
KEY DECISION?	YES

1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to advise Members of the corporate and departmental progress made against the Carbon Budget 2012/13 (Appendix A); the revisions that are required to meet Corporate Goals; and propose the Carbon Budget for 2013/14, 2014/15 and 2015/16.
- 1.2 Members requested that a Carbon Budget be established (Council 14 December 2009, Minute 77 refers). The resolution included instructions to prepare carbon budgets for each department to be presented at Budget Cabinet and Council alongside the Council's financial budget.
- 1.3 The Carbon Budget is not a statutory requirement but is Wirral's only method of managing CO₂ emissions in order to reduce our carbon footprint by delivering the Carbon Budget as stated in the Corporate Plan.
- 1.4 The carbon budget is not financial but meeting the annual targets will have an impact on costs. Reductions in carbon emissions are achieved by reducing energy use and there are financial savings that will be made from the avoided costs of energy and CRCEES allowances.
- 1.5 This report does not contain exempt information.

2.0 BACKGROUND AND KEY ISSUES

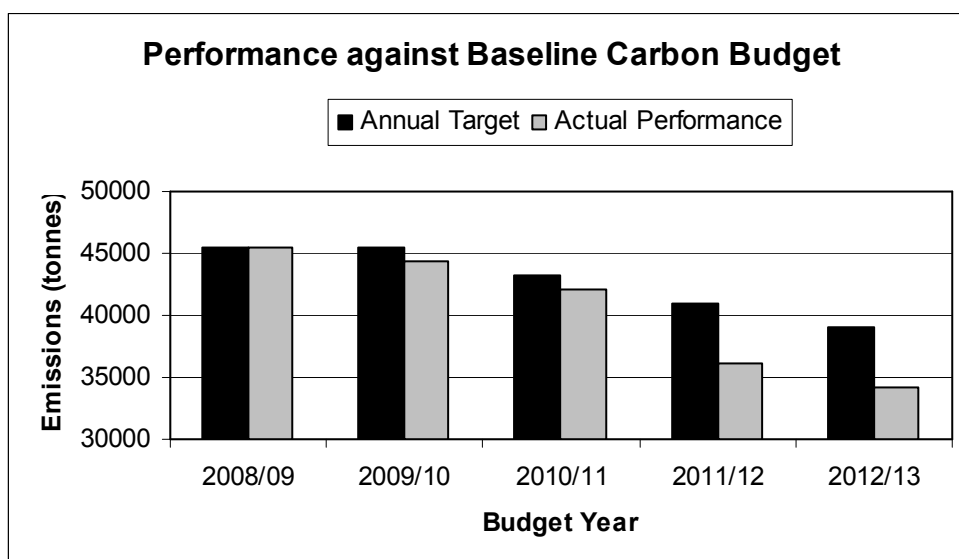
2.1 Background

- 2.1.1 Members requested that a Carbon Budget be established (Council 14 December 2009, Minute 77 refers). The resolution included instructions to:
 - Establish the Council's carbon footprint and quantify tonnes of CO₂ emitted as a direct result of Council operations for 2010 onwards;
 - Prepare carbon budgets detailing emissions and efficiency targets for each department to be presented at Budget Cabinet and Council alongside the Council's financial budget; and,
 - Report to Cabinet on progress being made by departments against their carbon target and the measures and projects being undertaken to reduce energy use and carbon emissions.

- 2.1.2 Since the Carbon Budget was approved by Cabinet on 22 February 2010 (Minute 335 refers) the method of apportioning emissions between Departments has altered to reflect the Asset List by service responsible for a site or building. Total emissions were not affected. This will alter further as the Asset List is updated to reflect organisational changes that are taking place.
- 2.1.3 Due to the time lags in obtaining comprehensive energy consumption data from energy suppliers, Carbon Budget figures do not match the Financial Year when the Carbon Budget report is presented. If the most recent complete financial year were to be used, the report would be unable to reflect the most recent trends.
- 2.1.4 The Sustainability Unit, that is part of the Asset Management team, calculates the carbon emission figures for a twelve month period every six months. This information is used to compile a performance report for the previous financial year ending 31 March and is used to encourage Departments to meet their carbon target and so aid the carbon management process. For the purposes of reporting on the carbon budget, the most recent carbon reporting period is used. In this case it is the reporting period from 1 October 2011 to 30 September 2012.
- 2.1.5 The Carbon Budget is made up of two parts:
- The Corporate Target which is based on the average annual reduction that is needed to meet the goal of reducing carbon emissions by 60% by 2025.
 - Departmental Performance which is calculated from actual energy consumption. Annual Departmental targets are modified to reflect changes in the Council's estate and underperformance in previous years.

2.2 Corporate Target

- 2.2.1 The Council has a corporate target of reducing emissions of CO₂ by 60% by 2025. The first carbon footprint was calculated for the 2008/09 financial year as 45,481 tonnes CO₂. This is the baseline figure on which corporate targets are based. In order to achieve the reduction within the required timescale, an average year on year reduction of approximately 5% is required in order to achieve a 2025/26 carbon footprint of 18,192 tonnes CO₂.
- 2.2.2 The chart below shows actual 12 month carbon emissions compared against the annual emissions targets set out in the Carbon Budget that was approved by Cabinet on 22 February 2010. To date, the rate at which emissions have been reducing has exceeded that which is required to meet the 60% reduction target by 2025.



2.2.3 The first Carbon Budget set targets up to and including 2012/13. It is necessary to confirm targets for the next 3 years in order to maintain a framework and maintain focus on meeting the 2025 emissions reduction target.

2.2.4 The current target for 2012/13 is 38,994 tonnes CO₂. Applying the average 5% per annum reduction to meet the 2025/26 60% carbon emissions reduction target means that the Corporate targets for the following 3 financial years are:

Financial Year	Corporate Carbon Target (tonnes CO ₂)
2013/14	37,044
2014/15	35,192
2015/16	33,432

2.2.5 Wirral's calculated carbon footprint for the period 1 October 2011 to 30 September 2012 is 34,314 tonnes (Appendix A). If this does not change due to adverse weather or other factors (e.g. property acquisitions or major losses of plant efficiency), the corporate performance targets will be met for the current financial year 2012/13 and for the next two financial years.

2.2.6 It is acknowledged that the Council is undergoing significant changes and will continue to do so over the next three years at least. In spite of these changes there is no reason why the corporate carbon footprint targets cannot be retained in a form that clearly leads towards reaching the 2025 goal as included in the Corporate Plan.

2.3 Departmental Performance

2.3.1 Members directed that the Carbon Budget progress be presented on a departmental level and reported to Cabinet. At present, the Council is going through a process of restructuring. Organisational changes are in progress and are not yet recorded on the Asset List. The Carbon Budget will be updated to align to the emerging structure as soon as possible.

- 2.3.2 As an interim measure, in compliance with Members' instruction, targets and performance figures are included as Appendix A to align with the old structure as recorded on the Asset List. Taking account of the performance over the year 1 October 2011 to 30 September 2012, total emissions are calculated to be 4.14% higher than the 2012/13 performance target.
- 2.3.3 Actual emissions for 1 October 2011 to 30 September are 5,760 tonnes lower than those reported for the same period on 20 February 2012, but 1,358 tonnes below the target for the full 2012/13 financial year. Recently completed projects, community asset transfers and planned sale of assets realised before 31 March 2013 will contribute to reducing the present shortfall.
- 2.3.4 It is recommended that the Departmental targets determined by the performance calculation method consistent with previous years be approved for the 2013/14 financial year on the understanding that the carbon budget method will be subject to review following organisational changes and a potential further reduction in staff numbers and assets.
- 2.3.5 The Carbon Budget process will be further developed in light of anticipated changes to the mandatory Carbon Reduction Commitment Energy Efficiency Scheme (CRCEES) and organisational needs. This process has been delayed as detailed guidance on CRCEES changes is not yet available.

2.4 Current Initiatives

- 2.4.1 Cabinet of 14 December 2009 directed the annual Carbon Budget report include progress against measures and projects to reduce energy use and carbon emissions. The current financial pressures mean that some proposed work may not go ahead in which case the planned carbon reductions will not be realised. However, it is relevant to demonstrate that the Council is planning to meet long term goals:
- Capital Funding bids for which carbon implications have been calculated represent a potential reduction of 922 tonnes CO₂. These bids are subject to consideration and decision in the context of the Council's financial position and the affordability of a capital programme. Financial pressures mean that it may not be possible to progress these projects at present and the carbon savings would not therefore be achieved. If this is the case these schemes could be revisited in future years.
 - Planned Asset transfers and sales could reduce the carbon footprint by 1,109 tonnes CO₂. The emissions reductions achieved will depend on the completion of the transfers.
 - The impact of the recently completed pool hall ventilation improvements carried out at Europa Pools will be 348 tonnes CO₂ based on the design calculations. The installation has only recently been commissioned and verification is not yet possible.
 - The Sustainability Unit is working with Service Departments to assess the carbon impacts of other projects, initiatives and service reviews that are in progress. These include, but are not limited to Streetlight dimming, Parks and Countryside, printer rationalisation, boiler replacement and the CYPD Capital Programme.
- 2.4.2 The Sustainability Unit scheduled quarterly attendance at each Department's Departmental Management Team (DMT) meetings in order to assist and advise management teams on how to meet their Carbon Targets without compromising

service delivery. This programme will be continued and integrated with the ISO 50001 as the new organisational structure develops.

- 2.4.3 Progress on reducing the Council's Carbon Footprint was reported to the Sustainable Communities Overview and Scrutiny Committee for the 29 January 2013 meeting.
- 2.4.4 It was agreed on 31 July 2012 to proceed with the development of an energy and carbon management framework that will comply with ISO 50001 (Energy management systems). This will clarify roles and responsibilities and give clear directions to achieve the structural carbon savings required. The system will be tailored to the Council's changing needs in order to drive down emissions, control costs and reduce risks. The development of the system has been delayed due to structural reorganisation but will proceed at the earliest opportunity.
- 2.4.5 Training sessions for Energy Champions and Building Attendants/Caretakers have continued and aim to improve the flow of information back to Management on issues around maintenance of equipment and plant and identified energy inefficiencies and waste. Local or strategic solutions may be required to address the issues raised and the appropriate approaches will be determined through the Asset Review Board.
- 2.4.6 DMT's have been reminded that access to individual building energy information is available via the energy database web access. This facility provides energy and carbon emission information that can be used to manage performance. Access to this information is accepted as good energy management practice and will become critical if the Council decides to adopt a Corporate Landlord/Tenant approach to its estate.
- 2.4.7 DMT's have been provided with a series of actions on improving energy efficiency to communicate to their staff.
- 2.4.8 Departments have been requested to report carbon reduction implications due to projects and actions they have planned to the Sustainability Unit. Guidance on completing Section 10 of the report template has been circulated. Response has been inconsistent. If section 10 of the standard report template 'Carbon Reduction Implications', is properly completed, this process should be simple and straightforward.
- 2.4.9 The Carbon Budget is not the only emissions reporting mechanism. Wirral Council also reports emissions for the Carbon Reduction Energy Efficiency Scheme (CRCEES), and the Annual Greenhouse Gas Emission reports. Each reporting scheme differs in scope, emissions covered and measure reported. The CRCEES is the Government scheme that is the most closely regulated.
- 2.4.10 The Government has issued a report of the consultation on the simplification of the CRCEES. The scheme's managing agents, the Environment Agency were due to issue updated guidance in January 2013 but this has not yet been received. Once the guidance is received and its impact assessed, the Carbon Budget process will be reviewed in order that the reporting streams are brought closer together. This will make better use of officer time.

3.0 RELEVANT RISKS

- 3.1 The greatest risk is not meeting the required corporate targets set out in the carbon budget. Failure to meet targets will mean that energy costs and CRCEES charges could increase.
- 3.2 There is a risk that individual departments may not meet their targets. The Sustainability Unit will continue working with Management and staff over the restructuring period to help meet the carbon reduction targets and reduce this risk which also carries financial implications.
- 3.3 The absence of an effective carbon management system to deliver the Carbon Budget increases the risk of not meeting the targets as detailed in the Corporate Plan. The agreed introduction of an ISO 50001 compliant energy management system will reduce this risk.

4.0 OTHER OPTIONS CONSIDERED

- 4.1 Regular reporting on the Carbon Budget on a departmental basis is based on the Council Resolution passed on 14 December 2009. The only other option is to do nothing which is not a reasonable alternative as it would increase the risk of increasing financial costs of the CRCEES and energy through the absence of any form of management.

5.0 CONSULTATION

- 5.1 The Sustainability Unit scheduled quarterly attendance at Departmental Management Team (DMT) meetings to consult, assist and inform Management on how to achieve their carbon targets. Organisational changes have meant that some meetings have been cancelled. The Sustainability Unit will engage with the renewed structure as it develops in order to help ensure targets are understood and met.

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 6.1 The setting of the Council's Carbon Budget has no direct implications for voluntary, community and faith groups.

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

- 7.1 There are no direct financial implications arising from this report as it considers CO₂ emissions alone. It should be appreciated that a reduction in carbon emissions is normally associated with a corresponding reduction in energy use and consequent cost.
- 7.2 The table below shows the estimated financial impact of reducing emissions reported for CRCEES by 5% a year from a 2010/11 baseline in order to illustrate the magnitude of the saving associated with that scale of emissions reduction. The calculations assume that energy unit prices remain fixed at 2.5p/kWh for gas and 12p/kWh for electricity and that the CRCEES allowance charge remains at £12/tonneCO₂. It is also assumed that the ratio of gas to electricity consumption is stable. No account is taken of inflation. CRCEES emissions differ from those reported for the Carbon Budget

because of the regulations covering their submission so the figures below are only indicative of the scale.

Financial Year	Projected cost saving at current rates from 2010/11 baseline			
	CRC	Electricity	Gas	TOTAL
2013/14	£21,865	£226,822	£111,313	£360,000
2014/15	£20,772	£215,481	£105,748	£342,001
2015/16	£19,733	£204,707	£100,460	£324,900
TOTAL	£62,370	£647,010	£317,521	£1,026,901

- 7.3 There are no IT implications arising directly from this report. However, it should be noted that IT systems and infrastructure contribute directly to emissions as they use energy.
- 7.4 There are no staffing implications arising directly from this report but it should be noted that employees' efficient and effective use of energy is vital to improving performance.
- 7.5 The rationalisation of the Council's estate will greatly assist in the delivery of the Carbon Budget. Reducing energy consumption and improving efficiency of its use will also help to control energy costs.

8.0 LEGAL IMPLICATIONS

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

9.0 EQUALITIES IMPLICATIONS

- 9.1 The potential impact of the proposal has been reviewed with regard to equality and it is concluded that there is no relevance to equality.

10.0 CARBON REDUCTION IMPLICATIONS

- 10.1 Reducing Wirral's carbon footprint has been identified in the Corporate Plan as one of the priorities for the next three years in the Corporate Plan. Meeting Carbon Budget targets as set out in this report will reduce Wirral's Carbon footprint and contribute to meeting the long term goal.
- 10.2 The Carbon Budget Performance Table included as Appendix A shows that the Council is currently meeting annual targets to reduce emissions at a rate necessary to meet the Corporate goal of reducing emissions by 60% by 2025.
- 10.3 Actions and activities that have been fully assessed by the Sustainability Unit suggest the Council could reduce CO₂ emissions by approximately 2,379 tonnes which would positively assist in meeting future emissions targets. However, financial pressures could mean that some projects cannot proceed in the short term and that the carbon reductions associated with them will not be achieved.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

- 11.1 The disposal of Council owned properties could have planning implications.

11.2 Any future applications for planning permission would be assessed for compliance with the statutory development plan, which currently comprises: the Wirral Unitary Development Plan (saved by direction of the Secretary of State on 28 September 2007) and the North West of England Regional Spatial Strategy to 2021 (September 2008); the Council's emerging Core Strategy; and national planning policies.

12.0 RECOMMENDATION/S

12.1 It is recommended that:

12.2 Progress towards the 2012/13 target included in Appendix A be noted.

12.3 The Carbon Budget for 2013/14 included in Appendix A be approved.

12.4 The current Carbon Budget method is applied until the impacts of the simplification of the CRCEES are assessed and that Officers be instructed to report further to Members to make recommended alterations as a result of the simplification process.

12.5 Corporate targets for 2013/14, 2014/15 and 2015/16 proposed in Section 2.2.4 of this report be approved.

12.6 Managers are directed to ensure that Carbon Reduction Implications of projects and initiatives are assessed and reported as required by the standard report template. Impacts must be reported to the Sustainability Unit to support the carbon management process.

13.0 REASON/S FOR RECOMMENDATION/S

13.1 To set a Carbon Budget that will help the Council to meet local and national emissions targets, assist in the management and operation of the CRCEES and contribute to reducing energy consumption and costs.

13.2 To allow a review of the Carbon Budget method that will permit improvements to be implemented that will ensure it complements other mandatory schemes and removes duplication of effort.

13.3 Approval of interim target figures provides a performance measure aimed at achieving the long term corporate carbon reduction goal.

13.4 Reporting of carbon impact implications will support the carbon management process and reduce costs.

REPORT AUTHORS: **Andrew Snow**, Energy Conservation Engineer
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email: andrewsnow@wirral.gov.uk

APPENDICES

Appendix A – Carbon Budget Performance Table for Local Authority Buildings

REFERENCE MATERIAL

Delegated report "Development of an externally accredited ISO 50001 Energy Management System for carbon management" – (31 July 2012).

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Council (Notice of Motion)	14 December 2009
Budget Cabinet	22 February 2010
Budget Council	1 March 2010
Cabinet	25 November 2010
Cabinet	21 February 2011
Budget Council	1 March 2011
Cabinet	14 April 2011
Budget Cabinet	21 February 2012

Appendix A - Carbon Budget Performance Table for Local Authority Buildings

Baseline Carbon Footprint (2008/09): 45,481 tonnes

Responsible Department	*2012/13 CO ₂ Emissions Target (tonnes)	**Actual Emissions Oct 11 to Sept 2012 (tonnes)	Required Saving by 31 March 2013 (tonnes)	*2013/14 CO ₂ Emissions Target (tonnes)	Reduction required to meet 2013/14 CO ₂ Emissions Target (tonnes)
ADULT SOCIAL SERVICES	1,433	1,282	0	1,362	71
SCHOOLS	10,830	10,846	16	10,273	557
CYPD	1,404	962	0	1,334	70
CORPORATE SERVICES	0	0		0	0
LHR & AM	3,903	3,947	44	3,663	240
FINANCE	697	667	0	662	35
TECHNICAL SERVICES	14,509	16,430	1,921	11,863	2,646
TOTAL	32,776	34,134	1,358	29,157	3,619

* When the first Carbon Budget was agreed, targets were set for the three years 2010/11, 2011/12 and 2012/13. Targets for 2013/14 onwards are subject to approval by Budget Cabinet but have been calculated to meet long term corporate goals. Annual targets are revised at each six monthly update when available data is reviewed to compensate for: underperformance; changes in the Council's estate and meet corporate carbon emissions reduction goals. The targets above take these updates into account.

**The last full twelve month period for which data is available.

Equality Impact Assessment Toolkit (from May 2012)

Section 1: Your details

EIA lead Officer: Andrew Snow

Email address: andrewsnow@wirral.gov.uk

Head of Section: Ian Brand

Chief Officer: Surjit Tour

Department: Law HR & Asset Management

Date: 28 January 2013

Section 2: What Council proposal is being assessed?

Update on progress made against targets within the Council's Carbon Budget

Section 2b: Will this EIA be submitted to a Cabinet or Overview & Scrutiny Committee?

No If 'yes' please state which meeting and what date

Section 3: Does the proposal have the potential to affect..... (please tick relevant boxes)

- ✓ **Services**
- ✓ **The workforce**
- ✓ **Communities**
- ✓ **Other** (please state eg: Partners, Private Sector, Voluntary & Community Sector)

If you have ticked one or more of above, please go to section 4.

- None** (please stop here and email this form to your Chief Officer who needs to email it to equalitywatch@wirral.gov.uk for publishing)

Section 4: Does the proposal have the potential to maintain or enhance the way the Council (please tick relevant boxes)

- Eliminates unlawful discrimination, harassment and victimisation
- Advances equality of opportunity
- Fosters good relations between groups of people

If you have ticked one or more of above, please go to section 5.

- ✓ **No** (please stop here and email this form to your Chief Officer who needs to email it to equalitywatch@wirral.gov.uk for publishing)

Section 5:

Could the proposal have a positive or negative impact on any of the protected groups (race, gender, disability, gender reassignment, age, pregnancy and maternity, religion and belief, sexual orientation, marriage and civil partnership)?

You may also want to consider socio-economic status of individuals.

Please list in the table below and include actions required to mitigate any potential negative impact.

Which group(s) of people could be affected	Potential positive or negative impact	Action required to mitigate any potential negative impact	Lead person	Timescale	Resource implications

Section 5a: Where and how will the above actions be monitored?

Section 5b: If you think there is no negative impact, what is your reasoning behind this?

Section 6: What research / data / information have you used in support of this process?

Section 7: Are you intending to carry out any consultation with regard to this Council proposal?

Yes / No – (please delete as appropriate)

If 'yes' please continue to section 8.

If 'no' please state your reason(s) why:

(please stop here and email this form to your Chief Officer who needs to email it to equalitywatch@wirral.gov.uk for publishing)

Section 8: How will consultation take place and by when?

Before you complete your consultation, please email your preliminary EIA to equalitywatch@wirral.gov.uk via your Chief Officer in order for the Council to ensure it is meeting it's legal requirements. The EIA will be published with a note saying we are awaiting outcomes from a consultation exercise.

Once you have completed your consultation, please review your actions in section 5. Then email this form to your Chief Officer who needs to email it to equalitywatch@wirral.gov.uk for re-publishing.

Section 9: Have you remembered to:

- a) **Add appropriate departmental hyperlink to where your EIA is/will be published (section 2b)**
- b) **Include any potential positive impacts as well as negative impacts? (section 5)**
- c) **Send this EIA to equalitywatch@wirral.gov.uk via your Chief Officer?**
- d) **Review section 5 once consultation has taken place and sent your completed EIA to equalitywatch@wirral.gov.uk via your Chief Officer for re-publishing?**

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WIRRAL COUNCIL

CABINET - 18TH FEBRUARY 2013

COUNCIL - 5TH MARCH 2013

SUBJECT:	THE DEVOLUTION OF MAJOR TRANSPORT SCHEMES FUNDING AND THE DEPARTMENT FOR TRANSPORT ASSURANCE FRAMEWORK
WARD/S AFFECTED:	ALL
REPORT OF:	INTERIM DIRECTOR OF TECHNICAL SERVICES
RESPONSIBLE PORTFOLIO HOLDER:	COUNCILLOR HARRY SMITH STREETSCENE AND TRANSPORT SERVICES
KEY DECISION	NO

1.0 EXECUTIVE SUMMARY

- 1.1 In the next spending review the Department for Transport (DfT) are proposing to devolve funding for major transport schemes to local areas. This necessitates the establishment of a Local Transport Body (LTB) to oversee the process, guided by an Assurance Framework, which is to be agreed with the DfT in respect of the governance and management arrangements of the LTB.
- 1.2 The purpose of this report is to ask Members to consider and endorse the draft Assurance Framework. This is required in order for the LTB to be formally constituted and to establish its powers. Merseytravel has consulted the Council and other City Region partners on the Assurance Framework and Elected Member nominations onto the LTB.
- 1.3 The report also requests Cabinet delegate authority to the Chief Executive to oversee minor, editorial changes to the draft Assurance Framework (based on issues arising from the approvals processes within partner organisations) and approve its submission to the Department for Transport by the end of February.
- 1.4 The report also asks Members to authorise the Interim Director of Technical Services, in conjunction with the Acting Director of Law/Head of Legal Services to sign up to a legally binding agreement with Merseytravel as the accountable body for the LTB, in order to formalise Wirral's role as a member of the LTB.
- 1.5 The Liverpool City Region (LCR) Cabinet has agreed, in principle, that the LTB will be composed of members of the Liverpool City Region (LCR) Cabinet (i.e. Leaders and the Mayor of Liverpool), the Chair of the Integrated Transport Authority (ITA), and the Chair of the LCR Local Enterprise Partnership (LEP). This report therefore asks Members to consider the nomination of Wirral's representative, and deputy, for appointment to the Local Transport Body.

1.6 The report also asks Members to endorse the approach with the scheme prioritisation methodology.

2.0 BACKGROUND

2.1. In the next spending review period, the DfT are proposing to devolve funding for major transport schemes to local areas. This will necessitate the establishment of a new body called a LTB to oversee the process, guided by an assurance framework that must be agreed with the DfT in respect of the governance and management arrangements of the LTB.

2.2. The LTB will ultimately assume the role previously undertaken by the DfT in relation to funding decisions that affect major transport schemes. Whilst the DfT will devolve funding decisions to the LTB, it still requires established DfT processes and methodologies to be followed. It is anticipated that the LTB will have an increasing role in strategic transport matters going forward.

2.3. The deadlines set by the DfT, in the lead up to the next spending review period are as follows;

- February 2013: the LTB must submit their assurance frameworks to the DfT;
- July 2013: the LTB must submit their prioritised list of major schemes to the DfT;
- Post July 2013: short listed schemes to be developed and brought forward by promoters for approval by the LTB; and
- April 2015 onwards: schemes to be delivered using the devolved funds.

2.4. Merseytravel has consulted Wirral Council to seek political approval to the Assurance Framework and to formally nominate an Elected Member onto the LTB.

3.0 PROGRESS TO DATE

3.1. To date it has been agreed by the LCR Cabinet, the Integrated Transport Authority (ITA) and the LCR LEP that the LTB will cover the established LCR geography.

3.2. Across City Region partners, it has also been agreed in principle that the LTB will be composed of the following:-

- Members of the Liverpool City Region Cabinet (i.e. Leaders and the Mayor of Liverpool);
- The Chair of the Integrated Transport Authority; and
- The Chair of the LCR LEP.

3.3. It is expected that the Local Authority Leaders and the Mayor will be supported in the process by transport/regeneration portfolio holders from each of the local authorities, who will advise on relevant issues, processes and recommendations.

3.4. It is also proposed that the LTB will be chaired by the Chair of the Integrated Transport Authority, and Merseytravel will act as the accountable body. Senior officers from the districts and Merseytravel will advise the LTB via a body called the Transport Advisory

Group (TAG). This group has already started to work on a transparent methodology against which to score candidate schemes ahead of the July deadline.

- 3.5. In addition a wider stakeholder group will be established to provide input into the prioritisation process from wider partners such as bus operators, local interest groups and bodies such as the Highways Agency and Network Rail.

4.0. APPOINTMENT OF MEMBERS

- 4.1. Procedurally, and in order to constitute the LTB, the issues discussed in Section 3 above need to be formalised. As such there is a need for relevant members from each of the constituent authorities to be formally appointed onto the Local Transport Body, as this is a new, external body with decision making powers over strategic funding issues.
- 4.2. As part of wider discussions across the City Region, it has been proposed that the membership of the LTB will be Members of the City Region Cabinet (i.e. Leaders and Mayor of Liverpool), the Chair of the ITA and the Chair of the LCR LEP. It is proposed that Leaders of each authority will be supported by the relevant Portfolio Holders.
- 4.3. As such Members may wish to consider the nomination of the Leader of the Council as Wirral's representative and the Portfolio Holder for Streetscene and Transport Services as deputy.

5.0 DRAFT ASSURANCE FRAMEWORK

- 5.1. Detailed guidance on the content of the Assurance Framework was received from the Department for Transport in late November 2012. The draft Assurance Framework for the LCR follows this structure and is set out within Appendix 1 to this report for endorsement by Members.
- 5.2. The significant issues set out within the draft Assurance Framework include:-
 - (a) details of the proposed composition of the LTB, together with its support, administrative and accountable body arrangements;
 - (b) the proposal that the LTB will operate as a partnership with each of its members appointed formally by each of its constituent members, rather than in a more complex arrangement e.g. as a company limited by guarantee;
 - (c) the proposal that £3 million would be an appropriate major scheme threshold for the LCR so that major schemes are strategic in scale and over and above schemes funded through mainstream integrated transport block monies;
 - (d) the proposal that a minimum local contribution of 10% should be required from scheme promoters and that the LTB's funding contributions to a project should be capped contributions; and
 - (e) proposals to address the transparency, technical and audit requirements stipulated by the DfT, such as the proposals to make all meetings of the LTB fully public, and the need to arrange external audits of the process of the LTB for managing and appraising major schemes.
- 5.3. The draft Assurance Framework is being reported across all main city region networks and constituent local authorities/organisations, in order to secure agreement from partners that will make up the LTB.

- 5.4. Members are asked to endorse the document and delegate authority to the Chief Executive to oversee minor, editorial changes to the draft Assurance Framework (based on issues arising from the approvals processes within partner organisations) and approve its submission to the Department for Transport by the end of February.

6.0. THE SCHEME PRIORITISATION METHODOLOGY

- 6.1. To support the process of prioritising candidate schemes ahead of the July 2013 deadline it was recognised from the outset, and in line with DfT advice, that a clear, transparent and robust methodology should be developed in order to do this.
- 6.2. LCR Officers from the TAG have developed a draft methodology for the prioritisation of schemes, so as to provide a means of capturing information on, and scoring candidate schemes.
- 6.3. This methodology would involve a 'gateway' stage for candidate schemes (in line with DfT guidance), followed by a transparent scoring system for schemes that pass the gateway test. It is proposed that there would be a 50% weighting to economic growth considerations, 25% weighting for the financial case and a 25% health and wellbeing weighting.
- 6.4. External support is being sought by Merseytravel to assist with this process to ensure impartiality and ensure there are no conflicts of interest. The scoring system will also enable the LTB to make objective decisions in a consistent way.
- 6.5. Whilst this methodology does not need to be formally submitted to the DfT as part of the Assurance Framework, it does need to be referenced within it. Officers are currently working with City Region partners through the TAG to further refine this draft methodology. The diagram in Appendix 4 attached to this report details the prioritisation methodology.

7.0. RELEVANT RISKS

- 7.1. Failure to submit the Assurance Framework by the end of February may lead to the DfT considering that the City Region are not in a suitable position to be responsible for the devolved major scheme funds.
- 7.2. Failure to nominate a representative to the LTB may lead to the LTB not being able to be formally constituted which will lead to delays in the Local Transport Body being able to carry out the responsibilities required of it by the DfT.

8.0. OTHER OPTIONS CONSIDERED

- 8.1. There are no other options to consider as the DfT have issued guidance to authorities regarding their proposals to devolve funding and as such authorities must meet the minimum requirements set out in the guidance.

9.0. CONSULTATION

- 9.1. There is no requirement to consult at this stage but within the development and appraisal process for major schemes there is a need to engage.

10.0. IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

10.1. There are no implications for voluntary, community and faith groups.

11.0. RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

11.1. The DfT published indicative funding allocations for each LTB on the 23 January 2013. The Liverpool City Region's LTB has been allocated £35.5 million with a contingency of +/-33% for the 4 year period between 2015 and 2019.

11.2. A Senior Officer from Traffic and Transportation will represent Wirral Council on the Transport Advisory Group. This group will support and provide advice to the LTB.

12.0. LEGAL IMPLICATIONS

12.1. The LTB will be a formally constituted body with Merseytravel acting as the accountable body. The body will therefore be managed in accordance with established local authority practices and procedures. All meetings of the LTB will be held in public and all agendas, papers and minutes will be in the public domain.

12.2. It is proposed that a legal agreement based on the principles set out with the Assurance Framework will be developed between the accountable body and each of the constituent authorities.

13.0. EQUALITIES IMPLICATIONS

13.1. There are no direct equalities implications at this stage. There may be implications associated with schemes that come forward as part of the process but at this stage these are unknown. Separate equality impact assessments will be undertaken by scheme promoters and will be reported at a later date. The draft methodology does include criteria relating to social and distributional impacts of proposed schemes, which will address a number of equality considerations, particularly socio-economic issues.

14.0. CARBON REDUCTION IMPLICATIONS

14.1. There are no carbon reduction implications at this time, but Health and Well being considerations, including carbon and environmental factors, form 25% of the weighting for the schemes within the draft methodology. This will provide a means of assessing the merits of the schemes based on their environmental implications. Full business cases will also be required which will need to satisfy EU regulations and DfT guidance to the assessment of environmental implications.

15.0. PLANNING AND COMMUNITY SAFETY IMPLICATIONS

15.1. There are no planning or community safety implications at this time, but links with regeneration and development proposals are explored as part of the scoring within the draft methodology.

16.0. RECOMMENDATION/S

16.1. Cabinet is requested to:

(1) Note the progress to date in the development of the LTB;

(2) Endorse the nomination of the Leader of the Council as Wirral's representative on the LTB;

- (3) Endorse the nomination of the Cabinet Member for Streetscene & Transport Services as a deputy for Wirral's representative on the LTB;
- (4) Endorse the draft Assurance Framework and its associated principles, as set out in Appendix 1 of this report, ahead of its submission to the DfT;
- (5) Delegate authority to the Chief Executive to oversee minor, editorial changes to the draft Assurance Framework (based on issues arising from the approvals processes within partner organisations) and approve its submission to the Department for Transport by the end of February;
- (6) Endorse the approach with regard to the scheme prioritisation methodology;
- (7) Authorise the Interim Director of Technical Services, in conjunction with the Acting Director of Law/Head of Legal Services to sign up to a legally binding agreement with Merseytravel as the accountable body for the LTB;
- (8) Refer the nominations for Wirral's representative and deputy representative on the LTB to Council for ratification; and
- (9) Receive follow-up information on the above issues, at appropriate intervals.

15.0 REASON/S FOR RECOMMENDATION/S

- 15.1. To ensure that Wirral Council, as a member of the Liverpool City Region, complies with the requirements of the DfT with regard to the devolution of funds for major transport projects.

REPORT AUTHOR: **Julie Barnes**
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APPENDICES

Appendix 1 - Draft Liverpool City Region Assurance Framework
Appendix 2 – Draft Terms of Reference for the Liverpool City Region Local Transport Body
Appendix 3 - The structure of the Local Transport Body and its support arrangements
Appendix 4 - Schematic of prioritisation methodology

REFERENCE MATERIAL

DfT Guidance for Local Transport Bodies (November 2012)

www.gov.uk/government/publications/guidance-for-local-transport-bodies

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
None	

Equality Impact Assessment Toolkit (from May 2012)

Section 1: Your details

EIA lead Officer: Julie Barnes
Email address: juliebarnes@wirral.gov.uk
Head of Section: **Mike Peet**
Chief Officer: **Chris McCarthy**
Department: Technical Services
Date: 28th January 2013

Section 2: What Council proposal is being assessed?

The Devolution of Major Transport Schemes Funding and the Department for Transport Assurance Framework

Section 2b: Will this EIA be submitted to a Cabinet or Overview & Scrutiny Committee?

Yes If 'yes' please state which meeting and what date

Cabinet - 18th February 2013

Please add hyperlink to where your EIA is/will be published on the Council's website <http://www.wirral.gov.uk/my-services/community-and-living/equality-diversity-cohesion/equality-impact-assessments/eias-2010/technical-services-0>

.....

Section 3: Does the proposal have the potential to affect..... (please tick relevant boxes)

- Services**
- The workforce**
- Communities**
- Other** (please state eg: Partners, Private Sector, Voluntary & Community Sector)

If you have ticked one or more of above, please go to section 4.

- None** (please stop here and email this form to your Chief Officer who needs to email it to equalitywatch@wirral.gov.uk for publishing)

Section 4: Does the proposal have the potential to maintain or enhance the way the Council (please tick relevant boxes)

- Eliminates unlawful discrimination, harassment and victimisation
- Advances equality of opportunity
- Fosters good relations between groups of people

If you have ticked one or more of above, please go to section 5.

- No** (please stop here and email this form to your Chief Officer who needs to email it to equalitywatch@wirral.gov.uk for publishing)

Section 5:

Could the proposal have a positive or negative impact on any of the protected groups (race, gender, disability, gender reassignment, age, pregnancy and maternity, religion and belief, sexual orientation, marriage and civil partnership)?

You may also want to consider socio-economic status of individuals.

Please list in the table below and include actions required to mitigate any potential negative impact.

Which group(s) of people could be affected	Potential positive or negative impact	Action required to mitigate any potential negative impact	Lead person	Timescale	Resource implications

Section 5a: **Where and how will the above actions be monitored?**

Section 5b: **If you think there is no negative impact, what is your reasoning behind this?**

Section 6: **What research / data / information have you used in support of this process?**

Section 7: **Are you intending to carry out any consultation with regard to this Council proposal?**

Yes / No – (please delete as appropriate)

If ‘yes’ please continue to section 8.

If ‘no’ please state your reason(s) why:

(please stop here and email this form to your Chief Officer who needs to email it to equalitywatch@wirral.gov.uk for publishing)

Section 8: How will consultation take place and by when?

Before you complete your consultation, please email your preliminary EIA to equalitywatch@wirral.gov.uk via your Chief Officer in order for the Council to ensure it is meeting it's legal requirements. The EIA will be published with a note saying we are awaiting outcomes from a consultation exercise.

Once you have completed your consultation, please review your actions in section 5. Then email this form to your Chief Officer who needs to email it to equalitywatch@wirral.gov.uk for re-publishing.

Section 9: Have you remembered to:

- a) **Add appropriate departmental hyperlink to where your EIA is/will be published** (section 2b)
- b) **Include any potential positive impacts as well as negative impacts?** (section 5)
- c) **Send this EIA to equalitywatch@wirral.gov.uk via your Chief Officer?**
- d) **Review section 5 once consultation has taken place and sent your completed EIA to equalitywatch@wirral.gov.uk via your Chief Officer for re-publishing?**

DEVOLVING TRANSPORT MAJOR SCHEME FUNDING

LIVERPOOL CITY REGION ASSURANCE FRAMEWORK

DRAFT - January 2013

1. **Introduction**

- 1.1 The Liverpool City Region (LCR) welcomes DfT's devolution of funds for transport major schemes in the next spending review period. The newly established Liverpool City Region Local Transport Body (LTB) is pleased to set out its proposals in this assurance framework. This outlines the city region's governance arrangements in respect of major scheme funds, together with its management and decision-making arrangements.
- 1.2 The LCR is committed to maximising the opportunities afforded by the devolution of major transport schemes. Indeed, this issue formed a key 'ask' of government in the recent Liverpool City Region Deal, agreed with the Cabinet Office in the summer of 2012.
- 1.3 The LCR has developed its proposals around the governance of the devolution process via the Liverpool City Region Cabinet (involving all city region local authorities), the Liverpool City Region Local Enterprise Partnership and the Merseyside Integrated Transport Authority. The approach has thus been inclusive and co-ordinated.
- 1.4 This assurance framework and the governance arrangements set out within it have been considered and approved by the following bodies:-

Organisation	Approval date
The LCR Local Enterprise Partnership	xxx
The Liverpool City Region Cabinet	xxx
The Merseyside Integrated Transport Authority	xxx
Shadow Liverpool City Region Local Transport Body	xxx

- 1.5 The assurance framework reflects the Department for Transport's guidelines and recommendations and is commended to officials and to Ministers.

2. The Local Transport Body

- 2.1 The Local Transport Body (LTB) will be known as the Liverpool City Region Local Transport Body. Its Terms of Reference are set out within Appendix 2.
- 2.2 The LTB will cover the established Liverpool City Region geography, which is coterminous with the established boundaries of the LCR Local Enterprise Partnership and the Liverpool City Region Cabinet. This area consists of the local authority areas of Halton, Knowsley, Liverpool, St Helens, Sefton and Wirral. It also includes Merseytravel, which is the operating name for the Merseyside Integrated Transport Authority (ITA) and Passenger Transport Executive (PTE).
- 2.3 The LTB will consist of 8 voting members as shown in the table below:-

Member	Status	Role on LTB	Number of votes
Chair of Merseyside Integrated Transport Authority *	Elected member	Chair + Voting member	1 + casting vote
Leader of Halton BC *	Elected member	Voting member	1
Leader of Knowsley MBC *	Elected member	Voting member	1
Mayor of Liverpool *	Elected Mayor	Voting member	1
Leader of St Helens MBC *	Elected member	Voting member	1
Leader of Sefton MBC *	Elected member	Voting member	1
Leader of Wirral MBC *	Elected member	Voting member	1
Chair of Liverpool Local Enterprise Partnership *	Private sector representative	Voting member	1

** or named alternate*

- 2.4 The LTB will take the form of an informal partnership, operating on behalf of all Liverpool City Region partners as an executive decision-making body. Its members have been appointed by its constituent organisations. It has a democratic majority, as seven of its eight members are senior elected members drawn from the local authorities and from the Integrated Transport Authority. The Chair of the LEP will ensure full representation and voting rights from the private sector.
- 2.5 The LTB will be chaired by the Chair of the Merseyside Integrated Transport Authority, and a Vice Chair will also be appointed at the LTB's inaugural meeting. Each member of the local transport body will have equal status in terms of voting rights, though the Chair will carry the casting vote in cases where votes are locked. There shall be no other formal classes of membership. However, as all meetings will be held in public

(see section xxxxx below) all meetings may be attended by any member of public, by the press, by government bodies, adjoining local authorities, transport operators, NGOs, other stakeholders or expert witnesses. Any member of the public will be entitled to table a question in advance and speak at a meeting of the LTB at the Chair's discretion.

- 2.6 All members sitting on the LTB shall appoint a single, named alternate, who will enjoy the same status as the principal representative. The Vice Chair will enjoy the right to a casting vote in the Chair's absence.
- 2.7 The Terms of Reference and membership of the LTB will be reviewed in April of each year. This will provide an opportunity for the remit of the LTB to be amended and for membership of the LTB to be reviewed. The Chair and Vice Chair will also be appointed for the coming year, though the existing Chair and Vice Chair may stand for re-election. All decisions will be subject to majority agreement by the LTB.
- 2.8 Leaders of the local authorities sitting on the LTB will be supported by their transport or regeneration portfolio members who will advise on relevant issues, processes and recommendations. Portfolio members may attend all meetings of the LTB and make representations at the Chair's discretion, but voting rights will remain vested with the Leader or with the named alternate.
- 2.9 The LTB will be supported by a wider stakeholder group which will provide input into all relevant processes, such as the identification of candidate schemes, the prioritisation process and on detailed scheme business cases. This group will include representation from private sector transport operators, from local interest groups, local authority portfolio members, and from government agencies / partners such as the Highways Agency and Network Rail.
- 2.10 This group will principally exist in a "virtual" capacity, and will be consulted on specific issues as outlined above. In addition, members will receive electronic copies of all LTB agendas and papers in advance of each meeting, providing an opportunity for comments or queries to be raised with officials or directly with members of the LTB.
- 2.11 Representatives from the Highways Agency and Network rail will be closely engaged by scheme promoters from the outset, recognising the need for schemes affecting the rail or trunk road network to fit clearly with the statutory processes governing these networks. It will also be essential to assess scheme deliverability as part of the prioritisation process. As such,

officials from the Highways Agency and Network Rail may also be invited to join the Transport Advisory Group (see section xxxxx), to ensure that the implications of emerging proposals or schemes are fully understood by officers and by the LTB.

- 2.12 The structure chart, showing how the LTB interacts with scheme promoters and with its advisory structures is set out within Appendix 3.

3. **Managing conflicts of interest and propriety**

- 3.1 Members of the local transport body serve to take strategic, objective decisions on the use of devolved funding on behalf of the Liverpool City Region. They do not serve to promote the schemes of their constituent district or organisation.
- 3.2 Where members of the local transport body would consider individual issues or schemes that directly affect their organisation or local authority, then this shall be declared at the start of the meeting. Providing that there is no pecuniary interest, such members may attend and make representations upon the issue or scheme and also vote. In the event that the Chair of the LTB has a similar interest in a specific scheme, then they will be entitled to make representations and vote, but the role of Chair shall be taken by Vice Chair in such an event.
- 3.3 Where members have a direct financial interest in a scheme, through employment or personal gain (including any interest as a result of close personal relationships/friendships), this shall be declared and the member shall abstain from discussing and voting on the item.
- 3.4 Merseytravel, as the accountable body for the LTB, will maintain a register of personal interests of all decision making members, which will be based on existing conventions. This will be available to the public via its website. All meetings of the LTB shall commence with a standing item in relation to declarations of interest.
- 3.5 All reports presented to the LTB will be authored by the Chair of the Transport Advisory Group, who will have responsibility for ensuring that objective, professional advice is presented to the LTB on the merits (or otherwise) of schemes. This officer shall act in the interests of the LTB as a whole and will draw on external, impartial support or advice as required, particularly when reviewing detailed business cases. In cases where this officer would be required to consider a business case developed by their constituent organisation, then they shall take no part in the process. Responsibility for advising the LTB in such cases

will then rest with the Vice Chair of the Transport Advisory Group.

4. **Gifts and hospitality**

4.1 The LTB will be governed by Merseytravel's policies in relation to registers of interest. The acceptance and declaration of gifts and hospitality shall be subject to its policies. Merseytravel will maintain all appropriate records and this information will be available on its website.

5. **The status and role of the accountable body**

5.1 The accountable body for the LTB will be Merseytravel, which is a public body and thus subject to established local authority practices and procedures.

5.2 As the accountable body, Merseytravel will:-

- ensure that the decisions and activities of the LTB conform with legal requirements with regard to equalities, environmental and EU issues.
- ensure through its Director of Finance (the Section 151 Officer) that the funds are used appropriately and exclusively for the intended purpose
- ensure that the LTB's approved assurance framework is being adhered to.
- maintain the official record of LTB proceedings and holding all LTB documents, via its Legal and Administration Department
- take responsibility for the decisions of the LTB in approving schemes if subjected to e.g. Freedom of Information requests or legal challenge
- hold the devolved funds on behalf of the city region.

5.3 Merseytravel will provide full secretarial services to the LTB, including the management of meetings, the distribution of minutes and papers and providing minutes of meetings. The LTB will be managed in the same way as a regular committee of the Integrated Transport Authority, with minutes, papers and key decisions freely available on its website and on an email list to all members of the wider stakeholder group.

5.4 All meetings of the local transport body will be held in public at fully accessible venues, usually at Merseytravel's city centre headquarters. All agendas, papers and minutes will be in the public domain and accessible via the established modern.gov web-based system. Papers will be made available at least 5 working days in advance of a meeting, in accordance with established local authority guidelines.

5.6 Merseytravel will hold the devolved major scheme funding and make payments to delivery bodies and to itself, where appropriate. The funds will be accounted for in such a way that they will be separately identifiable, with a separate cost centre. Financial statements will be routinely provided to the LTB on scheme costs and on the profiling of spend. Merseytravel will ensure that local agreements with scheme promoters ensure that the funds can be used only in accordance with an LTB decision. Any inappropriate use of the funds shall render scheme promoters liable to the clawback of funds in whole or in part.

5.7 A legal agreement, based on the principles set out within this assurance framework, will be developed between the accountable body and each of the constituent authorities who are represented on the LTB ahead of xxxxxxxxxx. This will define the purpose of the local transport body, its role and the specific purposes for which devolved major schemes funds may be used. This will also make clear the defined purposes for which devolved major scheme funding may be utilised, the role of Merseytravel as accountable body and the fallback position whereby funds may be withheld or clawed back if they are mismanaged in any way.

6. **Audit and scrutiny**

6.1 The Local Transport Body will arrange an annual, external audit by a qualified external auditor, and submit these annually to the DfT. These audits will be arranged and procured by Merseytravel as the LTB's accountable body. An audit will be undertaken and submitted to DfT between February 2012 and the start of the devolved funding period, and thereafter on an annual basis in March.

6.2 Further scrutiny will also be built into the LTB's decision-making and approvals process through:-

- (a) the involvement of professional officers in the prioritisation and appraisal process via the Transport Advisory Group, which will commission independent support and advice on prioritisation and on scheme business cases;
- (b) the involvement of portfolio members from the district councils as advisors to their Leaders on proposals, salient issues and on key recommendations;
- (c) through the existence of the wider advisory group; and
- (d) through the convention that all methodologies, prioritised lists and scheme details and funding approvals are made

publicly available on the accountable body's website (and longer-term, on a dedicated website).

- 6.3 As the devolved funds will be held and managed by Merseytravel, then by virtue of being a public body, they will be subject to additional internal financial management and scrutiny arrangements.

7. **Strategic Objectives and Purpose**

- 7.1 The principal purpose of the local transport body is to perform the following roles in relation to devolved major scheme funding:-
- Identifying a prioritised list of investments within the available budget
 - Making decisions on individual scheme approval, investment decision making and release of funding, including scrutiny of individual scheme business cases
 - Monitoring progress of scheme delivery and spend
 - Actively managing the devolved budget and programme to respond to changed circumstance [scheme slippage, scheme alteration, cost increases etc]
 - Responsibility for ensuring value for money is achieved within the available budget
- 7.2 The LTB may agree, by majority decision, to widen the scope of future agendas to take on wider advisory roles, e.g. providing advice on a specific transport policy issues, input to consultation responses, the development of evidence to select committees, input to wider funding streams or any new requirements stemming from central government. Any changes to the scope of the LTB shall thereafter be reflected and formally agreed as part of the annual revision of the Terms of Reference.
- 7.3 The principles that apply to members of the LTB in relation to the devolution of major transport funding (e.g. declarations of interest and gifts and hospitality) shall apply equally to the LTB acting in a wider advisory capacity.

8. **Support and administration arrangements**

- 8.1 The local transport body will be supported at a professional officer level by the Transport Advisory Group. This group is made up of Director and Assistant-level transport officers from each of the city region local authorities, from the LEP and from Merseytravel. This officer group also has experience of the major schemes regime. This body will have responsibility for

providing professional advice to the local transport body to allow it to fulfil its functions.

- 8.2 The Advisory Group will support the development of agendas and technical papers for the LTB, in conjunction with the lead Chief Executives on transport issues for the Liverpool City Region. The Chair of the Transport Advisory Group will be the principal contact point for the Local Transport Body, and will act as the link between the Transport Advisory Group and the Chair of the LTB. This officer will be responsible for authoring and presenting reports to the Local Transport Body.
- 8.3 The Transport Advisory Group has agreed to commission a WebTAG compliant economic appraisal toolkit to support the testing of candidate schemes at the prioritisation and the more detailed business case stages. This toolkit has the capability of being operated in tandem with an established Liverpool City Region Transport Model, thus providing an evidence base to support objective decision-making.
- 8.4 The Transport Advisory Group is also overseeing the development of a transparent and robust prioritisation methodology to appraise candidate schemes, discussed in further detail in section xxxxx. Merseytravel, as the LTB's accountable body will secure resources to commission external and impartial consultancy support to assist with the process of scoring candidate schemes, to ensure that the prioritisation process is transparent and objective.
- 8.5 In addition, a total of £400k has been safeguarded in 2013/14 and in 2014/15 to enable the LTB to commission technical support with the evaluation of individual scheme business cases that arise from the prioritisation process.

9. **Working Arrangements and Meeting Frequency**

- 9.1 The LTB shall agree an annual schedule of meetings. However, the Chair may also convene additional meetings of the LTB, in consultation with other members, providing that at least 14 days' notice ahead of the proposed date is given. In the event that a scheduled meeting is not deemed necessary, then the Chair may agree to cancel or reschedule that meeting at least 14 days ahead of its scheduled date, providing that all members of the LTB have been consulted in advance of notice being given of the intention to cancel the meeting.
- 9.2 A meeting of the LTB shall be required in order to consider an individual business case and to make a funding decision in respect of a scheme.

9.3 In preparation for the July 2013 scheme prioritisation deadline, a minimum of three meetings of the LTB shall be convened, (either in shadow form, or as a formally constituted body) each with the specific purpose of:-

9.3.1 establishing the LTB, agreeing the position of Chair and Vice Chair and agreeing its Terms of Reference,

9.3.2 signing-off this assurance framework and agreeing the draft scheme prioritisation methodology; and

9.3.3 agreeing a prioritised list of schemes.

9.4 As highlighted in section xxxx, all meetings of the LTB will be public meetings and all agendas, papers and minutes working shall be made available online by the accountable body.

10. **Transparency and Local Engagement**

10.1 As shown in the structure chart in Appendix 3, the LTB shall be supported by a wider advisory group, consisting of representatives from the transport sector, from local interest groups and other relevant stakeholders. This group will be established and constituted as an informal “virtual” forum, to provide input to the process and provide an additional tier of non-statutory scrutiny and rigour into the process. It will also be canvassed for any candidate schemes, or views thereon, at the start of the scheme prioritisation process.

10.2 Specifically, the wider stakeholder group will be consulted on the draft methodology and on the draft prioritised list being considered by the local transport body in July 2012. The group will subsequently be consulted on individual schemes, including draft business cases and other formal consultation stages (e.g. on Environmental Impact Assessments). The Transport Advisory Group will be responsible for setting out more detailed guidance and requirements for scheme promoters on public engagement and on consultation.

10.3 Merseytravel, as accountable body, will ensure that all background papers, scoring frameworks, decisions and minutes are made publicly information via its website. Relevant minutes of the LTB’s Transport Advisory Group will also be published as background information. Exemptions will only be permitted where these relate to established issues of confidentiality, such as staffing or commercially sensitive aspects.

10.4 A dedicated local transport body website will be established in due course, though all constituent bodies will initially provide a

web link to Merseytravel's LTB web pages, to ensure that consistent information is available from numerous sources.

11. **Complaints and whistleblowing**

- 11.1 Any complaints or concerns will be directed to and administered by Merseytravel, as the local transport body's accountable body. These will be managed by Merseytravel's Monitoring Officer and by its Head of Internal Audit.
- 11.2 In cases where objections or concerns cannot be resolved at officer-level, then these shall be escalated to Merseytravel's Audit and Governance Committee (or any variation thereon).
- 11.2 As a third stage, unresolved complaints arising from the above shall be referred to the Department for Transport by the accountable body.

12. **Scheme prioritisation**

- 12.1 The local transport body will adopt a transparent and robust prioritisation methodology for evaluating candidate schemes at the outset. The Merseyside and Halton Local Transport Plans will provide the overriding guiding framework for the process of devolving major transport schemes, recognising that these plans do identify potential major schemes in response to the city region's transport challenges and objectives.
- 12.2 An initial "longlist" of candidate schemes will be co-ordinated by the Transport Advisory Group, based on the policy context set out within the LTPs and other key city region policy documents (e.g. Mayoral Development Zones, Enterprise Zones and the LEP's economic growth priorities). These priorities have previously been articulated in a related briefing paper for senior officials from the DfT during the summer of 2012.
- 12.3 In addition, this list will be supplemented by canvassing members of the Wider Stakeholder Group for other candidate schemes. This will ensure that the process is inclusive and up-to-date. A detailed electronic pro-forma will be utilised to obtain the relevant information and to provide a clear audit trail of all schemes that are identified.
- 12.4 The methodology that will be used to generate the prioritised list of projects will follow earlier successful approaches within the city region for prioritising funds, specifically work on shortlisting candidate Regional Funding Allocation schemes in 2008, and schemes that made up the successful Local Sustainable

Transport Fund bid in 2011. The draft methodology will be shared with the Wider Stakeholder Group, and will be considered and approved by the LTB ahead of the consideration of candidate schemes. It will also be available on the accountable body's website.

12.5 The methodology will utilise a preliminary gateway assessment stage, and scheme promoters will be required to address the fit of the scheme against LTP and LEP policy context. This will be followed by a gateway stage that will utilise DfT's 'EAST' methodology to establish whether or not the proposal would form the best solution to the problem that exists. A deliverability assessment stage will also be utilised to understand the state of readiness of the scheme.

12.6 Schemes that satisfy the gateway stages will then be scored objectively, on the information available, against three principal criteria:-

- Economic impacts (50%)
- Financial case criteria (25%)
- Health and wellbeing criteria (25%)

As noted in paragraph xxxxx, the city region is developing an economic appraisal module to assist with the quantification of economic impacts. The DfT's carbon calculator will be employed in the third criterion in relation to health and wellbeing impacts. A numerical score will then be attached to each candidate scheme, to enable a ranked list to be considered by the local transport body.

12.7 This process will enable not only a 4-year programme of ranked schemes to be identified (covering the next spending review timescales), but a longer-term programme, in line with the city region's commitment to develop a 10 year single capital pot for transport.

12.8 The appraisal methodology is summarised in the diagram within Appendix 4.

13. **Scheme eligibility**

13.1 The Liverpool City Region will ensure that the funds that are devolved will be utilised for traditional major scheme which will include packages of measures. Major maintenance schemes will also be included within the scope of the work, recognising their strategic fit with the city region's Local Transport Plan policy context. The scheme prioritisation methodology will provide the necessary policy tests for candidate schemes and no additional

restrictions or hurdles will be employed by the local transport body once schemes have been prioritised by July 2013.

- 13.2 The prioritisation 'gateway' test in particular will ensure that schemes that are promoted are of sufficient magnitude, and are of genuine strategic importance to the city region. This reflects the special conditions associated with major schemes funding and the city region's clear stance that major schemes funding must not be used to top up integrated transport block funds or to fund works that should instead come from the ITB.
- 13.3 A threshold of £3 million has been agreed as the minimum threshold for schemes, to ensure that they are of sufficient significant scale and impact and to manage the number of schemes coming forward. Reducing the original £5 million threshold does, however, give the city region greater flexibility with its resources at a time when other sources of funding are more limited.
- 13.4 The LTB will also require all scheme promoters to provide an element of match funding for their schemes. A minimum of 10% will be required, and major schemes funding will form a maximum of 90% of the scheme's cost. Furthermore, the prioritisation methodology will utilise criteria that reflect value for money considerations, meaning that schemes attracting higher levels of match funding will receive a higher weighting in the scoring system than those drawing only limited levels of match funding. This will ensure best value for money from the funds that are available to the city region (see xxxxxx below).

14. **Scheme assessment and approval.**

- 14.1 Individual local authorities or the Passenger Transport Executive will remain responsible for developing detailed scheme proposals for schemes that are approved by the LTB through the prioritisation process. The city region is looking to develop more innovative and collaborative approaches to scheme delivery, however as part of its review of transport governance arrangements.
- 14.2 To ensure a clear distinction between scheme promoters and the role of the LTB as the schemes assessor, the Chair of the Transport Advisory Group will be the principal officer contact point for the LTB, and provide a link between the officer-level support structures and the LTB. They will present the LTB will advice on all schemes submitted for funding approval at the key stages outlined below.
- 14.3 As highlighted in section xxxxxx, the Transport Advisory Group has committed to allocate £400,000 in 2013/14 and 2014/15 for

drawing in impartial, technical advice on scheme business cases, as required. This approach will ensure that advice presented to the LTB is impartial and that conflicts of interest between officers who sit on the Transport Advisory Group and the schemes promoted by their respective organisation or authority are avoided.

14.4 Schemes that have been shortlisted will be approved by the Local Transport Body in two discrete stages following the submission of a satisfactory business case that accords with DfT's WebTAG guidelines:-

- (i) schemes will enter a Programme Entry stage, to give scheme promoters 'in principle' approval and to allow appropriate powers or processes to be pursued.
- (ii) when the scheme reaches its required stage of readiness, an application for Full Approval shall be made to the LTB before any funds are committed legally.

The LTB reserves the right to utilise an interim, Conditional Approval stage for larger or contentious schemes.

15. **The transport business case**

15.1 The LTB will require all scheme proposals submitted by local authorities to clearly accord with the existing DfT requirements. The LTB will be supported by the Transport Advisory Group in ensuring that the level of information submitted is of the required standard and that all necessary processes (e.g. WebTAG and Environmental Impact Assessment requirements) are satisfied.

15.2 Scheme promoters will be required to develop a Strategic Outline business case, an Outline Business Case and a full Business Case. External validation and scrutiny at these stages will be secured through consultancy support, as required, funded from the budget that has been specifically allocated for these purposes by the Transport Advisory Group.

16. **Value for Money**

16.1 Value for money will be a core criterion that the LTB will utilise initially in its methodology for creating a prioritised list of schemes. Schemes drawing in higher levels of match funding will receive a higher weighting than schemes drawing in the minimum level of match funding.

16.2 All business cases that are subsequently developed will be required to accord with established WebTAG advice, and

Benefit-to-Cost ratios will be required for all candidate scheme business cases. The LTB will approve only those schemes offering the highest value for money. Schemes that have previously been rejected on value for money grounds within the lifetime of the LTP regime will not be re-considered by the LTB.

- 16.3 Further proxies for value for money will be secured by the city region through the use of its Strategic Transport Model and its emerging economic appraisal toolkit, as appropriate. Consistency and quality assurance will be secured through independent technical support and validation that will be called upon as required, and as outlined within this assurance framework.
- 16.4 At every scheme approval stage, the LTB shall require a value for money statement to be developed. This will be considered and signed off by the Chair of the Transport Advisory Group, barring circumstances in which this would relate to a scheme developed by the home authority of the Chair, and when the Vice Chair would assume this role in order to avoid any conflict of interest.
- 16.5 As part of the detailed scheme approval process, the LTB will require scheme promoters to submit evaluation and monitoring method statements, and the requirement to monitor schemes will be a funding condition. At the end of the spending review period, the LTB will commission a report that collates evaluation and monitoring data from schemes completed within this period and identify any key messages arising as a result. This report will be publicly available thereafter.

17. **External views on business cases**

- 17.1 The LTB will utilise the Wider Reference Group as its main advisory group to comment and provide scrutiny of scheme business cases. In addition, scheme business cases shall be made available on the website of the accountable body (and in due course, the website of the local transport body) for a minimum of 3 months. This is to provide an opportunity for members of the public to consider and comment upon proposals.
- 17.2 The Transport Advisory Group will be responsible for considering comments received as part of this process and ensuring that these are reported to the LTB as part of the decision making processes.

18. **Release of funding, cost control and approval conditions**

- 18.1 The LTB's funding contributions will be capped contributions. In the event that scheme costs escalate, then applications for additional funding approval will not be considered by the LTB once schemes are fully approved. This reflects the reality that funding levels are limited and will be in high demand. Alternative approaches will thus be required to manage cost overruns (e.g. from local funds or third parties). This condition will be made clear once the LTB has agreed a prioritised list of schemes and invites major scheme business cases from successful scheme promoters.
- 18.2 Funding approvals will also reiterate the legal agreement that will exist between each organisation represented on the LTB and the accountable body, in terms of the purposes for which devolved funds may be used, as outlined in paragraph 5.7 of the assurance framework.
- 18.2 Merseytravel, as the accountable body will require funds to be claimed from scheme promoters in arrears on a quarterly basis. In the event that spend is not keeping pace, then contributions may be suspended. This will be stipulated as part of a conditional funding agreement between the accountable body and the promoting body.
- 18.3 These principles will apply equally to Merseytravel, as accountable body for the LTB, in the event that it is also a scheme promoter. Additional controls will exist in this respect by the legal distinction between the Integrated Transport Authority (which is the body represented on the LTB) and the Passenger Transport Executive, which be the scheme delivery agent. Any funds awarded to the PTE as a scheme promoter would also enter its capital programme and be accounted for separately from devolved major schemes funds as a whole.
- 18.4 As part of scheme business cases, promoters will be required to demonstrate where match funding will stem from, and the risks associated with these funds.
- 18.5 Scheme promoters will also be subject to regular audits by the accountable body.

19. **Programme and risk management**

- 19.1 The work of LTB will be managed and supported by professional staff. The principal officer with responsibility for contact between formal LTB meetings and the Chair will be the Chair of the Transport Advisory Group, supported by officers from the constituent local authorities.

19.2 Funding approvals will feature as standing items of formal meetings of the Transport Advisory Group, to monitor and manage issues such as spend profiles and risk to the programme as a whole, on behalf of the LTB.

DRAFT

Terms of Reference for the Liverpool City Region Local Transport Body

DRAFT – January 2013

Context

1. The Liverpool City Region Local Transport Body (LTB) exists for the primary purpose of managing the process of making policy and funding decisions in relation to devolved transport major schemes funding from the Department for Transport within the Liverpool City Region.
2. The Liverpool City Region is defined as the local authorities of Halton, Knowsley, Liverpool, St Helens, Sefton and Wirral. It also includes Merseytravel, as the Passenger Transport Executive and Integrated Transport Authority for Merseyside and the Liverpool Local Enterprise Partnership area.

Duties of LTB

3. The Local Transport Body will take the form of an informal partnership of appointees from each of its constituent organisations, empowered to take decisions to fulfil the duties expected of it in respect of devolved transport major schemes funds. These duties will include:-
 - Identifying a prioritised list of investments within the available budget
 - Making decisions on individual scheme approval, investment decision making and release of funding, including scrutiny of individual scheme business cases
 - Monitoring progress of scheme delivery and spend
 - Actively managing the devolved budget and programme to respond to changed circumstance [scheme slippage, scheme alteration, cost increases and so forth]
 - Responsibility for ensuring value for money is achieved.
4. Decisions made by the LTB will be binding, though will be subject to the right of the accountable body to challenge on legal or a procedural grounds. There will be no requirement for the constituent local authorities or organisations to ratify decisions made by the local transport body, as the local transport body has executive power to make strategic funding decisions on behalf of the city region.
5. The LTB shall operate in accordance with the principles set out within the LTB's assurance framework agreed on xxxxxxxxx and as submitted to the Department for Transport in February 2013, and which should be read in conjunction with these Terms of Reference.

Membership of LTB, voting and quoracy

6. The LTB will be composed as follows:-

Member	Status	Role on LTB	Number of votes
Chair of Merseyside Integrated Transport Authority *	Elected member	Chair + Voting member	1 + casting vote
Leader of Halton BC *	Elected member	Voting member	1
Leader of Knowsley MBC *	Elected member	Voting member	1
Mayor of Liverpool *	Elected Mayor	Voting member	1
Leader of St Helens MBC *	Elected member	Voting member	1
Leader of Sefton MBC *	Elected member	Voting member	1
Leader of Wirral MBC *	Elected member	Voting member	1
Chair of Liverpool Local Enterprise Partnership *	Private sector representative	Voting member	1

** or named alternate*

7. All representatives sitting on the LTB shall appoint a single, named alternate, who will enjoy the same status as the principal representative. A Vice Chair shall also be appointed each year.
8. The LTB members will each have full and equal voting rights. The body will be chaired by the Chair of the Merseyside Integrated Transport Authority. All decisions made by the local transport authority shall be majority decisions. The Chair of the LTB shall carry the casting vote, in the event that votes are split. The Vice Chair will enjoy similar rights when deputising for the Chair. There shall be no other classes of membership.
9. All decisions made by the LTB shall be majority decisions and any proposals or amendments will be subject to established proposing and seconding conventions
10. The local transport body must be quorate in order to take decisions and consider recommendations. A minimum of 4 members must be present to ensure quoracy, which must include the presence of either the Chair or the Vice Chair.
11. Members of the LTB agree to abide by a code of conduct as developed by its accountable body and be subject to its protocols in respect of declarations of interest and pecuniary interests, to satisfy.

LTB meeting arrangements

12. The LTB shall agree a schedule of meetings each year. The Chair may also convene additional meetings of the LTB, in consultation with other members, providing that at least 14 days' notice ahead of the proposed

date is given. In the event that a scheduled meeting is not deemed necessary, then the Chair may agree to cancel or reschedule that meeting at least 14 days ahead of its scheduled date, providing that all members of the LTB have been consulted in advance of notice being given of the intention to cancel.

13. A meeting of the LTB shall be required in order to consider an individual scheme business case or to make eligibility / funding decisions in respect of any scheme.
14. The meetings of the local transport body will be held in public and all background papers, agendas and minutes will be publicly available on Merseytravel's (or a future dedicated LTB website's) 'modern.gov' system a minimum of 5 working days ahead of the date of the meeting
15. The LTB's terms of reference will be reviewed and updated at an AGM in April of each year. This will provide an opportunity for the following issues to be reviewed:-
 - membership of the LTB
 - the Chair and Vice Chair for the coming year (the existing Chair and Vice Chair may stand for re-election)
 - changes to voting arrangements
 - changes to the LTB's terms of reference, including wider responsibilities or advisory roles
 - changes to the LTB's accountable body
 - changes to the LTB's support arrangements

Accountable body to the LTB

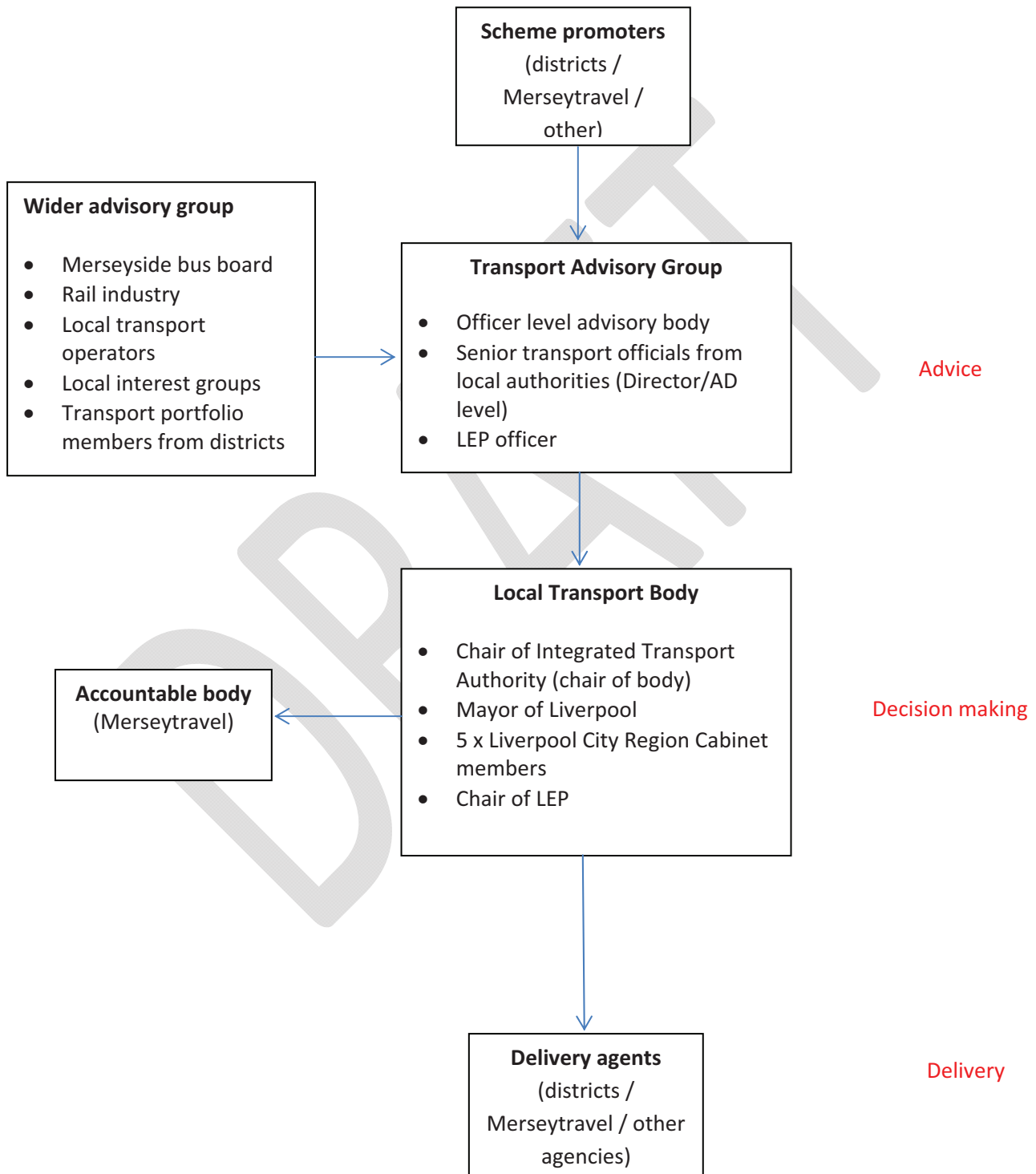
16. Merseytravel (The Merseyside Integrated Transport Authority and Passenger Transport Executive) will act as the accountable body. As such it will:-
 - hold the devolved major scheme funding in a discrete cost centre
 - make payments to delivery bodies such as Local Authorities, linked to appropriate legal agreements and funding agreements relating to the purpose to which funds may be used
 - be responsible for providing annual audits to DfT on behalf of the LTB
 - providing audits of scheme promoters
 - provide financial statements to the LTB
 - manage the devolved funding in accordance with the assurance framework
 - be responsible for clawing back, or withholding funds in the event of any mismanagement of funds.

LTB support arrangements

17. The LTB will be supported at officer level by a Transport Advisory Group, made up of Director and Assistant-level transport officers from each of the city region local authorities and from Merseytravel. This body will have responsibility for providing professional advice to the LTB.
18. The Chair of the Transport Advisory Group will be the principal contact point for the Local Transport Body, and will act as the principal link between the Transport Advisory Group and the Chair of the LTB. This officer will also be responsible for authoring and presenting reports to the Local Transport Body, supported.
19. The local transport body will be supported by a wider advisory group, to provide input into the prioritisation, approvals and consultation processes. This will include representation from private sector transport operators, from local interest groups and from government agencies / partners such as the Highways Agency and Network Rail.

Appendix 3

The structure of the Local Transport Body and its support arrangements



Schematic of prioritisation methodology

