



Cabinet

Date:	Thursday, 19 September 2013
Time:	4.00 pm
Venue:	Committee Room 1 - Wallasey Town Hall

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AGENDA

1. MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST

Members of the Cabinet are asked to consider whether they have any disclosable pecuniary or non pecuniary interests in connection with any item(s) on this agenda and, if so, to declare them and state the nature of the 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.

FINANCE

3. COMBINED AUTHORITY (Pages 1 - 90)

4. FINANCIAL MONITORING 2013/14 (MONTH 3) (Pages 91 - 150)

CENTRAL AND SUPPORT SERVICES

5. PURCHASE OF FORMER TRANSFOOD PROPERTY, ABBEY STREET, BIRKENHEAD (Pages 151 - 158)

ECONOMY

6. LOCAL ASSET BACKED VEHICLE (LABV) (Pages 159 - 164)

GOVERNANCE AND IMPROVEMENT

- 7. PERFORMANCE MANAGEMENT AND IMPROVEMENT FRAMEWORK (Pages 165 - 198)**
- 8. OUTCOMES FRAMEWORK FOR IMPROVEMENT (Pages 199 - 202)**
- 9. KEY MESSAGES FROM THE IMPROVEMENT BOARD (Pages 203 - 212)**

HEALTH AND WELLBEING

- 10. REVIEW OF LEISURE CENTRES AND GOLF COURSES (Pages 213 - 240)**

ADULT SOCIAL CARE

- 11. FEES FOR RESIDENTIAL AND NURSING HOME CARE (Pages 241 - 250)**

CHILDREN AND FAMILY SERVICES

- 12. PROCUREMENT OF INTEGRATED SOCIAL CARE CASE MANAGEMENT SYSTEM (Pages 251 - 258)**
- 13. ANY OTHER URGENT BUSINESS APPROVED BY THE CHAIR (PART 1)**

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

- 14. 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.

CHILDREN AND FAMILY SERVICES

- 15. PROCUREMENT OF INTEGRATED SOCIAL CARE CASE MANAGEMENT SYSTEM (Pages 259 - 276)**
- 16. ANY OTHER URGENT BUSINESS APPROVED BY THE CHAIR (PART 2)**

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

WIRRAL COUNCIL

Cabinet

19 September 2013

SUBJECT	LIVERPOOL CITY REGION GOVERNANCE REVIEW
WARD/S AFFECTED	ALL
REPORT OF	CHIEF EXECUTIVE
RESPONSIBLE PORTFOLIO HOLDER	COUNCILLOR PHIL DAVIES
KEY DECISION	YES

1.0 EXECUTIVE SUMMARY

- 1.1 This report informs the Cabinet of the current position in relation to the consultation on the Liverpool City Region Strategic Governance Review and the proposals to establish a Liverpool City Region Combined Authority.
- 1.2 The report recommends that the Cabinet should submit the Liverpool City Region Strategic Governance Review document and Scheme for the establishment of a Combined Authority to the next meeting of the Council along with a recommendation that it should be approved and submitted to the Government by 30 September 2013 following endorsement by the proposed constituent Councils.
- 1.3 The report also recommends that the Cabinet should recommend to the Council that Wirral Council should become a constituent member of the Liverpool City Region Combined Authority, thereby sharing appropriate economic development and transport powers with other Councils within the Liverpool City Region Combined Authority in accordance with the provisions of the Local Democracy, Economic Development and Construction Act 2009 (the 2009 Act) and the Local Transport Act 2008 (the 2008 Act).

2.0 RECOMMENDATIONS

- 2.1 Members of the Cabinet are recommended to endorse the work undertaken to date and agree to recommend to the extraordinary meeting of Council to be held on 19 September 2013:
- (a) The submission of the Liverpool City Region Strategic Governance Review and Scheme to the Department for Communities and Local Government for the establishment of a Liverpool City Region Combined Authority on the basis of the drafts attached at Appendix 1 and Appendix 2 to this report;

- (b) That Wirral Council should formally become a constituent member of the Liverpool City Region Combined Authority, thereby sharing appropriate economic development and transport powers with other Councils within the Liverpool City Region Combined Authority in accordance with the provisions of the Local Democracy, Economic Development and Construction Act 2009 and the Local Transport Act 2008; and,
- (c) Agree that approval to make any technical amendments to the Liverpool City Region Strategic Governance Review and Scheme before it is submitted to the Secretary of State on 30 September 2013 be delegated to the Chief Executive in consultation with the Leader of the Council.

3.0 BACKGROUND

- 3.1 Liverpool City Region has a population of 1.5 million covering the local authority areas of Halton, Knowsley, Liverpool, Sefton, St Helens and Wirral and over 36,000 active businesses.
- 3.2 The Liverpool City Region vision is to create a thriving, international City Region; and to achieve this, the Liverpool City Region must accelerate the opportunities for economic growth and utilise all means necessary. There is strong evidence that the Liverpool City Region has latent potential for additional economic output: if the City Region performed at the national average an additional £8.2bn of output would be generated per annum for the national economy.
- 3.3 To achieve this vision, the City Region would need to deal with the economic challenges that are aggravated by the current global economic climate: productivity is 75% that of national rates, there is a gap of 18,500 businesses compared to national rates, a jobs deficit of 90,000, a skills deficit at all levels and one in ten residents are in receipt of either Job Seeker's Allowance or sickness benefits. In combination, these deficits contribute to the average household per-head being £1,700 less wealthy than the average nationally.
- 3.4 The six local authorities in the Liverpool City Region have a long history of collaboration at a scale that reflects the 'functional economic geography' of the area covering Halton, Knowsley, Liverpool, St Helens, Sefton and Wirral. This dates back before the development of the Liverpool City Region Development Plan, which was agreed in 2007. This collaboration was formalised with the creation of the Liverpool City Region Cabinet in 2008 as an advisory body and, most recently, the establishment of the Liverpool City Region Local Enterprise Partnership (LEP) in 2012 and the establishment of the Local Transport Body to serve the City Region in 2012.
- 3.5 The benefit of this collaboration was exemplified in the agreement of the Liverpool City Region Deal in 2012. Other examples include: prioritising investment activity to support the City Region's transformational growth areas of Low Carbon, SuperPort, the Knowledge Economy and Visitor Economy; and, in 2012/13 when the City Region attracted £16m of Empty Homes funding from the Homes and Communities Agency after taking a joint approach, which

contrasts sharply with the £0.700m attracted the previous year when individual local authority level bids were submitted.

- 3.6 At their meeting on 21 June 2013, the Liverpool City Region Cabinet agreed to formally review strategic governance arrangements in relation to a potential Combined Authority model. The intention was to consider potential options to strengthen the existing governance arrangements to enable the Liverpool City Region to optimise its economic growth potential and to create a thriving, international City Region.

4. LIVERPOOL CITY REGION GOVERNANCE REVIEW

- 4.1 The remit of the Strategic Governance Review, as commissioned by the Liverpool City Region Cabinet was to determine:

- Whether the area covered by the local authorities of Halton, Knowsley, Liverpool, Sefton, St Helens and Wirral can properly be seen as constituting a functional economic area for the purpose under consideration in the review; and,
- Whether the existing governance arrangements for strategic economic development, regeneration and transport are effective or would benefit from changes.

- 4.2 There is no widely accepted definition of economic development: for the purpose of the governance review, economic development and regeneration was taken to cover strategic activity related to business support, inward investment, trade and export, strategic housing and employment and skills functions that can be better delivered if this is done collaboratively across the Liverpool City Region. This is in addition to the strategic transport functions also being considered. Further, only matters that are of City Region significance have been considered to be within the remit of this review: strategic decisions that are specific to a Council geography relating to economic development, regeneration and housing or operational decisions in these areas would still be made by individual Councils.

- 4.3 The statutory tests for the governance review in relation to a potential Combined Authority are set out in the 2008 Act and the 2009 Act. The process of the review examined the options available to the City Region in relation to each of the following and evaluated the likely improvement going forward:

- The exercise of statutory functions relating to economic development, regeneration and transport;
- The effectiveness and efficiency of transport; and,
- The economic conditions in the area.

- 4.4 An officer-led working group was tasked with undertaking the governance review, comprising senior officers and relevant experts from each of the constituent local authorities, Merseytravel and the LEP. This included the following activities:

- **Review of economic evidence** to test the rationale for working across the Liverpool City Region geography as a functional economic area. This included a review of previous strategies and identification of key information to assess the economic conditions of the area. The work was aligned to the strategy development process being led by the LEP to prepare the evidence base for the City Region Growth Plan. It also considered the key findings from evidence base work and engagement activity to develop the City Region EU Investment Fund framework for 2014 – 2020.
- **Desk research** of the current governance arrangements and structures.
- **Workshops** to collect views and evidence from stakeholders in each constituent authority, Merseytravel and the LEP to consider the functions or activities that could benefit from strengthened collaborative governance arrangements.
- **One to one interviews** with external stakeholders, including LEP members, Chambers of Commerce and neighbouring local authorities, to collect views on the draft proposals.
- **Options assessment** based on this evidence.

5. THE EXISTING GOVERNANCE ARRANGEMENTS

- 5.1 The collaboration between the Liverpool City Region authorities was formalised with the creation of the Liverpool City Region Cabinet in 2008 and, most recently, the establishment of the Liverpool City Region Local Enterprise Partnership in March 2012 and the establishment of the Local Transport Body to serve the City Region later in 2012.
- 5.2 There are currently a number of Boards across the City Region bringing together the democratic leadership and senior business leaders to support our vision to be a thriving, international City Region, with those particularly relevant to the governance review of economic development, regeneration and transport summarised below.
- 5.3 **Liverpool City Region Cabinet:** The six Councils in the City Region have a track record of working together on areas of mutual benefit, dating back before the Liverpool City Region Development Plan, which was agreed in 2007. Following this, the Liverpool City Region Cabinet was established in 2008 as an advisory body to take forward this and other work. The City Region Cabinet is made up of the Mayor of Liverpool and Leaders of the five Councils. The Cabinet demonstrates high level leadership and has been effective at setting the strategy for the City Region and working in partnership with business leaders to develop the conditions for economic growth.
- 5.4 In 2008 the Cabinet agreed that each Leader/nominated member would lead on one of the portfolios identified in the City Region governance structure, and each Portfolio Holder would be supported by a Chief Executive acting as Lead Advisor. This led to a series of thematic City Region Boards, across transport, economic development, employment and skills, housing, health, and child poverty and life chances. Many of these Boards bring together the democratic mandate and the contributions of the private sector and other partners.

- 5.5 **Liverpool City Region Local Enterprise Partnership (LEP)** was established in March 2012 and formally incorporated: as such, it has a unique structure with over 400 members contributing to the success of the Partnership. This provides the LEP Company with an income stream which adds value to public funding for economic development, including European monies and sees the private sector playing a direct role in setting the economic agenda for the City Region. The Mayor of Liverpool and the other five Leaders also sit on the LEP Board alongside the private sector.
- 5.6 The LEP has established sector committees and panels around the key sectors for economic growth: Low Carbon Economy, SuperPort, Visitor Economy, Advanced Manufacturing and Innovation. This provides the opportunity for businesses and public bodies to work together on identifying the key actions and opportunities that will support the delivery of jobs and growth. The LEP has also been given a set of strategic responsibilities by Government in terms of prioritising investment (such as with Growing Places Funds) as well as setting future economic strategy for the City Region through the requirement for a Growth Plan by Spring 2014 and the determination of European Funding priorities. It is not however an entity that can have 'accountable body status' and therefore receive significant funding from Government.
- 5.7 **Merseyside Integrated Transport Authority (MITA)** covers Knowsley, Liverpool, Sefton, St Helens and Wirral areas, and Halton Borough Council acts as a local transport authority in its own right. There has been extensive collaboration and joint working on transport issues between City Region Councils, Merseytravel and increasingly the LEP, with the establishment of the Local Transport Body to serve the City Region as a case in point: (this was agreed as part of the City Deal in 2012). The aligned Local Transport Plans and implementation plans are a further example of the close work that is in place.
- 5.8 The Liverpool City Region has a track record of working together on Employment and Skills strategy across the functional economic area. The City Region's **Employment and Skills Board** leads work on jobs and skills on behalf of the City Region Cabinet and the LEP. This includes providing governance arrangements for a range of different devolved funding streams, securing over £100m of investment for the City Region in the past few years. The Board focuses on implementing the existing 10-year Employment and Skills Strategy and the City Region Deal for Jobs and Skills. It oversees the City Region's Labour Market Information Service, which communicates economic opportunities to the vast array of colleges, training providers and employment support providers. It also provides governance arrangements for a range of different devolved funding streams.
- 5.9 **Liverpool City Region Strategic Housing and Planning Board** - There is already considerable collaboration on strategic housing priorities and public sector assets aligned to the City Region's economic growth and regeneration ambitions. We have prepared a joint Local Investment Framework, for the delivery of our housing priorities, since 2009 and we have secured over £80

million pounds of investment as a result. The Board has recently been working on the Local Investment Framework for 2014 – 17, which will include a spatial framework, to support the Local Growth Plan. This Local Investment Framework will continue to identify and promote all housing opportunities which support economic growth and will identify all potential funding resources to support the delivery and to bridge funding gaps.

6. OPTIONS ASSESSMENT

6.1 The Strategic Governance Review (attached at Appendix One) has considered the four main options available to the Liverpool City Region at the present time assessed against the statutory tests identified in section 4.3 of this report:

- Option 1 - Leaving existing governance unchanged (status quo);
- Option 2 - Establishing a Supervisory Board;
- Option 3 - Establishing an Economic Prosperity Board; and
- Option 4 - Creating a Combined Authority.

6.2 The review demonstrated that the six Councils in the Liverpool City Region have a strong track record of working together on areas of mutual benefit. Collaborative working has evolved over the years and a number of City Region Boards bring together democratic leadership and senior business leaders, including the LEP. The City Region made further strides towards improving its governance arrangements, with the establishment of the Local Transport Body in 2012. However, the overarching arrangements remain informal without any independent legal status and could be improved, particularly around providing democratic leadership, transparency and accountability. There is a general consensus that the City Region has outgrown these existing arrangements and the time is now right to take the strategic governance arrangements to the next level, moving from a process of informal collaboration to joint decision making.

6.3 The findings of this review are summarised in the following table:

Option	Assessment
Status quo	Maintaining the status quo would provide the basis for economic growth (as it has done for some time) but may not make sufficient improvements in the economic conditions of the area in the timescales required.
Establishing a Supervisory Board	A Supervisory Board would address some of the governance and accountability issues around economic development and regeneration but would be a less formal arrangement and would still leave issues around transport outside these arrangements.

Option	Assessment
Establishing an Economic Prosperity Board	An Economic Prosperity Board would address some of the governance and accountability issues around economic development and regeneration but would still leave the issues around transport outside the formal joint arrangements.
Creating a Combined Authority	Building on existing arrangements and supporting the LEP, the creation of a Liverpool City Region Combined Authority, with the alignment of accountability, governance and geographies for economic development, regeneration and transport would provide the City Region with the best possible chance of securing significant and lasting improvements in economic development, regeneration and transport. This model will further strengthen democratic and financial accountability.

- 6.4 After evaluating the current available evidence, the conclusion from the Strategic Governance Review is to propose a Liverpool City Region Combined Authority model, and to include the transport functions currently separately exercised by MITA and Halton Borough Council, as the preferred governance option. This would give legal form to the close working relationships that already exist between the six local authorities, the MITA and the LEP by creating a sub-regional body with legal personality and a governance mechanism that can act across the combined area.
- 6.5 A strong Combined Authority would be able to bring together key decision making powers into a single body, exercising appropriate strategic transport and economic development and regeneration functions. It would provide a visible, stable and statutory body which could act as the accountable body to attract further funding to the Liverpool City Region to support economic growth, alongside additional powers which may be devolved from Government.
- 6.6 A Combined Authority is not a merger or a takeover of existing local authority functions nor would it be a 'Super-Council'. Instead it would seek to complement local authority functions in economic development, regeneration and transport and enhance the effectiveness of the way they are discharged. In particular, it is the enhancement of decisions and information to a strategic level that are most frequently cited as the advantages of such a body. On this basis, the proposal to establish a Liverpool City Region Combined Authority would not have any additional resource implications for constituent Councils and would be expected to be cost neutral.

7. CONSULTATION

- 7.1 On 2 August 2013, the Liverpool City Region authorities, Merseytravel and their partners began consultation on the Review of the Strategic Governance arrangements for the City Region and the proposal to create a Liverpool City

Region Combined Authority, including the functions currently exercised by MITA and Halton's strategic local transport function. This would give legal form to the close working relationships that already exist between the six authorities, MITA and the Local Enterprise Partnership by creating a City Region body with legal personality and a governance mechanism that can act across the combined area.

- 7.2 Consultation in Wirral has been focused around a number of events with elected members and businesses. Invitations to participate in the consultation were sent to partner organisations including groups and individuals from the voluntary, community and faith sector, members of the public and over 3,000 businesses. Details on the Review of Strategic Governance were also sent out to partner organisations.
- 7.3 A report of City Region consultation is attached as Appendix 3: this sets out the interim findings of the consultation as at 3 September 2013, including the detail of how stakeholders have responded to the proposals. A final version of the Report of Consultation will be completed after the conclusion of the consultation period. It is proposed that approval to make any amendments to the Liverpool City Region Strategic Governance Review before it is submitted to the Secretary of State on 30 September 2013 be delegated to the Chief Executive in consultation with the Leader of the Council.

8. THE REMIT OF A COMBINED AUTHORITY FOR THE LIVERPOOL CITY REGION

- 8.1 The remit of the Combined Authority for the Liverpool City Region would be strategic economic development, regeneration, transport, strategic housing and employment and skills functions that can be better delivered collaboratively across the Liverpool City Region. The City Region Cabinet has made it clear that the Combined Authority would remain a lean, focused decision making body, with responsibility over those strategic issues where it is mutually beneficial for Local Authorities and the LEP to work together.
- 8.2 It is proposed that the City Region Combined Authority would discharge thematic functions through the following arrangements:

Function	Arrangements
Strategic Economic Development	Liverpool City Region Local Enterprise Partnership
Strategic Transport	Liverpool City Region Transport Joint Committee
Strategic Housing and Land Based Assets	Liverpool City Region Strategic Housing and Planning
Strategic Employment and Skills	Liverpool City Region Employment and Skills Board

The Strategic Governance Review at Appendix 1 gives further detail on these functions.

- 8.3 On the Combined Authority each Constituent Authority would be represented by one member of its Cabinet who will be the Leader or Elected Mayor. These six members would form the core membership of the Combined Authority and could co-opt additional members onto the Combined Authority, including the Chair of the LEP.
- 8.4 A model of joint scrutiny would be introduced in order to scrutinise decisions made at the City Region level in respect of those functions under the remit of the Combined Authority. This would be carried out by a panel (or pool) of Councillors nominated by the six Local Authorities in the Liverpool City Region. The role of Scrutiny would be to:
- Provide a critical friend role;
 - Undertake pre-decision scrutiny reviews into areas of strategic importance for the people of the Liverpool City Region; and
 - Monitor the delivery of the Liverpool City Region Combined Authority Strategic Plan.

9. REASONS FOR RECOMMENDATIONS

- 9.1 One of the drivers for reviewing the Liverpool City Region's governance arrangements is to secure greater influence over key levers and resources affecting local growth, including freedoms, flexibilities and funding which would otherwise remain under the control of Government. The Liverpool City Deal, Liverpool City Region Deal and LEP Business Plan and Action Plans seek to capitalise on the City Region's strengths, assets and key sectors to attract investment into and create additional jobs within the City Region. However, they do not go far enough in terms of maximising opportunities to enhance local delivery of national programmes that are also critical to improving local growth, with a risk that other areas with Combined Authorities have a significant advantage over the City Region.
- 9.2 For a number of years the City Region has successfully aligned central Government funding, ERDF and private sector investment to support strategic priorities within the wider economy. Working with the LEP, a pipeline of projects spanning investment in infrastructure, business growth, housing, transport and regeneration is in place together with an agreed approach to the joint investment of ERDF, Regional Growth Fund and Growing Places funds. With the new Government funding opportunities and policies, including the Growth Deals/Single Local Growth Fund and EU Structural and Investment Funds 2014 - 2020 there is now an added impetus to ensure the City Region has the most appropriate strategic governance arrangements in place to deliver agreed priority investments and in doing so to maximise the use of these funds alongside existing resources.
- 9.3 Similarly, whilst the establishment of the Local Transport Body has been seen as a positive step; it is a staging post on the journey, rather than a destination. The Local Transport Body model does not enjoy the legal transport powers or funding regimes that are currently vested with the Integrated Transport Authority, its constituent districts and with Halton Borough Council. The Department for Transport has consistently impressed upon the Liverpool City

Region the importance of developing effective governance arrangements that facilitate, for example, links to other policy areas, strong leadership, streamlined structures and the ability to make difficult decisions, linked to clear priorities and a long-term investment programme and is one of the main contributors to the Single Pot to be devolved to City Regions.

9.4 The benefits of the Combined Authority would be to:

- Bring together the strategic decision making powers and processes for statutory functions and investment priorities relating to economic development, regeneration, transport and related initiatives across the natural economic area; strengthening accountability for the delivery of targets and meeting established strategic priorities;
- Remove the need for issues to be considered or ratified by numerous bodies and authorities, which is time consuming and inefficient, requiring multiple reports;
- Increase the effectiveness and efficiency of the related functions by providing integrated decision-making, a clearer read across between the different policy strands of activity and increasing opportunities for co-design and collaboration. For example, vesting multi-modal transport policy functions with the Combined Authority would ensure that policies are integrated, funding is aligned to agreed priorities for economic development, employment and skills, housing; and delivery is efficient;
- Enable all constituent partners to accomplish and achieve a bigger impact for the City Region's residents, businesses and the economy as a whole through a more effective and efficient deployment of tightening public sector resources connecting the City Region's assets to our people and communities;
- Secure long-term effective engagement with business and other sectors, including employment and skills providers and registered housing providers by formalising the existing relationship with the LEP and providing a place for the private sector at the 'top table' of decision making; and
- Provide opportunities to align strategic capacity and support services to deliver economies of scale. For example, combining Accountable Body arrangements and expertise which is currently dispersed across all six local authorities, MITA and the LEP. In the future, this could include the arrangements for devolved major transport funding and the Single Pot for economic investment, including EU funds and assets as appropriate.

9.5 The practical opportunities to achieve this run both horizontally (across thematic strands) and vertically (within thematic strands). Taken together they illustrate a compelling economic case for a move to a Combined Authority structure of governance. Some of our key proposals are summarised below:

9.6 Strategic decision-making would be brought into one City Region-wide body, with responsibility for strategy setting, the long-term strategic vision, outcomes and the alignment of priorities for the City Region. This would be achieved through the development of a long-term City Region Strategy for delivering the

City Region's economic priorities, programmes and projects, co-designed with the LEP to link the City Region's strategic physical assets and 'places' to a broader economic prosperity and 'people' focused agenda. Flowing from the development of the Economic Strategy, and in line with our City Region Deal, would be an integrated Growth Plan and Investment Strategy to deliver the strategic economic vision and outcomes.

9.7 The proposed areas of Combined Authority responsibility are all interdependent. For example, activity to promote employment requires demand-side action to support businesses to create jobs as well as effective transportation policy. As these policy strands are led in different ways by different bodies we have developed partnership and consultation arrangements which do work but often result in increased timescales for taking decisions and multiple reporting lines. This approach has also led to overlapping or competing strategy priorities and in some cases an inefficient service delivery landscape that is confusing to both business and other stakeholders. The Combined Authority model provides the opportunity to bring all of this together into one approach to enable a clearer routine policy alignment, including:

- The co-ordination of the international economic strategy for the Liverpool City Region to cover inward investment, trade and export, to particularly capture benefits from the International Festival for Business and operate as a cohesive global entity;
- The co-ordination of inward investment activity across the Liverpool City Region as a whole;
- The co-ordination of strategic place based marketing across the Liverpool City Region as a whole; and
- The delivery of the employment and skills strategy across the Liverpool City Region, embedding the Skills for Growth Agreements within economic strategies.

9.8 The Combined Authority would ensure more effective targeting of strategic interventions to support the City Region's priorities. For example:

- It would also take responsibility for decision making with regard to the Liverpool City Region Investment Framework, to include the Single Local Growth Fund, EU Investment Framework and Growing Places Fund to boost local economic growth. Linked to this it will develop a pipeline of priorities to attract financial and wider support.
- Transport planning is currently vested in two separate Local Transport Plans for the City Region. These would be amalgamated to a single streamlined plan under the new arrangements, providing greater synergy, greater clarity and more effective prioritisation of strategic transport priorities across the City Region.
- The Combined Authority provides the opportunity to improve the consistency of design and implementation of Local Labour Agreements for regeneration and major employer recruitments to maximise the benefit to the City Region labour market as a whole. The clear expectation set from a Combined Authority level would better reflect the distribution of available employment and skills across the City

Region as a whole, and allow businesses to better understand consistent expectations.

- 9.9 An important function is to ensure a single economic intelligence evidence base is in place to support and inform strategic decision making for economic development, employment and skills, transport and strategic housing is a priority. Given the significant interdependency between these policy themes this would have significant advantages and deliver potential savings – particularly in a reduced requirement to commission external consultants.

10. FINANCIAL DUE DILIGENCE

- 10.1 During the consultation process the Liverpool City Region authorities have undertaken financial due diligence on the proposal to create a Liverpool City Region Combined Authority. The review has covered the following key issues:

- (i) Proposed draft Scheme;
- (ii) Transport expenditure;
- (iii) Assets and liabilities of a Combined Authority;
- (iv) Transport Levy options for a Combined Authority;
- (v) Accountable body role(s);
- (vi) VAT; and
- (vii) Borrowing powers.

- 10.2 The financial due diligence is subject to the outcome of the consultation, which will continue as the Scheme is finalised for submission to the Department for Communities and Local Government. Further due diligence will also be required if the Government agrees to take the proposals forward and produces a draft Order for consultation, including the development of an operating agreement that the Liverpool City Region authorities would require to support the operation of a Combined Authority. This operating agreement will set out how the Combined Authority will operate on a day to day basis and provide for various protocols on how the various functions will be carried out.

- 10.3 The financial due diligence has included ongoing consultation with the Directors of Finance of the Liverpool City Region authorities to ensure that they are satisfied that the proposed scheme would not result in any adverse financial consequences and provides the appropriate powers before submission to the Department for Communities and Local Government.

- 10.4 A key principle of the draft scheme is that ‘the Levy or any Differential Levy shall be that the total contribution from each Constituent Authority for funding transport services for the year does not exceed the equivalent cost for the year as it would have been calculated under the previous arrangements.’ The financial due diligence has included a review of the assets and liabilities of the proposed Liverpool City Region Combined Authority and benchmarked transport services budgets to allow options for a Differential Levy to be developed for a Combined Authority that would allow over time the full integration of Halton into the Liverpool City Region transport levy currently covering the five Merseyside authorities.

- 10.5 A Liverpool City Region Combined Authority, if established, would be expected to be the Accountable Body for many future funding regimes. The due diligence has identified options that would ensure that no additional costs would be incurred, which would also draw upon expertise already within the Liverpool City Region authorities. The due diligence has identified that the final proposal must ensure the accountability of the funding programmes to the Combined Authority, and that agreements are put in place across the partnership to deal with the financial risks, including grant claw back and ineligible expenditure.
- 10.6 The Greater Manchester Combined Authority has encountered VAT reclaim issues, and is currently in negotiation with the Government regarding its VAT status. The Department for Communities and Local Government are confident that the VAT rules should be amended before a Liverpool City Region Combined Authority would be established. However, it would be prudent that the proposed City Region scheme requests the appropriate powers to ensure the Liverpool City Region Combined Authority does not find itself in dispute with HMRC like Greater Manchester Combined Authority. Furthermore, there are no VAT partial exemption status issues for Constituent Authorities under the proposed draft Scheme.

11.0 RELEVANT RISKS

- 11.1 There is a risk that the Liverpool City Region cannot close the gap in economic performance to England. This will be mitigated by proposing the establishment of a Liverpool City Region Combined Authority to draw together strategic work across economic development, housing, transport and employment and skills and to potentially access additional funding from Government.
- 11.2 There is a risk that the proposal to create a Liverpool City Region Combined Authority does not have local stakeholder support. This will be mitigated by circulating the review of strategic governance and potential operation of a Liverpool City Region Combined Authority to stakeholders to collect their views.
- 11.3 There is a risk that the potential establishment of a Liverpool City Region Combined Authority is seen as a super-Council. This will be mitigated by establishing a clear approach to communication, which sets out what the potential Combined Authority will and will not do.

12.0 OTHER OPTIONS CONSIDERED

- 12.1 The Liverpool City Region Review of Strategic Governance considered maintaining the status quo, establishing a Supervisory Board and establishing an Economic Prosperity Board, as set out in Appendix One. The review concluded that the establishment of a Combined Authority offered the City Region the greatest benefits.

13.0 CONSULTATION

- 13.1 Stakeholders have been invited to comment on the proposals in the Review of Strategic Governance, as set out in section 7 of this report.

14.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

14.1 There are no direct implications for voluntary, community and faith groups from the recommendations set out in this report.

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

15.1 The Review of Strategic Governance within the Liverpool City Region is being conducted within existing resources. There has been a full due diligence process undertaken as part of the review of strategic governance which is covered elsewhere in this report.

15.2 Should the proposal to create a Liverpool City Region Combined Authority be approved, it would not have any additional resource implications for constituent Councils. In this regard, any additional costs arising from the new arrangements would be offset by efficiencies and savings and the establishment of the Combined Authority would therefore be expected to be at least cost neutral in overall terms.

16.0 LEGAL IMPLICATIONS

16.1 The conduct of the Review of Strategic Governance and the potential establishment of a Liverpool City Region Combined Authority is set out in the Local Democracy, Economic Development and Construction Act of 2009.

17.0 EQUALITIES IMPLICATIONS

17.1 An equality impact assessment has been undertaken on behalf of all Liverpool City Region local authorities and is available on the Council's website.

18.0 CARBON REDUCTION AND ENVIRONMENTAL IMPLICATIONS

18.1 There are no carbon reduction and environmental implications directly arising from the recommendations in this report.

19.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

19.1 There are no planning and community safety implications directly arising from the recommendations in this report.

20.0 REASONS FOR RECOMMENDATIONS

20.1 Governance in the Liverpool City Region is in need of improvement in order to formalise existing informal arrangements, signal to businesses and Government that the City Region is serious about working together and potentially draw down additional powers and funding from Government.

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APPENDICES

Appendix 1 Liverpool City Region Strategic Governance Review

Appendix 2 Liverpool City Region Combined Authority Scheme

Appendix 3 Report of Consultation

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Cabinet	11 July 2013
Cabinet	8 August 2013

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LIVERPOOL CITY REGION
STRATEGIC GOVERNANCE REVIEW
SEPTEMBER 2013

**Draft for Approval by Constituent Councils and the
Merseyside Integrated Transport Authority**

1. INTRODUCTION

- 1.1 This report has been prepared on behalf of the Liverpool City Region Cabinet, which brings together the Mayor of Liverpool and Leaders of the other five Local Authorities of the Liverpool City Region: Halton, Knowsley, Sefton, St Helens and Wirral. It sets out the findings from a review of Liverpool City Region strategic governance arrangements relating to 'transport, economic development and regeneration' pursuant to Section 108 of the Local Democracy, Economic Development and Construction Act 2009 and Section 82 of the Local Transport Act 2008, together with the results of a stakeholder consultation exercise.
- 1.2 One of the drivers for this review is to secure greater influence over key levers and resources affecting local growth, including freedoms, flexibilities and funding from Government. The Liverpool City Deal, Liverpool City Region Deal and Local Enterprise Partnership Business Plan and Action Plans seek to capitalise on the City Region's strengths, assets and key sectors to attract investment into and create additional jobs within the City Region. However, they do not go far enough in terms of maximising opportunities to enhance local delivery of national programmes that are also critical to improving local growth, with a risk that other areas with more formal governance arrangements have a significant advantage over the Liverpool City Region.
- 1.3 The purpose of the review is to determine:
- Whether the area covered by the local authorities of Halton, Knowsley, Liverpool, Sefton, St Helens and Wirral can properly be seen as constituting a functional economic area for the purpose under consideration in the review; and
 - Whether the existing governance arrangements for economic development, regeneration and transport are effective or would benefit from changes, including establishing a Combined Authority.
- 1.4 The governance review has considered the options available and in relation to each option, evaluated the likely improvement in:
- The exercise of statutory functions relating to economic development, regeneration and transport in the area;
 - The effectiveness and efficiency of transport in the area; and
 - The economic conditions in the area.
- 1.5 Having examined these issues the report draws conclusions about the nature of the Scheme being recommended for the Liverpool City Region, what this would mean in practice for future political decision-making for strategic economic development, regeneration and transport and how such arrangements would harness the City Region's latent economic potential and boost local economic growth.

2. EXECUTIVE SUMMARY

- 2.1 The Liverpool City Region has been transformed over the last twenty years with the rejuvenation of Liverpool City Centre, greater utilisation of our indigenous assets and the growth of our key sectors. The City Region's economy is now one of the fastest growing in the UK and has closed the gap on national performance, but there remains a significant challenge to continue this. The economy is still not as large as it needs to be.
- 2.2 Working together with our businesses we have identified the potential to create up to 100,000 jobs in our growth sectors over future years, an opportunity unparalleled in the country; these forecasts will inform the City Region's Growth Plan. The role of Government and the public sector is to support and facilitate this growth where it is needed. This is not just for the benefit of the Liverpool City Region and our communities but also the UK as a whole.
- 2.3 In partnership with the private sector, we are striving to create a thriving, international City Region capitalising on our competitive strengths while ensuring we deliver an environment in which growth can occur. To achieve this, the Liverpool City Region must accelerate the market facing opportunities that exist and ensure that we better coordinate everything we do to increase investment, create jobs, and achieve growth. There is strong evidence that the Liverpool City Region has a latent potential for additional economic output: if the City Region performed at the national average an additional £8.2bn of output would be generated per annum for the national economy.
- 2.4 To do this would involve building on the existing commitments articulated in both the Liverpool City Deal and Liverpool City Region Deal, and by maximising opportunities to enhance the local delivery of national programmes that are critical to improving local growth. Ensuring that clear and effective arrangements are in place to enable long-term strategic decision making at the City Region level is an essential component to drive economic growth. The governance review undertaken is therefore essential in considering what is best for our City Region in particular the appropriate options to achieve this and make recommendations.
- 2.5 Whilst the Liverpool City Region was more robust than many other City Regions at the outset of the recession it continues to face a number of economic challenges that are aggravated by the current global economic climate: productivity is 75% of the national rates, there is a gap of 18,500 businesses compared to national rates, a deficit of 90,000 jobs, a skills deficit at all levels and one in ten residents are in receipt of either jobseekers' allowance or sickness benefits. In combination, these deficits contribute to the average household per-head income being £1,700 less each year than the average nationally.
- 2.6 The six Councils in the Liverpool City Region have a strong track record of working together on areas of mutual benefit, dating back before the Liverpool City Region Development Plan, which was agreed in 2007. Collaborative working has evolved over the years and a number of City Region Boards bring together democratic leadership and senior business leaders, including the Local Enterprise Partnership (LEP). In 2012 the City Region made further strides towards improving its

governance arrangements, with the establishment of the Local Transport Body. However, these overarching arrangements remain informal without any independent legal status and could be improved, particularly around providing democratic leadership, transparency and accountability. There is a general consensus that the City Region has outgrown these existing arrangements and the time is now right to take the strategic governance arrangements to the next level, moving from informal collaboration to joint strategic decision making.

- 2.7 It was agreed at the Liverpool City Region Cabinet meeting on 21 June 2013 that a review of strategic governance arrangements should be undertaken. One of the drivers for this review was to make sure that the City Region is well placed to secure greater influence over key levers affecting local growth, including freedoms, flexibilities and funding from Government. This approach builds on the commitments identified in the Liverpool City Region Deal which was agreed with Government in Summer 2012.
- 2.8 The approach undertaken for this governance review was in accordance with Section 108 of the Local Democracy, Economic Development and Construction Act 2009. The methodology included a review of evidence, desktop research of current arrangements, a series of workshops and discussions with stakeholders, including constituent Local Authorities, Merseytravel, the LEP, strategic partners and neighbouring authorities and an options assessment based upon this evidence.
- 2.9 The review considered the following options:
- Option 1 – status quo;
 - Option 2 – establishing a Supervisory Board;
 - Option 3 – establishing an Economic Prosperity Board; and
 - Option 4 – establishing a Combined Authority.
- 2.10 After evaluating the current available evidence and the options available to the City Region, the conclusion is that a Liverpool City Region Combined Authority model, including the functions currently exercised by the Merseyside Integrated Transport Authority (MITA) and Halton's Local Transport Authority functions, is the preferred governance option. The Combined Authority would most likely lead to improvements in economic conditions of the area and in the efficiency and effectiveness of service delivery, building on and where necessary simplifying the existing City Region governance arrangements.
- 2.11 The Combined Authority would give legal form to the close working relationships that already exist between the six local authorities, the Integrated Transport Authority and the LEP by creating a sub-regional body with legal personality and a governance mechanism that can act across the combined area. This would allow the City Region to achieve its latent potential for economic growth, thus narrowing the gap in economic output, productivity and income levels with national levels.
- 2.12 A strong Combined Authority, based on the functional economic area, would enable decisions to be made jointly by the democratically elected Leaders and/or the Elected Mayor in each of the six local authorities, together with the Chair of the

LEP. It would provide a visible, stable and statutory City Region-wide body which could act as the Accountable Body to attract further funding to the Liverpool City Region to support economic growth, alongside any additional powers which may be devolved from Government.

2.13 There is a further need to signal to business and Government that the City Region has a clear, consistent and shared view, and that the City Region will act as a single, aligned strategic voice to maximise use of available resources to the benefit of the whole of the City Region, particularly with the challenges being faced around jobs and growth. Consequently there is a need to consider another approach.

2.14 In summary, the benefits of operating as a Liverpool City Region Combined Authority present a landmark opportunity for the City Region, building on the proposals in the Liverpool City Region Deal to boost economic growth, and would:

- Bring together the strategic decision making powers and processes for statutory functions and investment priorities relating to economic development, regeneration, transport and related initiatives across the natural economic area; strengthening accountability for the delivery of targets and meeting established strategic priorities;
- Remove the need for issues to be considered or ratified by numerous bodies and authorities, which is time consuming and inefficient, requiring multiple reports;
- Increase the effectiveness and efficiency of the related functions by providing integrated decision-making, the integration of the different policy strands of activity and increased opportunities for co-design and collaboration. For example, vesting multi-modal transport policy functions with the Combined Authority would ensure that policies are integrated with economic development, employment and skills and housing, funding is aligned to agreed priorities, and delivery is efficient;
- Enable all constituent partners to accomplish and achieve a bigger impact for the City Region's residents, businesses and the economy as a whole through a more effective and efficient deployment of tightening public sector resources connecting the City Region's assets to our people and communities;
- Secure long-term effective engagement with business and other sectors, including employment and skills providers and registered housing providers by formalising the existing relationship with the LEP and providing a place for the private sector at the 'top table' of decision making; and
- Provide opportunities to align strategic capacity and support services to deliver economies of scale. For example, combining Accountable Body arrangements and expertise which is currently dispersed across all six local authorities, MITA and the LEP. In the future, this could include the arrangements for devolved major transport funding and the Single Pot for economic investment, including EU funds and assets as appropriate.

- 2.15 The practical opportunities to achieve this run both horizontally (across thematic strands) and vertically (within thematic strands). Taken together they illustrate a compelling economic case for a move to a Combined Authority structure of governance.
- 2.16 Operating as a Combined Authority, strategic decision-making would be brought into one City Region-wide body, with responsibility for strategy setting, the long-term strategic vision, outcomes and the alignment of priorities for the City Region. This would be realised through the development of a long-term Strategy for delivering the City Region's economic priorities, programmes and projects, co-designed with the LEP to link the City Region's strategic physical assets and 'places' to a broader economic prosperity and 'people' focused agenda. Flowing from the development of the Economic Strategy, and in line with our City Region Deal, would be a Single Growth Plan and Investment Strategy to deliver the strategic economic vision and outcomes led by the LEP.
- 2.17 The proposed areas of Combined Authority responsibility are all interdependent. For example, activity to promote employment requires demand-side action on behalf of employers as well as effective transportation policy. As these policy strands are led in different ways by different bodies we have developed partnership and consultation arrangements which do work but often result in increased timescales for taking decisions and multiple reporting lines. This approach has also led to overlapping or competing strategy priorities and in some cases an inefficient service delivery landscape that is confusing to both businesses and other stakeholders. The Combined Authority model provides the opportunity to bring all of this together into one approach to enable a clearer routine policy alignment, including:
- The co-ordination of the international economic strategy for the Liverpool City Region to cover inward investment, trade and export, to particularly capture benefits from the International Festival for Business and operate as a cohesive global entity;
 - The co-ordination of inward investment activity across the Liverpool City Region as a whole;
 - The co-ordination of strategic place based marketing across the Liverpool City Region as a whole; and
 - The delivery of the employment and skills strategy across the Liverpool City Region, embedding the Skills for Growth Agreements within economic strategies.
- 2.18 The Combined Authority would ensure more effective targeting of strategic interventions to support the City Region's priorities. For example:
- It would take responsibility for decision making with regard to the Liverpool City Region Investment Framework, to include the Single Local Growth Fund, EU Investment Framework and Growing Places Fund to boost local economic growth. Linked to this it will develop a pipeline of priorities to attract financial and wider support.

- Transport planning is currently vested in two separate Local Transport Plans for the City Region. These would be amalgamated to a single streamlined plan under the new arrangements, providing greater synergy, greater clarity and more effective prioritisation of strategic transport priorities across the City Region.
- 2.19 An important function is to ensure a single economic intelligence evidence base is in place to support and inform strategic decision making for economic development, employment and skills, transport and strategic housing is a priority. Given the significant interdependency between these policy themes this would have significant advantages and deliver potential savings – particularly in a reduced requirement to commission external consultants.
- 2.20 A model of joint scrutiny would be introduced in order to scrutinise decisions made at the City Region level in respect of those functions under the remit of the Combined Authority. This would be carried out by a panel (or pool) of Councillors nominated by the six Local Authorities in the Liverpool City Region. The role of Scrutiny would be to:
- Provide a critical friend role;
 - Undertake pre-decision scrutiny reviews into areas of strategic importance for the people of the Liverpool City Region; and
 - Monitor the delivery of the Liverpool City Region Combined Authority Strategic Plan.
- 2.21 The benefits of a Combined Authority as the strategic decision making body to drive economic growth and job creation, with effective engagement of business through the LEP, together with other sectors such as employment and skills providers and registered housing providers is clear. This would allow the City Region to achieve its latent potential for economic growth, narrowing the £8.2bn economic output gap with the UK, creating an additional 18,500 businesses, a further 90,000 jobs and closing the annual £1,700 per-head wealth gap between the average household in the City Region and the average household in the UK.
- 2.22 Operating as a Combined Authority would ensure the work of everyone that impacts on the economy is integrated to add value and better achieve our vision and economic goals. This model would help maximise growth in output and jobs, increase the City Region’s productivity and competitiveness, raise skill levels, support a rebalancing of the economy away from relative public sector dependency and stimulate greater employment and growth in the private sector. These measures would make our economy more sustainable in the long-term.
- 2.23 The introduction of a Combined Authority would provide the framework and opportunity to bring together services in new ways that would better benefit businesses and residents in support of economic growth and jobs. The integration of transport as a key driver of economic growth, along with more streamlined approaches to supporting businesses, greater clarity and consistency on investment priorities and improvements to the integration of activities across economic development, transport, strategic housing and employment and skills will contribute

to achieving the Liverpool City Region's economic ambition and specifically the improved outcomes for economic growth and jobs.

- 2.24 A strong and effective Liverpool City Region Combined Authority would counter misperceptions about public sector collaboration in the City Region and help in engagement with national agencies. It would also create the opportunity for various types of collaborative effort with adjoining and other northern Combined Authorities to put in place a much needed counter-balance to London and to Wales e.g. for devolving the power to let rail franchises for Northern Rail.
- 2.25 In conclusion, these proposals for a Combined Authority approach to decision making for City Region issues of strategic importance will provide a stable model for the long-term. The introduction of a Combined Authority would put the Liverpool City Region at the forefront of national policy making and ensuring that the City Region is in the best position to access new powers and resources devolved from central Government. It would also provide a transparent and robust decision making process to improve the economic wellbeing of the constituent Local Authorities as part of a stronger Liverpool City Region economy. This model would not have any additional resource implications for constituent Councils and is expected to be at least cost neutral.

3. RECOMMENDATIONS

- 3.1 The conclusion from the work undertaken on the strategic governance review recommends that:
- a) In order to deliver the identified economic improvements, the Liverpool City Region should establish a Combined Authority model of governance relating to economic development, regeneration and transport pursuant to Section 103 of the Local Democracy, Economic Development and Construction Act 2009;
 - b) The six Local Authorities of the Liverpool City Region (Halton, Knowsley, Liverpool, Sefton, St Helens and Wirral) agree to be constituent members of the Combined Authority;
 - c) The Chair of the Local Enterprise Partnership is co-opted onto the Combined Authority as a voting member;
 - d) Merseyside Integrated Transport Authority shall be dissolved pursuant to Section 91 of the Local Transport Act 2008 and its functions transferred to the new Combined Authority, along with the provision of such other powers necessary for the Combine Authority to deliver the transport objectives (defined in Section 10.15 - 10.23);
 - e) Local Transport Authority powers should be transferred from Halton Borough Council to the Liverpool City Region Combined Authority; and
 - f) Transitional operating agreements are required in respect of d) and e) above and will be subject to further detailed discussion at the implementation stage.

4. THE LEGAL CONTEXT

- 4.1 Part 6 of the Local Democracy, Economic Development and Construction Act, 2009 (the 2009 Act) enables the creation of Economic Prosperity Boards or Combined Authorities. These are sub-national structures that have separate legal personality to the Local Authorities who come together to create them. These bodies are available to support the effective delivery of economic development and regeneration, and in the case of Combined Authorities, transport.
- 4.2 The 2009 Act sets out the process for the creation of Economic Prosperity Boards or Combined Authorities relating to their constitution and organisation. The legislation is not prescriptive and the detail of how these bodies are established, how they will operate and what their functions will be is left to be determined locally, subject to final approval by the Secretary of State.
- 4.3 The Localism Act 2011 contains powers for the Secretary of State to transfer the powers between authorities (including Combined Authorities) and also to transfer ministerial functions to such authorities. Property, assets and liabilities relating to those functions can also be transferred. Notably, transfers and delegations of additional functions under this legislation can be made at any time and independent from the procedure to create Economic Prosperity Boards or Combined Authorities.

5. METHODOLOGY FOR THE GOVERNANCE REVIEW

- 5.1 At their meeting on 21 June 2013, Liverpool City Region Cabinet agreed to formally review the strategic governance arrangements across the area in the context of the March 2013 Budget and the Government's response to Lord Heseltine's review 'No Stone Unturned in Pursuit of Growth'. The intention was to consider potential options for strengthening governance arrangements to enable the City Region to optimise its economic growth potential.
- 5.2 The statutory process to establish a Combined Authority or Economic Prosperity Board has three main steps:
- First, a review of existing governance arrangements for the delivery of economic development, regeneration and in the case of Combined Authorities transport. This must lead to the conclusion that there is a case for changing these arrangements based upon real improvements;
 - Second, drawing up and consulting on a scheme for the new body upon which the authorities are required to engage to secure support amongst stakeholders. All constituent Councils are required to approve the scheme for submission to the Secretary of State for Communities and Local Government; and
 - Finally, the Secretary of State will consider the scheme and undertake a formal consultation. If satisfied with the proposals, a draft order will be laid before both Houses of Parliament for adoption by affirmative resolution.

5.3 An Officer-led working group was tasked with undertaking the review, comprising Chief Executives and relevant experts from each of the constituent local authorities, Merseytravel and the LEP. This included the following activities:

- **Review of economic evidence** to test the rationale for working across the Liverpool City Region geography as a functional economic area. This included a review of previous strategies and identification of key information to assess the economic conditions of the area;
- **Desk research** of the current governance arrangements and structures;
- **Consultation workshops** to collect views and evidence from stakeholders in each constituent authority, Merseytravel and the LEP to consider the functions or activities that could benefit from strengthened collaborative governance arrangements;
- **One-to-one interviews** with stakeholders including MPs, LEP members, Chambers of Commerce and neighbouring local authorities, to collect views on the draft proposals; and
- **Options assessment** based on this evidence.

Economic Evidence

5.4 Liverpool City Region has developed, over a period of time, a strong evidence base which supports both the need for economic growth and the opportunities to achieve this. The Merseyside Economic Review, produced by the LEP, provides an important reference point in assessing the economic performance of the City Region. In parallel to this governance review, work being led by the LEP to prepare the evidence base for the 'Growth Plan' and to identify the strategic actions and activity to inform the City Region EU Investment Funds framework for 2014 – 2020 has informed and shaped the governance review findings. Crucially, all have been developed in close consultation with each other to ensure that an integrated approach is adopted.

5.5 Our starting point when deciding strategic actions and activity has been to identify what the City Region needs. This approach has informed the consultation exercise for the EU Programme development, led by the LEP, which has included engagement with representatives from business, the public sector and academic institutions from across the City Region: some 150 people attended a stakeholder event on 23 April 2013, followed by a number of thematic engagement sessions to capture further evidence and concluding with a final stakeholder event on 3 September 2013.

Stakeholder Consultation

5.6 More specifically, stakeholders have provided an important source of evidence for this governance review. On 2 August 2013, the Liverpool City Region authorities, Merseytravel and the LEP began consultation on the review of strategic governance arrangements and on the option for a Liverpool City Region Combined Authority model, including the functions currently exercised by MITA and Halton's Local Transport Authority function. A detailed Report of Consultation summarises how

the authorities and their partners have engaged with stakeholders (including businesses), partners and the public regarding the proposals, through communications, workshops, events and meetings. The report also contains a summary of the findings of this consultation, including the detail of how stakeholders have responded to the proposals.

- 5.7 This consultation exercise was undertaken from 2 August – 6 September 2013 and involved a range of activities aimed at engaging a wide range of stakeholders, partners and members of the public. It has included making materials available on Local Authority and partner websites, and publicising this through media releases, news stories, social networking tools and internal and external briefings. In addition, each Local Authority has targeted consultation materials to a wide range of partners, stakeholders and other interested parties within their area. Specific communications were sent to contacts inviting them to interviews, meetings, events, public drop in sessions and workshops associated with the consultation. A detailed list of all of these activities is included in a final Report of Consultation.
- 5.8 The findings from all this research has been analysed by the Officer-led working group and the information collected used to inform the conclusions set out in this governance review report.

6. THE LIVERPOOL CITY REGION ECONOMY AND VISION

- 6.1 Liverpool City Region has a population of 1.5 million covering the local authority areas of Halton, Knowsley, Liverpool, Sefton, St Helens and Wirral with over 37,000 active businesses. The City Region has one of the fastest growing economies in the UK, with growth being driven across four key sectors: (the Low Carbon Economy, the Knowledge Economy, Visitor Economy and the SuperPort). The area is considered to be a functional economic area, with 84% of employed residents working within the City Region (Annual Population Survey 2012): 75% of residents living and working in an area is sufficient to justify a functional (or natural) economic area.
- 6.2 The vision for the Liverpool City Region is to create a thriving, international City Region. Partners are committed to establishing the Liverpool City Region as a top international and national investment location, with global trade, knowledge, manufacturing and tourism relationships. Our status as a thriving international City Region will be enhanced by developing the long-term sustainability of the economy through:
- Accelerating the creation of new business;
 - Supporting growth and improving productivity in local small and medium sized businesses;
 - Making best use of public sector funds to induce private sector business investment and to maximise private sector leverage;
 - Delivering a step change in our economic performance by prioritising our investment activity in transformational areas, such as the Visitor Economy; Knowledge Economy; Liverpool SuperPort and the Low Carbon Economy;

- Increasing the number of residents who are in work;
- Increasing the scale of economic activity and developing global markets;
- Working with business to produce a demand-led programme of investment in skills and learning;
- Promoting economic growth and meeting the demands of the low carbon agenda;
- Supporting all potential investors with planning, access and infrastructure, sites availability and finance;
- Supporting Atlantic Gateway development including Wirral and Liverpool Waters and the Daresbury Enterprise Zone, incorporating Sci-Tech Daresbury;
- Reducing dependency on benefit systems; and
- Reducing the number of families bringing children up in poverty.

6.3 The Liverpool City Region is a globally connected economic centre with real competitive advantage. Through its Port, airport accessibility, and its international companies and cultural assets it has reach far beyond the UK and will host an International Festival for Business in 2014. World leading companies including Unilever, Jaguar Land Rover, Maersk, NSG (Pilkington), Novartis, Iberdrola and Sony, are major investors in our business friendly and cost competitive environment.

6.4 The City Region has been transformed over the last twenty years with the rejuvenation of Liverpool City Centre, greater utilisation of indigenous assets and the ongoing growth of our key sectors. For example, the area now hosts some of the largest offshore wind farms in the UK, placing the Liverpool City Region at the forefront of the UK's offshore wind industry and a significant global location for offshore wind investment, with CORE (Centre for Offshore Renewable Energy) status. Collectively, our growth sectors represent outstanding opportunities for further growth - both in terms of output and jobs.

6.5 There is a latent potential within the City Region for additional economic activity. If performing at the national average an additional £8.2bn of output would be generated per annum for the national economy. To achieve this we would need to create an additional 18,500 businesses and see a further 90,000 jobs created. From doing this, we can close the annual £1,700 per-head 'wealth-gap' between the average household in the City Region and the average household in the UK - giving our communities the resources they need to be sustainable in the long-term. This will mitigate the cost of child poverty to the City Region, which is current estimated to be £970m per year.

6.6 In the next twelve months alone the City Region will see £1.3bn of construction and development work begin as the Mersey Gateway Bridge in Halton (£600m), the post-Panamax, 'Liverpool 2' deep water berth at the Port (£340m), and the

redevelopment of the Liverpool Royal Hospital (£330m) all get under-way. With ambitious £10bn plans to develop our Enterprise Zones at Wirral Waters and Liverpool Waters, the ongoing development of Daresbury as a national science asset, and plans to bring forward logistics and development sites across the City Region there is a real opportunity that collectively the City Region can take a huge leap forward.

- 6.7 In achieving our economic vision and objectives, it is imperative that success reaches all parts of the Liverpool City Region. This includes addressing some of the long term structural issues that if not dealt with will hinder the City Region's economic growth, including low business density, significant skills gaps, relatively high levels of unemployment and relatively low productivity.
- 6.8 Whilst the growth secured between 1997 and 2007 has narrowed the gap with the UK on a number of economic indicators, the rebalancing from a public sector dominated economy to a private sector based economy is not happening as quickly as in other areas. An example is that nationally since 2010 the private sector has created 3 jobs for every public sector job lost, whereas in the City Region, 1¼ jobs have been created for every public sector job lost.
- 6.9 The LEP is playing an important role in developing the conditions for economic growth and is working with key partners in business, the local authorities and universities to produce the Liverpool City Region Growth Plan which will underpin the delivery of the City Region's shared vision and ambition. What sets the Liverpool City Region apart from other areas is our unique set of economic assets and the willingness of our partners, especially the private sector, to contribute to achieving an improved economic performance. With over 400 members, no other City Region or LEP area in the country has the same level of private sector buy-in and support as the Liverpool City Region LEP.

7. OUR CURRENT STRATEGIC GOVERNANCE ARRANGEMENTS

- 7.1 Liverpool City Region has long advocated devolution and decentralisation to real economic geographies, the places that drive local economic growth. We are committed to working with Government to do this and to ensure we deliver economic prosperity and opportunity. Our existing governance arrangements and models of partnership working for economic development, regeneration and transport have evolved over a number of years, and the extent of this is evidenced throughout this document. There are currently a number of Boards across the City Region bringing together the democratic leadership and senior business leaders on an informal basis to support our ambition to be a thriving, international City Region, with those particularly relevant to this governance review summarised below.
- 7.2 The 2009 Act does not provide a definition of economic development as this can vary in different areas depending on local circumstances. For the purpose of this review, economic development and regeneration is taken to cover strategic activity related to business support, inward investment, trade and export, strategic housing, and employment and skills, in addition to the transport roles and functions.

Liverpool City Region Cabinet

- 7.3 The six Councils in the City Region have a track record of working together on areas of mutual benefit, dating back before the Liverpool City Region Development Plan, which was agreed in 2007. Following this, the Liverpool City Region Cabinet was established in 2008 as an advisory body to take forward this and other work. The City Region Cabinet is made up of the Mayor of Liverpool and Leaders of the five Councils. The Cabinet demonstrates high level leadership and has been effective at setting the strategy for the City Region and working in partnership with business leaders to develop the conditions for economic growth.
- 7.4 In 2008 the Cabinet agreed that each Leader/nominated Member would lead on one of the portfolios identified in the City Region governance structure, and each Portfolio Holder would be supported by a Chief Executive acting as Lead Advisor. This led to a series of thematic City Region Boards, across transport, economic development, employment and skills, housing, health, and child poverty and life chances. Many of these Boards bring together the democratic mandate and the contributions of the private sector and other partners.
- 7.5 The City Region Cabinet has been effective as an informal mechanism to foster and develop joint working and responses to City Region level issues; a recent example being the development and agreement of the Liverpool City Region Deal with Government in 2012. It does, however, lack formal underpinning arrangements and as such is unable to take formal decisions.

Liverpool City Region Local Enterprise Partnership

- 7.6 Liverpool City Region Local Enterprise Partnership was established in March 2012: it has a unique structure with over 400 paying members contributing to the success of the Partnership which has 20 years of economic development experience operating previously as The Mersey Partnership. This provides the LEP Company with an income stream which adds value to public funding for economic development, including European monies and sees the private sector playing a direct role in setting the economic agenda for the City Region. The Mayor of Liverpool and the other five Leaders also sit on the LEP Board alongside the private sector.
- 7.7 The LEP also has long-established sector committees and panels around the key sectors for economic growth: Low Carbon Economy, SuperPort, Visitor Economy, as well a Forum for Advanced Manufacturing and an Innovation Board. This provides the opportunity for businesses and public bodies to work together on identifying the key actions and opportunities that will support the delivery of jobs and growth. These structures have proved highly successful at setting joint public/private strategies and action plans helping to secure investment such as the deep water berth at the Port of Liverpool.
- 7.8 The LEP has also been given a set of strategic responsibilities by Government in terms of prioritising investment (such as with Growing Places Funds) as well as setting future economic strategy for the City Region through the requirement for a Growth Plan by Spring 2014 and the determination of European Funding priorities. It is not however an entity that can have Accountable Body status and therefore it cannot receive significant resources from Government.

Strategic Transport

- 7.9 The current transport arrangements in the Liverpool City Region are fragmented in a formal sense. Merseyside Integrated Transport Authority, supported by its Passenger Transport Executive, is the local transport authority for Merseyside and is responsible for developing a Local Transport Plan and managing associated funding streams. The Executive is responsible for delivering passenger transport services across Merseyside. The districts of Knowsley, Liverpool, Sefton, St Helens and Wirral are highway and traffic authorities in their own right with wide ranging powers over the highway network, which includes delivery and enforcement. Halton Borough Council is a local transport authority in its own right and has a separate Local Transport Plan.
- 7.10 As a result of this fragmented structure, there has been long standing and extensive collaboration and joint working on transport issues between City Region Councils, MITA and increasingly the LEP. The establishment of the Local Transport Body to serve the City Region was an approach agreed as part of the Liverpool City Region Deal in 2012. The aligned Local Transport Plans and implementation plans are a further example of this collaboration.

Liverpool City Region Employment and Skills Board

- 7.11 The Liverpool City Region has a track record of working together on Employment and Skills strategy to support the current and future requirements of business. The City Region's Employment and Skills Board, formed in 2010, leads this work on behalf of the City Region Cabinet and the LEP. The strategic framework provided by the existing 10-year Employment and Skills Strategy, the City Region Deal for Jobs and Skills and the clear priorities that these underpin are widely supported by business, public sector partners, colleges and training providers. For example, the Board oversees the City Region's Labour Market Information Service, which communicates economic opportunities to the vast array of colleges, training providers and employment support providers. It also provides governance arrangements for a range of different devolved funding streams, securing over £100m of investment for the City Region in the past few years.

Liverpool City Region Strategic Housing and Planning Board

- 7.12 There is already considerable collaboration on strategic housing priorities and public sector assets aligned to the City Region's economic growth and regeneration ambitions. We have prepared a joint Local Investment Framework, for the delivery of our housing priorities since 2009, and we have secured over £80 million of investment as a result. The Board has recently been working on the Local Investment Framework for 2014–17, which will include a spatial framework, to support the Local Growth Plan. This Local Investment Framework will continue to identify and promote all housing opportunities which support economic growth and will identify all potential funding resources to support the delivery and to bridge funding gaps.
- 7.13 Both the Liverpool City Region Cabinet and LEP Board regularly review the strategic management of the City Region's public sector assets held by the Homes and Communities Agency. This asset base is an important resource for the City Region particularly in providing match funding for the JESSICA regeneration fund.

8. OPTIONS FOR CHANGE

8.1 To ensure compliance with the relevant legislation, the governance review has been undertaken to establish if a Combined Authority would be likely to bring about an improvement in the City Region in the following:

- The exercise of statutory functions relating to 'economic development, regeneration and transport' in the area;
- The effectiveness and efficiency of transport; and
- The economic conditions in the area.

8.2 The Department for Transport have also confirmed they are looking for partners to address the following headline issues in formulating governance arrangements:

- Political Leadership for Transport at the most senior level;
- Ability to take difficult decisions;
- A long term (ten year) investment programme, focussing on the top priorities for the functional economic area as a whole;
- A local investment budget combining local resource in addition to Departmental resource;
- Evident links to strategies and decision making processes on economic growth, housing and planning; and
- Efficient use of transport resource across the City Region (e.g. joint procurement, maintenance contracts, rationalisation of highway functions etc).

8.3 The review has considered the statutory tests outline in paragraph 8.1 and those in paragraph 8.2 against the following options:

- Option 1 - Leaving existing governance unchanged (status quo);
- Option 2 - Establishing a Supervisory Board;
- Option 3 - Establishing an Economic Prosperity Board; and
- Option 4 - Creating a Combined Authority.

8.4 This review respects there are limits to comparisons between the options, in particular between potential options and the status quo. The existing governance arrangements are context specific and a known quantity, and the alternative potential options are considered at a high level and would inevitably require further development in due course, through an agreed City Region Operating Agreement, in order to quantify, for example, their potential impact on efficiency savings, hence the transparency and scrutiny powers.

- 8.5 It is recognised that creating appropriate governance structures alone is unlikely to achieve in full the ambitious vision and growth potential for the Liverpool City Region. The importance of issues of policy design, culture and values is also considered significant. The optimal governance model needs also to confront the need for evidence and vision and ensure that the City Region fully implements its ambitious and challenging plans.

Creating the right governance arrangements for growth

- 8.6 One of the drivers for reviewing the Liverpool City Region's governance arrangements is to secure greater influence over key levers and resources affecting local growth, including freedoms, flexibilities and funding which would otherwise remain under the control of Whitehall. The Liverpool City Deal, Liverpool City Region Deal and LEP Business Plan and Action Plans seek to capitalise on the City Region's strengths, assets and key sectors to attract investment into and create additional jobs within the City Region. However, they do not go far enough in terms of maximising opportunities to enhance local delivery of national programmes that are also critical to improving local growth, with a risk that other areas, with Combined Authorities having a significant advantage over the Liverpool City Region.
- 8.7 For a number of years the City Region has successfully aligned central Government funding, ERDF and private sector investment to support strategic priorities within the wider economy. The development of the Liverpool Arena and Convention Centre generating in excess of £300m to the visitor economy is a prime example of this approach. Working with the LEP, a pipeline of projects spanning investment in infrastructure, business growth, housing, transport and regeneration is in place together with an agreed approach to the joint investment of ERDF, Regional Growth Fund and Growing Places funds. With the new Government funding opportunities and policies, including the Single Local Growth Fund and EU Structural and Investment Funds 2014 - 2020 there is now an added impetus to ensure the Liverpool City Region has the most appropriate strategic governance arrangements in place to deliver agreed priority investments and in doing so to maximise the use of these funds alongside existing resources.
- 8.8 Similarly, whilst the establishment of the Local Transport Body has been seen as a positive step; it is a staging post on the journey, rather than a destination. The Local Transport Body model does not enjoy the legal transport powers or funding regimes that are currently vested with the Integrated Transport Authority, its constituent districts and with Halton Borough Council. The Department for Transport has consistently impressed upon the Liverpool City Region the importance of developing effective governance arrangements that facilitate, for example; links to other policy areas, strong leadership, streamlined structures and the ability to make difficult decisions, linked to clear priorities and a long-term investment programme and is one of the main contributors to the Single Pot to be devolved to the City Region.

Option 1 - Status quo

- 8.9 The Government is clear that City Region structures will require greater collaboration, commitment and strengthened governance arrangements to seize

any devolution opportunities that may become apparent in the future including a substantial 'Single Pot'. This is clearly evidenced in Government guidance for LEPs on Growth Deals (July 2013). Demonstrating commitment to the growth agenda and the clear expectation that Local Authorities will put economic development at the heart of all that they do and work collaboratively across the functional economic area is part of the Government's response to Lord Heseltine's review. Maintaining the status quo would set Liverpool City Region behind the other parts of the country that are in the process of strengthening their alignment between decision making on areas such as transport, economic development and regeneration in exchange for greater devolution.

- 8.10 The Liverpool City Region's current non-statutory arrangements leave the space for ambiguity and overlap between the roles and functions of various sub-regional bodies and are dependent on agreements by constituent authorities. There is no formal link between decision making in relation to economic development (including inward investment, skills and housing and regeneration), regeneration and transport. It is, therefore, more challenging for decisions to be aligned in a way that secures maximum economic and social benefit. Strengthening and clarifying these relationships would also increase transparency, accountability and the certainty of local decision making.
- 8.11 Whilst the current arrangements have served the City Region well in the past, changes in national policy coupled with the current economic conditions suggests strongly the City Region is outgrowing its existing governance structures. The voluntary partnership between local authorities is no longer sufficient to underpin the City Region's ambitions and does not meet the expectations of Government.
- 8.12 The City Region, therefore, requires a single democratic and financially accountable model, a legal entity in its own right, to provide the necessary certainty, stability and democratic accountability to allow for long-term strategic economic decisions to be made at the City Region level. In short, no change would mean the Liverpool City Region is disadvantaged both economically and politically.

Option 2- Establishing a Supervisory Board

- 8.13 Following Lord Heseltine's review of government policy, Greater Birmingham working with Lord Heseltine (The Greater Birmingham Project: The Path to Local Growth) have outlined a new form of democratic arrangement to specifically manage the Single Pot of funding; a Supervisory Board model. The Supervisory Board as set out is a Joint Committee operating across the Councils which make up the Greater Birmingham and Solihull LEP Area. This Board comprises all City Region elected authority leaders or mayors and provides the necessary political accountability for managing the distribution of financial resources.
- 8.14 The Supervisory Board is designed to work alongside the private sector led LEP and empower it. The Greater Birmingham LEP Board continues to be responsible for development and implementation of the Local Growth Strategy and strategic economic functions but with no accountability or legal responsibility.
- 8.15 This model provides Government with the necessary financial accountability for a 'Single Pot' approach, with Birmingham CC identified to act as accountable body for funding. However, it appears to be focused on economic development funding

associated with the Greater Birmingham and Solihull LEP and does not include funding associated with transport and regeneration.

- 8.16 The Supervisory Board model allows an area to demonstrate effective decision making and political oversight for the management of funding that is allocated to the LEP. However, it would not address the different geographies in place for transport in the Liverpool City Region.

Option 3 - Establishing an Economic Prosperity Board

- 8.17 A third option is to put in place an Economic Prosperity Board for the City Region. As a statutory body it would share many of the features of a Combined Authority in that it would have legal personality and would provide a strong basis for taking on devolved powers and funding relating to economic development and regeneration, e.g. accountable body status for an economic development Single Pot or EU funding. The Integrated Transport Authority would however remain as a separate body responsible for transport across the Merseyside Councils, with Halton retaining its Transport Authority status. This would run counter to the recent good work being undertaken through the establishment of a Liverpool City Region Local Transport Body, which includes the Mayor of Liverpool, the five other Leaders and the Chair of the LEP.
- 8.18 The Economic Prosperity Board could not raise a levy, nor have borrowing powers to fund investment. Further, fragmented strategic transport and economic development governance at a City Region level would not provide a convincing proposition to Government for taking on with others, including Sheffield and Manchester, the devolved Northern Rail franchises.
- 8.19 An Economic Prosperity Board for the Liverpool City Region would address a number of questions and issues around the governance of economic development, but then would not address the issues around strategic transport governance at the City Region level.

Option 4 - Creating a Combined Authority

- 8.20 The Local Democracy, Economic Development and Construction Act 2009 allows the Secretary of State to create Combined Authorities. They are corporate bodies with their own legal identity which are able to take on the functions and responsibilities of sustainable economic development and regeneration and in addition transport functions available to Integrated Transport Authorities. They are controlled by their members, who are the elected politicians of the constituent local authorities.
- 8.21 A Combined Authority can be set up when two or more contiguous local authorities, covering an area's natural economic footprint, who want to collaborate more closely together, on a voluntary basis to improve economic outcomes. However, one local authority may only be part of one Combined Authority. The LEP's relationship with the Combined Authority is essential and must be designed to co-ordinate their efforts to work towards a common shared vision and Local Growth Plan.
- 8.22 Government policy confers certain responsibilities to LEPs and requires LEP representation on Local Transport Bodies while economic growth cannot be

achieved without the full involvement of the private sector. The Combined Authority could act as an Accountable Body for the funds being invested by LEPs on behalf of local areas further integrating economic growth activity. The LEP can be a co-opted representative on the Combined Authority to enable this integration and co-ordination, which is the intention of the Liverpool City Region Combined Authority.

- 8.23 The benefits of operating as a Combined Authority would ensure streamlined governance arrangements. The Combined Authority would be able to bring together strategic decision making powers into a single body and improve alignment, coordination and delivery of economic development and transport related initiatives. It would provide a visible, stable and streamlined body corporate which Government could be confident in devolving powers and funding to which would again be otherwise controlled by Whitehall. It would have a separate legal entity from its own constituent authorities, be able to undertake its own administrative processes including employing staff and entering into contracts and may have statutory powers and duties conferred on it which it can exercise in its own right.
- 8.24 The maximum benefit would be gained by integrating and bringing together at a strategic level functions across the City Region in relation to economic development, transport, housing and employment and skills. This means that the Local Transport Authority functions that are currently within the Merseyside Integrated Transport Authority and Halton would be transferred to the newly created Combined Authority, along with future consideration of the provision of transport powers and functions for the defined Strategic Highway Network across all Constituent Authorities. This would ensure that the maximum improvements in efficiency and effectiveness are gained.
- 8.25 A Combined Authority is not a merger or a takeover of existing Local Authority functions. Instead it seeks to complement Local Authority functions and enhance the effectiveness of the way they are discharged. In particular, it is the enhancement of decisions and information at a strategic level that are most frequently cited as the advantages of such a body.

Summary

8.26 A full evaluation against these tests is presented at Appendix Two and summarised in the following table.

Option	Commentary
Status quo	Maintaining the status quo would provide the basis for economic growth (as it has done for some time) but may not make sufficient improvements in the economic conditions of the area in the timescales required.
Establishing a Supervisory Board	A Supervisory Board would address some of the governance and accountability issues around economic development and regeneration but would still leave the issues around transport.
Establishing an Economic Prosperity Board	An Economic Prosperity Board would address some of the governance and accountability issues around economic development and regeneration but would still leave the issues around transport outside the formal joint arrangements.
Creating a Combined Authority	Building on existing arrangements and supporting the LEP, the creation of a Liverpool City Region Combined Authority, with the alignment of accountability, governance and geographies for economic development, regeneration and transport would provide the City Region with the best possible chance of securing significant and lasting improvements in economic development, regeneration and transport. This model will further strengthen democratic and financial accountability.

8.27 On the basis of this options analysis, it is recommended that the Liverpool City Region pursues the creation of a Liverpool City Region Combined Authority to draw together accountability and leadership for strategic economic development, regeneration and transport.

9. CONSULTATION FEEDBACK

9.1 The draft conclusions and recommendations of the review of strategic governance were open to public consultation between 2 August and 6 September 2013. Details of the proposals were sent to strategic partners and over 10,000 businesses in the City Region. The draft conclusions and recommendations were considered by the Cabinets of constituent Councils, MITA and the LEP Board. Targeted briefing sessions were held for businesses, partners and stakeholders, with the draft

conclusions and recommendations being placed upon the website of all constituent Councils, Merseytravel and the LEP.

9.2 At the time of writing this report, 76 responses had been received, with feedback being mostly positive. It is expected that this response rate will increase significantly as the consultation period progresses and particularly once the feedback from various consultation events planned for the week commencing 2 September 2013 are processed, including the Local Enterprise Partnership business event.

9.3 A summary of the interim findings is provided in the following table:

Question	Yes	No	Other	No response
Would a Combined Authority for the Liverpool City Region improve the exercise of statutory functions relating to economic development, regeneration and transport in the area?	68%	8%		24%
Would a Combined Authority for the Liverpool City Region improve the effectiveness and efficiency of transport?	63%	8%	1%	28%
Would a Combined Authority for the Liverpool City Region improve the economic conditions in the area?	66%	8%		26%
Do you think the draft Scheme proposed supports the economic rationale for Halton, Knowsley, Liverpool, Sefton, St Helens and Wirral to come together to drive jobs and growth in the Liverpool City Region?	66%	6%	3%	25%
Can you support the establishment of a Combined Authority which will provide strategic leadership on economic development, transport, housing and employment and skills?	72%	16%	3%	9%
Based on the proposed membership of the Combined Authority, will it be able to provide strong strategic leadership to drive jobs and growth in the City Region?	53%	10%	12%	25%
Do you feel the proposed links between the Combined Authority and the Local Enterprise Partnership would be strong enough?	38%	3%	6%	53%

- 9.4 In addition to the quantitative analysis undertaken, the detailed comments made in association with responses have been recorded and summarised. This includes analysis of the general feedback submitted by email or letter, but also analysis of the additional commentary added to the consultation feedback form. Examples of some of the comments received include the following:

The exercise of statutory functions relating to ‘economic development, regeneration and transport’ in the area

“Support for the proposed structure as allowing funding opportunities to be exploited and enable efficient service delivery for residents, businesses and investors”

“Many decisions and policies have cross-boundary impacts, and communities straddle electoral boundaries, so there should be a joined up approach”

“Existing informal arrangements with limited accountability have been outgrown. The creation of the Combined Authority will build on what has already been achieved, progress regeneration, and supported by the relevant statutory framework will enhance opportunities to provide strategic direction”

The effectiveness and efficiency of transport

“The Combined Authority will help place transport considerations at the heart of economic development, regeneration and visitor economy considerations. This will maximise efforts to align proposals and funding sources and support delivery of shared outcomes”

“Support for the creation of a Combined Authority with multi-modal transport responsibilities. Welcome bringing strategic traffic and highway management / coordination functions together, as will deliver integrated transport strategy”

The economic conditions in the area

“Support for the proposals on the basis that the authorities together will have a stronger voice than individually, and will provide a basis for the area to be heard by Government”

“To achieve the vision authorities must work collaboratively to promote economic growth. No one authority can act in isolation and the region possesses a latent potential to improve its economic output”

“Liverpool or Merseyside has a greater brand recognition as a larger strategic vehicle, which should help with national or international strategic issues and marketing”

10. PROPOSED ROLE AND FUNCTIONS OF THE LIVERPOOL CITY REGION COMBINED AUTHORITY

- 10.1 The Combined Authority would bring together key strategic decision making powers into a single body, exercising appropriate strategic transport and economic development functions to maximise the impact of what we do. It would provide a

visible, stable and statutory body, which could act as the Accountable Body for the City Region to support the functions it is discharging and could attract devolved powers and resources from Government to facilitate local economic growth. This model of governance would not have any additional resource implications for constituent Councils and its operation would be expected to be at least cost neutral.

- 10.2 The remit of the Combined Authority for the Liverpool City Region would be strategic economic development, regeneration, transport, strategic housing and employment and skills functions that can be better delivered collaboratively across the Liverpool City Region and the Combined Authority would do this through setting an Economic Strategy for the City Region. The Combined Authority would remain a lean, focused decision making body, with responsibility over those strategic issues where it is mutually beneficial for Local Authorities, MITA and the LEP to work together.
- 10.3 Each Constituent Authority would be represented by one member of its Cabinet who would be the Leader or Elected Mayor, and the intention is that the Chair of the LEP would be co-opted as a member of the Combined Authority. Further members could be op-opted in due course as appropriate with unanimous agreement.
- 10.4 The City Region Combined Authority would discharge thematic functions through the following arrangements:

Function	Arrangements
Strategic Economic Development	Liverpool City Region Local Enterprise Partnership
Strategic Transport	Liverpool City Region Transport Committee
Strategic Housing and Land Based Assets	Liverpool City Region Strategic Housing and Planning
Strategic Employment and Skills	Liverpool City Region Employment and Skills Board

- 10.5 A Combined Authority would improve the effectiveness of the existing strategic economic development, regeneration, transport, strategic housing and employment and skills functions through clear, transparent and consistent leadership across the City Region as a whole. These areas have shared priorities which could be more effectively delivered through consideration of interrelated influences, implications and dependencies at a City Region level. Taking a strategic overview would facilitate the alignment of thematic priorities and reduce the need for duplicative processes and reporting arrangements that currently require multiple documents to be approved by different organisations.
- 10.6 It is expected that the Combined Authority would deliver a number of efficiencies and economies of scale to its constituent members. The City Region has some strategic capacity to support the functions around employment and skills, economic development and transport that is dispersed across a range of different organisations. The advent of a Combined Authority for the City Region provides an opportunity to review these arrangements and provide the strategic capacity not just

to continue delivery at a time of increased pressure on budgets, but to seek greater effectiveness and outcomes through increased co-ordination and/or integration of activities, embedding a wider perspective on all delivery.

- 10.7 For example, transport planning is currently vested in two separate Local Transport Plans for the Liverpool City Region. These would be amalgamated to a single, streamlined plan under the new arrangements, providing greater synergy, greater clarity and more effective prioritisation of strategic transport priorities across the City Region. The creation of a single Local Transport Plan (or successor) allows significant efficiencies to be made by removing duplication of effort in developing separate plans for Merseyside and Halton.
- 10.8 Another example would be Economic Intelligence and Labour Market Analysis: The City Region currently has a range of contracted and in house solutions to understand our economy and provide the evidence base to inform strategy, including employment and skills. Significant work has been undertaken to bring consistency in data-sets together – ensuring for instance we can invest in a single source of econometric projections. A Combined Authority could go much further and potentially bring together the economic analysis of the LEP with the Labour Market Information Service of the ESB and other intelligence functions. Similarly, there is scope to align and/or amalgamate the Strategic Housing Market Assessments and Housing Need analysis currently undertaken on an individual Local Authority footprint.
- 10.9 One of the benefits of the Combined Authority would be to deliver improvements to the economic condition of the area as a result of the integrated approach being proposed. A specific example would be through supporting delivery of more localised priorities such as transport improvements to assist cross boundary needs of economic development in neighbouring districts. An example is the delivery of improvements to the junction of the Knowsley Expressway (A5300) and Speke Road (A562) in Knowsley, which would facilitate and support opportunities for economic growth at 3MG (Halton), the mayoral development zone at Speke/Garston (Liverpool) and the expansion of Liverpool Airport (also Liverpool). In turn, the delivery of this infrastructure also improves the accessibility of the employment opportunities to Knowsley residents. Other examples are provided in the following sections.

Strategic Economic Development

- 10.10 The Combined Authority would add value to what we do already in terms of economic development in three important respects:
- Responsibility and accountability for setting the strategic vision, outcomes and agreeing priorities for the Liverpool City Region (single Evidence Base, Single Local Growth Plan, Single Investment Framework, developing a strategic pipeline of projects);
 - Improved ability to target resources – (acting as Accountable Body for Single Investment Fund for devolved funding, responsibility for making decisions on the allocation of those resources, aligning funding streams); and

- Improved co-ordination of City Region wide activities (place based marketing, inward investment and international strategy etc).

10.11 This would result in the Liverpool City Region having for the first time a single, aligned strategic voice to maximise use of available resources to the benefit of the whole of the City Region and this would deliver tangible benefits, particularly in addressing the challenges being faced around jobs and growth. This approach is explored in more detail in the following sections.

10.12 The Liverpool City Region Deal contained a commitment from the City Region to develop a single investment framework. This is designed to attract investment and businesses to the City Region, exploit infrastructure and major projects and take opportunities to deliver a step-change in the economy. The Investment Framework will prioritise activities across a range of funds, including the Single Local Growth Fund and Growing Places Fund, to ensure that the funded activities will make the biggest impact on the wider City Region economy. Through the work already undertaken in the City Region to develop the EU Investment Funds framework for 2014 – 2020 we are setting strong foundations to demonstrate how we link EU thematic priorities, through the Strategic Growth Plan to local investment and action.

10.13 The more challenging economic conditions and competition from other European cities both underline the need for enhanced and strategic City Region level working on economic development matters and a need to enhance strategic commissioning and local delivery of national programmes that are critical to improving local growth. These opportunities encompass the following:

- Setting the strategic economic vision, outcomes and aligning strategic priorities for the Liverpool City Region;
- Ensuring there is a single evidence base in place to support and inform strategic decision making;
- Agreeing an integrated growth plan and investment strategy to deliver the strategic economic vision and outcomes;
- Co-ordinating the international economic strategy for the Liverpool City Region to cover inward investment, trade and export, to particularly capture the benefits of the International Festival for Business;
- Co-ordinating inward investment activity across the Liverpool City Region as a whole;
- Co-ordinating strategy and activity for place based marketing across the Liverpool City Region as a whole;
- Developing a strategic pipeline of priorities to attract financial and wider support and be ready for new funding calls;
- Making decisions with regard to the Liverpool City Region Investment Framework, to include the Single Local Growth Fund, European funding and Growing Places Fund; and

- Acting as the accountable body, e.g. for devolved major transport scheme funding and the single pot for economic investment, including EU funds and assets as appropriate.

10.14 Additional areas of work that could be included are:

- Co-operation in delivery of key strategic infrastructure projects which will facilitate economic development across the Liverpool City Region including Port of Liverpool, Liverpool Airport and Mersey Gateway;
- Agreement to safeguarding of strategic transport routes (both highways, rail and waterways) across the Liverpool City Region, particularly where these have been proven to have strategic economic advantages for businesses, employees and visitors;
- Agreement of complementary economic investment priorities across the Liverpool City Region, including Enterprise Zones, and facilitate improvements to transport networks accessing these areas.
- Potential to improve transport and land use integration through sub regional consideration and alignment of future priorities, together with identification of targeted investments and cost effective solutions with maximum benefit; and
- Opportunities for a greater City Regional influence in accessing and allocating available funding from Government, together with investment from other sources.

Strategic Transport

10.15 There is a key role for transport to play within a wider integrated approach to economic development, regeneration, employment and skills and strategic housing and ensuring that these decisions are taken in full accordance with their transport implications, and equally, ensuring that transport fully supports wider policy objectives. A new model for transport would be established through the Combined Authority that takes in policy, co-ordination and funding functions, fully integrating transport strategy and operations across the six local authorities. This would include setting the long term strategic transport vision and outcomes for the City Region, and agreeing the development and approval of a single City Region Local Transport Plan. There would be the opportunity to align transport investment with wider economic development activity within the City Region, as part of a long term transport investment strategy as part of the Single Local Growth Plan.

10.16 The Combined Authority would fulfil the role of a Transport Authority for each of the six local authorities, replacing the existing Merseyside Integrated Transport Authority and Halton Borough Council's role as a Local Transport Authority. Individual Local Authorities would continue to exercise delivery functions, for example in respect of highways management, but would operate within an agreed framework and plan established through the Combined Authority. The Combined Authority will also contribute to strategic traffic and highway management co-ordination across the City Region.

- 10.17 The Combined Authority would also exercise any function of the Secretary of State delegated to the Combined Authority by the order of the Secretary of State pursuant to section 86 of the Local Transport Act 2008 (LTA) and section 104(1)(b) LDEDCA. Such functions will be exercised subject to any condition imposed by the order.
- 10.18 The Combined Authority as a levying body under section 74 of the Local Government Finance Act 1988 would have the power to issue a levy to its constituent authorities in respect of the expenses and liabilities of the Combined Authority which are reasonably attributable to the exercise of its functions relating to transport. However, during the transitional stage the complexities in addressing the transport responsibilities and the cost of transport services between Halton Borough Council and five Merseyside authorities are such that a single transport levy would not be appropriate.
- 10.19 The Combined Authority would, during this transitional phase, issue a levy on a basis that would accommodate the differentials in the cost of delivering transport services in the formerly separate local transport areas of Merseyside and Halton. The core principle throughout being in respect of the levy that the total contribution from each authority of funding transport services for the year does not exceed the equivalent cost for the year as it would have been calculated under previous arrangements.
- 10.20 The Combined Authority would have responsibility for a single, defined and agreed, strategic highway network, and would wish to discuss with Highways Agency the transfer of routes and funding from its network responsibilities. This would be an improved offer to highway users to be provided.
- 10.21 There are efficiencies in transport that could be delivered, which are primarily linked to a more consistent approach to service delivery which would be considered by the Combined Authority once it was fully operational. This could include transport enforcement, highway development control and multi modal delivery.
- 10.22 Similarly, a Combined Authority would enable delivery to be more effectively targeted at supporting the Liverpool City Region freight agenda, logistics is one of the transformational economic activities under the LEP. Under the new model, the Combined Authority would be responsible for co-coordinating freight activity across the City Region and deploying funds, aided by its strategic responsibilities for the strategic road and rail network. This would enable funds to be targeted as required for:
- The development of technical or feasibility studies, leading to a pipeline of 'shovel-ready' schemes;
 - Rail-based improvements to facilitate freight transfer; and
 - Road based improvements on the strategic freight network (e.g. traffic management, highway and road safety improvements and the maintenance of the network).
- 10.23 The Passenger Transport Executive would become a Transport Executive Body of the Combined Authority. It is proposed that initially the following passenger transport delivery arrangements would remain unchanged with Halton Borough taking responsibility for delivery of these arrangements in Halton, for a transitional period and that the levy be adjusted accordingly to reflect this:

- Information Provision;
- Infrastructure Delivery;
- Commissioning/procurement of subsidised bus services; and
- Concessionary Travel.

Strategic Housing and Land Based Assets

- 10.24 There is a role for strategic housing to play within this integrated approach to economic development, regeneration, skills and transport and to make a genuine difference to achieving economic growth in the City Region. Liverpool City Region has an established track record of working together on housing and regeneration since 2007. The City Region is currently drafting a Strategic Local Investment Plan which is designed to identify both commercial and housing development opportunities which could be realised within a 3-year timescale. By working together across all these themes, Liverpool City Region aims to deliver new models of investment for housing and regeneration and implement priorities across Liverpool City Region.
- 10.25 A Liverpool City Region Local Investment Plan is being prepared which explores new and innovative ways of attracting both public and private investment for housing and regeneration and outlines the challenges and opportunities within the City Region. Working together, the Local Authorities and the LEP, have prepared an evidence base which assesses housing need, within the context of local housing markets both private and social which aims to promote community stability. We have also prepared a schedule of key strategic sites available for regeneration. This work will underpin the Local Growth Plan.
- 10.26 The specific activities the Combined Authority to discharge on strategic housing and land based assets are:
- Setting the long-term strategic vision for housing and regeneration investment to support economic growth;
 - Working with the private sector to prepare a prospectus for housing investment in the City Region, based around shared risk;
 - Agreeing a housing spatial plan and long-term investment strategy as part of the Single Local Growth Plan;
 - Identifying relevant housing interventions that will facilitate and support potential economic growth and which will support vulnerable neighbourhoods;
 - Increasing affordable housing supply across the City Region;
 - Prioritising opportunities for supported accommodation to support the most vulnerable people in the City Region; and
 - Identifying public assets that can be used to increase access to a supply of development land to support housing growth

- 10.27 There are additional areas for improved delivery in housing and land based assets which the Combined Authority would be able to pursue, which have informed the governance review findings and are summarised below.
- 10.28 Clear and Unified priorities: to succeed in an objective of promoting new housing and business development, the City Region will need to be both innovative and flexible and prioritise resources against key opportunities. This means attracting investment in the commercial sites and property schemes in the city region. In the case of business investment, this plan recognises that a wide range of factors influence the location choices of investors. These include labour market profiles and catchment, cost, connectivity to customers and markets and links to educational or research institutes. The extent to which one particular factor plays a dominant role is dependent upon individual business requirements. However, without a range of deliverable and high quality sites and properties, the opportunity to pitch and build relations with investors will be lost.
- 10.29 The purpose of a Strategic Investment Plan is to review the trends, and consider how this should influence the bringing forward of a series of prioritised sites for both housing and commercial development. This is not a 10 year strategic planning exercise, it is a plan targeted at identifying how the City Region should spatially prioritise to capture available investment opportunities over the next three years.
- 10.30 A number of commercial sites, capable of hosting economic activity in the next 3 years, together with major sites delivering economic growth over a longer period, have now been identified. This includes office space, small business space, light industrial space, distribution scale sites, industrial land and multi phase investment sites.
- 10.31 Strengthened accountability and monitoring: The Homes and Communities Agency (HCA) are working with Liverpool City Region on all emerging and new investment streams. A single monitoring arrangement has been established across the Liverpool City Region. The Combined Authority would take responsibility for the delivery of targets and meeting the established strategic priorities to the communities they serve. It also affords an opportunity to make a much greater case for the devolution of powers and national resources linked to economic development and housing based on a robust analysis of trends in global and national economics, business, housing and commercial development.
- 10.32 More effective targeting of resources: Liverpool City Region working together with HCA has identified a series of emerging and new investment streams which will be matched against priorities at a City Region level. This will ensure better value for money in delivery and improved levels of effectiveness.

Employment and Skills

- 10.33 The Liverpool City Region has a track record of working collaboratively on Employment and Skills activity across the functional economic area. It is envisaged that this would continue, with the Combined Authority agreeing the long term Employment and Skills Strategy for the City Region. There are number of areas where a Combined Authority could bring more consistency and integration to existing informal arrangements for employment and skills and in doing so demonstrate more effective deployment of resources and economies of scale. In

particular, through the co-ordination and oversight of employment support services in the Liverpool City Region which is currently fragmented and the priorities nationally determined.

- 10.34 Jobcentre Plus and Employment Support: The City Region benefits from having a co-terminus set of boundaries with Jobcentre Plus which presents a significant opportunity to explore how this partnership could develop further under proposed Combined Authority arrangements. With the support of Government we propose the development of a new model of delivery to benefit our residents and businesses, and improving the economic conditions of the area through a radical redefinition of Local and National approaches to the commissioning and delivery of employment support services. This would be built around the following areas of joint venture.
- 10.35 A Single Commissioning Geography: In line with local commitments we propose making the commissioning geography of services to help promote employment as being the Liverpool City Region. The Combined Authority then becomes the default commissioner – or at the very least a statutory co-commissioner of services with Central Government – enabling the pooling of investment and the delivery of additional economies of scale across the natural economic area.
- 10.36 Clear and Unified Strategic Priorities: A Combined Authority brings together a variety of policy strands which on its own reaps significant dividends. This increased and cross-cutting strategic coherence is a positive step forward, yet nationally-driven priorities may not always provide the best response to the needs of our natural economic area. We would like to propose to Government a model of devolving strategy-setting responsibility for Jobcentre Plus to the Combined Authority. This will hold together local and national public-sector investments in a single agreed strategy and eliminate the current overlap and potential for duplication in delivery. Jobcentre Plus would remain a full part of the national network but its priorities and ability to target its resources would be agreed locally between Jobcentre Plus and the Combined Authority.
- 10.37 Strengthened Accountability: DWP delivered and Commissioned Services are currently accountable to Whitehall and ultimately national Ministers. A Combined Authority would present the opportunity to increase the accountability for the delivery of targets and meeting established strategic priorities to the communities they serve. There are a variety of ways that this could be enacted but key to them all would be a requirement for key Leadership figures to report into the Combined Authority to report progress against the delivery of Local Strategic Priorities. This wouldn't necessitate a change in contracts or organisational structures but would give a strong role for local areas to determine whether their strategic priorities are being met.
- 10.38 Apprenticeships: The Liverpool City Region is one of the leading areas of England in the promotion and delivery of Apprenticeships. Councils play an active role in encouraging their take up by businesses and even co-invest with Central Government to create financial incentive packages for businesses. Pricing of these is currently set by various national and local bodies, with different claim processes and access points. This inadvertently creates a confusing picture for employers and instances of paying different amounts for the same outcomes. A Combined Authority would improve the efficiency and effectiveness of this process by formally

controlling and co-ordinating the pricing structure of Apprenticeships and other employment and skills incentives thereby streamlining the system and making it more accessible and understandable for employers, providers and residents alike.

10.39 Tackling very specific shared Skills Challenge: Our local jobs and skills challenges are quite specific and differ from the national picture considerably. An example of this is how our Level 2 Skills Gaps are now close to the national average whereas Level 3 and above diverge considerably. As individual partners we are less well equipped to deliver activity at the scale required to make headway in tackling an issue that is not as much a universal country-wide issue. Individual partners can undertake some activity but given the fact that our businesses and residents rarely reside in the same borough as each other, as demonstrated by some 4 million transport trips which start and finish across the City Region on a daily basis, we could do much more if strategies such as this were conducting to address this cross-over and fit with our natural economic area. This is particularly important given the potential business and jobs growth predicted over the next 10 years.

10.40 More effective targeting of resources to meet shared priorities: An integrated offer to individuals and employers will only be effective if it is doing the right thing for the right people in a targeted way that maximised the use of limited resources. A Combined Authority model would facilitate this, including

- Developing work focused approaches for vulnerable people and communities: this would build on and accelerate the current employment support for individuals and ensure that there are linkages with other activities, such as the Government's Troubled Families programme;
- Ensuring transport accessibility improvements are targeted effectively to assist in increasing the number of City Region residents taking advantage of the employment and skills opportunities available to them across the City Region;
- Building on the Local Sustainable Travel Fund programme, co-design with individuals, tailored and personalised support to overcome barriers to accessing employment and skills services. For example considering how the accessibility, affordability and availability of public transport, combined with low travel horizons can impact on individual travel choices. This would give individuals more influence over the support they receive;
- Continuing to be clear on the skills needs of businesses now and in the future for schools, colleges, learning providers and universities to inform curriculum design and careers education, and for providers of information, advice and guidance to inform discussions with individuals through the established Skills for Growth approach;
- Including jobs outcomes within wider economic developments, as part of a more integrated approach to securing growth; and
- Sharing data across partners can facilitate the targeting of activity that works as well as enable the evaluation of different interventions. Targeting at the right spatial level across the City Region is also critical to making a real difference in the areas where support is most needed. It has the advantage of increasing the

amount of resource per capita in target areas and potentially increasing the effectiveness of delivery.

- 10.41 Joint Tracking: In accordance with duty under Section 12 of the Education and Skills Act 2008 Local Authorities have a statutory responsibility to record and report the education, training and employment status of their 16-18 year old residents to the Department for Education on a monthly basis. There is a significant amount of cross borough movement of young people in the City Region, which requires any tracking service to work across borough boundaries. This service is currently contracted out to Connexions and there is an option to bring a joint service in-house under the remit of the Combined Authority. This would bring efficiencies in infrastructure costs and in collecting data from schools and education and training providers. It would also provide greater synergy with other local authority data collection processes, and authorities will be able to better assess the impact of services to young people, including developing a better understanding of how public transport access is impacting on post 16 learning choice, which is often cited as the biggest barrier to continuing education post 16 for many young people across the City Region. In addition there could be opportunities to extend the tracking system to aid the 19-24 youth employment agenda and realise further efficiencies.
- 10.42 The Combined Authority provides the opportunity to improve the consistency of design and implementation of Local Labour Agreements for regeneration and major employer recruitments to maximise the benefit to the City Region labour market as a whole. The clear expectation set from a Combined Authority level would better reflect the distribution of available employment and skills across the City Region as a whole, and allow businesses to better understand consistent expectations.
- 10.43 Similarly, there would be scope to simplify and rationalise our approach to employer engagement. In return for a strengthened and more locally embedded Jobcentre Plus, all constituent members of the Combined Authority would operate a principle of increased collaboration and vacancy sharing between Councils and Jobcentre Plus, particularly on large-scale recruitments. This would enable us to stretch resources and opportunity further and eliminate instances of the public sector competing with itself to work with businesses for vacancies. This collaborative approach could also stretch further to ensure the inclusion of Work Programme contractors where this is of mutual benefit.
- 10.44 The City Region has high levels of children and young people living in poverty, with around 1 in 3 living in relative poverty according to the measure used by Government. The view of the City Region is that the best way out of poverty for families is to create more and better jobs, and to ensure that residents are prepared for these opportunities. This is addressed through the work in the City Region on Employment and Skills, which is held to account by the City Region's Child Poverty and Life Chances Commission.

Enabling activities

- 10.45 A model of joint scrutiny would be introduced in order to scrutinise decisions made at the City Region level in respect of those functions under the remit of the Combined Authority. This would be carried out by a panel (or pool) of Councillors nominated by the six Local Authorities in the Liverpool City Region.

10.46 The role of Scrutiny would be to:

- Provide a critical friend role;
- Undertake pre-decision scrutiny reviews into areas of strategic importance for the people of the Liverpool City Region; and
- Monitor the delivery of the Liverpool City Region Combined Authority Strategic Plan.

10.47 The scrutiny function would be supported by the six Local Authority scrutiny leads, providing guidance to the scrutiny panel on its work programme, advice on scoping reviews and ensuring appropriate information and advice was made available during the reviews, where appropriate through expert witnesses.

10.48 There is an expectation that the move towards a Combined Authority will enable the City Region to attract additional income to support economic growth and jobs. This funding will be granted to the City Region as a whole for use on a range of different activities and as such an organisation will need to act as Accountable Body for that funding. This funding will be both reactive to funding announcements and proactive, based upon implementing the City Region's agreed Economic Strategy and Growth Plan.

10.49 It is proposed that the Combined Authority would become the default Accountable Body for City Region level schemes once in operation. It could also become the Accountable Body for geographically focused schemes should an individual organisation not wish to do so. Existing Accountable Body arrangements would continue until their end point, as there is no rationale to novate current agreements.

10.50 It is ultimately the responsibility of the Accountable Body to assure itself that decisions are made in a robust and coherent fashion, relevant outcomes are achieved and grant is spent in line with the relevant funding rules and regulations. The Combined Authority therefore needs to have in place relevant staffing resources, systems and procedures to deliver this function. It is recommended that these resources, systems and procedures should be developed by building on the existing expertise within the City Region through secondments, transfer of learning etc. The expertise contained within the Combined Authority team could then be called on to support the Accountable Body needs of individual partners and may lead to some efficiency across the partnership. It is proposed that this team would be based in Merseytravel given their existing role in administering transport funding across the City Region.

10.51 The Combined Authority would need to have a consistent, professional and responsive secretariat function if it is to achieve its objectives and deliver improvements in economic conditions within the City Region. This would be led by Knowsley Council, who also provide a degree of secretariat support to the LEP as well as the Employment and Skills Board.

10.52 Should the proposal to create a Liverpool City Region Combined Authority be approved by Government, it would not have any additional resource implications for constituent Councils. The approach being proposed would build on and focus the capacity already in place in different organisations across the City Region. In this

regard, any additional costs arising from the new arrangements would be offset by efficiencies and savings and the establishment of the Combined Authority would therefore be expected to be at least cost neutral in overall terms.

11. CONCLUSIONS

- 11.1 It is evident that the existing governance arrangements in the Liverpool City Region can be improved. There is a further need to signal to businesses and Government that the City Region has a clear, consistent and shared view, and that the City Region will act as a single, aligned strategic voice to maximise use of available resources to the benefit of the whole of the City Region, particularly with the challenges being faced around jobs and growth. Consequently there is a need to consider another approach.
- 11.2 The City Region has worked well to date through a series of ad-hoc and informal governance arrangements, but these current governance arrangements, not being optimal, may be one of the reasons why the Liverpool City Region economy is not achieving its full potential. As an example, there is no single strategic transport and economic development decision making body at the Liverpool City Region level.
- 11.3 The options that are currently available to the City Region have been considered, and the option that would most likely lead to improvements in economic conditions and in the efficiency and effectiveness of service delivery is the establishment of a Liverpool City Region Combined Authority. This would build on and where necessary simplify City Region governance arrangements.
- 11.4 Based on the evidence presented, a strong Combined Authority would be able to bring together key decision making powers into a single body, exercising appropriate strategic transport and economic development functions to maximise the impact of what we do. It would provide a visible, stable and statutory body, and could act as the Accountable Body for City Region funding to support long-term economic planning and could attract devolved powers from Government to facilitate local economic growth. It would co-ordinate locally the different processes of Government so that they are more efficient.
- 11.5 A Combined Authority would be a strategic decision making body, facilitate closer partnership working to drive economic growth and job creation and ensure long-term effective engagement with business, through the LEP, and other sectors including employment and skills providers and registered housing providers. This would allow the City Region to achieve its latent potential for economic growth, thus narrowing the £8.2bn economic output gap with the UK, creating an additional 18,500 businesses, a further 90,000 jobs and closing the annual £1,700 per-head wealth gap between the average household in the City Region and the average household in the UK.
- 11.6 The introduction of a Combined Authority would provide the framework and opportunity to bring together services in new ways that would better benefit businesses and residents in support of economic growth and jobs. The integration of transport as a key driver of economic growth, will contribute to achieving the Liverpool City Region's economic ambition and specifically the improved outcomes for economic growth and jobs identified in paragraph 11.5. It would also result in

more streamlined approaches to supporting businesses, greater clarity and consistency on investment priorities and improvements to the integration of activities across economic development, transport, strategic housing and employment and skills.

- 11.7 Operating as a Combined Authority would ensure the work of everyone that impacts on the economy is integrated to add value and better achieve our vision and economic goals. Put simply, this model would help maximise growth in output and jobs, increase the City Region's productivity and competitiveness, raise skill levels, support a rebalancing of the economy away from relative public sector dependency and stimulate greater employment and growth in the private sector. These measures would make our local and national economy more sustainable in the long-term.
- 11.8 In addition, a strong and effective Liverpool City Region Combined Authority would counter misperceptions about public sector collaboration in the City Region and help in engagement with national agencies. It would also create the opportunity for various types of collaborative effort with adjoining and other northern Combined Authorities to put in place a much needed counter-balance to London and to Wales e.g. for devolving the power to let rail franchises for Northern Rail.
- 11.9 It can therefore be concluded that, for the functional economic area of Liverpool City Region, a Combined Authority model of governance if created and incorporating Integrated Transport Authority functions, would be the best option for securing sustainable economic growth.

Appendices

- Appendix One: Legislative Requirements of Governance Review
Appendix Two: Evaluation of Options against Tests

APPENDIX ONE

LEGISLATIVE REQUIREMENTS OF GOVERNANCE REVIEW

Local Democracy, Economic Development and Construction Act 2009

Schedule 108 Review by authorities: new combined authority

(1) Any two or more of the authorities to whom this section applies may undertake a review of—

- (a) the effectiveness and efficiency of transport within the area covered by the review (“the review area”), and
- (b) the effectiveness and efficiency of arrangements to promote economic development and regeneration within the review area.

(2) This section applies to—

- (a) a county council in England;
- (b) a district council in England;
- (c) an EPB;
- (d) an ITA.

(3) Where the review is being undertaken by a county council, the review area must include—

- (a) the areas of one or more district councils that are within the area of the county council, or
- (b) if there are no such areas, the area of the county council.

(4) Where the review is being undertaken by a district council, the review area must include the area of the district council.

(5) Where the review is being undertaken by an EPB, the review area must include one or more local government areas within the EPB’s area.

(6) Where the review is being undertaken by an ITA, the review area must include one or more local government areas within the ITA’s integrated transport area.

(7) The review area may also include the area of any county council or district council in England that does not constitute or fall within the area of an authority undertaking the review.

APPENDIX TWO

EVALUATION OF OPTIONS

	Legislative tests: would there be an improvement in these areas?		
	Exercise of statutory functions relating to economic development, regeneration and transport	Effectiveness and efficiency of transport	Economic conditions in the area.
Status quo	Improving joint working may lead to marginal gains but these are expected to be insignificant.	Current joint working is partially effective and the current duplication would continue.	The economic conditions in the area may improve on an incremental basis, as they have done in recent years.
Establishing a Supervisory Board	Mixed – yes for economic development and regeneration as these would be given democratic oversight and leadership by the Supervisory Board. However, this does not address the current issues around transport governance, accountability and areas of delivery.	This model would not address the issues around different geographies for transport and as such would not improve the effectiveness and efficiency of transport.	Possibly
Establishing an Economic Prosperity Board	Mixed – yes for economic development and regeneration as these would be given democratic oversight and leadership by the Supervisory Board. However, this does not address the current issues around transport governance, accountability and areas of delivery.	This model would not address the issues around different geographies for transport and as such would not improve the effectiveness and efficiency of transport.	Possibly
Creating a Combined Authority	A Liverpool City Region Combined Authority would provide the basis for functions around economic development, regeneration and transport to be improved, with democratic oversight, leadership and financial accountability being provided.	The creation of a Combined Authority provides a single statutory organisation to discharge strategic functions around transport, which will lead to improvements in the effectiveness and efficiency of transport.	A Liverpool City Region Combined Authority provides the best option to facilitate an improvement in economic conditions in the area.

Evaluation of Options against Department for Transport Requirements for governance

	Status quo	Establishing a Supervisory Board	Establishing an Economic Prosperity Board	Creating a Combined Authority
Political Leadership for Transport at the most senior level	The current Local Transport Body would continue with risks around duplication of activity.	The current Local Transport Body would continue with risks around duplication of activity.	The current Local Transport Body would continue with risks around duplication of activity.	A Combined Authority would provide streamlined political leadership for transport across the functional economic area at the highest level.
Ability to take difficult decisions	The current Local Transport Body would continue with the risks around duplication of activity and governance.	A Supervisory Board would not offer any improvements on the current model as transport would not be included in its' scope.	An Economic Prosperity Board would not offer any improvements on the current model.	The requirement of a Combined Authority to make decisions for the best interests of the City Region as a whole means that it will be able to take difficult decisions.
A long term (ten year) investment programme, focussing on the top priorities for the functional economic area as a whole	The current Local Transport Body would continue with the risks around short sightedness.	A Supervisory Board would not offer any improvements on the current model as transport would not be included in its' scope.	An Economic Prosperity Board would not offer any improvements on the current model.	The requirement of a Combined Authority to make decisions for the best interests of the City Region as a whole means that it will be able to develop a long term investment programme and clear priorities.
A local investment budget combining local resource in addition to Departmental resource	The current Local Transport Body would continue with the potential for partial resources to be considered.	A Supervisory Board would not offer any improvements on the current model as transport would not be included in its' scope.	An Economic Prosperity Board would not offer any improvements on the current model.	A Combined Authority would be responsible for the governance of the Single Local Growth Pot which would mean that it would be able to maximise resources from national and other sources.

	Status quo	Establishing a Supervisory Board	Establishing an Economic Prosperity Board	Creating a Combined Authority
Evident links to strategies and decision making processes on economic growth, housing and planning	The current Local Transport Body would continue with risks around gaps and duplication of activity.	The exclusion of transport from a Supervisory Board does not improve the links around relative contributions to securing growth.	The exclusion of transport from an Economic Prosperity Board does not improve the links around relative contributions to securing growth.	The inclusion of transport within a Combined Authority would allow an integrated discussion to take place on the relative contributions to growth of transport and other activities across the functional economic area.
Efficient use of transport resource across the City Region	The current arrangements would be maintained and incremental improvement in efficiencies captured.	The current arrangements would be maintained and incremental improvement in efficiencies captured.	The current arrangements would be maintained and incremental improvement in efficiencies captured.	The creation of a Combined Authority for the City Region provides the best opportunity for efficiencies to be secured in the use of transport resource across the functional economic area.

Draft of a Scheme for the Establishment of a Combined Authority for Liverpool City Region

Section One – Intention to Establish a Combined Authority

1. Establishment of Authority

A Combined Authority (CA) will be established pursuant to Section 103 of the Local Democracy, Economic Development and Construction Act 2009 (“LDEDCA”). It shall come into existence on 1 April 2014.

2. Area

The area of the CA shall be the whole of the following Local Government areas:

- Halton
- Knowsley
- Liverpool
- Sefton
- St Helens
- Wirral

Each of the above Authorities will be the CA’s “Constituent Authorities”. The CA will act in the best interests of the Liverpool City Region as a whole, taking into account all relevant matters.

3. Name of Authority

The name of the CA will be Liverpool City Region Combined Authority.

4. Dissolution of the Merseyside Integrated Transport Authority

The Merseyside Integrated Transport Authority (MITA) shall be dissolved pursuant to Section 91 of the Local Transport Act 2008 (LTA).

5. Membership of the Authority

- 5.1** Each Constituent Authority will be represented by one member of its Cabinet who will be the Leader or Elected Mayor. These six members will form the core membership of the CA (“the core members”).
- 5.2** The Cabinet of each Constituent Authority will appoint another of its members (“substitute member”) to act as a member of the CA in the absence of the member referred to in paragraph 5.1. The substitute member will be drawn from the Cabinet of the Constituent Authority.
- 5.3** A Constituent Authority may at any time terminate the appointment of a member appointed by it to the CA, save it may not terminate the appointment of an Elected Mayor.
- 5.4** If a member or substitute member of the CA ceases to be a member of the Constituent Authority which appointed them, the member will cease to be a member of the CA and the Constituent Authority will appoint a replacement as soon as possible.
- 5.5** The CA will appoint a Chair and Vice Chair from amongst its Members. The appointments will be the first business transacted at the Annual Meeting of the CA and the appointments will be for the forthcoming municipal year.
- 5.6** Subject to 5.7, no remuneration shall be payable by the CA to its members other than reimbursement for travel and subsistence.
- 5.7** The CA recognises the benefits which additional members may bring to the CA in carrying out its functions. If there is a unanimous decision to do so, the CA may co-opt additional members onto the CA on such terms as determined by the CA.

6. Voting

- 6.1** All voting members of the CA will have one vote. The Chair of the CA will not have a second or casting vote.
- 6.2** Subject to the provisions of any enactment, the CA will aim to reach decisions by consensus, but subject to 6.3, all matters which come before the CA will be decided by a simple majority of the members of the CA present and voting. In the case of a tied vote on any matter (whether a motion or an amendment), it shall be deemed not to have been carried.
- 6.3** The following matters will require the unanimous support of all core members of the CA for approval:
- The co-option of additional voting or non-voting members onto the CA
 - Amendments to this Scheme and its successor Constitution

- The determination and review of any transitional arrangements on transportation

7. Executive Arrangements

Executive arrangements (within the meaning of the Local Government Act 2000) shall not apply to the CA. However, the discharge of the functions of the CA will be subject to scrutiny arrangements set out in paragraph 9.

8. Passenger Transport Executive

The Merseyside Passenger Transport Executive (MPTE) shall not be abolished, shall be the executive body of the CA in relation to its transport functions and shall be known as Merseytravel. Merseytravel shall have all the functions of the existing MPTE and such additional functions necessary for it to act as the CA's executive body in relation to transport functions delegated to the CA by the Secretary of State or its Constituent Authorities.

9. Scrutiny Arrangements

- 9.1** The Constituent Authorities of the CA will establish a joint Overview and Scrutiny Committee to exercise scrutiny functions over the CA (including, where appropriate, over its boards, sub-boards and Merseytravel).
- 9.2** Each Constituent Authority will appoint 2 of its elected members to the joint Overview and Scrutiny Committee.
- 9.3** Subject to the approval of the CA, the joint Overview and Scrutiny Committee may appoint sub-committees to deal with matters within its remit and will have the power to co-opt additional representatives for specific scrutiny tasks.

Section Two – Functions, Powers and Duties of the CA

10. Functions – General

- 10.1** By virtue of Sections 99 and 102A of the LTA, the CA will have broad wellbeing powers, which can be exercised in conjunction with the general powers granted to it by Section 113A of the LDEDCA.

10.2 The CA requests the Secretary of State to explore the possibility of delegating to the CA the General Power of Competence under Section 1 of the Localism Act 2011.

10.3 The CA requests the Secretary of State to designate the CA as a 'Specified Body' pursuant to Section 33(3)(k) of the Value Added Tax 1994.

11. Functions – Economic Development and Regeneration

11.1 The primary purpose of the CA and the Local Enterprise Partnership (LEP) is to boost economic growth and performance within the Liverpool City Region. The CA will have responsibility for a significant programme of investment in transport and economic infrastructure and will influence and align with government investment in order to boost economic growth. The related interventions will have differential spatial impacts across the CA area, but should aid delivery of key growth projects in the emerging and future local plans of Constituent Authorities. Having regard to the duty to co-operate, effective alignment between decision-making on transport and decisions on other areas of policy, such as land use, economic development and wider regeneration, will be a key aim.

11.2 Unless otherwise stated, powers will be exercised by the CA on a concurrent basis. It is proposed that the CA will be focused on strategic economic growth issues that could include, but are not restricted to, functions such as:

- Setting the strategic economic vision, outcomes and aligning strategic priorities for the Liverpool City Region
- Ensuring there is a single evidence base in place to support and inform strategic decision-making
- Agreeing an integrated growth plan and investment strategy to deliver the strategic economic vision and outcomes
- Setting the economic strategy for the Liverpool City Region
- Co-ordinating the international economic strategy for the Liverpool City Region to cover inward investment trade and export to capture particularly the benefits of the International Festival for Business
- Co-ordinating inward investment strategy and activity across the Liverpool City Region as a whole
- Co-ordinating the strategy and activity for place based marketing across the Liverpool City Region as a whole
- Developing a strategic pipeline of priorities to attract financial and wider support
- Securing funding from a range of sources to support growth within the City Region
- Acting as the accountable body, for example, for devolved major transport scheme funding and the single pot for economic investment, including EU funds and assets as appropriate
- Making decisions with regard to the Liverpool City Region Investment Framework to include the Single Local Growth Fund European funding and Growing Places Fund
- Setting the long-term Employment and Skills Strategy and priorities for the labour market, embedding the Skills for Growth agreements within economic strategies

- Discharging the Local Authority statutory duty to record and report the education, training and employment status of their 16-18 year old residents
- Setting the long-term strategic vision for housing and regeneration investment to support economic growth
- Agreeing a housing spatial plan and long-term investment strategy as part of the Single Local Growth Plan

11.3 The powers and duties set out in Schedule 1 shall be held by the CA in support of any functions.

12. Functions – Transport

12.1 All the functions of MITA shall be transferred to the CA. All the Local Transport Authority functions of Halton BC shall be transferred to the CA. The CA will fulfil directly or commission the role of Local Transport Authority for each of the six authorities, replacing the MITA and Halton BC roles as Local Transport Authorities.

12.2 The CA will exercise any function of the Secretary of State delegated to the CA by the order of the Secretary of State pursuant to Section 86 LTA and Section 104(1)(b) LDEDCA. Such functions will be exercised subject to any condition imposed by the order.

12.3 The CA's role in this will encompass:

- Setting the long-term strategic transport vision and outcomes for the Liverpool City Region
- Agreeing the development and approval of a single, city region Local Transport Plan (or its equivalent), which will include high level policy responsibility for major investments (e.g. freight, cycle, rail, highway maintenance, new transport infrastructure, traffic management)
- Agreeing a long-term transport investment strategy as part of the Single Local Growth Plan to deliver the strategic economic vision and outcomes (which includes housing, employment and skills)
- Aligning transport investment with inward investment activity across the Liverpool City Region
- Strategic decisions relating to the Integrated Transport Block and Highway Maintenance funds across all networks
- Ensuring strategic traffic and highway management co-ordination across the City Region
- Assuming the role of the Local Transport Body in respect of major transport schemes
- Acting as accountable body for Transport Schemes, e.g. devolved major transport scheme funding
- Setting the transport levy for the City Region
- Setting a differential transport levy (“the Differential Levy”) in respect of a Constituent Authority

12.4 The powers and duties set out in Schedule 2 shall be held by the CA in support of any functions.

12.5 The following operational transport functions will be delegated to Halton BC to enable local delivery arrangements to continue during a transition period:

- Information provision
- Infrastructure delivery
- Commissioning/procurement of subsidised bus services
- Concessionary travel

Section Three – Funding, Transfer of Property, Rights and Liabilities

13.Funding

13.1 The CA as a levying body under Section 74 of the Local Government Finance Act 1988, shall have the power to issue a levy to its Constituent Authorities in respect of the expenses and liabilities of the CA which are reasonably attributable to the exercise of its functions relating to transport.

13.2 The CA shall have the power to issue a differential levy (“the Differential Levy”) to any of its Constituent Authorities, who are not contributing to the Levy, in respect of the expenses and liabilities of the CA which are reasonably attributable to the exercise, on behalf of such Constituent Authorities, of its functions relating to transport.

13.3 The core principle in determining the Levy or the Differential Levy shall be that the total contribution from each Constituent Authority for funding transport services for the year does not exceed the equivalent cost for the year as it would have been calculated under previous arrangements.

13.4 Subject to 14.3, the Levy and any Differential levy will be apportioned between the Constituent Authorities in accordance with population.

13.5 The costs of administering the CA that are reasonably attributable to the exercise of its functions relating to economic development, housing and regeneration, shall be met by the Constituent Authorities on a population basis.

13.6 The CA will approve the annual budget for the purpose of expenditure.

13. Transfer of Property, Rights and Liabilities

14.1 All property, rights and liabilities of MITA existing at the transfer date shall transfer to the CA, save that rights and liabilities in relation to contracts of employment of MITA employees shall transfer directly to Merseytravel. All property, rights and liabilities of MITA will be ring-fenced under the terms of a CA agreement to the five Constituent Authorities of Merseyside and will not be the responsibility of Halton.

14.2 Property, rights and liabilities of Halton BC as they relate directly and solely to the local transport authority function, shall be transferred to the CA on such terms to be agreed and made the subject of an operating agreement. For the avoidance of

doubt, this shall not include the Mersey Gateway Bridge, the Silver Jubilee Bridge or any of the roads set out in the respective orders and applications relating thereto.

Section Four – Internal Scheme of Delegation

14. Delegations

The CA may establish such committees or sub-committees as it considers appropriate and may delegate powers and functions accordingly.

Schedule 1

1. The power under Section 144 of the Local Government Act 1972 (the power to encourage visitors and provide conference and other facilities)
2. The duty under Section 69 of LDEDCA (duty to prepare an assessment of economic conditions)
3. The duty under Section 4(1) of the Local Government Act 2000 (strategy for improving the economic, social and environmental well-being of the area)
4. The duties under Sections 152A, 152B, 152C, 17A, 18A(1)(b) of the Education Act 1996 and the power under Sections 514A and 560A of that Act (duties and powers related to the provision of education and training for persons over compulsory school age)
5. The power to borrow pursuant to Section 1 of the Local Government Act 2003
6. The duty under Section 12 of the Education and Skills Act 2008 (arrangements to identify persons not fulfilling duty under Section 2 of the Act)
7. The duty under Section 8(1) of the Housing Act 1985 (duty of a local housing authority to consider housing conditions in the area and the needs of the area with respect to the provision of further housing accommodation)

Schedule 2

1. The duty under Section 2 of the Road Traffic Reduction Act 1997, for traffic conditions in the area of the CA
2. The power to issue fixed penalty notices in respect of offences in breach of the Mersey Tunnels Byelaws 2003 or any revision thereof pursuant to Section 237A of the Local Government Act 1972
3. The powers and duties of a Local Transport Authority pursuant to the Local Transport Act 2008
4. The power to enter into agreements with local highway authorities pursuant to Section 8 of the Highways Act 1980 and for such purposes to be designated
 - (i) as a local highway authority pursuant to the said Section 8
 - (ii) as a traffic authority pursuant to Section 121A of the Road Traffic Regulation Act 1984
 - (iii) as a street authority pursuant to Section 49 of the New Roads and Street Works Act 1991
5. The power to act as a traffic authority as defined by Section 121A of the Road Traffic Regulations 1984 for the carrying out of such functions pursuant to the Traffic Management Act 2004 as may be agreed by the constituent authorities

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Liverpool City Region Governance Review

Summary Report of Consultation

FINAL DRAFT – 11 September 2013

1. Introduction

- 1.1 It was agreed at the Liverpool City Region Cabinet meeting on 21 June 2013 that a review of strategic governance arrangements in the Liverpool City Region area should be undertaken. This area includes the authorities of Halton, Knowsley, Liverpool, Sefton, St. Helens and Wirral, as well as the Merseyside Integrated Transport Authority. The approach taken to undertake this governance review was in accordance with Section 108 of the Local Democracy, Economic Development and Construction Act 2009.
- 1.2 After evaluating the current available evidence and the options available to the City Region, it was proposed to explore further the option of a Liverpool City Region Combined Authority model, and to include the functions currently exercised by the Merseyside Integrated Transport Authority and Halton's strategic transport function. This would give legal form to the close working relationships that already exist between the six local authorities, the Integrated Transport Authority and the Local Enterprise Partnership by creating a sub-regional body with legal personality and a governance mechanism that can act across the combined area.
- 1.3 This course of action was approved by each of the constituent authorities during July and August 2013.
- 1.4 The statutory process to establish a Combined Authority or Economic Prosperity Board has three main steps:
 - First, a review of existing governance arrangements for the delivery of economic development, regeneration and transport. This must lead to the conclusion that there is a case for changing these arrangements based upon real improvements.
 - Second, drawing up and consulting on a scheme for the new body upon which the authorities are required to engage to secure support amongst stakeholders. All constituent Councils are required to approve the scheme for submission to the Secretary of State for Communities and Local Government.
 - Finally, the Secretary of State will consider the scheme and undertake a formal consultation. If satisfied with the proposals, a draft order will be laid before both Houses of Parliament for adoption by affirmative resolution.
- 1.5 To this end, a report outlining the potential role for a Liverpool City Region Combined Authority was produced, and published for consultation in summer 2013. This Report of Consultation presents the findings of the consultation undertaken on the potential role for the new body. It also sets out how the authorities and their partners have engaged with stakeholders regarding the proposals, through workshops, events and meetings. The report also contains a summary of the findings of this consultation exercise, including the detail of how stakeholders have responded to the proposals.

2. About the Consultation

- 2.1 The consultation ran from until 2 August until 12 noon on Friday 6 September 2013. The documents made available included:
- Liverpool City Region Strategic Governance Review: Draft for Consultation (August 2013)
 - Liverpool City Region Governance Review: Outline of the Potential Role for a Liverpool City Region Combined Authority: Draft for Consultation (August 2013)
 - Review of Governance arrangements in Liverpool City Region - Frequently asked questions (August 2013)
 - Liverpool City Region Governance Review Feedback form (August 2013) – see Appendix A of this report.
- 2.2 **Publication of Materials** – Consultation materials were published online, on each of the constituent authority websites. The publication of materials was accompanied by media releases, which led to articles in a range of online publications and newspapers.
- 2.3 **Targeted Consultations** – Each of the constituent authorities, as well as the Local Enterprise Partnership, targeted a wide range of stakeholders and interested organisations / individuals across the geographical area of the Liverpool City Region and also in surrounding areas. This included over 10,000 business (targeted through the Local Enterprise Partnership members, Chambers of Commerce and Local Authority contacts) and 500 partner organisations (contacted by Local Authorities and the Integrated Transport Authority). Appendix A of this report lists the types of organisations and individuals in receipt of this targeted consultation.
- 2.4 These consultees were invited to events and meetings and/or provided with a specific feedback form setting out key questions to respond to (see Appendix B of this report).
- 2.5 **Events and Meetings** – The constituent authorities and the Local Enterprise Partnership held a wide range of events and meetings with key stakeholders, as well as public drop-in sessions, across the consultation period.
- 2.6 **Online Consultation** – As noted, each of the authorities made available the consultation materials on their websites. The consultation was publicised through news stories on each of these websites, and also by complementary promotion through social networking tools of Facebook and Twitter. Each of the authorities also included the consultation as new items for circulation on internal and external online briefings for employees, partners and customers.
- 2.7 **Accessibility** – The consultation materials were made available in other languages and formats on request from the local authorities.

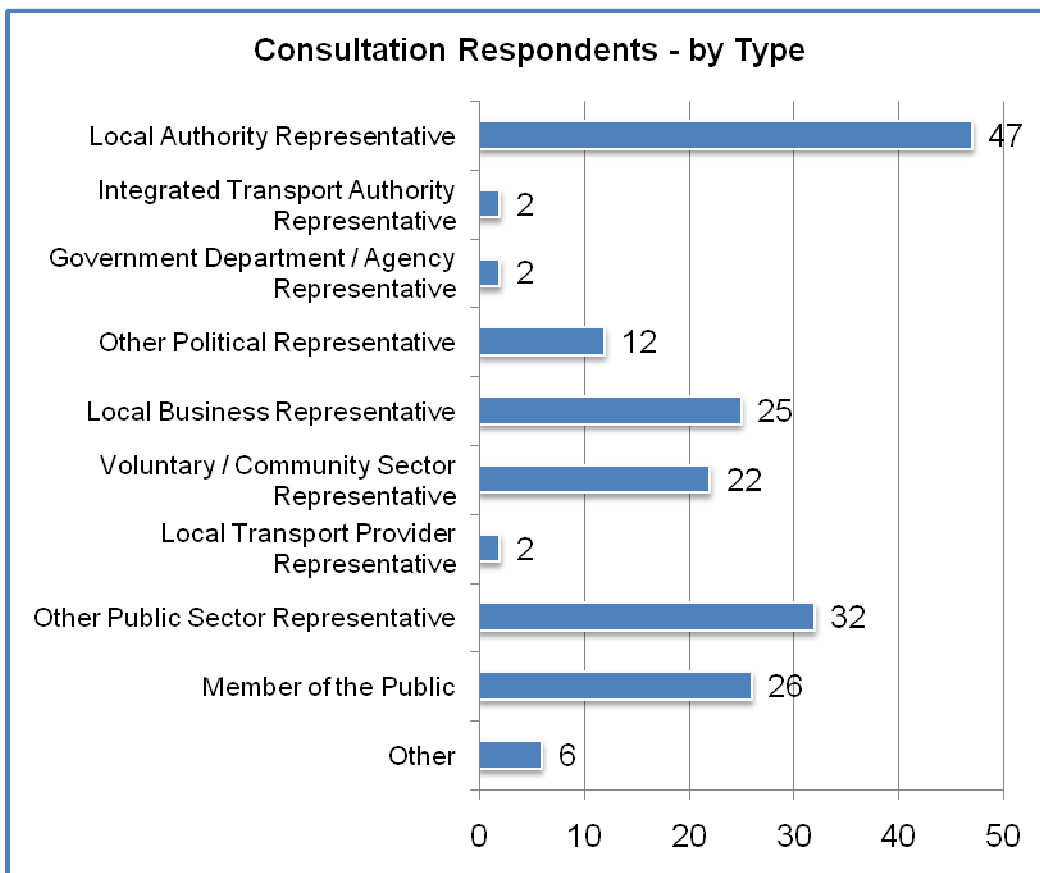
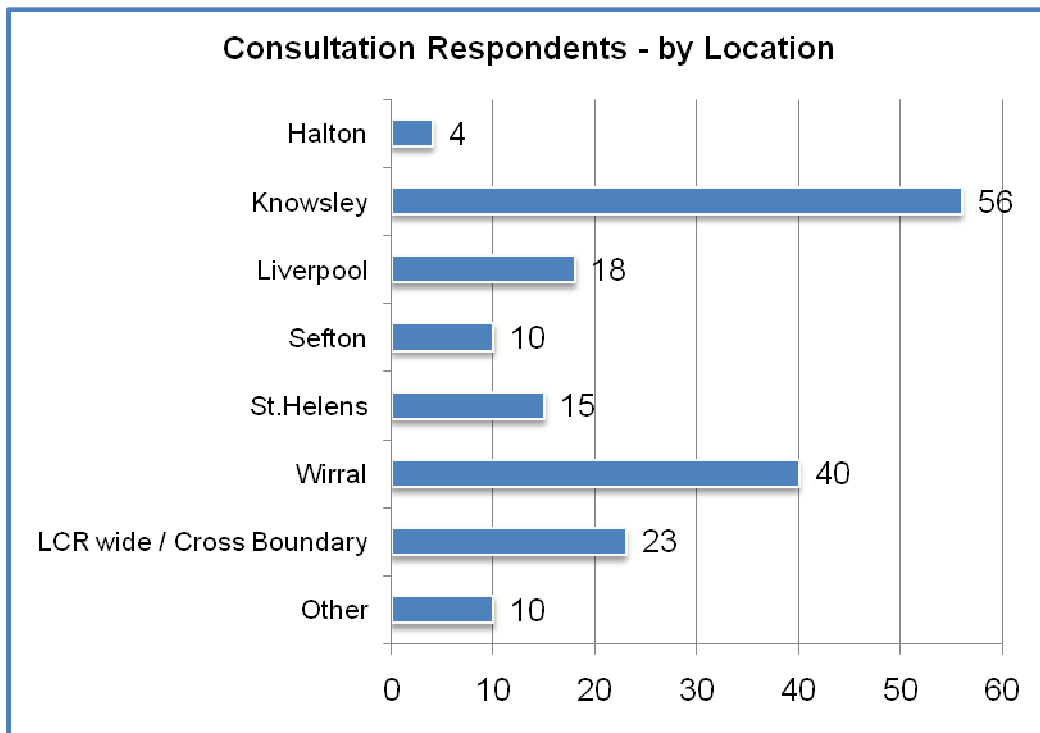
3. Collection and Analysis of Consultation Responses

- 3.1 **Receipt of Responses** – Responses were returned to each authority and collated centrally for the purpose of summary and analysis. Where requested, confirmation of receipt was given. In addition, the location of the respondent was requested, to determine the local authority, or wider area if relating to a cross boundary or sub-regional organisation, from which the response came.
- 3.2 **Coding and Summarising Responses** – Each of the responses received were analysed in detail, and the key messages from each recorded. This includes analysis of specific feedback forms, as well as general letters and emails received during the consultation period. This process is described in more detail, as follows.
- 3.3 **Feedback Form** – For those respondents filling in the detailed consultation feedback form (Appendix A), their responses were quantified in terms of the “yes”, “no”, or “other” answers, for each question element of the form (questions 1 to 5). Those questions which were returned unanswered were marked as “no response”. In addition, qualitative analysis was undertaken on any supplementary comments or explanations made in relation to questions 1 to 5, and also in response to question 6, which asked for any further comments.
- 3.4 **General Feedback** – For those respondents returning an email or letter, their responses were analysed initially relation to the questions on the feedback form. This involved interpreting their answers in relation to any specific or general positive or negative comments made in relation to the themes of the questions on the form. In many cases, the specifics of the consultation questions were not covered in the email or letter, and hence the ability to ascertain a “yes” or “no” response to the question was limited. In this case, a “no response” category was recorded.
- 3.5 Many of the letters or emails received included detailed commentary regarding the proposals, which may not have been linked to any of the specific questions on the feedback form. These comments were recorded in summary, in the same manner as specific responses to question 6, i.e. as “any other comments”.
- 3.6 The following sections set out the findings of the consultation using both quantitative and qualitative analysis of the feedback received.

4 Summary of Responses – Quantitative Analysis

- 4.1 **Quantity of Responses** – In total, 176 responses were received. This includes 65 emails and letters, and 111 specific consultation feedback forms.
- 4.2 **Sources of Responses** – Of the 176 total responses received, the largest proportion, a total of 47 responses, were from Local Authority Representatives. In addition, 26 were from Members of the Public and 32 from Other Public Sector Organisations. Several neighbouring authorities responded to the proposals, including West Lancashire Borough Council and the Association of Greater Manchester Authorities.

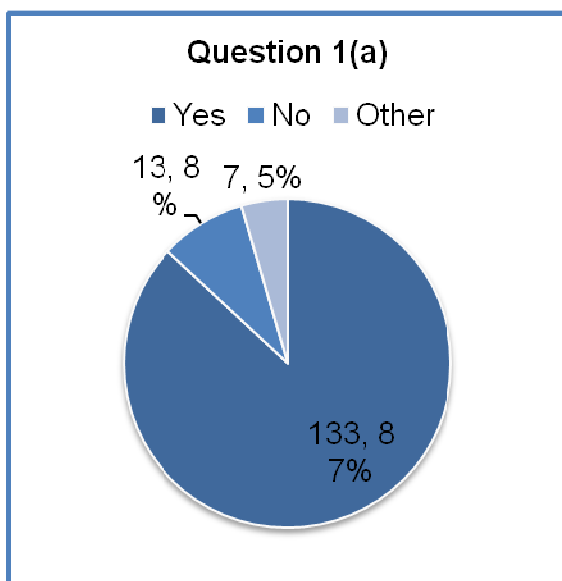
4.3 The following charts set out the breakdown of responses by the location from which the response was sent (local authority area / wider area) and by the type of respondent recorded.



4.3 Responses to Feedback Form Questions – the following sections set out the quantitative analysis of the responses to the feedback form questions 1 to 5, either given as part of response submissions, or attributed through the process of analysis of the general feedback received, as described in paragraph 3.4.

1. Does the evidence presented enable you to arrive at the conclusion that a Combined Authority for Liverpool City Region would improve:

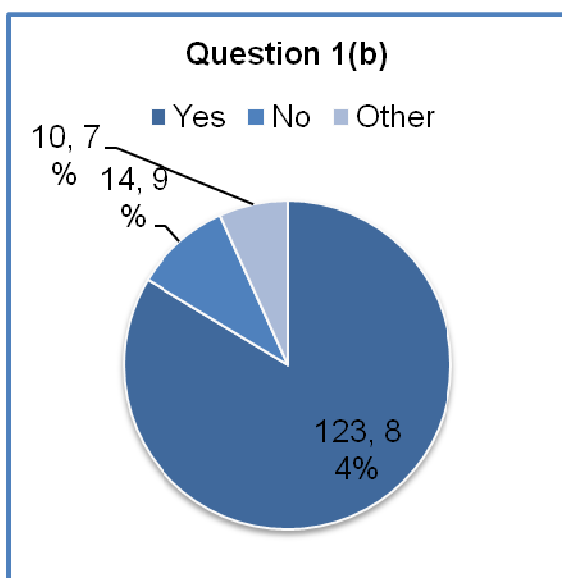
(a) The exercise of statutory functions relating to economic development, regeneration and transport in the area?



- Key feedback:**
- 153 out of 176 respondents provided an answer to this question
 - 23 respondents did not answer this question
 - Of those responding:
 - 87% responded “yes”
 - 8% responded “no”
 - 5% answered with a different response

1. Does the evidence presented enable you to arrive at the conclusion that a Combined Authority for Liverpool City Region would improve:

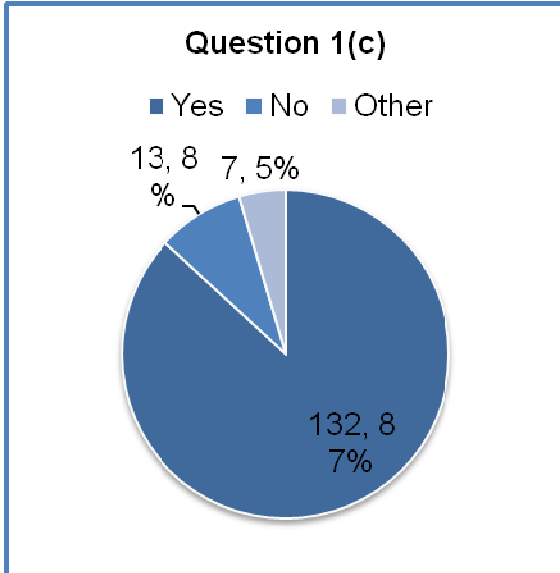
(b) The effectiveness and efficiency of transport?



- Key feedback:**
- 147 out of 176 respondents provided an answer to this question
 - 29 respondents did not answer this question
 - Of those responding:
 - 84% responded “yes”
 - 9% responded “no”
 - 7% answered with a different response

1. Does the evidence presented enable you to arrive at the conclusion that a Combined Authority for Liverpool City Region would improve:

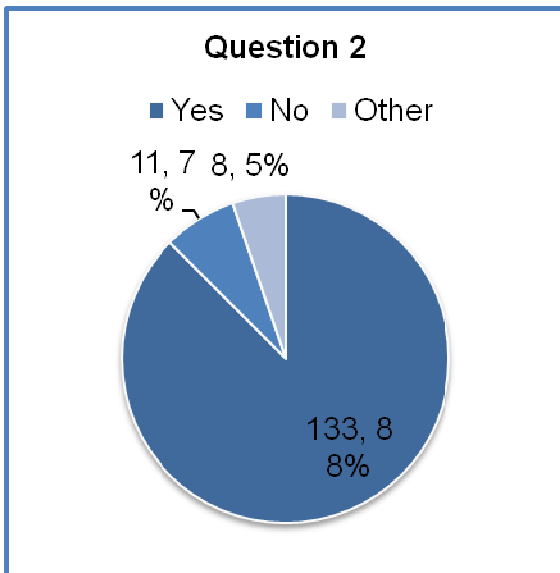
(c) The economic conditions in the area?



Key feedback:

- 152 out of 176 respondents provided an answer to this question
- 24 respondents did not answer this question
- Of those responding:
 - 87% responded “yes”
 - 8% responded “no”
 - 5% answered with a different response

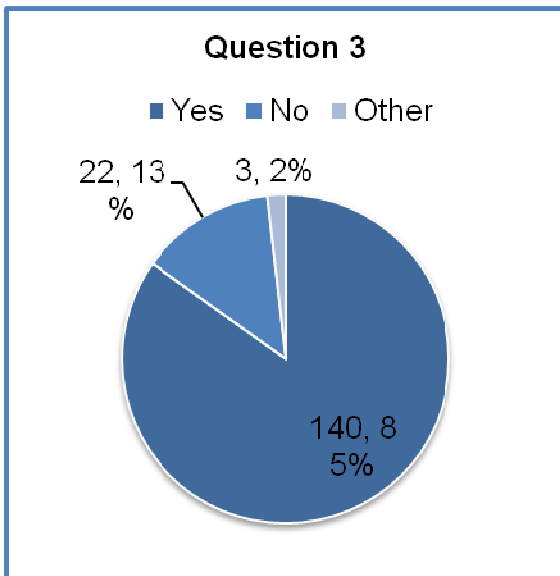
2. Do you think the draft Scheme proposed supports the economic rationale for Halton, Knowsley, Liverpool, Sefton, St Helens and Wirral to come together to drive jobs and growth in the Liverpool City Region?



Key feedback:

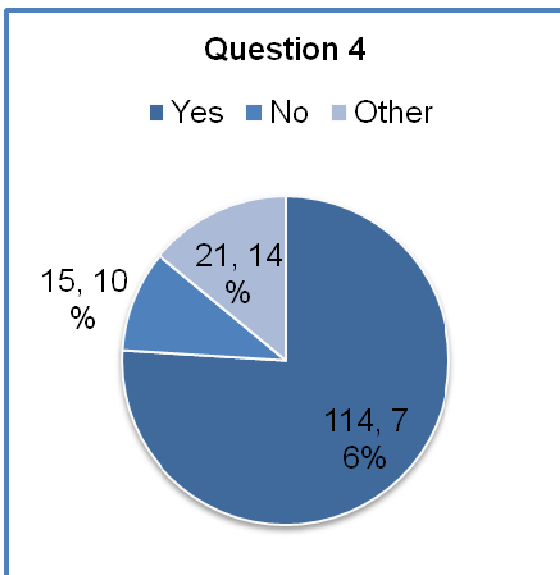
- 152 out of 176 respondents provided an answer to this question
- 24 respondents did not answer this question
- Of those responding:
 - 88% responded “yes”
 - 7% responded “no”
 - 5% answered with a different response

3. Can you support the establishment of a Combined Authority which will provide strategic leadership on economic development, transport, housing and employment and skills?



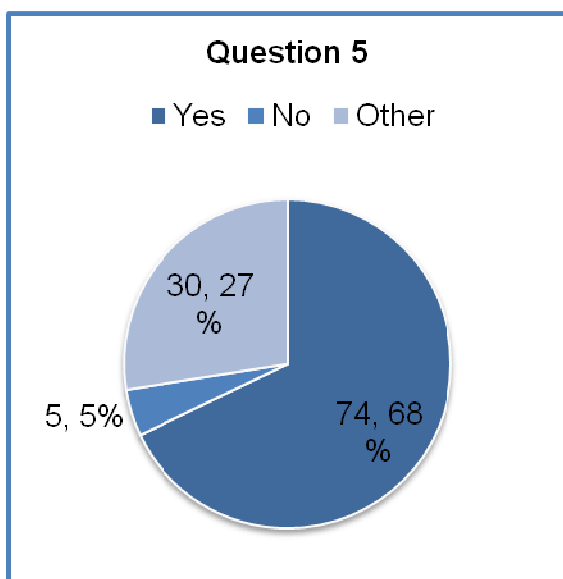
- Key feedback:**
- 165 out of 176 respondents provided an answer to this question
 - 11 respondents did not answer this question
 - Of those responding:
 - 85% responded “yes”
 - 13% responded “no”
 - 2% answered with a different response

4. Based on the proposed membership of the Combined Authority, will it be able to provide strong strategic leadership to drive jobs and growth in the City Region?



- Key feedback:**
- 150 out of 176 respondents provided an answer to this question
 - 26 respondents did not answer this question
 - Of those responding:
 - 76% responded “yes”
 - 10% responded “no”
 - 14% answered with a different response

5. Do you feel the proposed links between the Combined Authority and the Local Enterprise Partnership would be strong enough? If not, how do you think this relationship should be further strengthened?



Key feedback:

- 109 out of 176 respondents provided an answer to this question
- 67 respondents did not answer this question
- Of those responding:
 - 68% responded “yes”
 - 5% responded “no”
 - 27% answered with a different response

5. Summary of Responses – Qualitative Analysis

5.1 In addition to quantitative analysis undertaken, the detailed comments made in association with responses have been recorded and summarised. This includes analysis of the general feedback submitted by email or letter, but also analysis of the additional commentary added to the consultation feedback form, as described in paragraphs 3.4 – 3.6.

5.2 Several broad themes have been identified in terms of qualitative responses. These are listed below:

- **Theme 1 – Overall proposal** – comments relating to the overall proposal to create a Combined Authority in the Liverpool City Region
- **Theme 2 – Governance and accountability** – issues raised relating to the potential operation of the Combined Authority, and how it will be held accountable for its responsibilities once operational
- **Theme 3 – Strategic leadership**– comments regarding the potential leadership and governance arrangements within the proposed Combined Authority
- **Theme 4 – Strategic priorities** – issues raised regarding the thematic priorities which could be addressed by the Combined Authority
- **Theme 5 – Geographical coverage** – comments regarding the coverage of the Combined Authority across the Liverpool City Region and wider area
- **Theme 6 – Role of authorities and partners** – comments regarding the relative role of authorities within the Combined Authority, and the roles of partner organisations
- **Theme 7 – Additional partner involvement** – comments regarding the widening of the Combined Authority activities to include additional partners or stakeholders

- **Theme 8 – Wider Impacts** – issues raised regarding the wider impacts of the proposal on local authority activities and the wider sub-region
- **Theme 9 – Miscellaneous** – further issues and matters raised.
- **Theme 10 – Consultation Process** – comments regarding the process of governance review and the corresponding consultation activities.

5.3 The responses are analysed under these themes and shown in Appendix C.

6. Conclusions

- 6.1 From 2 August 2013 until 6 September 2013, a consultation was undertaken on a proposed review of strategic governance in the Liverpool City Region. The review proposed the creation of a Combined Authority covering all six Liverpool City Region Local Authorities of Halton, Knowsley, Liverpool, Sefton, St Helens and Wirral, as well as the Merseyside Integrated Transport Authority. The authorities and their partners led an extensive consultation exercise, which included a range of targeted communications with key partners and stakeholders, as well as a number of drop in events for local businesses and members of the public. Consultation materials were made available by each authority online, including a set consultation feedback form.
- 6.2 Overall, 176 responses to the consultation were received. Responses came from varied sources, including members of the public, political representatives, local businesses, as well as other public and private sector organisations. Responses were received from across the Liverpool City Region area, including several from each of the local authority areas.
- 6.3 In summary, there was overwhelming support for the proposals to create a Combined Authority in the Liverpool City Region. Many key partners voiced their strong support, and stated that the proposals would bring many economic benefits to the Liverpool City Region. In addition, significant support was expressed for the transport arrangements proposed. It was also considered that proposed changes to statutory functions would be largely beneficial. The impacts of the proposed Combined Authority on partnership working, collaboration and ability to access funding for the Liverpool City Region authorities were widely praised. Many respondents voiced their support for the proposed operation, accountability and leadership of the proposed Combined Authority, as well as strong support for the involvement of the Local Enterprise Partnership.
- 6.4 A significant number of respondents were keen to extend and expand the Combined Authority proposals, to include additional geographical areas, different functions and further identified partners both in the public and private sector. Further suggestions were made in relation to the operation and governance of the proposed Combined Authority.
- 6.5 Some respondents did voice opposition to the proposals. This opposition included views regarding the role of the proposed Combined Authority, as well its geographical coverage, operation and accountability, and proposed leadership mechanisms. Respondents also voiced conflicting views regarding the strategic priorities which should be pursued by any Combined Authority.

APPENDIX A: FULL LIST OF RESPONDENTS

Category	Responses	Specific Responses
Local Authority Representative	47	<ul style="list-style-type: none"> • 14 Knowsley Elected Members • 2 Liverpool Elected Members • 1 Sefton Elected Members • 29 Wirral Elected Members • 1 Wirral Officer
Integrated Transport Authority Representative	2	<ul style="list-style-type: none"> • Merseyside Integrated Transport Authority • Merseyside Passenger Transport Executive
Government Department / Agency Representative	2	<ul style="list-style-type: none"> • DWP – Merseyside Job Centre Plus District • BIS North West
Other Political Representative	12	<ul style="list-style-type: none"> • Stephen Twigg MP • Dave Watts MP • Halton Liberal Democrats • Jacqueline Foster MEP • Knowsley Town Council • West Lancashire Borough Council • Manchester City Council / GM Combined Authority • George Howarth MP • Esther McVey MP • Shaun Woodward MP • Bill Esterson MP • Joe Benton MP
Local Business Representative	25	<ul style="list-style-type: none"> • Peel Holdings (Management) Limited • Lisa Simpson Inclusive Dance Ltd • PWD Solutions • Marshall Turner • Brabners LLP • Burgundy Gold Ltd • Crowne Plaza Liverpool • RTC North Ltd • Liverpool John Lennon Airport • Local Solutions • A4E • Knowsley Chamber of Commerce • St.Helens Chamber of Commerce • Arup • Getrag Ford / KCC • Barnhodge Veterinary Hospital • Synchronise Careers Consultancy • Netrespect Training Ltd • Scribe Shop Fitting Ltd • PKT Solutions Ltd

Category	Responses	Specific Responses
		<ul style="list-style-type: none"> • Knowsley Safari Park • Wild Vision TV Media • Cleargound Ltd • Jaguar Land Rover • Peel Group
Voluntary / Community Sector Representative	22	<ul style="list-style-type: none"> • Halton and St.Helens Voluntary Community Action • Churches Together in Wirral • Wirral Country Park Friends Group, Wirral OPP, Vintage Community Radio Station, Wirral Parks Friend Forum • Anglican Deanery • Comtechsa • Hoylake Village Life Community Interest Company • Vauxhall Neighbourhood Council • Greater Merseyside ChangeUp Consortium • Knowsley Community and Voluntary Services • Platform 51 • Various (Member of the Public) • Care and Respite Support Services • Big Help Project • Big Help Project – Knowsley Good Bank • Church & Society, Liverpool Diocese • Kirkby Team Ministry • Knowsley Supported Lodgings • Vee's Place • Sefton Community and Voluntary Services • Social Enterprise Network • St.Helens Christian Life Centre • Greenbank Tenants and Residents Association
Local Transport Provider Representative	2	<ul style="list-style-type: none"> • Arriva North West and Wales • Merseyrail
Other Public Sector Representative	32	<ul style="list-style-type: none"> • Helena Partnerships • Merseyside Police (St.Helens) • Royal Liverpool and Broadgreen University Hospitals NHS Trust • St.Helens Clinical Commissioning Group • Liverpool Institute of Performing Arts • Chief Constable Merseyside Police • Greater Merseyside Learning Provider Federation • Myerscough College • North West Trades Union Congress • Hugh Baird College (2) • First Ark Group

Category	Responses	Specific Responses
		<ul style="list-style-type: none"> • Plus Dane Group • Merseyside Fire and Rescue Authority • University of Liverpool • Knowsley Housing Trust • Merseyside Police • One Ark (KHT) • North Huyton NDC • Southport College • Wirral University Teaching Hospitals • Halton Housing Trust • Cheshire & Wirral Partnership NHS Foundation Trust • Villages Housing Trust • The Riverside Group • Liverpool Housing Trust • Merseyside Police and Crime Commissioner • Bridgewater Community Hospital Trust • Home Group • Carmel College • St.Helens College • Knowsley Community College • Liverpool Mutual Homes
Member of the Public	26	<ul style="list-style-type: none"> • 26 Members of the Public
Other	6	<ul style="list-style-type: none"> • Unlock Democracy Merseyside and West Cheshire Group • Liverpool LEP • Mersey Dee Alliance • Local Nature Partnership • Sefton Green Party • St Helens Green Party
Total	176	

APPENDIX B: CONSULTATION FEEDBACK FORM

LIVERPOOL CITY REGION GOVERNANCE REVIEW

CONSULTATION FEEDBACK

Liverpool City Region is conducting a review of its' strategic governance. Based on the current available evidence, this review has recommended that the City Region would be better served in terms of its prospects for economic growth if it established a Combined Authority. The Combined Authority would provide strong governance, democratic accountability and an opportunity for powers and funding to be devolved from national Government.

Name	
Organisation	
Date	
1. Does the evidence presented enable you to arrive at the conclusion that a Combined Authority for Liverpool City Region would improve: a. The exercise of statutory functions relating to economic development, regeneration and transport in the area? b. The effectiveness and efficiency of transport? c. The economic conditions in the area?	
2. Do you think the draft Scheme proposed supports the economic rationale for Halton, Knowsley, Liverpool, Sefton, St Helens and Wirral to come together to drive jobs and growth in the Liverpool City Region?	
3. Can you support the establishment of a Combined Authority which will provide strategic leadership on economic development, transport, housing and employment and skills?	

4. Based on the proposed membership of the Combined Authority, will it be able to provide strong strategic leadership to drive jobs and growth in the City Region?

5. Do you feel the proposed links between the Combined Authority and the Local Enterprise Partnership would be strong enough? If not, how do you think this relationship should be further strengthened?

6. Do you have any other comments on this proposal?

Recording officer

Date

This form should be sent through to lcr.governance@knowsley.gov.uk by 12 noon on Friday 6 September 2013.

APPENDIX C – COMMENTS FROM RESPONDENTS

Theme 1 - Overall proposal

The evidence provided suggests establishment of a Combined Authority would be both beneficial to the Region and consistent with the findings of the review undertaken by Rt Hon the Lord Heseltine and Sir Terry Leahy in 2011.

Jon Murphy, Chief Constable, Merseyside Police

In broad terms, the Trust supports the proposals to create a combined authority. The overall case set out in the consultation documents is well presented and argued to the extent that none of the alternative options outlined appear to be viable going forward in comparison.

Nick Atkin, Chief Executive, Halton Housing Trust

There was general support for the recommendation of the governance view, and the role that this would play in promoting and securing economic growth. The Combined Authority would also allow the City Region to punch its weight and above at a national and international level. Respondents were also clear that the Combined Authority recommendation would allow an integration of existing services, which should improve their effectiveness and the overall economic conditions of the area. The focus on the City Region as the right geographical level was supported.

The opportunity to deliver more through collaboration was welcomed by many respondents, with the consequent positive impact of jobs and growth. This was felt to be particularly important in dealings with Government and business. It was considered that this would lead to additional funding and investment.

Some concerns were expressed about whether a Combined Authority is needed given the existing governance arrangements, which were seen to be effective. There were also issues raised around the whether changes needed to be made to existing transport activity and delivery, which was seen to be effective. There was a desire to capture learning from elsewhere and ensure that the mistakes of the past with Merseyside County Council were avoided.

Liverpool City Region Response

The overall support from consultees for the proposal to create a Combined Authority for the Liverpool City Region is welcome. This will not recreate Merseyside County Council but will instead formalise the existing informal arrangements that have been in place across the City Region since 2007. This will provide clear, transparent and accountable leadership for strategic economic development, transport, housing and employment and skills, which will command greater confidence of businesses and Government alike as the City Region seeks to support economic growth and the creation of more and better jobs.

The City Region has seen some narrowing of the gap with national performance around productivity, economic output, skills and income in recent years, but there is still a distance to travel. The introduction of a Combined Authority for the City Region will provide the framework to accelerate this process.

Theme 2: Governance and accountability

We have all acknowledged the need to develop new and deeper collaborations to deliver our key objectives, and I see these governance review proposals as a further sign of that commitment and an illustration of the growing political maturity in the City Region. The creation of a Combined Authority will undoubtedly lead to an improvement in the local economic environment through transparent, visible and accountable leadership, which should command greater confidence from businesses.

Prof Sir Howard Newby, Vice Chancellor, University of Liverpool

There was support for the model of the Combined Authority to add value to the work of local Councils. The governance model was thought to be transparent, with support provided for the co-option of the Chair of the LEP Board. The outlined role for Scrutiny was welcomed, but a number of respondents considered that this could be strengthened. Respondents supported building on existing assets and strengths, and ensuring that the City Region could evidence the additional outcomes that a Combined Authority would deliver.

The streamlined approach to governance was generally understood and supported, but some concerns were expressed as to whether views and insights from other groups would be missed; this could be addressed through advisory and partnership structures, which allow the involvements of additional local voices.

Liverpool City Region Response

The remit of the Combined Authority around strategic economic development, transport, housing and employment and skills is defined by primary legislation and can only be extended via a change to legislation.

The Combined Authority will be formed by the Elected Mayor / Leaders of the 6 Councils, who will co-opt the Chair of the LEP with voting rights. The Combined Authority will agree a Constitution, which will be underpinned by a detailed operating agreement.

The meetings of the Combined Authority will be held in public and there will be a cross party scrutiny function which will be made up of Elected Members from the 6 constituent Councils. Additional Boards and Committees will be asked to lead areas of activity for the Combined Authority as outlined in the Governance Review report.

The Combined Authority will provide an annual update on the state of the City Region's economy and set out its plans to achieve its targets.

Theme 3: Strategic leadership

I believe the Combined Authority would provide more effective arrangements for key strategic decision making in the Liverpool City Region and strengthen our competitiveness in attracting inward investment for economic development and regeneration. There are clear benefits to a more joined up approach to transport planning which I believe would be more efficient and effective.

Steve Logan, Principal, Knowsley Community College

Respondents generally considered that the proposals would strengthen strategic leadership in the City Region, which would be accountable and transparent, although there were some dissenting views on this. A number of respondents supported rotating the Chair of the Combined Authority regularly and ensuring that all areas would benefit from the work of the Combined Authority.

The openness and accountability offered was strongly welcomed by many respondents, along with the input from a business perspective.

Liverpool City Region Response

The Combined Authority will be able to provide clear, transparent and accountable leadership for strategic economic development, transport, housing and employment and skills across the City Region as a whole and for the benefit of the City Region as a whole: there is no body at the current time who can do this.

Each of the six Councils will have one representative on the Combined Authority, who will be charged with acting in the best interests of the City Region as a whole. There will be an annual election of Chair of the Combined Authority. Unanimous support of the Combined Authority will be required to co-opt additional members of the Combined Authority and to make changes to the Constitution of the Combined Authority.

Theme 4: Strategic priorities

We are keen to ensure the City Region has a clear and unified voice to articulate priorities and to ensure they are driven through. Streamlining the structures and clarifying accountability should help to do this – and will benefit conversations with central government as well as with national organisations delivering in the city region such as A4e.

Annie Smith, Development Director – North West, A4e

There was strong support for the inclusion of transport within wider priorities and the opportunities that this would offer for economic growth. Further detail was requested by some respondents on the role that the Combined Authority would have on housing, given the existing statutory planning role that Councils currently have and would retain. There was widespread support for the integrated approach that the proposed Combined Authority would bring to promoting and securing economic growth.

There was strong support for a clear and consistent set of strategic priorities for the City Region. Respondents identified a wide range of areas in which the Combined Authority could add value, which would be within the remit of the proposed organisation. A number of respondents identified further areas where the Combined Authority could be involved, which are currently outside of its legislatively enabled role.

Liverpool City Region Response

One of the key drivers behind the proposal to create a Combined Authority is the need to draw together activity from across the City Region that enables economic growth and job creation. This will improve the efficiency and effectiveness of delivery in economic development, transport, housing and employment and skills, and draw together place and people interventions.

The Combined Authority would add value to what we do already in terms of economic development in three further respects:

- Responsibility and accountability for setting the strategic vision, outcomes and agreeing priorities for the Liverpool City Region (single Evidence Base, Single Local Growth Plan, Single Investment Framework, developing a strategic pipeline of projects);
- Improved ability to target resources – (acting as Accountable Body for Single Investment Fund for devolved funding, responsibility for making decisions on the allocation of those resources, aligning funding streams); and
- Improved co-ordination of City Region wide activities (place based marketing, inward investment and international strategy etc).

Theme 5: Geographical coverage

Liverpool Liberal Democrats support the proposal to develop a combined authority to cover the economic development and transport functions within Greater Liverpool. Any comments outlined below should be seen as part of an overall backing for the proposals. It has been clear to us for many years that 'Greater Liverpool' is an area that will prosper or decline together and that by much closer working together the former is more likely.

Cllr Richard Kemp, Liverpool City Council

The periphery of the City Region as a whole has enormous potential and there exists a significant requirement for investment at all levels in order to realise that potential, which will be of lasting benefit to the wider region.

Mark Howard, Director, Hoylake Village Life

There was strong support for the geographical coverage of the proposed Combined Authority for the City Region, with a desire to see the benefits of jobs and growth being felt across the City Region as a whole, and not just in particular localities. There was recognition that a community identity was emerging for the City Region. However, a

number of respondents identified concerns about particular geographic areas not benefiting from the improvements in jobs and growth.

A number of alternative geographies were suggested, which varied between respondents and were not consistently proposed. However, there was support for the City Region to engage more intentionally with neighbouring Councils.

Liverpool City Region Response

Liverpool City Region area is considered to be a functional economic area, with 84% of employed residents working within the City Region (Annual Population Survey 2012): 75% of residents living and working in an area is sufficient to justify a functional (or natural) economic area. It is considered an economic entity by the European Commission.

The Combined Authority will act in the best interests of the City Region as a whole and ensure that benefits are widely shared.

The recommendation to create a Combined Authority for the City Region would provide a transparent and robust decision making process to improve the economic wellbeing of the constituent Local Authorities as part of a stronger Liverpool City Region economy. This would enable the City Region to close the £8.2bn economic output gap, the deficit of 18,500 businesses, the 90,000 jobs gap and the £1,700 per capita income gap.

Theme 6: Role of authorities and partners

I am pleased to see that the LEP will have representation at the highest levels of the Combined Authority, representing the views of the private sector.

Matt Thomas, Chief Executive, Liverpool John Lennon Airport

We feel the proposals represent a sensible way forward. Our position as a Chamber is that we support this in principle and would wish to be part of the process so that we can see the implications when more detail emerges. It would be important that all Merseyside Boroughs had an equal standing, for example by rotating the chair of the Combined Authority between the six Boroughs annually.

Kath Boullen, Chief Executive, St Helens Chamber of Commerce

Respondents support Councils, authorities and businesses working together to promote and secure economic growth and jobs. There are clear benefits expressed as part of this, linked to improvements in service delivery which would lead to increases in growth and jobs.

The inclusion of Merseytravel and the LEP within the Combined Authority proposal were generally welcomed, along with the different perspective that they would bring. A number of respondents wanted greater clarity on how the LEP would work with the proposed Combined Authority, given the potential for overlap and duplication. This will need to be addressed and widely communicated.

Liverpool City Region Response

The Combined Authority will provide strategic leadership for economic development, transport, housing and employment and skills. It will be a lean strategic body and will not have significant delivery functions, but will commission other organisations to deliver on its behalf. This will include the LEP, who will retain a key role in promoting economic growth in the City Region, as evidenced by the commitment to co-opt the Chair onto the Combined Authority. It is expected that this will lead to improved effectiveness and efficiency of service delivery. The Combined Authority will agree a Constitution, which will be underpinned by a detailed operating agreement.

There will be a range of strategic partners and businesses involved in the work of the Combined Authority through their inclusion on the Boards and Committees who will lead areas of work on behalf of the Combined Authority.

In addition, relevant partners and subject matter experts will be brought into the Scrutiny work of the Combined Authority as and when required.

Theme 7: Additional partner involvement

Supporting the growth of jobs and the delivery of employment and skills opportunities has to be a strong driver for the Combined Authority. We would hope that the strong history and current practices of partnership working would be incorporated in the work of the Combined Authority.

Lynn Collins, Regional Secretary, Trades Union Congress

There was support for the balance proposed between a lead strategic decision maker and including a wide range of partners: it was hoped that the proposed Combined Authority would add value to existing partnership arrangements.

Many partners and stakeholders, for example Merseyside Police and the Local Nature Partnership, identified how they could get involved in the work of the proposed Combined Authority, and what they could do to support its proposed mission to secure growth and jobs. Support was also expressed for the approach to bring in subject matter experts to enhance specific discussions.

Liverpool City Region Response

The remit of the Combined Authority is limited by statute but there are opportunities to work together with partners through the Boards and Sub-Committees being proposed for the benefits of businesses and residents in the City Region. The Combined Authority would also need to continue to engage with partner organisations on a wide range of matters.

Theme 8: Wider impacts

A number of responses raised questions regarding the potential impact of the proposed Combined Authority on a number of local and sub-regional matters, both related to and unrelated to the proposed remit of the Combined Authority.

Sefton CVS supports Option 4 and the rationale to develop a Combined Authority. We believe it creates a vital springboard to support the best chance of underpinning sustained growth of our economy. Better connectivity, through an integrated approach to transport, creates efficiencies and enhances effectiveness. A strategic governance approach is essential to achieve transformational change and to acquire the necessary investment to maximise growth and fulfil potential of people and place in the City Region.

Angela White, Chief Executive, Sefton CVS

I fully endorse the proposal that Option 4, creating a Combined Authority, should be pursued. I believe that this option, whilst not being overly bureaucratic, would create the right structure to attract additional resources to the region and would make best possible use of them.

John Clarke, Principal, Southport College

Liverpool City Region Response

The remit of the Combined Authority is limited by statute to economic development, transport, housing and employment and skills. The enhanced commitment to joint working and the culture that this will engender would have other benefits in time.

Theme 9: Miscellaneous

Having first hand experience of cross city region working with Project Viridis, a collaboration of all 6 LAs and 14 RSLs from across the LCR, I wholeheartedly welcome the combined authority approach, as I'm sure it will help officers to be able to pull together more effectively on this shared agenda

Maggi Howard, Liverpool Mutual Homes

Respondents raised some points which were largely unrelated to the Combined Authority proposals directly, but may be of interest to the local authorities involved. Examples included comments about local area issues, specific highway issues and existing projects.

Liverpool City Region Response

The specific points will be picked up with individual Councils who have these responsibilities.

Theme 10: Consultation Process

[This] provides a great opportunity to be more efficient and to develop a much stronger joined up brand for the area with decisions made based on strategic fit and benefit for the wider area rather than local political struggles.

Garry Banks, Arup

A number of respondents expressed concerns about the consultation process and suggested that the timescale for response was too short. This is balanced by the 176 responses that were submitted to the process, the overwhelming majority of which did not see fit to mention this.

Liverpool City Region Response

The six Councils in the Liverpool City Region have a strong track record of working together on areas of mutual benefit, dating back before the Liverpool City Region Development Plan, which was agreed in 2007. Collaborative working has evolved over the years and a number of City Region Boards bring together democratic leadership and senior business leaders, including the Local Enterprise Partnership (LEP).

The Review of Strategic Governance was open for consultation for 5 weeks. Details of the proposals were sent to over 10,000 businesses and partner organisations in the City Region, with over 500 people attending a range of consultation events. The questions asked in the feedback form were based on the statutory tests that have to be met.

Should the proposals be approved and submitted, there will be a further consultation process before the Secretary of State for Communities and Local Government seeks approval to establish a Combined Authority.

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WIRRAL COUNCIL

CABINET

19 SEPTEMBER 2013

SUBJECT	FINANCIAL MONITORING 2013-14 MONTH 3
WARD/S AFFECTED	ALL
REPORT OF	INTERIM DIRECTOR OF RESOURCES
RESPONSIBLE PORTFOLIO HOLDER	COUNCILLOR PHIL DAVIES
KEY DECISION	YES

1.0 EXECUTIVE SUMMARY

1.1 This report details the Monitoring position for Month 3 (ending 30 June 2013). There are separate appendices for Revenue and Capital.

2.0 RECOMMENDATIONS

2.1 Revenue:

- a) that the monitoring position of a forecast underspend of £267,000 is noted;
- b) to aid continued good financial management that the spending freeze be continued until further notice; and note there were no rejected freeze items in the month;
- c) that the measures identified by the Strategic Directors to solve any budgetary issues highlighted in the previous monitor are agreed as per Annex 12 of the revenue monitoring appendix;
- d) that an amount of up to £1million is released from the Efficiency Investment Fund to fund the costs associated with the implementation of the 2013/14 Street Cleansing savings option. This is per the planned budget and will generate a permanent saving of £1m per annum with the Efficiency fund repaid over a four year period (i.e. £1m budget reduction in 2013/14 and a net £0.75m saving from 2014/15 for four years, rising to £1m per annum thereafter).

2.2 Capital

- a) that the monitoring position for capital of £3.784million spend is noted.
- b) that the revised capital programme of £49.057m as detailed in the capital monitoring appendix is agreed.
- c) the re-profiling of a number of schemes into 2014-15 totalling £2.371m is agreed
- d) The additional schemes for the redevelopment of West Kirby and Guinea Gap leisure centres £1.0m is agreed
- e) agree other minor variations of £0.031m;
- f) note the receipt of additional Regional Growth Fund grant of £0.433m and Education grant of £0.472m;

- g) Note a reduction in requirement on a number of schemes totalling £0.942m; and
- h) note the use of £0.039m from the deferred Cultural Services Assets scheme to part fund essential works for Arrowe Park Changing Pavilion.

3.0 BACKGROUND AND KEY ISSUES

- 3.1 Throughout the financial year Cabinet will receive monthly updates in respect of Revenue and Capital Monitoring. This is the first report for the 2013/14 financial year.

4.0 RELEVANT RISKS

- 4.1 The possible failure to deliver the Revenue Budget is a risk which will be mitigated by a number of actions including regular review and reporting, training for budget managers and use of a tracking system to monitor delivery of savings.
- 4.2 The possible failure to deliver the Capital Programme will be mitigated by the fortnightly review by a group of officers, charged with improving performance.

5.0 OTHER OPTIONS CONSIDERED

- 5.1 No other options were considered.

6.0 CONSULTATION

- 6.1 No consultation has been undertaken relating to this report. .

7.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 7.1 There are none arising directly from this report. These would be considered when planning and implementing specific schemes or projects.

8.0 RESOURCE IMPLICATIONS

- 8.1 The financial implications are detailed within the Appendices.
- 8.2 There are no direct staffing, IT or asset implications arising directly from this report.

9.0 LEGAL IMPLICATIONS

- 9.1 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.

10.0 EQUALITIES IMPLICATIONS

- 10.1 There are no equality implications arising from this report.

11.0 CARBON REDUCTION IMPLICATIONS

11.1 There are no implications arising directly from this report. These are included in reports to Cabinet on individual schemes and in the Carbon Budget report.

12.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

12.1 There are no implications arising directly from this report.

13.0 REASONS FOR RECOMMENDATIONS

13.1 To comply with legal requirements to ensure that expenditure is likely to be within the limit of resources available.

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APPENDICES

Appendix A Revenue Monitoring 2013-14 Month 3 (June 2013)
Appendix B Capital Monitoring 2013-14 Month 3 (June 2013)

REFERENCE MATERIAL

None

SUBJECT HISTORY

Council Meeting	Date
Cabinet – Revenue Monitoring 2012/13	Monthly reports since
Cabinet – Capital Monitoring 2012/13	September 2012

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WIRRAL COUNCIL

CABINET

19 SEPTEMBER 2013

SUBJECT	REVENUE MONITORING 2013-14 MONTH 3 (JUNE 2013)
WARD/S AFFECTED	ALL
REPORT OF	INTERIM DIRECTOR OF RESOURCES
RESPONSIBLE PORTFOLIO HOLDER	COUNCILLOR PHIL DAVIES
KEY DECISION	YES

1 EXECUTIVE SUMMARY

- 1.1 This report sets out the revenue position for 2013-14 at Month 3 (June 2013) and actions to minimise risk.

2 RECOMMENDATIONS

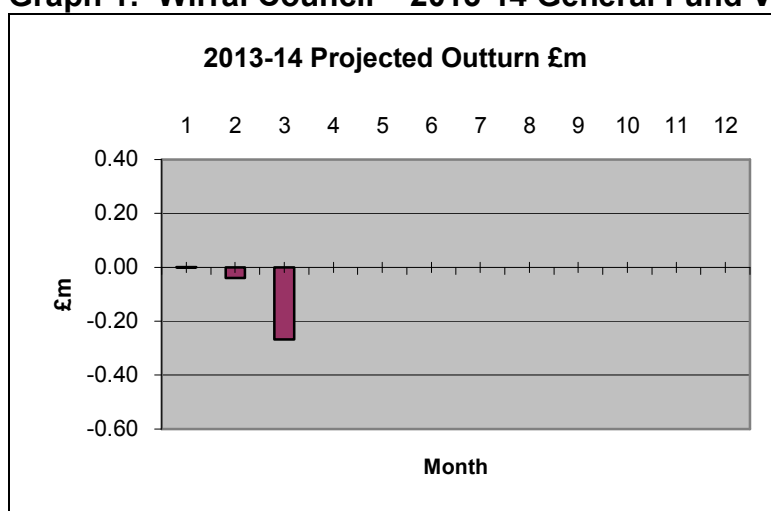
Cabinet is asked to note and /or agree:

- 2.1 at Month 3 (June 2013), the full year forecast projects a General Fund underspend of £267,000;
- 2.2 that the spending freeze be continued until further notice to aid continued good financial management and note there were no rejected freeze items in the month;
- 2.3 that the measures identified by the Strategic Directors to solve any budgetary issues highlighted in the previous monitor are agreed as per Annex 12 of this report;
- 2.4 that an amount of up to £1million is released from the Efficiency Investment Fund to fund the costs associated with the implementation of the 2013/14 Street Cleansing savings option. This is per the planned budget and will generate a permanent saving of £1m per annum with the Efficiency fund repaid over a four year period (i.e. £1m budget reduction in 2013/14 and a net £0.75m saving from 2014/15 for four years, rising to £1m per annum thereafter).

3 OVERALL POSITION AT MONTH 3 (JUNE 2013)

- 3.1 The projected revenue forecast for the year at Month 3 shows a projected underspend General Fund position of £267,000 (an improvement on the month 2 position of a £41,000 underspend). A number of departmental underspends have been earmarked against ongoing or emerging financial issues. An allocation of £1.8 million against the £2 million savings profiling account (page 7 of the Budget Book and Forecasts 2013/16) remains assumed based upon latest estimates of the delivery of staffing savings.

Graph 1: Wirral Council – 2013-14 General Fund Variance, by month



4 CHANGES TO THE AGREED BUDGET AND VARIATIONS

4.1 The Budget for 2013-14 was agreed by Council on March 5, 2013 and is detailed in [Annex 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 are detailed in [Annex 3](#).

Table 1: 2013-14 Original & Revised Net Budget by Department £000's

	Original Net Budget	Approved Budget Changes Prior Mths	Approved Budget Changes Month 3	Revised Net Budget
Chief Executive	8,240	-4,602	25	3,663
People - Adult Social Services	82,951	-	-180	82,771
People – Children & YP, & Schools	91,738	-6,714	10	85,034
People – Asset Mgmt & Transport	-	5,534	-	5,534
People – Safeguarding	685	1,396	-	2,081
People – Sports and Recreation	8,904	-	-	8,904
Places - Environment & Regulation	79,651	-	-9	79,642
Places – Housing & Comm Safety	15,342	-569	18	14,791
Places – Regeneration	5,134	-	-18	5,116
Transformation & Resources	12,424	4,955	154	17,533
Corporate Growth & Savings	-3,252	-	-	-3,252
Net Cost of Services	301,817	0	0	301,817

Month 3 major change relate to centralising finance staff budgets from People – Adults to Transformation

4.2 A new council structure has been introduced for 2013/14. The Budget Book and forecasts 2013/16 was published with a number of assumptions regarding service splits which were to be refined. A number of changes have since been identified.

4.3 The main report will only comment on large variations (Red and Yellow items). The 'variations' analysis, over 27 budget areas, distinguishes between overspends and underspends. The 'risk band' classification is:

- Extreme: Overspends - **Red** (over +£301k), Underspend **Yellow** (over -£301k)
- Acceptable: Amber (+£141k to +£300k), Green (range from +£140k to -£140k); Blue (-£141k to -£300k)

Table 2: Extreme Departmental Projected Budget variations

	Chief Exec	People	Places	Trans & Res	Total	Percent of total
Red Overspend	0	1	0	0	0	3.7%
Yellow Underspend	0	1	0	0	0	3.7%

The full Table is set out at [Annex 4](#)

- 4.4 The reporting process identifies over or underspends and classifies them into risk bands. The projection is for no over or underspend for 2013-14, as set out in the table below, which records no departments as red or yellow:

Table 3: 2013-14 Projected Budget variations by Department £000's

Directorates	Revised Budget	Forecast Outturn	(Under) Overspend Month 3	RAGBY Classification	Change from prev mth
Chief Executive	3,663	3,642	-21	G	-21
People - Adult Social Services	82,771	82,771	0	G	-
People - Children & YP, & Schools	85,034	85,034	0	G	-
People – Asset Mgmt & Transport	5,534	5,534	0	G	-
People – Safeguarding	2,081	2,081	0	G	-
People – Sports and Recreation	8,904	8,904	0	G	-
Places - Environment & Regulation	79,642	79,642	0	G	-
Places – Housing & Comm Safety	14,791	14,791	0	G	-291
Places – Regeneration	5,116	5,116	0	G	291
Transformation & Resources	17,533	17,287	-246	B	-205
Corporate Growth & Savings	-3,252	-3,252	0	G	-
TOTAL	301,817	301,550	-267		-226

- 4.5 Within the various directorates there have been the following developments:

- **Chief Executive's:** A small underspend of £21,000 is currently forecast (Month 2 was forecast at nil).
- **People:** No overall variance is forecast at present (no change from previous month). Early implementation in 2013/14 of some measures to repay one-off funding supporting the 2013/14 budget has occurred. These were originally scheduled to commence in 2014/15 and have enabled monies to be used as follows:
 - Adults: Of the £8.8m savings to replace one-off funding in 2013-14, £3.430m was forecast in M2 to be delivered in 2013-14. It is now expected that £2.185m will be delivered in 2013-14. New additional expenditure on packages in Learning Disabilities (LD) is causing an adverse variance of over £3m in that area. An action plan is being implemented by the Director to reduce the unit costs of high cost packages in negotiation with providers. A review of packages is also being prioritised to ensure provision is consistent with care requirements. LD package costs are also being partly contained by reductions successfully achieved in packages in other client groups. Progress on the action plan will be reported in future monitors. The net impact on community care packages is therefore around £1m. Accordingly £1.2m is currently projected as available in 2013-14. Work is proceeding on further management actions to increase savings delivery in 2013-14. Any monies identified will be earmarked to contribute towards an adjustment to income of £2m to reflect the actual in year

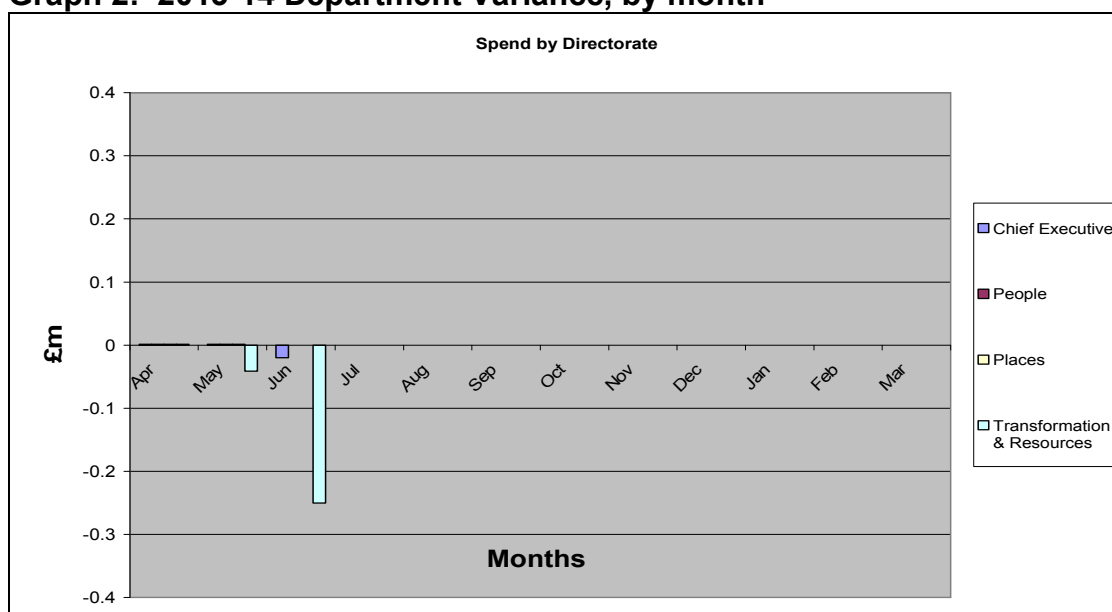
income performance.

- Childrens: A number of variances are assumed covered by the corporate savings profiling account whilst £0.7 million will contribute to funding 2013-14 Families and Well Being Annex 12 issues.

Month 3	Adults	Children	Total
Saving 2013-14	1.200	1.500	2.700
Use in 2013-14	-1.200	-1.500	-2.000
Carried forward to 2014-15	0.000	0.000	0.000

- **Places:** The net saving forecast is nil (month 2 nil). A significant saving has been achieved as a result of the early implementation of savings relating to Supporting People. Approximately £1.3 million has been earmarked to resolve a number of issues listed in annex 12 which cover all directorates. The funding covers 2013/14 shortfalls relating to transforming business support, terms and conditions. Measures to fund these issues from 2014/15 onwards will require identifying by Strategic Directors.
- **Transformation & Resources:** A £246K underspend is currently forecast (£41k Month 2), mainly as a result of insurance fund contract and capital financing savings.

Graph 2: 2013-14 Department Variance, by month



- 4.6 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

	Revised Budget	Forecast Outturn	Variance	RAGBY	Change from

	£000	£000	£000	£000	Previous £000
Gross Expenditure					
Employees	139,262	139,468	206	A	-63
Premises	17,083	17,089	6	G	-116
Transport	7,680	7,656	-24	G	-25
Supplies and Services	128,458	128,884	426	R	2,848
Third Party Payments	122,316	121,390	-926	Y	-1,026
Transfer Payments	141,010	140,985	-25	G	-25
Support Services	73,294	73,295	1	G	-20
Financing Costs	58,606	58,425	-181	B	-181
Schools Expenditure	211,961	211,961	0	G	-
Total Expenditure	899,670	899,153	-517		1,392
Gross Income					
Schools Income	209,366	209,366	0	G	-
Government Grants	183,193	182,970	-223	A	-2
Other Grants and Reimbursements	19,681	20,756	1,075	Y	1,075
Customer/Client Receipts	47,651	46,494	-1,157	R	634
Interest	870	870	0	G	-20
Recharge Other Rev A/c	137,092	137,147	55	G	-69
Total Income	597,853	597,603	-250		1,618
Net Expenditure	301,817	301,550	-267		-226

Note: For explanations of red or yellow variances please see [Annex 4](#).

- 4.7 Schools expenditure is funded from the Dedicated Schools Grant. As this grant is ringfenced any over/underspend will not impact on the General Fund.
- 4.8 After agreeing the 2013/14 budget, a number of budgetary issues were identified as requiring further corrective action. A number of items were dealt with in the previous monitor. Actions to deal with the remaining issues are outlined within this monitor. Details of these issues are explained in [Annex 12](#).

5 IMPLEMENTATION OF 2013-14 SAVINGS – THREE TYPES

- 5.1 The delivery of the **March 5 Council** savings (Type 1) is so key to the Council's financial health, that they are being tracked at Council and Directorate level. The assumption is that, where there is slippage, the Strategic Director will implement replacement savings. The detail is at [Annex 5](#).

Table 5: Budget Implementation Plan 2013-14 whole Council (£000's)

BRAG	Number of Options	June 2013	Change from prev mnth	Approved Budget Reduction	Amount Delivered at June	To be Delivered
B - delivered	23	22	1	17,096	17,096	0
G – on track	30	32	-2	19,710	9,733	9,977
A - concerns	16	16	0	11,239	1,487	9,752
R - failed	1	0	1	300	0	300
P – replacements for Red	0	0	0	0	0	0
Total at M3 June 13	70			48,345	28,316	20,029
<i>Total at M2 May 13</i>	<i>70</i>			<i>48,345</i>	<i>19,374</i>	<i>28,971</i>

Note: Budget Book page 56-58.

- 5.2 There is currently one saving option identified as red rated. This relates to Review of Residential Care for Learning Disabilities (£300k).
- 5.3 The **one-off funding** in 2013-14 for Adults and Children, requires that they identify equivalent savings (Type 2) during 2013-14 for 2014-15. It is expected that some of the savings will start in 2013-14. As this is identified, it will be presented in Table 7 below and detailed in Annex 6:

Table 6: Replacing £13.7m one-off 2013-14 funding (£000's)

BRAG		Number of Options	Saving Proposed 2013-14	Saving Delivered 2013-14	Saving Proposed 2014-15	Saving Proposed 2015-16	Total Saving Proposed 2013-16
Adults	8.8	30	2,185	0	3,689	1,689	7,563
Children's	4.9	7	1,500	950	0	0	1,500
Use of 2013/14					1,630		1,630
Total	13.7	37	3,685	950	5,319	1,689	10,693

Note: Further proposals require identifying. Total proposals may end up being greater than target to allow for slippage. Any savings achieved in 2013/14 will reduce the agreed call on reserves in 2013/14. Assumed £1.6 million of 2013/14 savings can be used to fund 2014/15 target. Adults Proposed 2013/14 reduced from £3.43m see 4.5 People.

- 5.4 The **spending freeze** (Type 3) was extended into the 2013/14 financial year, for the three reasons set out below:

- Risk.** The increased level of financial risk in 2013 included items that introduced change from April 2013 for which there was no evidence on which to judge that the risk had diminished, remained the same, or increased. Therefore the prudent response, whilst waiting for evidence to emerge, was to reign in expenditure;
- Closedown.** The outturn for 2012-13 was not available to Cabinet until June 13th. To cover the possibility that it could be worse than the M11 forecast, of an overspend of £7.4m, the prudent response was to continue the spending freeze. The continued progress in financial management resulted in an actual 2012/13 overspend of £4.7m. An additional £0.9m was also identified for release from reserves. This has enabled £3.6m to be added to General Fund Balances taking the total close to the £17.739m level agreed by Cabinet on 18th February 2013.
- Change.** The 2013-14 budget has built into a greater level of savings than has ever been attempted in the Council's history. Although reasonable assumptions have been made, there is the danger that a worse case could occur. Cover for that eventuality, via a spending freeze, would be prudent until there is evidence of successful implementation.

- 5.5 The detailed freeze items are set out at Annex 7. The purpose of the exercise is to reduce any projected overspend, which by Section 28 of the Local Government Act 2003, is the duty of the Council, that is, all of its Members.

- 5.6 The 2013-14 Revenue Budget resolved a number of Bad Budgets that were identified during the year. This has been done in a number of ways:

- Base budgets were increased by £8.0 million;
- One-off funding of £13.7 million (see paragraph 5.3 above);
- Suppressing Demand by £3.4 million.

Suppressed demand in Children and Young People totals £1.9m which will be managed during the year. 2012-13 saw improvement in care costs and transport, which resulted in bad budgets and budget growth pressures being less than anticipated. Budgets were also reduced where savings were achieved in 2012-13 in areas such as Children in Need, Traded Services, and general expenditure controls.

The remaining suppressed demand of £1.5million relates to DASS. Future monitors will detail actions being put into place to deliver this.

- 5.7 The 2013-14 budget includes a savings profiling account of £2 million and a Change Management Implementation Fund of £4 million. The majority of savings included within the budget were calculated on a full year basis. However it was known that a number of savings would only achieve a part year impact in 2013/14. This is particularly the case where staffing reductions were required. The delivery of savings is under constant review and Directorates are examining ways of funding any slippage before a call on central funding is requested. The latest forecast staffing savings slippage is estimated at £1.8 million and, should this not be financed internally by Directorates, will be earmarked against the Savings Profiling account (page 7 of the Budget Book and Forecasts 2013/16). This figure will be updated as the year progresses.
- 5.8 Due to the financial management processes outlined above, the budget position as reported in this and previous monitors is stable. It is however recommended that the spending freeze be continued until further notice to aid financial management.
- 5.9 Cabinet is asked to agree the transfer of up to £1 million from the Efficiency Investment Fund to Regeneration and Environment to fund the implementation of the revised Street Cleansing contract as per the agreed 2013/14 budget savings option. The Street Cleansing saving of £1m (per full year) was agreed on the basis that investment would be provided to fund any change required to implement the contract change. A sum of £1 million was estimated to cover costs such as redundancies, part funding of the saving prior to contractual change date and any other transition costs. Funding was identified from the Efficiency Investment Fund which will be repaid over a four year period commencing 2014/15 as per the Budget Book and Forecasts 2013/16 (page 58). Final costs are still to be finalised but are estimated to be slightly below the original £1 million estimate. The £1million one off investment will generate a £1million saving each year and the figure net of Efficiency Fund repayment is already included within our future indicative budgets.

6 CONTROL OF GROWTH

- 6.1 The impact of demographic change and financial cover for risk - that is outcomes that could be worse than assumed - was built into the budget as set out in Tables 8 and 9, and is detailed at [Annex 8](#). It is important that estimates of growth for 2013-14, made in November 2012, are checked against actual demand so that any over-estimate is revised accordingly. Equally, the funding to cover risk can only be accessed for 2013-14 where evidence can be adduced for that funding.

- 6.2 As part of the preparation for the 2014-15 budget, directorates are to provide confirmation and supporting evidence for current and future year growth requirements. Once verified these requests will lead to formal release within the current year or inclusion within future estimates.

Table 7: Growth £000's

Department	2013/14 Budget	2013/14 Release	2014/15 Budget	2015/16 Budget
CYP Total	1,230	-	-	-
DASS Total	3,717		2,202	1,805
LHRAM Total	-		-	573
RHP Total	-		-	1,000
Technical Total	12		72	72
Finance Total	237		-	-
	5,196		2,274	3,450

Table 8: Risk £000's

Corporate Growth (Budget Book page 7)	2013/14 Budget	2013/14 Release	2014/15 Budget	2015/16 Budget
Pay Inflation	1,700	1,700	3,400	5,400
Superannuation Revaluation	0		2,500	2,500
Change Management Implementation Fund	4,000		-	
Savings Profiling	2,000	1,800	-	
Price inflation unallocated				1,000
Growth unallocated			726	-
	7,700	3,500	6,626	8,900

Notes: inflation incorporated into departmental budgets amounts to £2.464m. £1m pay inflation against T&Cs – investigation of alternative savings to allow pay award continue. £1.8m against employee profiling. £0.7m pay inflation relates to market supplements and other employee costs.

7 INCOME AND DEBT

- 7.1 The Council's income arrangements with regard to non Council Tax and Business Rates were reviewed and reported to the 23 May Cabinet. Revenue and Income falls into the four broad areas shown below for reporting purposes.

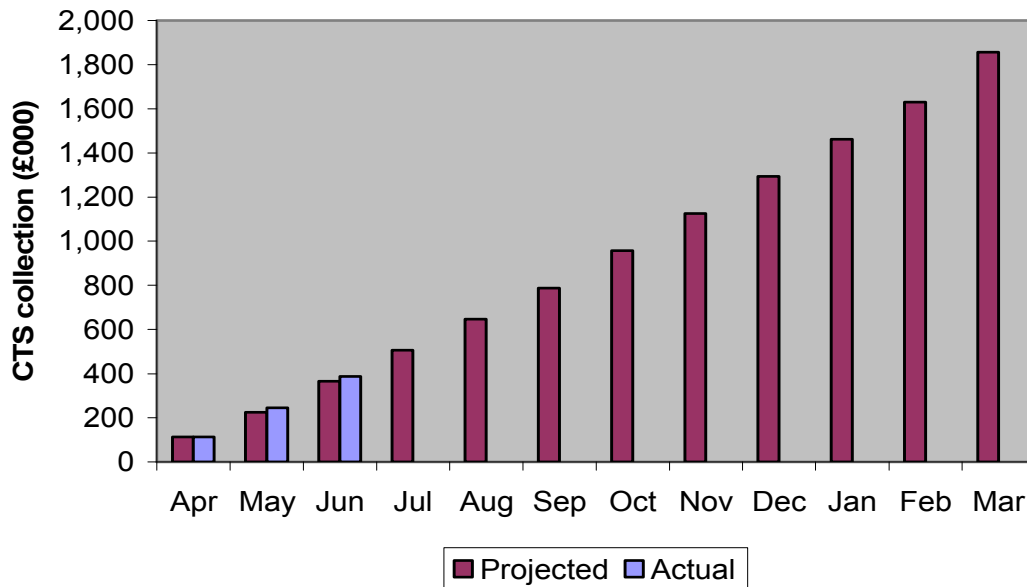
Table 9: Amount to be collected in 2013-14 £000's

	2013-14 Collectable	2013-14 Collected	%
Council Tax	135,419	37,803	27.9
Business Rates	70,396	19,600	27.83
Fees and charges – Adults	29,662	11,753	39.62
Fees and charges – all other services	23,575	15,642	66.35

- 7.2 There is a backlog of Accounts Receivable debt to be processed in the last two areas. Reporting will continue until a normal level of debt is reached. The detail is at [Annex 9](#).
- 7.3 A high risk income item is that required from residents who previously paid no Council Tax. The graph below will track collection performance against the budget assumption.

Graph 3: Projected/Actual Council Tax Support Collection by month £000

Council Tax Support Collection 13-14



- 7.4 The Council Tax Support Scheme was introduced in April. As this involves billing a large number of properties who have not previously paid Council Tax, having previously received benefit at 100%, an overall collection rate of 75% generating £2.8 million has been assumed. The forecast is that £1.86 million (66%) will be collected by 31 March with recovery actions post 31 March increasing the collection to the target figure. At 30 June collection was 13.2% equating to £387,085 and is still slightly ahead of the profiled target.
- 7.5 Recovery from non Working Age debtors is continuing as normal. Action taken to recover from those of Working Age that previously received 100% Council Tax Benefit was delayed by a month to allow for late payments or any queries caused by having to pay for the first time. 6,750 reminders were issued on 10 May, which resulted in our first complaint, laid in June of 500 cases who were previously on 100% Council Tax Benefit.
- 7.6 Repayment plans offering weekly/fortnightly instalments were offered to those contacting the Council. The first court hearing including Council Tax Support was on 9 July, with 19 attendees a higher percentage than normal. Cases have been identified suitable for Deductions from Benefit; for benefit claimants this allows for £3.65 per week to be deducted from the claimants benefit which, for a Band A property, will take in excess of 18 months to collect. It is inevitable some customers will refuse to engage with the Council, or deductions or an attachment is not possible, and we will have no alternative other than to use bailiffs to attempt to collect this debt.
- 7.7 Issues regarding the collection of sundry debt were reported to Cabinet on 23 May 2013. The use of reserves had been earmarked to fund any increased need for debt write offs or increase to the bad debt provision. A significant amount of income has been received to reduce the level of debt and therefore the call on reserves which has been used to fund the redundancy reserve/provision.
- 7.8 The delivery of permanent savings on staffing budgets requires initial costs to be

incurred for redundancy costs and where applicable pension. Provision of £5.5 million has been made for these costs. The latest estimate for these costs is just in excess of £5million but is still subject to change. Payments of £3.7 million have so far been incurred for these costs. The remaining costs will be incurred as staff leave the authority during 2013/14.

- 7.9 Business Rates income collection was 27.83% during June. This is slightly less than the 30.73% collected at the equivalent period in 2012/13. Comparisons can fluctuate as some payments received early last year in respect of Health Authority payments amongst others are awaited this year. The timing of refunds may also affect the comparison. Recovery procedures have been tightened with debt being pursued earlier and the position is being closely monitored.

8 MANAGEMENT ACTIONS

- 8.1 The Departmental Directors and the Chief Executive's Strategy Team will seek to identify actions to keep spend within the Budget allocated – these actions are detailed in Annex 10. The spending freeze agreed decisions are reflected within the tables above.
- 8.2 It is proposed that, as part of the budget architecture, prudent budget management is rewarded at the year-end, with the ability to carry forward underspends. Equally, less than prudent budget management will require that departments fund any overspending from the following year's budget. The detailed guidance will be presented for approval following agreement of the updated financial regulations by audit and risk management committee.

9 CASHFLOW

- 9.1 As part of the development of monitoring, cost centre managers are embarking on the profiling of their budgets to reflect how spend actually occurs. A pilot study is shortly to commence which will lead to a wider roll out. Eventually we should be able to be proactive in deciding when spend will take place, and get income to arrive earlier to improve the Council's cashflow and earn additional income from interest.

10 RELEVANT RISKS

- 10.1 The possible failure to deliver the Revenue Budget will be mitigated by:
- The training of cost centre managers to improve skill levels; four events on profiling and forecasting budgets have been delivered to over 160 cost centre managers with the next event planned on building next year's budget.
 - A specific tracking system of savings to ensure delivery;
 - Improvements to procurement compliance, to generate more savings and better monitoring information;
 - A monthly review by Chief Officers, and Cabinet, together with an improved Scrutiny regime, and greater transparency;
 - Individual monthly review by Cabinet Portfolio holder at portfolio meeting;
 - Agreement that Strategic Directors are to 'consume their own smoke' regarding slippage not covered from central funds;
 - A successful capitalisation submission will reduce the call on revenue resources.

11 OTHER OPTIONS CONSIDERED

11.1 Any option to improve the monitoring and budget accuracy will be considered.

12 CONSULTATION

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

13 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

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

14 RESOURCE IMPLICATIONS: FINANCIAL, IT, STAFFING AND ASSETS

14.1 Cabinet 18 February 2013 agreed a revised 2013/14 General Fund balance risk calculation of a minimum of £13 million. The level to be achieved by March 2014 is £17.7m.

Table 10: Summary of the projected General Fund balances

Details	£m	£m
Projected balance 31 March 2014 when setting the Budget 2013-14		+13.6
Add: Estimated increase following completion of 2012-13 revenue accounts	+3.6	+3.6
Add: Potential underspend, at M3		+0.27
Projected balance 31 March 2014 (Target per Cabinet 18/2/13 £17.739)		17.47

Note: 2012/13 revenue accounts subject to audit which will be completed in September 2013.

14.2 The current levels of Earmarked Reserves are shown in Table 11 with a full listing included at Annex 11. Earmarked Reserves are currently forecast to be £64.8 million which compares to £86.2 million reported in the June 2012 Revenue Monitor.

Table 11: Earmarked Reserves 2013/14

	Balance at 1 April 2013 £000	Movement in year £000	Current Balance 30 June 2013 £000
Housing Benefit Reserve	10,155	-	10,155
Insurance Fund	7,821	-	7,821
Efficiency Investment Rolling Fund	2,000	-	2,000
Grant Reserves	1,308	-	1,308
Management of other risks	29,228	-	29,228
School Balances and Schools Related	<u>14,264</u>		<u>14,264</u>
Total Reserves	64,776	0	64,776

Note: 2012/13 revenue accounts and 1 April opening balance are subject to audit which will be completed in September 2013.

15 LEGAL IMPLICATIONS

15.1 The entire report concerns the duty of the Council to avoid a budget shortfall as outlined at paragraph 5.5. 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.

15.2 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.

16 EQUALITIES IMPLICATIONS

16.1 This report is essentially a monitoring report which reports on financial performance. Any budgetary decisions, of which there are none in this report would need to be assessed for any equality implications.

17 CARBON REDUCTION IMPLICATIONS

17.1 There are no implications arising directly from this report.

18 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

18.1 There are no implications arising directly from this report.

19 REASONS FOR THE RECOMMENDATIONS

19.1 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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Annexes

Annex 1	Revenue Monitoring and Reporting Timetable 2013/14.
Annex 2	General Fund Revenue Budget for 2013/14 agreed by Council.
Annex 3	Changes to the Budget 2013/14 since it was set.
Annex 4	RAGBY Full Details
Annex 5	Savings tracker
Annex 6	Adults/Children's Replacing one-off 2013-14 funding
Annex 7	Freeze Outcomes
Annex 8	Growth and Risk
Annex 9	Income and Debt
Annex 10	Management actions
Annex 11	Earmarked Reserves – General Fund
Annex 12	Budgetary Issues

SUBJECT HISTORY

Council Meeting	Date
From September 2012, the Revenue monitoring reports have been submitted monthly to Cabinet. Budget Council	5 th March 2013

REVENUE MONITORING AND REPORTING TIMETABLE 2013/14

Period Number	Month	General Ledger Updated and Reports Available To Be Produced	Reports Available For The Executive Strategy Group	Reports Available For Cabinet
			Monthly	Monthly
1	April	May 8	May 28	June 13
2	May	Jun 7	June 18	July 11
3	June	Jul 5	Aug 13	Sept 19
4	July	Aug 7	Sept 24	Oct 10
5	August	Sept 6	Sept 24	Oct 10
6	September	Oct 7	Oct 22	Nov 7
7	October	Nov 7	Nov 26	Dec 12
8	November	Dec 6	Dec 17	Jan 16
9	December	Jan 8	Jan 21	Feb 11
10	January	Feb 7	Feb 25	Mar 13
11	February	Mar 7	TBC	TBC
12	Outturn (Provisional)	TBC	TBC	TBC

AGREED BY COUNCIL ON 5 MARCH 2013

Directorate/Service Area	Current Budget
Expenditure	£
Chief Executives	8,239,800
Families and Well Being	
Children and Young People	89,143,300
- Adult Social Services	82,950,800
- Safeguarding Plus Schools and Schools Grant	3,280,500
-Sports and Recreation	8,904,000
Regeneration and Environment	100,127,300
Transformation and Resources	12,423,500
Net Cost of Services	305,069,200
Corporate Growth	7,700,000
Corporate Savings	10,952,000
Budget Requirement	301,817,200
Income	
Local Services Support Grant	45,000
New Homes Bonus	2,119,500
Revenue Support Grant	106,968,000
Business Rtes Baseline	31,424,000
Top Up	39,739,000
Council Tax Requirement	111,357,800
Contribution from General Fund Balances	10,163,900
Total Income	301,817,200
Statement of Balances	
As at 1 April 2013	23,800,000
Contributions from Balances to support budget	10,163,900
Forecast Balances 31 March 2014	13,636,100

Annex 3 CHANGES TO THE BUDGET AGREED SINCE THE 2013-14 BUDGET WAS SET

These comprise variations approved by Cabinet / Council including approved virements, budget realignments reflecting changes to the departmental structure and responsibilities, and expenditure freeze decisions, as well as any technical adjustments.

Table 1: 2013-14 Original & Revised Net Budget by Department

	Original Net Budget	Approved Budget Changes Prior Mths	Approved Budget Changes Month 3	Revised Net Budget
Chief Executive	8,240	-4,602	25	3,663
People - Adult Social Services	82,951	-	-180	82,771
People – Children & YP, & Schools	91,738	-6,714	10	85,034
People – Asset Mgmt & Transport	-	5,534	-	5,534
People – Safeguarding	685	1,396	-	2,081
People – Sports and Recreation	8,904	-	-	8,904
Places - Environment & Regulation	79,651	-	-9	79,642
Places – Housing & Comm Safety	15,342	-569	18	14,791
Places – Regeneration	5,134	-	-18	5,116
Transformation & Resources	12,424	4,955	154	17,533
Corporate Growth & Savings	-3,252	-	-	-3,252
Net Cost of Services	301,817	0	0	301,817

Relating to the completion of the 2012-13 accounts

Cabinet	Items	£m

Variations to the approved budgets 2013-14

Cabinet	Items	£m
n/a	Corporate and Democratic Services to be grouped within the Transformation and Resources Directorate where Direct management control for these areas lies	4.639
n/a	The Anti-Social Behaviour team is part of the Families and Well Being Directorate - Children and Young People and the budget has therefore been transferred from Housing and community safety.	0.569
n/a	Quality Assurance and Family Group Conferencing have been transferred from Specialist Services in Children and Young People to the Joint Safeguarding unit where direct management control lies.	1.396
n/a	A support post has also been transferred from Transformation and Resources to the Chief Executive's Directorate.	0.037
n/a	A number of training and legal posts have been transferred from Children and Young People to Transformation and Resources	0.353
n/a	Transfer of staffing budgets from DASS in Families & Wellbeing to Financial Services within Transformation & Resources	0.170
n/a	Transfer from Transformation and Resources to Chief Executive for Community Engagement	0.025
n/a	Realigning of the call centre recharge relating to the new garden waste service from Environment & Regulation to Transformation and change.	0.009
n/a	Transfer of staffing budgets from DASS in Families & Wellbeing to CYP.	0.010
	OVERALL IMPACT OF THESE DECISIONS	0.0

Virements below level requiring Cabinet approval

Cabinet	Items	£m

Annex 4 - RAGBY FULL DETAILS

Department	Number of Budget Areas	Red	Amber	Green	Blue	Yellow
Chief Executive	4	0	0	4	0	0
Adult Social Services	2	0	1	0	1	0
Children & Young People, & Schools	7	1	0	4	1	1
Safeguarding	1	0	0	1	0	0
Sports & Rec	1	0	0	1	0	0
Environment & Regulation	2	0	0	2	0	0
Housing & Comm Safety	1	0	0	0	1	0
Transformation & Resources	7	0	0	6	1	0
Corporate Growth & Savings	2	0	0	2	0	0
Total	27	1	1	20	4	1

RAGBY REPORTING AND OTHER ISSUES

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 in the Council Estimates (Green Book).) and,
- Subjective Area (by the type of spend / income).

Business Area Reds

	Chief Exec	People	Places	Trans & Res	Total	Percent of total
Red Overspend	0	1	0	0	0	3.7%

An overspend for staff and agency is projected in Specialist Services (Children & Young People).

Business Area Yellows

	Chief Exec	People	Places	Trans & Res	Total	Percent of total
Yellow underspend	0	1	0	0	0	3.7%

Forecasted under spend in Commissioning contract and School Readiness within Targeted Services (Children & Young People).

Subjective Area Reds

Expenditure

Customer/Client Receipts: The forecast of £1.16 million below budget is largely due to the £2m income adjustment referred to in paragraph 4.5 in the main report.

Supplies and Services: The forecast of £0.4 million over budget is due to expected overspend within Learning Disabilities area of Adult Social Services.

Subjective Area Yellows

Expenditure

Third Party Payments: The forecast £0.9 million underspend is a result of various savings within Adult Social Services, Children and Young People, and Regeneration and Environment.

Other Grants and Reimbursements: The forecast of £1.1 million variance is due to expected over recovery of income within Adult Social Services.

Annex 5 SAVINGS TRACKER

1 Summary

BRAG	Number of Options	June 2013	Change from prev mnth	Approved Budget Reduction	Amount Delivered at May	To be Delivered
B – delivered	23	22	1	17,096	17,096	0
G – on track	30	32	-2	19,710	9,733	9,977
A – concerns	16	16	0	11,239	1,487	9,752
R – failed	1	0	1	300	0	300
Total at M3 June	70			48,345	28,316	20,029
<i>Totals at M2 May</i>	70			48,345	19,374	28,971

P – replacements for R	0	0	0	0	0	0
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2 Detail

SAVINGS (TYPE 1) TARGETS – ACHIEVEMENT OF THE SAVINGS (2013-14)

Families and Well Being – DASS

Saving	Target £000	Comments / progress on implementation	BG AR	Amount delivered at M3 June (£000)	To be delivered (£000)
				13	

Review of VCF Sector Grants	705	Implemented	B	705	0
Review of Support for Carers	250	Letter issued and reviews planned for one-off payments, payments not related to client assessed need, and payments to related individuals	G	0	250
Day Care and Day Services Transformation	750	Consultation completed and service proposals finalised	G	0	750
Community Meals	169	All reviews have been completed and provision of community meals now ceased.	G	0	169
Charging for Non Residential Services	880	Implemented	G	0	880
Targeted Support through NHS Contracts	1,828	<ul style="list-style-type: none"> - All clients no longer requiring double handling identified contract performance to be monitored (£83k). - Use of Social Fund Grant Allocation. (£800k). - Service specifications and procurement schedule for re-ablement and domiciliary care in progress to enable contracts to be let from 1st October 2013. (£84k). - Targets implemented for residential placement numbers plus scheme of delegation. (£454k) - Continuing Health Care – correct application of law and policy. (£377k). 	A B A G G	800	1028
Extra Care Housing/External Respite and Short-term Provision	300	<ul style="list-style-type: none"> - Extra Care Housing Provider Negotiations continue. - Revised Respite Policy to be produced and review the feasibility for block contracts for respite 	G A	0	300
Residential and Respite Care	160	Director implementing action plan to reduce Supported Living costs	A ↓	0	160

Transport Policies	250	Additional grant funding CYP to be available	A	0	250
Assistive Technology	150	Charges now proposed from 1st October 2013, income target remains achievable.	A	0	150
Review of Equipment Service	100	Revised S75 in place for 2013-14 with Community Trust. Discussions commenced with NHS re revised hosting arrangements	A	0	100
Modernisation of Leisure	429	Revised shift rotas have now been implemented. The delay in implementation is expected to result in slippage of £125k on this budget saving option.	A	0	429
Review of Residential Care for Learning Disabilities	300	LD packages currently overspending	R ↓	0	300

Families and Well Being – Childrens

Saving	Target £000	Comments / progress on implementation	BG AR	Amount delivered at M3 June 13 (£000)	To be delivered (£000)
Education Psychology Service	80	This has been achieved through existing vacancies in the service.	B	80	
Schools Budget	250	Reduction in Council contribution towards Schools PPM	B	250	
Careers, Education and Advice	700	Contract renegotiation has achieved this saving for the full year.	B	700	
Schools Music Service	21	Will be achieved on target.	B	21	
Oaklands Outdoor Education Centre	23	Will be achieved on target.	B	23	
Foundation Learning	121	Reduced commissioning has	B	121	

		achieved this saving			
Commissioning of Parenting Services	700	Reduced commissioning has achieved this saving	B	700	
Youth Challenge	200	Reduced provision has achieved this saving	B	200	
Short Breaks for Children with Disabilities	150	Reduced commissioning has achieved this saving	B	150	
School Improvement and Income from Schools	160	The review of the school improvement programme is on track, as is anticipated buy back of services from Academies.	G		160
Youth and Play Services	687	Restructure underway, but slippage of £103k is anticipated.	G	531	156
Child and Adolescent Mental Health Service	250	Confirmation that staff have left so saving on target.	G↑	210	40
Area Teams for Family Support	200	Restructure is underway, but anticipated slippage of £23k.	A	67	133
Children's Centres and Sure Start	1,576	Slippage in transfers and restructure is anticipated at £441k as procurement forecasts of a delay in completion to January – this will be offset by income.	A		1576

Regeneration and Environment

Saving	Target £000	Comments / progress on implementation	BG AR	Amount delivered at M3 June 13 (£000)	To be delivered (£000)
Invest Wirral	352	This saving is on target – the funding relates to economic activities that are no longer continuing.	B↑	352	0
Home Insulation	926	Programme ended saving achieved	B	926	0

Apprentice Programme	420	Savings achieved	B	420	0
Pre-Planning Advice	10	On target to be achieved	G	7	3
Pest Control	30	There is some of slippage on this budget saving due to a delay in the departure of an employee and the associated costs. It is expected that this slippage will be managed within existing budget resources.	G	26	4
Garden Waste Collection	582	The garden waste subscription service starts from June and to date over 32,000 residents have signed up for the service. At present, there are no immediate concerns to achieving this budget saving.	G	400	182
Dog Fouling Enforcement	97	On target for savings to be achieved	G	85	12
Household Waste Collection	80	An increase in the charge for the ERIC services has been agreed and implemented. However, there is currently no capacity in IT to implement required changes to update CRM until end of August 2013 for bin charging element of project. Budget shortfall (est at £20K) will be met within existing budget provision.(Although there is an over achievement in income from schools waste as schools have not reduced their bin emptying requirements as much as anticipated).	G↑	0	80
Handyperson Scheme	209	There is some slippage on this budget saving due to a delay in the departure of employees. It is expected that this slippage will be managed within existing budget	G	170	39

		resources. Services to the general public ceased trading in April/May after scheduled works had been completed. Any new referrals have been directed to the Local Authorities Approved Contracted List held by Trading Standards.			
Trading Standards	71	This budget savings option involved the reduction of two posts within the section. One of these posts was already vacant and so the saving will be achieved. There will be some slippage with the saving on the other post due to a delay in the departure of an employee. It is expected that this slippage will be managed within existing budget resources.	G	65	6
Highway Maintenance	588	There is a small amount of slippage on this budget saving due to a delay in the departure of an employee. It is expected that this slippage will be managed within existing budget resources. The bulk of this saving will be achieved from a reduction in maintenance works. This reduction has already been built into the works plan of the service and will therefore, be achieved.	G	585	3
Street Cleansing	1,000	The service changes have been implemented on time. Transitional costs will be covered by a transfer from the efficiency fund, if approved in September.	G ↑	1000	0
School Waste	180	An income target has been created which will be monitored throughout the year. Currently there are no problems envisaged to achieving	G	0	180

		this saving.			
Street Lighting	265	There is a small amount of slippage on this budget saving due to a delay in the departure of an employee. It is expected that this slippage will be managed within existing budget resources. The bulk of this saving will be achieved from a reduction in maintenance works. This reduction has already been built into the works plan of the service and will therefore, be achieved.	G	262	3
Highway Drainage	106	There is a small amount of slippage on this budget saving due to a delay in the departure of an employee. It is expected that this slippage will be managed within existing budget resources. The bulk of this saving will be achieved from a rationalisation of inspections. This rationalisation has already been built into the inspection programme and will therefore, be achieved.	G	97	9
Reduction in Parks Maintenance	450	There is a small amount of slippage on this budget saving due to a delay in the departure of an employee. It is expected that this slippage will be managed within existing budget resources. The bulk of this saving will be achieved from a reduction in maintenance works. This reduction has already been built into the works plan of the service and will therefore, be achieved.	G	447	3
Housing Support for BME Communities	111	There is some of slippage on this budget saving due to a delay in the departure of employees. It is	G	91	20

		expected that this slippage will be managed within existing budget resources.			
Car Parking	281	The bulk of this saving will be achieved from an increase in income generated from the review of car parking charges. At this stage the trends within car parking are below what we might expect for this budget savings option to be fully achieved by the end of the year. However, the income profile for car parking is not uniform throughout the year and we will continue to monitor income closely.	A ↓	0	281

Transformation and Resource

Saving	Target £000	Comments / progress on implementation	BG AR	Amount delivered at M3 June 13 (£000)	To be delivered (£000)
Efficiency Investment Fund	4,400	Cabinet 8th November 2012 agreed to elimination of fund and growth and replacement by rolling fund.	B	4,400	0
Treasury Management	1,700	Built into budget to reflect the revised Capital Programme	B	1,700	Nil
Revenues and Benefits	550	This saving has been built into the budget and staffing levels are in line with its achievement.	B	550	Nil
Information Technology Service	210	Full savings for this budget option delivered in year one.	B	210	0
Marketing and Public Relations	167	Funding removed from budget	B	167	Nil
Tranmere Rovers Sponsorship	135	Sponsorship has ended.	B	135	Nil

Power Supplies - Contract Saving	11	A new supply contract is in place.	B	11	Nil
Area Forum Funding	391	Savings achieved	B	391	Nil
Council Tax Increase	2,600	Saving has been incorporated into the budget and is expected to be achieved.	B	2,600	Nil
Council Tax: Discounts and Exemptions	2,284	Saving has been incorporated into the budget and is expected to be achieved.	B	2,284	Nil
Reduction in External Audit Fees	140	The budget has been reduced to reflect the new contract and is expected to be fully realised in year.	G	Nil	140
Local Council Tax Support Scheme	2,785	Scheme introduced and progress being monitored as per section 7.3 above	G	Nil	2,785
Reducing Council Management	5,000	Vacant posts at Chief Officer level have been included in the latest management savings for June. Vacant posts are being pro rata'd over the year. April and May savings have been updated.	G	937	4,063
Trade Union funding	- 270	The funding for the Trade Unions has been built in with the costs to still be recharged across business areas at the end of the year.	G	Nil	-270
Reducing the Cost of Democracy	100	The cost of the Members Allowances has been reduced and the saving is expected to be achieved in this area.	G	Nil	100
The Mayor of Wirral	50	It is expected that Civic Services will be able to achieve this saving from June 2013 and there will be a drive to reduce overtime and supplies to achieve the saving.	G	Nil	50
Libraries and One Stop Shops	391	Staff savings at the budget level are evident in April monitoring.	G	391	Nil
Housing Benefits – Maximisation of Grant	2,000	Saving has been incorporated into the budget and is expected to be	G	2,000	Nil

		achieved.			
Council Tax: Court Costs	2,429	Saving has been incorporated into the budget and is expected to be achieved.	G	2,429	Nil
Service Restructures	905	Broken down as: £50k Asset Mgmt – delayed restructure but the full £100k should be achieved during 2013-15 £292k HR delayed restructure but it is envisaged that the full saving of £584k will be achieved over the course of 2013-15. £263k related to RHP £300k for Legal Services, of which £100k relates to employees which is expected to be achieved through compensatory budgets with the restructure helping to achieve the £200k that is currently set aside Legal/Court costs which are a very volatile area.	G A G A	Nil	905
Better Use of Buildings	100	Details as to how this saving will be achieved are to be finalised as there are also savings that have rolled forward from previous years relating to assets.	A	Nil	100
Transforming Business Support	500	Saving has been incorporated into the budget. Staff savings are expected and some have already been achieved. Further work is taking place to develop saving.	A ↓	169	331
Reducing the numbers of Agency workers	500	The current saving in year is 30k up to June 2013. However, there are plans to bring a significant number of current contracts to an end later in year.	A	30	470
Procurement	320	This saving has not progressed as	A	91	229

		anticipated, but compensatory savings are expected to be made during the year.			
Workforce Conditions of Service	3,800	Negotiations with TUs are concluding. Target saving likely to be £3.7 million. Slippage depending upon agreement is likely	A	330	3,470

Annex 6 ADULTS/CHILDREN'S REPLACING ONE-OFF 2013-14 FUNDING

ADULTS

Details	Proposed 13-14 (£000)	Delivered 13-14 (£000)	Proposed 14-15 (£000)	Proposed 15-16 (£000)	Comments / progress on implementation
Live savings					
Service Reviews (for development and future discussion with members)	1,143		2,536	665	
Management action	2,340		1,714	1,004	
Total all categories	3,430		3,689	1,689	

Note: £3.430m to be reduced to £2.185m detail not yet received.

Children

Details	Proposed 13-14 (£000)	Delivered 13-14 (£000)	Proposed 14-15 (£000)	Proposed 15-16 (£000)	Comments / progress on implementation
Commissioning (saving achieved in advance)	250	250			Saving achieved in advance of 14-15 requirement
Connexions/CEIAG (saving achieved in advance)	300	300			Saving achieved in advance of 14-15 requirement
Transfer Pension costs to Schools Budget	100				Costs to be transferred as in 2012-13
Uncommitted Adoption Grant	200				As per cabinet report June 2013
Further reduction in PPM programme for schools	200				Reduction to be taken into account in the available programme
Springboard / School Readiness additional budget	400	400			Budget not committed
YOS bring forward	50				To be met

service review					from vacancies and spend controls
Total	1,500	950			

Annex 7 FREEZE OUTCOMES

No decisions have been made in 2013/14 which result in monies being transferred from directorate budgets to the freeze holding account.

Annex 8 GROWTH AND RISK

Growth £000's

Ref	Department/ Option Title	2013/14 Budget	2013-14 Release
	CYP		
5	Independent Reviewing Officers	90	
6	Additional Social Worker Capacity in Wallasey District	315	
7	Social Workers in Schools	75	
8	Family Justice Review	100	
9	Staying Put Policy	100	
12	Foster Care	500	
13	Youth Justice Board Costs	50	
	CYP Total	1,230	
	DASS		
2	Increase in Fees for Residential & Nursing Care to reflect a Fair Price for Care	1,000	
4	Increase in Demand (Young Adults with Learning Disabilities)	944	
5	Increase in Demand (Older People)	1,773	
	DASS Total	3,717	
	Technical		
3	Annual Property Uplift Biffa contract	12	
	Technical Total	12	
	Finance		
1	Reduction in HB Admin grant 2013/14	237	
	Finance Total	237	
		5,196	

Risk £000's

Corporate Growth (Budget Book page 7)	2013/14 Budget	2013-14 Release
Pay Inflation	1,700	1,000
Superannuation Revaluation	0	
Change Management Implementation Fund	4,000	
Savings Profiling	2,000	1,800
Price inflation unallocated		
Growth unallocated		
	7,700	2,800

Annex 8 (Continued)

Inflation Allocated to Departments 2013-16			
	2013/14	2014/15	2015/16
	£000	£000	£000
CYP			
PFI	140	140	140
Retirement Costs	80	80	80
Foster/Adoption	190	190	190
CYP Total	410	410	410
DASS			
Placements	15	15	15
Residential and Nursing Care	1,518	1,518	1,518
Transport	60	60	60
Total	1,593	1,593	1,593
Families and Well Being Total	2,003	2,003	2,003
Regeneration and Environment			
Biffa	413	413	413
Colas	48	48	48
Regeneration and Environment Total	461	461	461
Grand Total	2,464	2,464	2,464

Annex 9 INCOME AND DEBT

Council Tax

The following statement compares the amount collected for **Council Tax** in the period 1 April 2013 to 30 June 2013 with the amount collected in the same period in 2012/13:

	Actual 2013/14 £	Actual 2012/13 £
Cash to Collect	135,442,533	125,830,867
Cash Collected	37,803,466	36,224,686
% Collected	27.9%	28.8%

Council Tax benefits has been abolished and replaced by Council Tax support and the numbers and awards as at 30 June 2013 are as follows:

Number of Council Tax Support recipients	38,413
Total Council Tax Support expenditure	£28,190,430
Number of pensioners	16,462
Number of vulnerable	6,412
Number of working age	21,951

The level of collection reflects the increased charges to those charge payers now in receipt of Council Tax Support and having to pay a minimum of 22% of the annual charge as well as the increase charges in respect of reduced discounts and exemptions.

Business Rates

The following statement compares the amount collected for **National Non-Domestic Rates** in the period 1 April 2013 to 30 June 2013 with the amount collected in the same period in 2012/13:

	Actual 2013/14 £	Actual 2012/13 £
Cash to Collect	70,430,843	68,834,818
Cash Collected	19,600,183	21,152,500
% Collected	27.83%	30.73%

Accounts Receivable

The table below shows the new department names and the split at what stage of the recovery cycle they are:

Description	Less than 28 days	1st reminder	2nd reminder	3rd reminder	Total as at 30.6.13
Chief Executive	£204,218.54	£7,848.31	£10,888.21	£518,875.12	£741,830.18
Neighbourhood	£16,093.19	£1,560.00	£2,587.98	£22,074.00	£42,315.17

Transformation	£4,682,752.65	£1,501,400.20	£565,830.20	£9,541,770.16	£16,291,753.21
Families	£254,039.87	£249,428.72	£400,870.69	£4,616,385.58	£5,520,724.86
Environment & Regulation	£567,400.33	£405,434.31	£205,592.26	£2,686,805.85	£3,865,232.75
Totals	£5,724,504.58	£2,165,671.54	£1,185,769.34	£17,385,910.71	£26,461,856.17

The above figures are for invoices in respect of the period up to the end of June 2013. Payments and amendments such as write offs and debts cancellations continue to be made after this date on these accounts.

BENEFITS

The following statement details the number of claimants in respect of benefit and the expenditure for Private Tenants and those in receipt of Council Tax Benefit up to 30 June 2013:

	2013/14	2012/13
Number of Private Tenant recipients	31,529	31,629
Total rent allowance expenditure	£33,495,358	
Number under the Local Housing Allowance Scheme (included in the above)	12,021	11,854
	£13,816,375	
Number of Council Tax Support recipients	38,474	
Total Council Tax Support expenditure	£28,187,753	
Total expenditure on benefit to date	£61,683,111	

The following statement provides information concerning the breakdown according to client type as at 30 June 2013

Private Tenants

Claimants in the Private Rented Sector	14,669
Claimants in the Social Rented Sector	16,860
Owner Occupiers	10,627
Total claimants by age group	
under 25 years old	2,659
25 – 60 years old	21,877
over 60 years old	17,620

There are **42,156** benefit recipients in Wirral as at 30 June 2013.

Under Occupancy regulations

From 1 April 2013 property size criteria was introduced to working age tenants of social housing (Registered Providers). Where a claimant is deemed to be occupying accommodation larger than they reasonably require, Housing Benefit (HB) levels have been restricted as follows:

- One “spare” bedroom incurs a 14% reduction. In Wirral the current weekly average is £12. As at 30 June 2013 3,247 households were affected;
- Two or more spare bedrooms incur a 25% reduction. The weekly average in Wirral is currently £21 .As at 30 June 2013, 928 households were affected;
- Out of a total social sector HB caseload of 16,860; 4,177 are currently affected by this;
- Cases that are deemed exempt from the reduction is 3,375.

Housing Benefit Fraud and Enquiries – 01 April 2013 to 30 June 2013

New Cases referred to Fraud team in period	276
Cases where fraud found and action taken	12
Cases investigated, no fraud found and recovery of overpayment may be sought	117
Cases under current investigation	211
Surveillance Operations Undertaken	0
Cases where fraud found and action taken:	
Administration penalty	0
Caution issued and accepted	2
Successful prosecution	10
Summons issued for prosecution purposes	7

Discretionary Housing Payments

Discretionary Housing Payments (DHP) may be awarded to provide short term financial assistance to Housing Benefit claimants who are experiencing difficulty meeting a shortfall in their rent because maximum benefit is not being paid. DHP is not a payment of Housing Benefit and is funded separately from the main scheme.

The Government contribution for 2013/14 is £917,214 with an overall limit of £2,293,035 which the Authority must not exceed. These levels have increased significantly this year as part of central government's measures to help alleviate hardship resulting from the major welfare reforms, such as under occupancy as well as ongoing Local Housing Allowance issues. As at 30 June 2013 £79,330 of this fund has been allocated for liability up to this date. It is expected that Wirral will use up the full government contribution by year end.

Local Welfare Assistance

From April 2013, the discretionary Crisis Loans for Living Expenses and Community Care Grant elements of the Social Fund were abolished and replaced in Wirral by our new Local Welfare Assistance Support Scheme (LWA). For 2013/14 Wirral's scheme is supported by a £1,345,925 Government Grant. Wirral's scheme replaces cash payments in favour of suitable alternatives where at all possible e.g. through the provision of pre payment cards for food and fuel and direct provision of white goods. The scheme is to be reviewed after six months to see how implementation has gone and for possible scheme alterations. The number of applications is rising on a week by week basis. LWA applications for June 2013 average 83 per week.

LWA details for period from 02 April 2013 to 30 June 2013

Number of Awards Granted	1,010	£76,686
Number of Awards not qualifying	796	

Annex 10 MANAGEMENT ACTIONS

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

Department	Items	£000
All	Spending freeze to continue during first quarter.	
All	Introduction of Concerto system to monitor progress against savings targets.	
People	Reviews by Adults and Children to identify measures to fund pay back of 2013/14 one-off funding (£13.7 million).	
Regeneration	Early implementation of Supporting People 2014-15 saving	1,300

Annex 11 EARMARKED RESERVES - GENERAL FUND £000's

	Balance at 1 April 2013 £000	Movement	Balance at 30 June 2013 £000
Schools Balances	11,936	-	11,936
Housing Benefit	10,155	-	10,155
Insurance Fund	7,821	-	7,821
Budget Support	4,200	-	4,200
Intranet Development	3,161	-	3,161
Local Pay Review	2,296	-	2,296
Community Fund Asset Transfer	2,146	-	2,146
Efficiency Investment Rolling Fund	2,000	-	2,000
One Stop Shop/Libraries IT Networks	1,878	-	1,878
Supporting People Programme	1,105	-	1,105
Worklessness	1,085	-	1,085
Severance Pay	1,026	-	1,026
Stay, Work, Learn Wise	908	-	908
Intensive Family Intervention Project	871	-	871
Working Neighbourhood Fund	760	-	760
School Harmonisation	668	-	668
Schools Capital Schemes	581	-	581
Childrens Workforce Development Council	558	-	558
Apprentice Programmes 2 & 3	546	-	546
Home Adaptations	518	-	518
Dedicated Schools Grant Carry Forward	472	-	472
Planned Preventative Maintenance	463	-	463
ERDF Match Funding	444	-	444
Schools Automatic Meter Readers	415	-	415
Schools Contingency	370	-	370
Strategic Asset Review	366	-	366
Child Poverty	350	-	350
Business Improvement Grant	342	-	342
Local Area Agreement Reward	322	-	322
Schools Service IT	294	-	294
Homeless Prevention	271	-	271
Other Reserves	6,448	-	6,448
Total Reserves	64,776		64,776

Note: 2012/13 revenue accounts and 1st April opening balance is subject to audit which will be completed in September 2013.

Annex 12 BUDGETARY ISSUES

	Service area	Issue	2013-14	2014-15	2015-16	2016-17	Resolution
People							
	Adults overstated income	Income was included at 100% of billed, rather than at the (lower) level of collection. Improved collection would reduce the loss but this should be evidence led.	2,000	2,000	2,000	2,000	Entered into M1 Monitor. 2013-14 from Directorate. 2014-15+ Bad debt provision will cover
	Legal Fees ex CYP	Foster Care placements - with improved work routines, amenable to reduction.	100	50	0	0	Funding from M3 increased grants
Places							
	RHP	Homeless Grant rolled into Formula Grant, but not taken out of budget. No solution.	221	221	221	221	2013-14 from forecast savings in M3
	Willowtree	Shortfall in accommodation budget; resolution depends on service and asset disposal	33	33	33	33	2014-15+ from grant adjustment Agreed can be met from permanent budget reduction
Transformation							
	Market Supplements	Single Status is unimplemented. Until then, grade mismatches can only be 'fixed' by market factors. Estimated has reduced from £1m in M1 to £490k excluding any additional cover.	490	450	450	0	Reduced from £1m M1 Monitor based on latest estimates. From pay growth budget M3
	2012-13 T&C's	Non-achievement; count as part of 2014-15 target	300	0	0	0	2013-14 from forecast savings in M3
	2012-13 Trans Bus S	Non-achievement; count as part of 2014-15 target	300	150	0	0	2013-14 from forecast savings in M3
	2013-14 T&Cs	Shortfall in achievement; count as part of 2014-15 target	472	0	0	0	2013-14 from forecast savings in M3
	Facilities Management	Shortfall in achievement on closure of buildings; count as part of 2014-15 target	250	0	0	0	Agreed can be met from permanent budget reduction
Totals			4,166	2,904	2,704	2,254	
Solutions			2013-14	2014-15	2015-16	2016-17	
	Agreed redns	Willowtree Facilities Management	-33 -250	-33	-33	-33	Agreed can be met from permanent budget reduction
	In M1 monitor	Adults income – in 2013-14 funded from bad debt provision in later years	-2,000	-2000	-2000	-2000	2013-14 in year savings and bad debt provision
		Market Supplements funding from central budget for pay growth (page 7) Budget Book	-490	-450	-450	0	funding from central budget for pay growth (page 7) Budget Book

	T&Cs part funding from central budget for pay growth (page 7) Budget Book	-200	0	0	0	
	Foster Care placements	-100	-50	0	0	Funding from increased grants per Directorate M3
	Homeless Grant	-221	-221	-221	-221	2013-14 from increased balances forecast in M3 monitor in M3, 2014-15+ from grant adjustment
	Remaining issues relating to 2013-14	-872	-150	0	0	Funded from increased balances forecast in M3 monitor
Current additional resource required from savings		0	0	0	0	

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19 SEPTEMBER 2013

SUBJECT	CAPITAL MONITORING 2013-14 MONTH 3 (JUNE 2013)
WARD/S AFFECTED	ALL
REPORT OF	INTERIM DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER	COUNCILLOR PHIL DAVIES
KEY DECISION	YES

1. EXECUTIVE SUMMARY

This report sets out the capital position for 2013-14 at Period 3 (June 2013) and actions to minimise risk.

2. RECOMMENDATIONS

2.1 That Cabinet is asked to note:

- a) the spend to date at Month 3 of £3.874m, with 25.0% of the financial year having elapsed.

2.2 The Cabinet is asked to agree:

- b) the revised Capital Programme of £49.651m (Table 1 at 4.1);
- c) the re-profiling of a number of schemes into 2014-15, totalling £2.371m;
- d) the additional schemes for the redevelopment of West Kirby and Guinea Gap leisure centres £1.0m
- e) other minor variations of £0.031m; and

note:

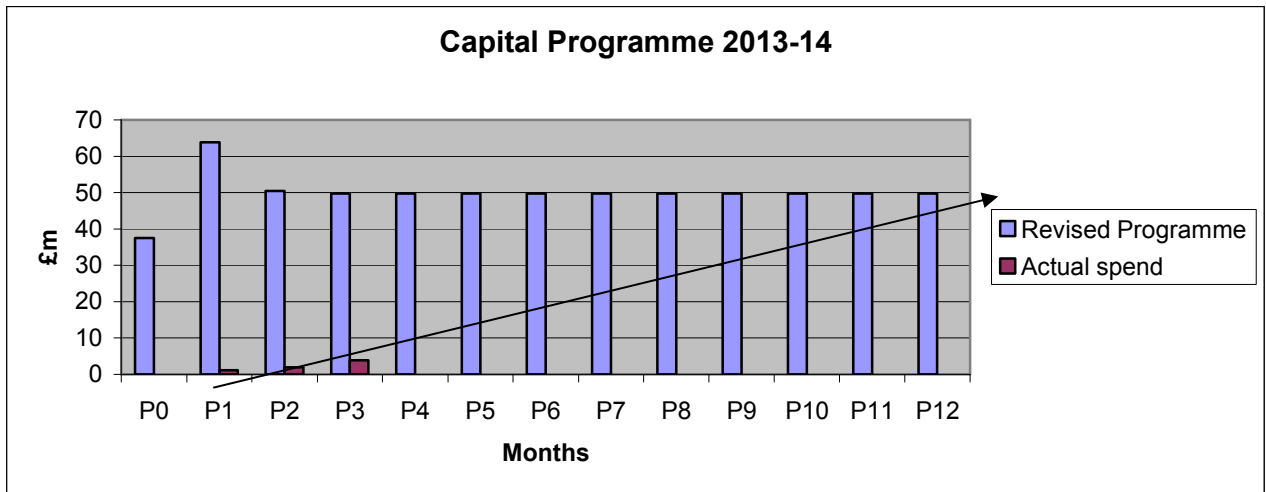
- f) the receipt of additional Regional Growth Fund grant of £0.433m and Education grant of £0.472m;
- g) a reduction in requirement on a number of schemes totalling £0.942m;
- h) the use of £0.039m from the deferred Cultural Services Assets scheme to part fund essential works for Arrowe Park Changing Pavilion; and
- i) the allocation of £0.614m grant funding for two year olds.

3 OVERALL POSITION AT PERIOD 3 (June 2013)

3.1 The projected capital forecast for the year, at Month 3 shows a potential outturn of no overspend or underspend but includes the re-profiling referred to above. The issue of

re-profiling has been introduced to try and more accurately reflect how major schemes are progressing compared to the newly introduced “Gateway” system for capital schemes. Certain feasibility studies have not been completed and as such the first gateway has not been reached.

Chart 1: Capital Programme spend below line of best fit



4 ORIGINAL AND PROPOSED CAPITAL PROGRAMME FOR 2013-14

4.1 The capital budget for 2013-14 is subject to change. The Period 3 monitor reflects the programme agreed by this Committee on 11th July. Further approval is now requested for additional re-profiling (£2.371m) and other variations (£0.971m).

Table 1: Capital Programme 2013-14 at Period 3 (June) £000's

	Capital strategy	Changes approved by Cabinet	Reprofiling to be approved	Other changes to be noted or approved	Revised Capital Programme
Invest to save	1,400	0	-400	0	1,000
Bids to release assets	1,053	2,457	0	0	3,510
People - Adults	11,025	-9,125	0	0	1,900
People - CYP	10,286	5,925	-346	809	16,674
Places - Regeneration	5,979	6,654	-1,625	133	11,141
Places - Environment	7,196	5,872	0	604	13,672
Trans & Res -Finance	210	0	0	0	210
Trans & Res - Asset Mgt	315	1,210	0	39	1,564
Total expenditure	37,464	12,993	-2,371	1,585	49,671

4.2 A summary of the significant variations to be approved or noted by Cabinet for Period 3 is set out below.

Table 2: Requests to vary the 2013-14 programme £000's

	CHANGES TO BE APPROVED OR NOTED	EXPLANATION (A) POLICY (B) ITEMS PREVIOUSLY DEFERRED (C) ADDITIONAL FUNDING (D) RE-PROFILING (E) REDUCED REQUIREMENT
INVEST TO SAVE	-400	REPLACE INTEGRATED CHILDRENS SYSTEM – HAS BEEN THE SUBJECT OF A LENGTHY PROCUREMENT PROCESS. SUPPLIER WILL NOT BE CHOSEN BEFORE SEPTEMBER. (D)
TRANSFORMATION AND RESOURCES – ASSET MGT	39	ESSENTIAL MAINTENANCE WORK IS REQUIRED TO PREVENT THE CLOSURE OF ARROWE PARK CHANGING PAVILION. £0.061M OF THE CAPITAL WORKS CAN BE FUNDED FROM THE APPROVED CULTURAL SERVICES ASSETS PROGRAMME HOWEVER A FURTHER £0.039M WILL BE REQUIRED FROM THE SAME PROGRAMME WITHIN THE DEFERRED UNSUPPORTED SCHEMES. (A)
PEOPLE - CHILDREN'S & YOUNG PEOPLE	-206 -140 472 -303 614	CHILDRENS CENTRES SCHEMES CURRENTLY ON HOLD – TO BE DECIDED AT A LATER DATE. (D) FUTHER VEHICLE PROCUREMENT COSTS UNLIKELY TO BE IDENTIFIED UNTIL 2014-15 (D) ADDITIONAL GRANT INCOME RECEIVED FOR BIRKENHEAD ACADEMY (£0.373M) AND ACCESS INITIATIVES (£0.099M) (C) A NUMBER OF SCHEMES CAN NOW BE FUNDED FROM THE CAPITAL MAINTENANCE AND BASIC NEEDS ALLOCATION E.G. SCHOOL MEALS UPTAKE (E) EARLY YEARS FUNDING FOR 2 YEAR OLDS (C)
PEOPLE - ENVIRONMENT	-231 -170 1,000	THE TENDER FOR PARKS PLANT AND EQUIPMENT IF LOWER THAN ESTIMATED (E) THE IMPROVEMENTS FOR CEMETERIES AND BIRKENHEAD TENNIS COURTS CAN BE COVERED FROM EXISTING RESOURCES. (E) INVESTMENT IN WEST KIRBY AND GUINEA GAP LEISURE CENTRES TO ENABLE FUTURE INCOME TARGETS TO BE MET (A)
PLACES - REGENERATION	-300 -1,625	THE FUNDING PROFILE FOR THE DISABLED FACILITIES SCHEMES HAS BEEN REVISED. (E) THE COMPLICATED SCHEME DESIGN RESULTS IN EXPENDITURE SLIPPING TO 2014-15 (D)

	433	ADDITIONAL GRANT HAS BEEN RECEIVED FOR THE REGIONAL GROWTH FUND (C)
TOTAL EXPENDITURE	-817	

- 4.3 Following a critical Ofsted report it was necessary to undertake additional building works at WASP who are based at the Solar Campus to meet curriculum, IT and security issues which were identified. A further £50,000 has been allocated from the unallocated balance, bringing the total allocation to £200,000.

A revised CYPD Programme Chart is attached for information.

- 4.4 In November 2012 the Department for Education announced that free early education would become a statutory entitlement for eligible two year olds from September 2013 with an extension of provision in September 2014. In order to facilitate this requirement each Local Authority was allocated Capital funding. Whilst this money is not ring-fenced, it is intended to support capital investment necessary to deliver the entitlement for two year olds.

Wirral's allocation is £614,000 and a working group of the Schools Forum has been established to oversee the work and the allocation of funding to increase capacity of the 2 year old entitlement. To date £479,364 has been allocated to schemes. More details of this allocation are contained in a delegated report written in August 2013.

- 4.5 The Government has recently issued their capitalisation directions. The qualifying criteria to 'capitalise' statutory redundancy costs prevent the Council from applying in 2013-14.
- 4.6 The latest position regarding the co-location of Pensby/Stanley schools was reported on 13 June. It highlighted the reason for the anticipated additional cost of £1.038m and how these costs would be accommodated - £0.833m grant, £0.120m council resources and £0.085 school contribution. Weekly risk management meetings are being held to monitor and mitigate against the effects of any further increases to the project costs.

5 PHASING OF THE PLAN – THE USE OF GATES

- 5.1 Since February, officers have embarked on implementing a system – Concerto - that will tell them how all the schemes in the capital programme are progressing. Instead of only having two scheme measures, being 'start' and 'completed', we will be able to look 'inside the box' and see the progress of a scheme. Table 3 examples the Gates for the Capital Receipts programme.

Table 3: example of five Gates for Capital Receipts

Gate	Activity by Quarters
Conceptual Stage	Identification of potential disposal

Approval Stage	Agreement in principal by Asset Review Board
Delivery Stage	Approval to disposal and method of disposal
Finished Stage	Agreement to final terms
Closure Stage	Legal completion and receipt of monies

- 5.2 The benefit of the system is that each scheme will be planned across the year(s), initially in Quarters, and progress can be tracked. Furthermore, all the schemes can be 'added up', so we will have a predicted phasing for the whole capital programme, over three years.
- 5.3 Having this information will enable us to intervene where schemes are slipping, navigate around 'choke points' where everything is happening at once and plan the funding of the programme so we can manage to finer tolerances. For example, historically, the Council has always carried a high level of capital receipts, to cover risk, rather than using them.

6 ACTUAL SPEND TO DATE – IS THE PROGRAMME 'ON PLAN'?

- 6.1 Until the Concerto system is fully developed we will continue to use the general measure of progress introduced last year. The actual capital expenditure at Period 3 is £3.874m with 25.0% of the financial year having elapsed.

Table 4: Spend to date June (3/12 = 25.0%)

	SPEND TO DATE		COMMENTS ON VARIATION RAG
	£000	%	
INVEST TO SAVE	0	0	GREEN - ACCEPTABLE
BIDS TO RELEASE ASSETS	110	3.1	GREEN - ACCEPTABLE
PEOPLE - ADULTS	0	0	GREEN - ACCEPTABLE
PEOPLE - CHILDREN'S & YOUNG PEOPLE	1,632	10.2	GREEN - ACCEPTABLE
PLACES - REGENERATION	1,128	10.2	GREEN - ACCEPTABLE
PLACES - ENVIRONMENT	573	4.2	GREEN - ACCEPTABLE
TRANS & RES -FINANCE	164	78.1	GREEN - ACCEPTABLE
TRANS & RES - ASSET MGT	267	10.2	GREEN - ACCEPTABLE
TOTAL EXPENDITURE	3,874	7.9	

- 6.2 The table below will be updated with more detailed forecasts in subsequent reports.

Table 5: Projected Outturn compared to Revised Budget £000's

	REVISED	PROJECTED	VARIATION
--	---------	-----------	-----------

	BUDGET	OUTTURN	
INVEST TO SAVE	1,000	1,000	0
BIDS TO RELEASE ASSETS	3,510	3,510	0
PEOPLE - ADULTS	1,900	1,900	0
PEOPLE - CHILDREN'S & YOUNG PEOPLE	16,674	16,674	0
PLACES - REGENERATION	11,141	11,141	0
PLACES - ENVIRONMENT	13,672	13,672	0
TRANS & RES -FINANCE	210	210	0
TRANS & RES - ASST MGT	1,564	1,564	0
TOTAL EXPENDITURE	49,671	49,671	0

7 SCHEMES THAT ARE NOT KEEPING TO PLAN.

7.1 The purpose of this section is to highlight schemes that are not keeping to plan and the range of responses that are needed. At this point in the cycle there are no such schemes.

8 FINANCING OF THE CAPITAL PROGRAMME

8.1 Table 6 summarises the financing sources and changes made to Period 3. The major changes proposed, since the capital programme was approved in March 2013 are:

- the use of unsupported borrowing to finance slippage and new schemes;
- the use of grant funding not required in 2012-13 which will fund the associated slippage in expenditure; and
- to deploy spare capital receipts.

Table 6: Revised Capital Programme Financing 2013-14 £000's

CAPITAL PROGRAMME FINANCING	CAPITAL STRATEGY	CHANGES APPROVED BY CABINET	BUDGET CHANGES TO BE APPROVED BY CABINET	REVISED 2013-14 PROGRAMME
UNSUPPORTED BORROWING	7,920	8,297	481	16,698
CAPITAL RECEIPTS	3,121	4,075	-231	6,965
REVENUE AND RESERVES	888	1,325	-444	1,769
GRANT – EDUCATION	8,786	3,746	595	13,127
GRANT – INTEGRATED TRANSPORT	1,136	0	5	1,141
GRANT – LOCAL SUSTAINABLE TRANSPORT	695	395	0	1,090
GRANT – LOCAL TRANSPORT PLAN	2,864	522	0	3,386
GRANTS – OTHER	12,054	-5,367	-1,192	5,495
TOTAL FINANCING	37,464	12,993	-786	49,671

9 PROJECTED LONGER TERM CAPITAL PROGRAMME

9.1 Funding for the forecast 2013-14 to 2015-16 capital programme is shown in Table 7.

Table 7: Capital Programme Financing 2013-14 to 2015-16 £000's

CAPITAL PROGRAMME FINANCING	2013-14 REVISED ESTIMATE	2014-15 REVISED ESTIMATE	2015-16 ORIGINAL ESTIMATE	TOTAL PROGRAMME
UNSUPPORTED BORROWING	16,698	5,692	1,300	23,690
CAPITAL RECEIPTS	6,965	2,838	1,000	10,803
RESERVE RESERVES	1,769	140	0	1,909
GRANT – EDUCATION	12,513	5,813	357	18,683
GRANT – INTEGRATED TRANSPORT	1,141	1,155	0	2,296
GRANT – LOCAL SUSTAINABLE TRANSPORT	1,090	676	0	1,766
GRANT – LOCAL TRANSPORT PLAN	3,386	2,978	0	6,364
GRANTS – OTHER	5,495	11,092	0	16,587
TOTAL FINANCING	49,057	30,384	2,657	82,098

10 SUPPORTED AND UNSUPPORTED BORROWING AND THE REVENUE CONSEQUENCES OF UNSUPPORTED BORROWING

10.1 The cost of £1 million of Prudential Borrowing would result in additional revenue financing costs of £100,000 per annum in the following year. As part of the Capital Strategy 2013-14 to 2015-16 the Council has included an element of prudential borrowing. At Period 3 there is a sum of £23.6m of new unsupported borrowing included over the next three years, which will result in approximately £2.4m of additional revenue costs detailed at Table 8, if there is no change in strategy.

Table 8: Unsupported Borrowing Forecasts & Revenue costs £000's

	2013/14	2014/15	2015-16	2016-17	TOTAL
NEW UNSUPPORTED BORROWING CUMULATIVE	16,698	5,692 22,390	1,300 23,690	-	23,690
CUMULATIVE ANNUAL REVENUE REPAYMENT COSTS		1,670	2,239	2,369	

However, the Unsupported Borrowing has to be divided into that for which there is planned support – a spend to save scheme – and the truly unsupported schemes.

Table 9: Analysis of Unsupported Borrowing

	2013/14	2014/15	2015-16	TOTAL
SPEND TO SAVE	6,110	820	300	7,230
OTHER BORROWING	10,588	4,872	1,000	16,460

11 CAPITAL RECEIPTS POSITION

- 11.1 The Council has worked with the LGA to review the Council's Assets – a report was presented to Chief Officers on May 7. A stand out comment was that the Council could realise £20m from asset disposals by 2015, some of which has already been counted into Table 10 below. Work is being undertaken to identify which of the receipts in the table below are included in this assessment.
- 11.2 The capital programme is reliant on the Council generating capital receipts to finance the future capital programme schemes. The Capital Receipts Reserve at 1 April 2013 contained £8.1m of receipts. The table assumes the proposed spend, set out at 4.1 is agreed.

**Table 10: Projected capital receipts position – funding requirement
£000's**

	2013/14	2014/15	2015-16
CAPITAL RECEIPTS RESERVE	8,100	2,635	7,247
IN - RECEIPTS ASSUMPTION	1,500	7,450	N/A
OUT - FUNDING ASSUMPTION	-6,965	-2,838	-1,000
CLOSING BALANCE	2,635	7,247	6,247

- 11.3 At the end of June the Council had received £0.872m usable capital receipts which are detailed in Annex 4.
- 11.4 Details of the schemes to be funded by capital receipts in 2013-14 can be found in Annex2.
- 12 RELEVANT RISKS**
- 12.1 The possible failure to deliver the Capital Programme will be mitigated by the fortnightly review by a senior group of officers, charged with improving performance.
- 12.2 The generation of capital receipts could well be influenced by factors outside the authority's control e.g. ecological issues.
- 12.3 Capacity shortfalls are being addressed though the development of closer working with the LGA and Local Partnerships.

13 OTHER OPTIONS CONSIDERED

- 13.1 None.

14 CONSULTATION

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

15 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

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

16 RESOURCE IMPLICATIONS

16.1 The whole report is about significant resource implications.

17 LEGAL IMPLICATIONS

17.1 There are no legal implications.

18 EQUALITIES IMPLICATIONS

18.1 An Equality impact assessment is not attached as there are none.

19 CARBON REDUCTION IMPLICATIONS

19.1 None.

20 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

20.1 None.

21 REASONS FOR RECOMMENDATIONS

21.1 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.

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SUBJECT HISTORY

Council Meeting	Date
Capital monitoring reports, from September 2012, are being submitted monthly.	
Capital programme submitted to Council	5 th March 2013

Annexes:

- Annex 1 Capital monitoring and reporting timetable 2013/14**
- Annex 2 Revised Capital programme and funding source**
- Annex 3 Deferred unsupported capital schemes**
- Annex 4 Capital Receipts**
- Annex 5 CYP Capital programme and Funding**

Annex 1

CAPITAL MONITORING AND REPORTING TIMETABLE 2013/14

Period Number	Month	General Ledger Updated and Reports Available To Be Produced	Reports Available For The Executive Strategy Group	Reports Available For Cabinet	Reports Available For Council Excellence Overview & Scrutiny Committee
			Monthly	Monthly	Quarterly
1	April	May 8	May 28	June 13	-
2	May	Jun 7	June 18	July 11	-
3	June	Jul 5	Aug 20	Sept 5	01-Oct
4	July	Aug 7	Sept 24	Oct 10	-
5	August	Sept 6	Sept 24	Oct 10	-
6	September	Oct 7	Oct 22	Nov 7	27-Nov
7	October	Nov 7	Dec 2	Dec 18	-
8	November	Dec 6	Jan 19	Feb 4	-
9	December	Jan 8	Feb 1	Feb 17	26-Mar
10	January	Feb 7	Feb 25	Mar 13	TBC
11	February	Mar 7	TBC	TBC	TBC
12	Outturn (Provisional)	TBC	TBC	TBC	TBC

ANNEX 2 PROPOSED CAPITAL PROGRAMME AND FUNDING CABINET 11 JULY 2013

Department	Programme manager	Capital Strategy	Changes approved	Re-profiling to be approved	Other changes to be approved	Total Programme	Borrowing	Receipts	Revenue / Reserves	Education Grants	Integrated Transport	Local Sustainable Transport	Local Transport	Other Grant	Total Funding
Invest to save or core efficiency															
Replace Integrated Childrens System	Mark Ellis	1,000		-400		600	600								600
Energy schemes	Hazel Edwards	400				400	400								400
Invest to save or core efficiency Total		1,400	-	-400	-	1,000	1,000	-	-	-	-	-	-	-	1,000
Bids that release redundant council assets															
Demolish Stanley Special	Mike Woosey	275				275	275								275
Demolish Bebington Town Hall and Liscard Municipal	Neil Corser	378				378	378								378
Demolish former Rock Ferry High	Mike Woosey	400				400	400								400
Strategic Asset Review Fund to assist land assembly and re-sale	Jeff Sherlock		457			457	457								457
			2,000			2,000		2,000							2,000
Bids that release redundant council assets Total		1,053	2,457	-	-	3,510	1,510	2,000	-	-	-	-	-	-	3,510
Transformation & Resources Finance															
West Kirby and Conway Centre OS	Malcolm Flanagan	210				210			210						210
Transformation & Resources Finance Total		210	-	-	-	210	-	-	210	-	-	-	-	-	210
Transformation & Resources Asset Management															
The Priory	Gwenda Murray		25			25	25								25
Rock Ferry Centre	Gwenda Murray	315	141			456			456						456
Cultural Services Assets	Jeff Sherlock		220		-220	0									0
Arrowe Park Changing Pavilion	Jeff Sherlock				100	100	100								100
West Kirby Concourse Roof	Jeff Sherlock				159	159	159								159
Wallasey Town Hall	Gwenda Murray Jackie		810			810	810								810
Liscard Hall	Smallwood		14			14			14						14
Transformation & Resources Asset Management Total		315	1,210	-	39	1,564	1,094	-	470	-	-	-	-	-	1,564
People - Children & Young People															
Children's centres	Jeanette Royle		231	-206		25				25					25
Aiming Higher for Disabled Children	Dawn Tolcher	240	267		-117	390				390					390
Condition/Modernisation	Jeanette Royle	4,500	1,350		-303	5,547	407		21	5,119					5,547
Family Support Scheme	Simon Garner		115			115	115								115
Formula Capital Grant	Mike Woosey	2,000	535			2,535			42	2,493					2,535

Parks Plant and Equipment	Bill Hancox Anthony	1,498		-231	1,267		1,267								1,267
Parks vehicles replacement	Bestwick	440			440		440								440
Park depot rationalisation	Mary Bagley	500			500		500								500
Landican Cemetery	Mary Bagley	-	82		82		82								82
Birkenhead Park Restoration Fees	Mary Bagley	-	97		97		97								97
Hoylake Golf Course	Mary Bagley	-	30		30		30								30
Park Outdoor Gyms	Jackie Smallwood	-	167		167								167		167
Reeds Lane Play Area	Jackie Smallwood	-	61		61								61		61
Eastham Country Park	Christine Smyth	-	36		36								36		36
Royden Park Floral Pavilion Stage & Orchestra Pit	Christine Smyth Kate Carpenter	-	20 37		20 37								20		20
Cemetery Improvements	Mary Bagley		80	-80	0										0
Birkenhead Tennis Courts	Mary Bagley		90	-90	0										0
West Kirby/Guinea Gap				1,000	1,000		1,000								1,000
Leisure Equipment	Damien Walsh	63	-14		49					49					49
Places - Environment Total		7,196	5,872	-	604	13,672	5,431	2,207	49	-	1,141	1,090	3,386	368	13,672
Places - Regeneration															
Think Big Investment Fund	Alan Evans		434		434		434								434
Clearance approved Cabinet	Alan Lipscombe		2,199		2,199		830	560	47					762	2,199
Home Improvement approved Cabinet	Alan Lipscombe		1,122		1,122		573	390	159						1,122
Disabled Facilities – Adaptations	Greg Cooper	2,929	904	-300	3,533		1,904							1,629	3,533
Improvement for sale grants	Lisa Newman		380		380					380					380
Cosy Homes Heating	Ed Kingsley	250	119		369		119	250							369
Empty Property Interventions	Paul Jackson		334		334		121	125	60					28	334
New Brighton	David Ball		1,162		1,162		1,162								1,162
Maritime Business Park	Alan Evans	2,800		-1,625	1,175		400							775	1,175
Other Regional Growth Fund Schemes	Alan Evans				433		433								433
Places - Regeneration Total		5,979	6,654	-1,625	133	11,141	5,543	1,325	646	-	-	-	-	3,627	11,141
Grand Total		37,464	12,993	-2,371	1,585	49,671	16,698	6,965	1,769	13,127	1,141	1,090	3,386	5,495	49,671

Annex 3

Deferred Unsupported

Summary	2013-14	2014-15	2015-16	Totals
	£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	1,025	1,500	1,500	4,025
Regeneration	2,080	1,250	300	3,630
Technical Services	2,405	2,119	397	4,921
Total	6,190	5,569	2,197	13,956
Detail				
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				
Schools Development Programme				
Woodchurch Rd primary Foundn 2 classrooms	80	700	0	780
Woodslee Primary school ***	600	0	0	600
	680	700	0	1,380
Law, HR & Asset Management				
Cultural Services Assets ***	1,000	1,500	1500	4,000
The Priory	25	0	0	25
	1,025	1,500	1500	4,025
Regeneration				
Think Big Investment Fund	300	300	0	600
Improvements to Stock ***	950	950	0	1,900
Wirral Healthy Homes	105	0	0	105
Empty Property Interventions ***	125	0	0	125
Hoylake	600	0	0	600
	2,080	1,250	300	3,630
Technical Services				
Street Lighting	200	0	0	200
Bridges	250	0	0	250
Capitalised Highways Maintenance	1,000	1,000	0	2,000
Coast Protection	47	55	0	102
Parks, Cultural Services and Roads				
Arrowe Park changing facilities	500	800	0	1,300
Birkenhead tennis court	90	7	0	97
Cemetery infrastructure and landscaping	50	50	0	100
Birkenhead Park drainage	238	57	0	295
Frankby cemetery extension	30	150	0	180
	2,405	2,119	397	4,921
Less schemes now approved	(2,675)	(207)		(2,882)
Funding type:				
Unsupported Borrowing	3,515	5,362	2,197	11,074

*** Represents schemes now included in the Capital Programme.

Annex 4**CAPITAL RECEIPTS AT JUNE 2013****£000**

6, The Grove, Wallasey	11
Land at the Carr	12
Bridge Walks	15
Stringhey Road Car Park	19
Junction 1 Bidston Retail Park	32
Thurstaston Rangers Cottage	<u>310</u>
	399
Right to buy proceeds (WPH and BBCHA)	473
A. Total usable receipts	872

Annex 5 CAPITAL PROGRAMME 2013/14: FUNDING AND PROPOSED NEW STARTS

DfE CAPITAL MAINTENANCE AND BASIC NEED ALLOCATION £3,922,398

NON SPECIFIC SCHOOL LOCATIONS			
School Access/DDA	250,000		
Boiler Renewal Programme	250,000		
Kitchen Ventilation Programme	250,000		
Sub-Total	£750,000		
FEASIBILITY & DESIGN DEVELOPMENT			
Elleray Park Special – Suitability	10,000		
Fender Primary – Capacity	10,000		
Greenleas Primary – Capacity	10,000		
Mosslands – Structural	10,000		
Pensby High – Accommodation Review	10,000		
Well Lane Primary – Suitability	10,000		
Sub-Total	£60,000		
SCHEMES			
Christchurch CE (B'head) – Mobile Demolition	20,000		
Church Drive Primary - Main entrance/security/ICT	150,000		
Egremont Primary – Kitchen remodelling	60,000		
		Mendell Primary – Main entrance remodel/security	25,000
		Mosslands – Groundwork following mobile removal	30,000
		Mount Primary – Fencing, access	40,000
		New Brighton Primary – kitchen/staff room scheme additional works	60,000
		Orrets Meadow – Specialist bases	35,000
		Pensby High Federation – Window installation phase 2	100,000
		Portland Primary – Window installation	50,000
		Prenton Primary – Window installation	30,000
		Riverside Primary – Internal refurbishment	50,000
		Sandbrook Primary – External doors and adjoining windows.& Toilet Refurbishment	45,000
		Stanton Road – toilets, roof	50,000
		St George's Primary – Fire Alarm system	50,000
		St George's Primary – Sports facility	130,000
		Thingwall Primary – Mobile replacement – internal reconfiguration	300,000
		Town Lane – Reception/Offices/Staff Room	250,000
		WASP – Various modifications	200,000
		Wirral Hospital School – Service kitchen installation	30,000
		Woodchurch Road Primary – Remodeling F2 & class bases	550,000
		Woodslee Primary – Foundation replacement.	550,000
		Priority School Building Programme commitment	500,000

Ganneys Meadow – Access Car Park	20,000
Hillside Primary – Roof and suitability	30,000
Gayton Primary – Suitability and toilets	200,000
Kilgarth Special – External Play area	60,000
Leasowe Early Years – Access road	20,000
Liscard Primary – Window installation	30,000
Meadowside Special – Swimming Pool changing area phase 1	75,000

Sub-Total	3,740,000
ALL TOTALS	4,550,000
Carry forward 2012/13	750,000
Remaining sum to be allocated to Priority Projects	122,389

OTHER DfE CAPITAL

Devolved Formula Capital (LA Schools) £678,865

Devolved Formula Capital (Aided Schools) £228,797

Aided Schools LCVAP £1,121,887 Agreed with Diocesan Bodies

Aiming Higher – Short Breaks (including Europa Pool) £305,000 allocated in 2012/13

Nursery (2 year olds) Capital (to be allocated) £614,000 allocated in 2012/13

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COUNCIL CAPITAL 2013/14

(As per Cabinet Report 18 February 2013)

Wirral Youth Zone	1,000,000
School Places	300,000
Somerville Primary	200,000
Stanley School Demolition/Planning	275,000
Rock Ferry High School Demolition (proposed)	400,000
ICS System	1,000,000

The overall programme for delivery in 2013/14 includes previously approved and funded schemes. All new starts will consider the use of DFC contributions

WIRRAL COUNCIL

CABINET

19 SEPTEMBER 2013

SUBJECT:	PURCHASE OF FORMER TRANSFOOD PROPERTY, ABBEY STREET, BIRKENHEAD
WARD/S AFFECTED:	BIRKENHEAD AND TRANMERE
REPORT OF:	HEAD OF UNIVERSAL & INFRASTRUCTURE SERVICES
RESPONSIBLE PORTFOLIO HOLDER:	COUNCILLOR ADRIAN JONES CENTRAL AND SUPPORT SERVICES
KEY DECISION?	NO

1.0 EXECUTIVE SUMMARY

- 1.1 To report the terms agreed for the acquisition of a site in Abbey Street, Birkenhead, to facilitate the development of business accommodation for the offshore wind sector.

2.0 BACKGROUND AND KEY ISSUES

- 2.1 Cabinet has received a report previously (March 14th 2013 Agenda Item 10) outlining the current energy challenges facing the UK and how nationally, there is a clear focus on renewables. The offshore wind industry is seen by Government as a key growth sector reflecting the fact that the UK is recognised as the most attractive place in the world for investment in offshore wind (Arup, 2010). Given the level of investment going into this industry, the Government is seeking to ensure that UK based suppliers are able to provide at least 50% of the content of future offshore wind farms.
- 2.2 The offshore wind sector presents a huge opportunity for Wirral. The Crown Estates are bringing forward sites for offshore wind farm developments and Wirral coast already hosts some of the largest offshore windfarms in the UK at Burbo Bank and Gwynt y Mor. Further investment is now taking place into Round 3 sites, which have a strong focus on the Irish Sea. Here 1,000 turbines are planned, the value of which is estimated to be in the region of £18bn and with an industry calculation of 4.5 jobs per installed turbine (Renewables UK), capturing a share of this market will bring immediate jobs, but also open up supply chain and export opportunities in this expanding industry.
- 2.3 Recognised as a priority sector within Wirral, companies are already active in this industry. In 2011 Cammell Laird agreed a contract with energy company RWE npower Renewables to provide a construction base and engineering support for the development of the Gwynt y Mor wind farm. Work is now taking place for the installation of 160 wind turbine foundations over the next two years.

3.0 REGIONAL GROWTH FUND

- 3.1 In June 2012 Wirral Council, working closely with Cammell Laird, submitted an application to the third round of the Government's Regional Growth Fund (RGF) for resources to support the development of the offshore wind sector. RGF was established to invest in business projects that create growth and support a rebalancing of the economy and £1bn was made available for Round 3. The Government received over 400 applications totalling well over £2bn and in mid October Wirral Council was informed that it had successfully secured £5 million to be invested over the next three years.
- 3.2 Part of this RGF award was identified to provide support to local businesses that wish to expand and diversify to take advantage of related supply chain opportunities. In addition RGF monies will be used to attract new inward investment to Wirral within this sector. This may include attracting investment from cable manufacturers, foundations fabricators and other supply chain companies.
- 3.3 However, attracting new investment and supporting existing companies in Wirral to expand has an element of risk. Since 2008, the property market in Wirral has been affected by the global economic conditions and the double dip recession currently being experienced by the UK has impacted significantly. Whilst there has been some movement within the property market locally, the demand for medium sized workspace units actually outstrips the supply of such premises. Developer confidence is very low across Merseyside and the wider North West and even with pre-let agreements, developers are suffering from significant financial viability 'gaps', ie the end value of the completed development is significantly lower than the cost of the actual development.
- 3.4 Wirral has facilitated several schemes using ERDF resources to bridge this 'gap' but despite this, supply of such premises is poor. The main impact of this is that with so much sector potential in Wirral to support key supply chains, inward investors are put off by this lack of supply. Indeed, Wirral companies looking to expand and relocate have to look outside of the Borough and inward investment enquiries are lost as a consequence.
- 3.5 As Wirral is marketing the area for Offshore Wind and other advanced manufacturing investment, the lack of supply is a fundamental issue. Officers recently held a well attended developers workshop designed to stimulate interest from the development community in key sites. The session was designed to look at how to better match opportunity and need. Whilst moderately successful and feedback was good, new investment opportunities are limited.
- 3.6 In order to address this supply issue and provide a kickstart to the local property market, Officers have identified an opportunity to develop business accommodation for the offshore wind sector, using a mixture of Regional Growth Fund resources and other grant sources.
- 3.7 In line with the principles agreed by Cabinet in March (Minute 222), a site has been identified for the development of new business accommodation for companies operating in the Offshore Wind sector. The proposal is to purchase the land, clear the site and demolish existing buildings, procure a private sector development partner to bring forward phased building on the site using a set amount of Regional Growth Fund resources as 'GAP' funding.

3.8 The scheme responds to local demand and address the viability gap by removing the profit margin normally made by developers and limiting the risk by absorbing any actual remaining gap using the RGF monies. The main benefit is that it will restore some confidence to a marketplace where latent demand is evident, but financial viability prevents any sort of speculative development. The March Cabinet report identified Chrysalis as a potential funder for the project, but the model has evolved slightly and Chrysalis will be approached when a private sector development partner has been appointed.

4.0 THE PROPERTY

4.1 The property identified is the former Transfood site located in Abbey Street, Birkenhead. The site extends 1.12 acres and includes warehousing accommodation of 19,849 square feet and offices of 5,749 square feet. The property is on the market priced at £500,000 but, following negotiation, a purchase price has been agreed at £350,000. The property is in a prominent location and its value to the market lies in its existing use, even though the Council intends to demolish the buildings for redevelopment.

4.2 Vacant possession will be given on completion and each party will bear their own fees in the transaction.

5.0 RELEVANT RISKS

5.1 The main risk in this report relate to the speculative development of business accommodation. There is latent demand for such business accommodation which can be evidenced. However, the RGF legal agreement does not constrain the Council to just businesses within the offshore wind sector as long as key outputs are met. Priority will be given to businesses operating with this sector but the key overarching priority is to secure new jobs and investment.

6.0 OTHER OPTIONS CONSIDERED

6.1 Other sites were considered as part of this process, including a site located next to the main gates of Cammell Laird (Maritime Business Park). However, agreement could not be reached with the agent responsible for negotiating the land in line with the Councils value for money and valuation processes.

7.0 CONSULTATION

7.1 None.

8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

8.1 None.

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

9.1 £400k has been identified for Maritime Business Park within the Capital Programme 2013/14 to facilitate the purchase of a site to provide new fit for purpose accommodation for businesses operating in the Offshore Wind market. The purchase price for the site has been agreed in principle at £350,000 and the balance of the

money within the Capital Programme budget will be used for demolition and clearance costs to make the site development ready.

Activity	Amount	Source
Purchase of Site	£350,000	Capital Programme 2013/14
Demolition and Clearance of site	Up to £50,000	Capital Programme 2013/14
Development GAP funding	Up to a maximum of £900,000	Regional Growth Fund (RGF) Allocations

10.0 LEGAL IMPLICATIONS

10.1 None

11.0 EQUALITIES IMPLICATIONS

11.1 Has the potential impact of your proposal been reviewed with regard to equality?

No because there is no relevance to equality.

12.0 CARBON REDUCTION IMPLICATIONS

12.1 None

13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

13.1 The site is identified on the Proposals Map with the Wirral Unitary Development Plan (saved by direction of the Secretary of State on 27 September 2007) as being within a Primarily Industrial Area. UDP Policy EM8 permits proposals for uses falling within Classes B1 (business), B2 (general industry) and B8 (storage & distribution) of the Town & Country Planning (Uses Classes) Order 1987, subject to adequate design and use controls.

13.2 While the purchase of land by itself does not require planning permission, however, the clearance and demolition of existing buildings and subsequent redevelopment of the site will require a planning application to be made and approved. The use of the site for business, general industry and storage & distribution purposes within Use Classes B1, B2 and B8 would be acceptable in principle. The proposed use of the site as facility to support the offshore wind sector would be particularly supported under Policy CS14 'Priority Sectors' in the emerging Core Strategy, which has been approved by the Council as a material consideration in the determination of planning applications.

13.3 There are no community safety implications arising out of this report.

14.0 RECOMMENDATION/S

14.1 That the property be acquired on the terms now reported.

15.0 REASON/S FOR RECOMMENDATION/S

15.1 To facilitate the development of business accommodation for the offshore wind sector.

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APPENDICES

Location plan

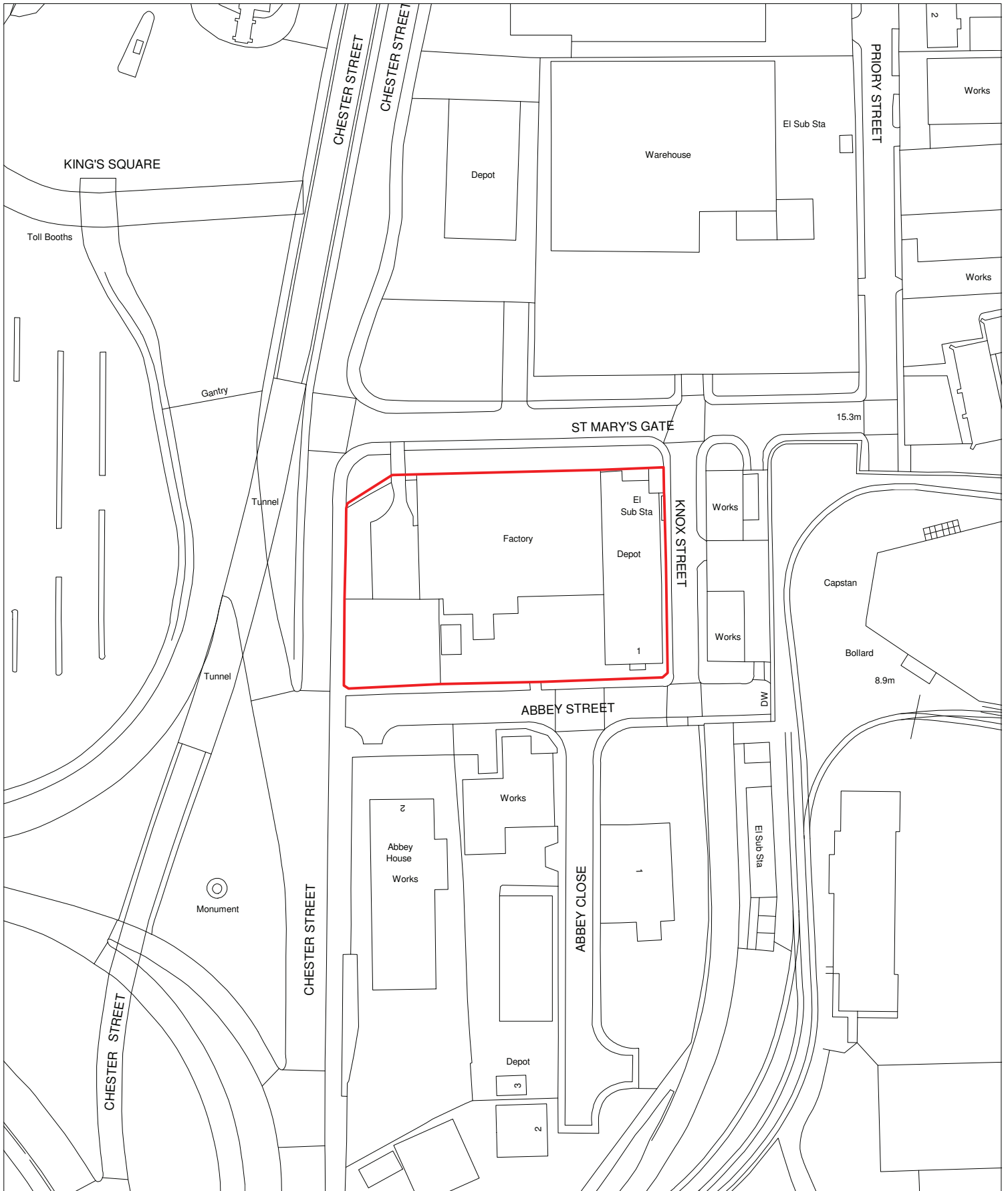
REFERENCE MATERIAL

No reference material has been used in the preparation of this report.

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Cabinet	14th March 2013

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title Former Transfood Property Abbey Street Birkenhead	scale 1:1250		
	date 28/8/2013	map ref. 59NE	



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WIRRAL COUNCIL

CABINET – 19TH SEPTEMBER 2013

SUBJECT:	DEVELOPMENT OF LOCAL ASSET BACKED VEHICLE (LABV) MODEL FOR WIRRAL
WARD/S AFFECTED:	POTENTIALLY ALL WARDS WILL BE AFFECTED BY THIS REPORT
REPORT OF:	STRATEGIC DIRECTOR OF REGENERATION AND ENVIRONMENT
RESPONSIBLE PORTFOLIO HOLDER:	ECONOMY
KEY DECISION	YES

1.0 EXECUTIVE SUMMARY

- 1.1 This report seeks Members approval to start a process to design a Local Asset Backed Vehicle (LABV) with the intention of using Council owned assets to support future regeneration activity in the Borough. If members agree to explore this direction of travel then a more detailed framework will be prepared which will include legal structures, risk, financial considerations and further project information will be brought back to Cabinet for consideration by members.

2.0 BACKGROUND

- 2.1 Regeneration faces major challenges in the aftermath of the credit crunch and a reduction in public spending. Coupled with the reduction of grant funding and minimal real estate lending Council's are increasingly looking at new methods of generating and funding regeneration activity. There are a number of examples of good practice within other Local Authorities as the public sector looks to kick start stalled schemes and unlock other developments to generate investment and ultimately, jobs growth.
- 2.2 Local Asset Backed Vehicles (LABV's) are one such solution that are being increasingly used to combine private sector finance and skills and public sector land and property assets as a means of driving development and investment.
- 2.3 Typically a LABV is a mid/long, 15-20 years, term joint venture equity partnership between a local authority and a private sector investment partner. It allows local authorities to utilise their land and property portfolio efficiently and to 'make it sweat' in order to generate revenue and capital returns to support regeneration activity. In essence the public sector invests land and property assets into the vehicle, which have a pre-agreed value. There are various LABV models in existence but the one that appears to be operating most successfully is where Local Authority assets are made available to the development partner where they at their own risk work up a viable scheme for the asset including securing planning consent and identifying appropriate funding for the proposed project. Theoretically, the recovery of these costs will only be realised if the selected partner delivers successful projects. This is true of the costs in securing planning consent, as these are normally only realised if the

selected partner delivers successful projects. Assets will also revert back to the public sector if the partnership does not progress according to pre-agreed timescales.

- 2.4 This may require the creation of further legal entities underneath the LABV depending on the security required for bank borrowing. The Authority will not want to take risk on this as either shareholder nor would members want to be exposed to risk given that members will need to act as Directors of the corporate vehicle alongside representatives of the private sector partner. However further work has to be done on the governance aspects, in order to bring a further report back to members.
- 2.5 Many local authorities are looking to use LABV's as a way to deliver their Economic Development Strategies and to deliver the economic, social and environmental well being of their areas. If structured correctly local authorities can incentivise the private sector to create local job opportunities and unlock regeneration by delivering developments that have been passed over by the private sector.
- 2.6 If the direction of travel is supported, Officers would explore options which would allow the Council to control the pace, location timing and type of development and by creating a development portfolio of the Council's assets ensure that we receive maximum financial, regeneration and economic returns from any disposal or revenue income.
- 2.7 There is no standardised drafting for LABV's or 'one size fits all' model which means that bespoke solutions need to be set up in order to ensure that each public bodies outcomes are delivered. Officers have applied to a competitive process run by the Local Government Association (LGA) which will support Local Authorities on certain areas of economic development by funding a 'Growth Advisor'. An application has been submitted highlighting this area of how the Council can best support local investment projects by developing approaches such as a LABV. If this application was to be successful, Officers would work with the LGA funded growth advisor to identify best practice and feed that into the development of the framework that will be presented back to Cabinet.

3.0 **REGENERATION BENEFITS**

- 3.1 The principal advantages of setting up a LABV include:
- Flexibility: LABV's can react to the market to allow proposals to be developed between the Council and investment partner to deliver optimum financial and regeneration outcomes.
 - Significant Procurement Cost and Time Savings: The creation of a true Joint Venture arrangement lying outside Local Authority control should bring the entity outside the scope of usual procurement rules and mean that Wirral would only have to procure 'once' to deliver multiple sites over a mid/long term period. This delivers substantial cost and time savings for both the public and private sector.
 - Economic Leadership: The Council would be able to maximise financial returns and generate and sustain local jobs during construction and re-build of the local economy.

- **Property Benefits:** LABVs' lever in significant private sector investment not just from specialists but from the wider property and funding market as a whole. This attraction relates to the advantages of the partnership structure and the length of the project, which could be up to 15-20 years, and the returns generated.
- **Risk Benefits:** The LABV structure allows the public sector to transfer risk, as their assets are assigned a guaranteed minimum price at the outset regardless of future outcomes.
- The LABV model is being used by other Local Authority areas across the Country to deliver economic, social and environmental regeneration.

4.0 **NEXT STEPS**

4.1 If members agree to take the direction of travel outlined in this report, Officers would seek to undertake a number of pieces of work, including using the existing asset review being undertaken to ensure the Council continues to rationalise its estate in a way that maximises the economic benefit of the assets released.

4.2 The following actions will need to be undertaken:

- To identify best practice areas in the development and delivery through LABV's, feeding in lessons learnt from other authorities and learning from best practice (via the LGA Growth Advisor programme if successful)
- To define an outline framework of what key outputs and deliverables Wirral Council would wish to generate from such a regeneration vehicle
- Develop an options appraisal as to the best approach for delivery in Wirral
- Bring in external legal support to guide the development of the of the LABV framework, supporting the structure and governance elements of the LABV
- To further understand risk and articulate any financial or legal implications as appropriate
- To draft an OJEU (Official Journal of the European Union) procurement notice setting out the Councils intention
- Draft a specification requirement for a private sector partner to be brought back to Cabinet with the delivery and assurance framework outlined above

5.0 **THE PROCESS TO SELECT THE PARTNER**

5.1 A further report will be brought back to Cabinet and if supported, the development partner would be selected using a procurement process in accordance with the European Procurement rules. As part of this process it will be necessary to develop a robust evaluation matrix to ensure that the Council engages with a partner who shares its aims, objectives and ambitions.

- 5.2 This criteria is still to be finally developed but as a minimum potential partners will be asked to demonstrate their:
- Ethos in working in partnership with the Council to allow us to maximise the economic and financial benefits from our submitted land and property assets
 - Capacity and capability
 - Commitment to the employment of apprentices and training opportunities
 - Ability to deliver the aims and outputs referred to in Section 4.2 of the report, that will be scoped and brought back to Cabinet within the framework
 - Their track record of delivery and experience of working with a LABV.
 - Ability to lever in external funding support such as ERDF

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

6.1 There are none specifically arising out of this report.

7.0 **RESOURCE IMPLICATIONS: FINANCIAL, IT STAFFING AND ASSETS**

7.1 Specialist financial and legal advice will be needed in the development of the delivery and assurance framework outlined in section 4.2 of this report. Furthermore, advice will be required on the set up of any joint venture and to ensure appropriate governance arrangements are put in place that will protect the local authority. This includes scoping set up costs and also future tax implications. The cost of this specialist advice will be procured via the North West Legal Procurement Framework and be met from existing budgets.

7.2 If supported by members when a further report is brought back to Cabinet, Officers would also need to ensure any procurement process is compliant with EU Procurement frameworks. This cost can be met from existing budgets. As described in Section 2.3 of the report the Authority's surplus land and buildings assets could be strategically placed in the LABV at a pre-determined valuation. The development partner would be investing in the partnership at their risk with the recovery of costs and profit only occurring if they deliver successful projects. The cost and profit will be agreed between the Council and the partner when projects are commissioned and it will vary depending upon the amount of risk the Council is asking the partner to take for individual projects.

7.2 The development of the LABV taking it to the next stage identified within the report, can be achieved using existing staff resources.

8.0 **LEGAL IMPLICATIONS**

8.1 The legal implications will vary depending on the type of delivery model which will be identified within the delivery framework that will be brought back to Cabinet. As part of this process, an options appraisal will be carried out supported by external legal advice and this will be set out in the report to be brought back to Cabinet.

8.2 Once the preferred option for the delivery framework has been approved by Cabinet, Officers will undertake an appropriate procurement exercise to select a development partner and the European Procurement Regulations will need to be complied with. In order to support this process, external legal advice from a suitably qualified organisation will be used to support the design and the delivery of the process (as set out in 7.1).

9.0 EQUALITIES IMPLICATIONS

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

(a) Yes and the impact review can be accessed at:

<http://www.wirral.gov.uk/my-services/community-and-living/equality-diversity-cohesion/equality-impact-assessments/eias-2010-0>

Investment Strategy overarching EIA

10.0 PLANNING AND SAFETY IMPLICATIONS

10.1 Any future developments generated from the LABV will be assessed against the Council's Unitary Development Plan and emerging Core Strategy Local Plan and national policy within the National Policy framework.

11.0 RECOMMENDATION

11.1 Cabinet is recommended to authorise the Strategic Director of Regeneration and Environment to develop a delivery framework for the development of a Local Asset Backed Vehicle model (LABV) to support future regeneration activity in the Borough utilising Council owned assets. This draft framework will be brought back to members for consideration.

12.0 REASON FOR RECOMMENDATION

12.1 To allow the Council to create a LABV to deliver a range of regeneration opportunities across the Borough for the reasons set out in the report.

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WIRRAL COUNCIL

CABINET MEETING

19TH SEPTEMBER 2013

SUBJECT:	PERFORMANCE MANAGEMENT AND IMPROVEMENT FRAMEWORK
WARD/S AFFECTED:	ALL
REPORT OF:	FIONA JOHNSTONE (DIRECTOR OF PUBLIC HEALTH AND HEAD OF POLICY & PERFORMANCE)
RESPONSIBLE PORTFOLIO HOLDER:	CLLR ANN MCLACHLAN (GOVERNANCE AND IMPROVEMENT)
KEY DECISION?	NO

1.0 EXECUTIVE SUMMARY

- 1.1 The aim of this report is to outline for approval the Councils updated performance management and improvement policy.
- 1.2 The policy builds upon previous approaches to performance management but is written in the context of the council facing an unprecedented set of financial challenges; a fundamental review of what and how services are delivered; and the need to ensure good corporate governance and the development of a cultural of innovation and continuous improvement.
- 1.3 The policy incorporates feedback from the Peer Challenge process and key recommendations and actions identified by Internal Audit.
- 1.4 The development of the policy will be an iterative process in line with the vision and future requirements of the Council (and will be refreshed and updated annually).

2.0 BACKGROUND AND KEY ISSUES

2.1 Performance management can be defined as:

“...an on-going, systematic approach to improving results through evidence based decision making, continuous organisational learning, and a focus on accountability for performance” (Audit Commission)

It is a process and behaviour which supports the council in providing Wirral residents with high quality services that improve quality of life. Performance management is therefore an integral part of testing the health of the organisation.

2.2. The policy is underpinned by the strategic vision and priorities set out in the Corporate Plan which identified three key priorities that the council will work towards to support a more healthy, safe and prosperous borough:

- Protect the vulnerable in our borough
- Tackling health inequalities
- Drive growth in our economy

2.3. The policy concentrates on the following key areas:

- The principles which the framework promotes (strong leadership; responsibility and accountability; honesty and transparency; timeliness; working together; and evidence based decision making)
- Defining performance management and its importance
- The mechanics of performance management (plan-do-review-revise cycle – the methodology by which the policy framework is made real)
- Performance management roles and responsibilities (e.g. political, officer and corporate accountability)
- How the policy will be delivered

2.4 The principles and methodology that forms the foundation for the policy have been used in the development of the performance framework which supports the delivery of the Corporate Plan and Directorate Plans for 2013/14.

3.0 RELEVANT RISKS

3.1 The performance management framework policy is aligned to the risk management strategy. Both policies have been written together to ensure consistency in approach and delivery.

4.0 OTHER OPTIONS CONSIDERED

4.1 N/A

5.0 CONSULTATION

5.1 N/A

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

6.1 N/A

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

7.1 N/A

8.0 LEGAL IMPLICATIONS

8.1 N/A

9.0 EQUALITIES IMPLICATIONS

9.1 N/A

10.0 CARBON REDUCTION IMPLICATIONS

10.1 N/A

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 N/A

12.0 RECOMMENDATION/S

12.1 Cabinet are requested to approve the policy presented.

REPORT AUTHOR: Tony Kinsella

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APPENDICES

N/A

REFERENCE MATERIAL

N/A

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Chief Executive Strategy Group	August 2013

Draft Version 0.5

PERFORMANCE MANAGEMENT AND IMPROVEMENT FRAMEWORK

Supporting Delivery and Improvement (August 2013)



Current Document Status

Version/Date	Approving Body	Responsible Officer	Review Date
0.1/July 2013	CESG	Fiona Johnstone Tony Kinsella	March 2014
Document Location			

Version History

Date	Version	Author/Editor	Comments
25/07/2013	0.1	Tony Kinsella / Fiona Johnstone	
01/08/2013	0.2	Tony Kinsella / Fiona Johnstone	Incorporated feedback from Bev Murray
07/08/2013	0.3	Tony Kinsella / Fiona Johnstone	Incorporated feedback from Clare Fish
08/08/2013	0.4	Tony Kinsella / Fiona Johnstone	Incorporated feedback from Internal Audit and Risk Management
13/08/2013	0.5	Tony Kinsella / Fiona Johnstone	Incorporated feedback from CESG

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Part 1 – Performance Management Framework

1.1 Introduction

This framework sets out the Council’s approach to performance management. It is designed to develop and support a consistent and robust corporate approach to performance and risk management and improvement.

The framework builds upon previous approaches to performance management but is written in the context of the council facing an unprecedented set of financial challenges; a fundamental review of what and how services are delivered; and the need to ensure good corporate governance and the development of a cultural of innovation and continuous improvement. It also incorporates constructive feedback from the Peer Challenge process and key recommendations and actions identified by Internal Audit.

In applying the framework the Council promotes the following principles:

- **Strong Leadership**

Collectively, the council’s leadership champions the importance of performance management & actively encourage staff in improving performance.

- **Responsibility and Accountability**

The responsibility for performance is council wide. Every member of staff has a role and responsibility in helping the council meet its objectives. Good performance is the result of high performing teams and individuals.

- **Honesty and Transparency**

Performance reports accurately reflect the true picture (e.g. plans are not adjusted in year to improve performance) and they are widely published. They highlight under performance and identify areas for improvement, as well as publicising success. By applying this approach, the Council is open to constructive challenge both internally and externally from the public, partners and peers.

- **Timeliness**

Performance information is available at the right time to support decision making and ensure that council services are responsive to the changing needs of the community.

- **Working Together**

All employees understand the Council's objectives and everyone knows what is expected of them.

- **Evidence Based Decision Making**

All plans and targets are based on a robust evidence base and are prioritised based on contribution to outcome focused delivery.

The aim of this document is to clearly explain the framework to Elected Members, managers, employees, partners and the public so that they can easily understand how the council manages performance and demonstrates improvement.

The framework is not a static document and will be refreshed on an annual basis. It will be developed in line with the requirements of the organisation and through a continuous process of consultation and feedback. It is designed to support and motivate staff in the delivery of high quality services, value for money and improved outcomes for the residents of Wirral.

LEADER OF COUNCIL

CHIEF EXECUTIVE OF COUNCIL

Cllr Phil Davies

Graham Burgess

1.2 What is “Performance Management”?

Performance management can be defined as

“...an on-going, systematic approach to improving results through evidence based decision making, continuous organisational learning, and a focus on accountability for performance” (Audit Commission)

It is a process and behaviour which supports the council in providing Wirral residents with high quality services that improve quality of life. Performance management is therefore an integral part of testing the health of the organisation.

1.3 Why is performance management important?

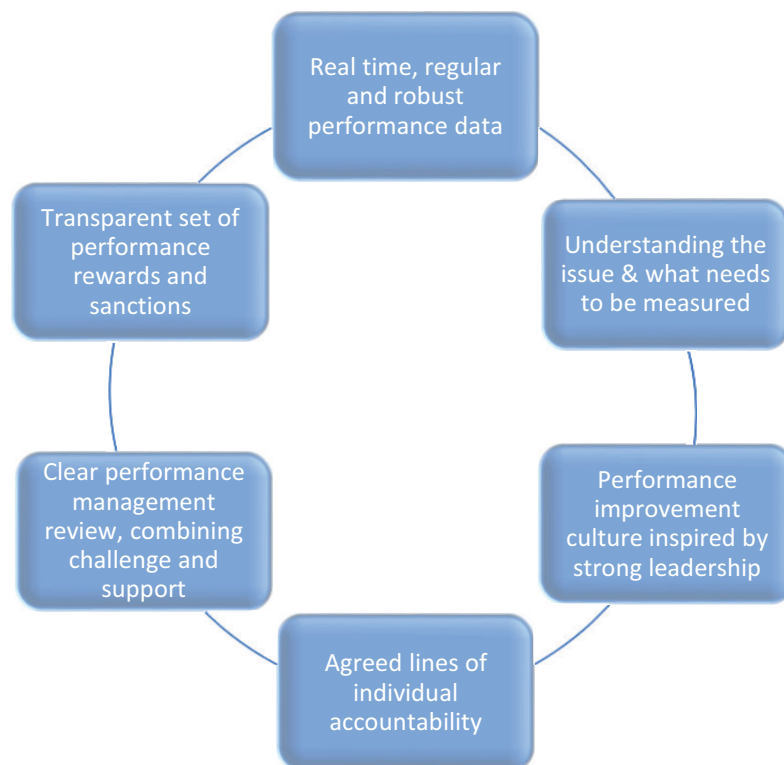
Performance management is important for every organisation. As part of effective management and working practices, performance management should drive service delivery and improvement in every area of the council. It should not be seen as an additional administrative task or chore.

Throughout this Framework, performance management underpins strategy development and the design of governance, values, processes and controls which direct money and people to deliver their objectives in a cost effective way (with due regard to risks and opportunities). This involves being able to clearly articulate the answers to a number of questions:

- **What do we want to do/not do and why?**
Having the right ambitions and targets (e.g. what are we measuring and why)
- **How do we intend to do it?**
Having the right processes, people and talents to assure delivery of ambition and targets
- **How well are we doing?**
Having the right measurement set (that are able to judge the impact)
- **What will we do next?**
Knowing the right way forward
- **Are we being efficient?**
Using our resources in the best way

1.4 What are the characteristics of a high performing organisation?

To deliver high quality and cost effective services throughout the council we will strive to embed the key characteristics associated with high performing organisations. These key characteristics are outlined below:



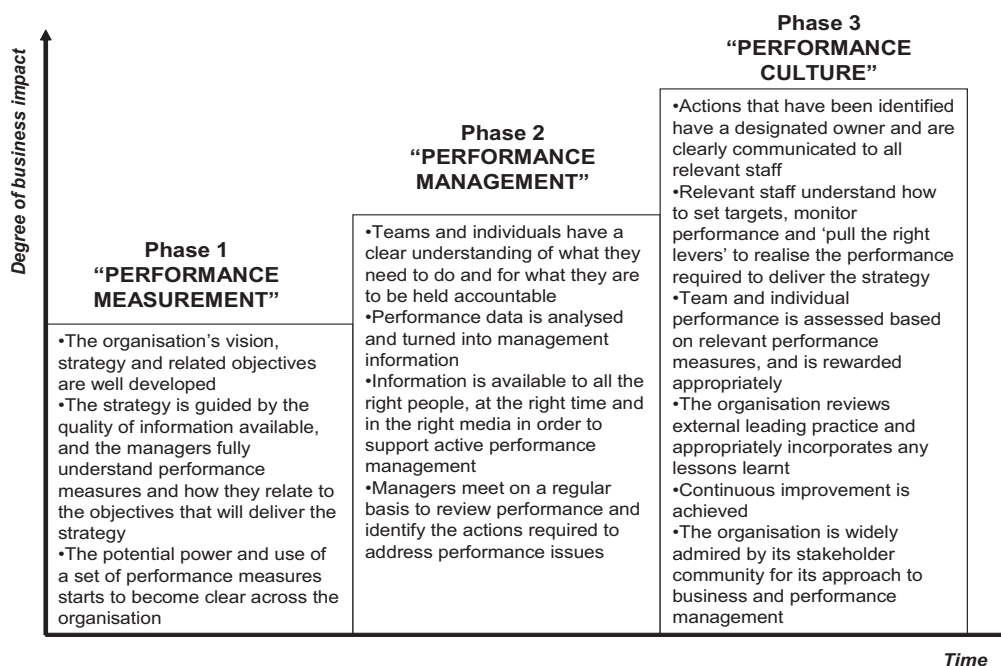
These characteristics will form the foundation for the development of a strong and successful framework which drives delivery and improvement. Structural and cultural issues will be addressed as part of an on-going programme of work focused on the performance management framework and business planning.

Evidence that the council has successfully adopted these characteristics and is effectively managing performance can be demonstrated in a number of positive ways. High performing organisations generally exhibit the following:

- Community engagement in the design and delivery of services through the use of customer intelligence
- Corporate governance by members and partnerships determining the use of resources through high level plans (e.g. Health & Wellbeing Strategy)
- Robust business planning – clearly defined directorate, service, team and individual objectives, targets and plans through which strategic objectives become actions and improved outcomes (the 'Golden Thread')

- Good management and practice – day-to-day contact in teams, team meetings and briefings, regular scheduled oneto-ones
- Training and development is informed by one-to-ones and appraisal
- Decisions are underpinned by a strong evidence base
- Community/user involvement in the performance review of services
- The evaluation of under-performance and customer complaints to enable improvement and shared learning
- The celebration and communication of success within the council and the community
- Improving satisfaction and reputation of public services as measured by surveys of our communities and service users.
- Early warning and rectification of risks to delivery and poor performance

Embedding a performance management culture (based on the characteristics identified in the model) within an organisation takes time. It generally evolves through a phased approach which is in line with the development of organisational capability and planning. An illustration of a phased approach to performance development is shown below.



Examples of good practice in terms of performance management already exist across the council. They are not yet however, consistent or systematic in approach. The plans that have been developed are designed to address this situation as soon as possible.

1.4 The Plan-Do-Review-Revise Cycle

The Council's performance management framework is made real by the 'Plan-Do-Review-Revise' cycle. This continuous cycle of activities takes place at all levels of the council (Partnership, Corporate, Directorate, Service, Team and individual) and mirrors and supports the commissioning cycle.



The 'Plan-Do-Review-Revise' cycle is a commonly used and simple way of managing performance.

The cycle is constructed around four key concepts:

Stage 1 – Planning

To succeed as a council it is essential that we understand the needs of the population and our communities. This understanding is based on a detailed knowledge of key intelligence (e.g. demographic, engagement, customer feedback etc), available resources, policy developments, anticipated risks and current performance levels. Collectively this evidence is used to determine our priorities and strategic objectives as a council. This vision drives the framework at all levels of the organisation (from the strategic to operational).

Stage 2 – Doing

This is about the council having the appropriate systems and processes (e.g. performance planning) in place to support improvement delivery. Implemented effectively, they will facilitate the council in taking the appropriate action, managing risk, and supporting and coaching our staff to achieve better performance.

Stage 3 – Reviewing

To fully understand the impact of our actions as a council, we need a systematic and comprehensive process for challenging performance levels throughout the organisation. Performance reporting and review meetings will drive this process and enable the council to assess the delivery of our plans when evaluated against known risks, staff performance and experience/feedback captured from service users (e.g. bespoke surveys or complaints).

Stage 4 – Revising

Information generated by the review stage (e.g. what's worked well and what's not worked well) and lessons learned are used to inform potential change. The revise stage is crucial to the development of an organisational culture of performance and improvement.

Making the model work

At each stage of the performance management cycle, specialist support and advice will be provided by the corporate business intelligence and performance team. This support will be coordinated and undertaken in conjunction with input from council colleagues from the following key areas:

- Policy
- Finance
- HR
- Risk Management
- Internal Audit
- Improvement team

Part 2 – Plan-Do-Review-Revise (Plan)

2.1 Wirral’s Vision

The council’s strategic vision and priorities are set out in the Corporate Plan and are based on a comprehensive and continuous process of consultation that was conducted throughout 2012/13. The process identified three key priorities that the council will work towards to support a more healthy, safe and prosperous borough. These include the following:

- **Protect the vulnerable in our borough**

Making sure that our systems and procedures help us to always identify and mitigate problems before they develop. Safeguarding the vulnerable effectively by working together across the council and agency boundaries and delivering our services with empathy at all times.

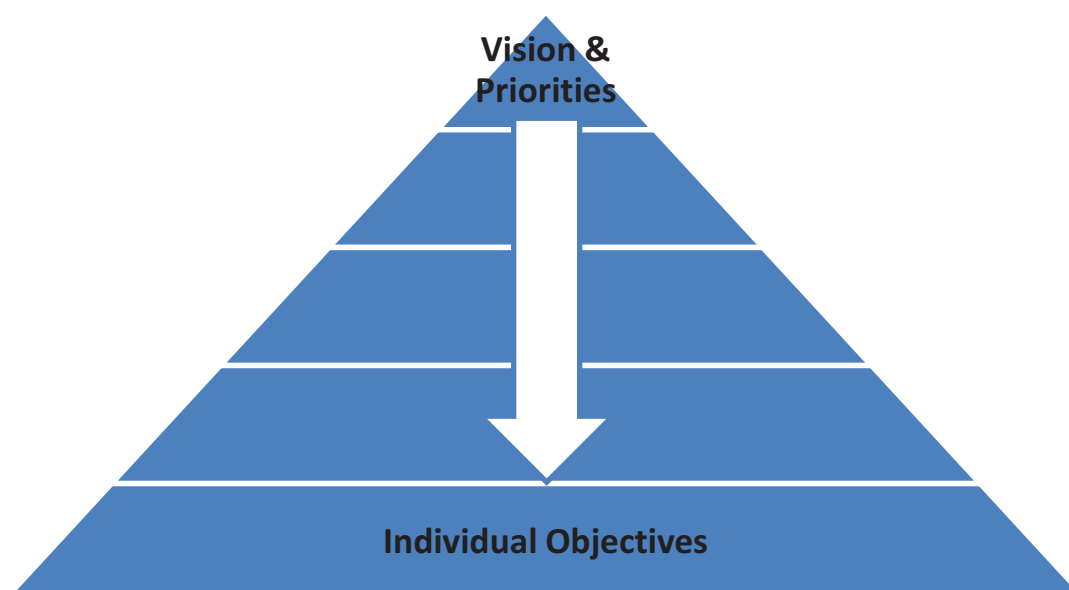
- **Tackling health inequalities**

Embracing the council’s new leadership role in public health and using the opportunities this brings to focus on improving our resident’s health and wellbeing and reduce levels of child poverty and health inequalities

- **Drive growth in our economy**

Capitalising on the unprecedented opportunities which are within our grasp: such as Wirral Waters, the International Trade Centre, International Golf Resort and our award-winning Investment Strategy.

The vision and priorities articulated in the Corporate Plan form the apex of the performance management framework. These priorities cascade down through the organisation as illustrated on the diagram below. The impact of this cascade is illustrated in the planning framework on the next page.

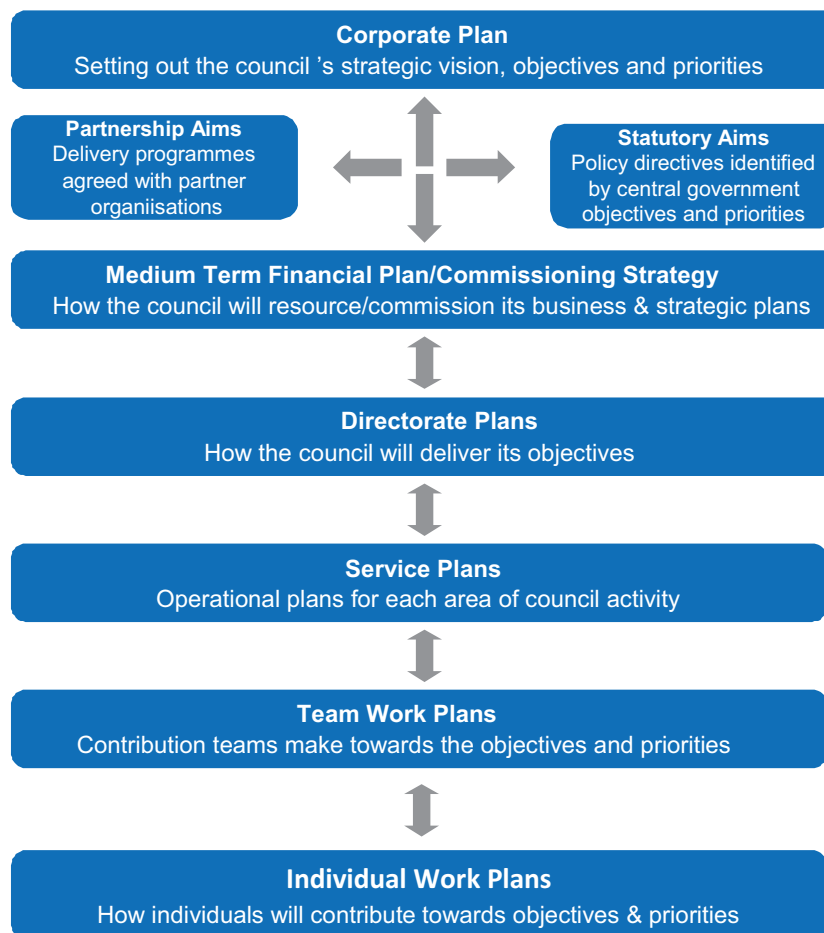


2.2 Planning Framework

Planning is an essential component of good performance management and the delivery of effective and efficient services. It acts as a tool for making rational decisions about resource allocation and assists services/teams in staying focused on delivering ambitions, even during times of change.

The business planning process translates high level objectives (e.g. Corporate Plan) into management action linked to performance measures. This process should be undertaken at all levels of the organisation, producing a hierarchy framework of plans that all feed upwards (the 'Golden Thread') and are aligned to the council's overarching vision for Wirral (as outlines in the Corporate Plan). Construction of plans is undertaken at the same time as developing balanced scorecards as the two processes are complementary.

The elements of the Golden Thread are captured in the diagram below.



2.3 Business Planning Process

The translation of the corporate plan (and budget) into a comprehensive organisational set of management actions linked to performance measures, will be supported by a refreshed business planning process and timetable.

A separate policy framework will outline in detail the process, responsibilities, resources and timetable for this process. This process will commence in September every year (as part of the councils corporate timetable) and its delivery will be facilitated by the Performance and Business Intelligence team.

The business planning process will concentrate on 4 distinct phases of activity.

Prioritising	Reviewing the strategic priorities to ensure that they remain relevant and completing a number of distinct, but interrelated, activities in identifying supporting operational priorities. This may include an element of public and partner consultation and debates with all members and senior officers about where the focus should lie.
Planning	Requires a directorate business plan and individual service plans to be drawn up for all defined areas of the councils business. The plans will cover a period of three years. Only service plans need to be produced annually.
Resourcing & Commissioning	<p>Without appropriate staff, assets and financial resources, it would not be possible for the council to deliver any of its agreed objectives and priorities. The business planning cycle will therefore require consideration of 5 main resource elements:</p> <ul style="list-style-type: none"> • a review of the medium term financial plan to ensure that it covers known and projected planning commitments on a rolling basis • central budgeting of both revenue and capital expenditure to align with proposed spending plans • providing nominal ‘resource envelopes’ to service managers to enable them to plan within the constraints of the resources likely to be available, before the final determination of the budget • the identification of draft spending plans to enable consultation on a draft budget, and • the formal process of agreeing the required annual budget and level of council tax for the coming year. <p>The business planning cycle also needs to ensure that all plans are developed in line with the councils Commissioning Strategy and new approach to commissioning (e.g. future commissioning cycle)</p>
Delivering	The production of strategic, business and service plans is not an end in itself. The business planning cycle must then go on to ensure that action, outputs and outcomes result from all the planning activity. This is essentially about delivering what has been agreed and then checking to make sure that it has produced all of the intended benefits.

2.4 Evidence Based Decision Making

The performance management framework is underpinned by the provision and interpretation of intelligence to support evidence based decision making in the development of all plans and targets. The adoption of an intelligence culture is key to the development of a performance culture; it underpins successful commissioning and the design and delivery of outcome measures.

Corporate performance and business intelligence support will provide a range of services to facilitate the use of evidence based decision making. These include:

- Needs assessment (e.g. Joint Strategic Needs Assessment)
- Benchmarking of performance and value for money (e.g. against relevant peer groups)
- Trend and statistical analysis
- Demand and supply analysis
- Contract monitoring information
- Review and synthesis of available and relevant evidence
- Qualitative
- Forecasting of plans and targets / Profiling
- Training and support
- Modelling (e.g. simulation, system dynamics and discrete event simulation)
- Health Economics (e.g. cost benefit analysis)
- Evaluation frameworks

A more comprehensive specification of the resources and support available from the performance and intelligence team can be found on the [JSNA website](#). This support will enable decision makers at all levels of the organisation to quantify and forecast the impact of decisions before they are agreed. These forecasts can then be monitored, reported and managed through the framework.

Plans and targets which lack a strong evidence base should be consistently and constructively challenged at the planning stage. The evidence generated for the corporate plan from this process will be captured and published (as part of the technical specification produced to support the rationale for target selection).

Part 3 – Plan-Do-Review-Revise (Do)

3.1 Target Setting

All Directorates must specify and agree targets against which the success of their business can be measured and judged at each stage of the planning framework (e.g. from corporate plan through to individual performance appraisals).

Target development will be undertaken as part of the Business Planning process (see separate guideline) and should adhere to the following design principles:

- Relevant to the vision and priorities of the council (see Golden Thread)
- Informed by needs and aspirations of individuals and communities
- Clearly defined, to ensure consistent collection
- Easy to understand and use
- Cost effective to collect
- Challenging, but within established SMART criteria (Specific, Measurable, Achievable, Realistic & Time bound) and clearly link back to the councils strategic aims and objectives
- Reflect agreed budgets (profiled across financial year) and establishments which match information held by finance
- Respond to benchmarked national standards of high performance levels (based on analysis of current performance). Targets must be set that ensure services improve against those standards
- Developed through engagement with staff/public
- Be public and visible so that staff and customers know the targets individual service areas are working to
- Adopt national indicators and definitions where appropriate (e.g. Adult Social Care and Public Health Outcome Framework Indicators)
- Drive outcomes and informs commissioning

The targets can take one of the following three forms:

- **Outcome (or impact) measure**

An outcome measure can be defined as a measure of change/impact. It is the difference from one point in time (usually before an intervention) to another point in time (usually following an intervention) based usually on an intended or projected result.

- **Performance Indicator**

A performance indicator (or KPI) evaluates the success of a particular activity. Performance indicators are more process orientated and can help quantify the achievement towards an outcome measure.

- **Performance Measure**

A performance measure evaluates how well a programme, service or provider is performing. They concentrate on how much (quantity) and how well (quality) service providers are delivering, as opposed to the impact on whole populations.

The majority of the council's current targets (e.g. Corporate Plan) are performance indicators or measures. In the future however, the council will increasingly shift its focus towards outcome measures in line with its ambitious strategic programme of transformation. For example, the Strategic Commissioning Transformation Programme is designed to transform the quality of services, maximise value for money and deliver improved outcomes for the residents of Wirral (e.g. improved quality of life).

In terms of targets, the emphasis will be on the quality of targets (e.g. outcome focused) rather than the quantity (e.g. less is more).

3.2 Plans, Trajectories, and Specifications

As part of the target setting process, plans, trajectories, tolerances and technical specifications will need to be developed, agreed and published for all targets.

Plans

Plans should quantify the expected level of performance over the duration of the target. Timeframe will be dependent upon the aim and construction of the target (e.g. outcome targets are generally for longer periods of time and may need proxy indicators to be developed).

Trajectories

Profile the plan over its lifespan (e.g. usually by month or quarter) and establish the performance tolerance levels against which the RAG ratings will be generated. Trajectories should take into account confounding factors (e.g. seasonal adjustments).

Technical specification

For each target, a transparent set of technical constructs need to be established and agreed. These should include the following:

- Target definition
- Data source(s)
- Calculation methodology (e.g. numerator/denominator) and responsible officer
- Reporting frequency
- Timetable for data and report publication
- Identify accountable officer (and deputy to provide cover in event of annual leave and sickness absence) with responsibility for performance levels

- Identify performance lead (and deputy to provide cover in event of annual leave and sickness absence) with responsibility for monitoring and reporting target
- Identify relevant peers
- Quantify level of stretch
- Forecast methodology (e.g. generally based on the trajectory)

The plans, trajectories and technical specifications for each target contained within the Corporate Plan and Directorate Plans will be published on the performance web page.

3.3 Integrity of Targets and Plans

To ensure the integrity of the framework and confidence in the outputs that it produces, no targets (including plans, trajectories or technical specifications) will be adjusted in-year following:

- Council approval (e.g. Corporate Plan) or
- Sign off by the relevant Portfolio Holder (e.g. Directorate Plans)

This measure is designed to prevent under performance being disguised by technical adjustments that may result in the framework being 'gamed'.

3.4 Managing Risk

Risk management is the process of identifying and managing issues that may prevent the achievement of objectives. By contrast, performance management concentrates on driving the factors that maximise the probability of positive outcomes. Although, both processes are different in emphasis, they both share the same goal - the achievement of organisational objectives. It is important therefore, that the performance management framework is developed in line with risk management (e.g. integrated reporting).

3.5 Data Quality

Good data quality is the foundation for a strong and effective performance management framework. Performance reports are only as useful as the quality of the information used to generate them (e.g. rubbish in, equals rubbish out).

Poor data quality and performance information can lead to elected members, managers and staff making flawed decisions. Data quality is particularly important for council officers who record data in council systems. As such, they need to be aware of their responsibilities, and the impact they have on data quality. It is also important for officers with the responsibility for performance reporting to ensure that all indicator calculations are accurate and consistent, in adherence to agreed standards and definitions.

To ensure high standards of data quality, specific guidelines have been produced, and are available from - the corporate performance and business intelligence team and from the internet (performance webpage). They will be routinely updated and managed and are designed to ensure that the council aspires to the 5 principles of data quality highlighted in the diagram on the following page.

The 5 principles of data quality.



The corporate performance and intelligence team will routinely monitor data quality and will offer advice/assistance where necessary. In addition, the council Internal Audit team will perform annual spot-checks on performance indicators (especially statutory measures and government returns) to ensure data quality is maintained.

3.6 Data Flows

Timeliness is a key element in ensuring the quality of data. It is dependent on the ability to have consistent and routine flows of data regardless of the source (e.g. internal or external service provision). Therefore, the council aims to design its systems and data architecture so that they produce - where possible - automated “real time” data flows.

Availability of real time data serves a number of purposes. Firstly, it drives the framework and makes it easier to detect performance variances. Secondly, its provision to operation managers and staff facilitates the delivery and improvement of services.

Data flows also need to be developed in order that intelligence and performance information can be provided to support the requirements and development of the constituency model.

3.7 Balanced Scorecards

Balanced scorecards are a performance management tool. They are semi-structured reports used to manage inputs, processes and outcomes as part of an organisations achievement of strategic priorities.

Balanced scorecards for each level of the performance framework (e.g. Corporate Plan) will be designed as part of the target development process (and captured by the business planning process). The style and content of the scorecards will therefore evolve and develop over time. However, all council scorecards should include the following information as a minimum.

- Target description
- Data source
- Previous year's performance
- Target plan for year
- Year to date plan (e.g. Q1 proportion of plan)
- Year to date performance (e.g. Q1 performance)
- RAG rating (Red, Amber, Green)
- Trend
- Reporting period
- Accountable Officer
- Comments

Each scorecard will be periodically accompanied by a statistical report which will illustrate performance level, trends and forecasts graphically. Long term, this information will be available electronically on the internet using Instant Atlas (user friendly visual software for delivery of statistical information).

Part 4 - Plan-Do-Review-Revise Cycle (Review)

4.1 Performance Monitoring and Management

Performance monitoring is concerned with knowing how the council is doing in relation to its indicators and targets. However, monitoring by itself makes no difference to performance if it is not acted upon.

The council's performance management framework is based on a **monthly cycle** of monitoring which is reinforced by a strong focus on performance management and exception reporting. This pro-active system of monitoring (see timetable) is designed to identify and predict areas of under-performance as quickly as possible and enable data quality levels to be routinely scrutinised.

Areas of under-performance (as defined by indicator/plan technical specifications) will require the relevant and accountable Head of Service to complete an exception/delivery plan report (see Appendix 1). These reports focus on:

- identifying the cause(s) of under-performance,
- outlining the actions which will be undertaken to address under-performance
- recovery timescales (e.g. return to planned performance levels)

Progress and delivery of these plans will be routinely reviewed and scrutinised in order to drive forward improvements. This on-going evaluation will be undertaken in-conjunction with the risk management system and Finance.

4.2 Performance Reporting

In line with the monthly monitoring lifecycle, balanced scorecards (see previous description in Section 3) will be produced on a monthly basis and will use the latest available published data. The following scorecards will be produced monthly (and submitted to the appropriate meeting/committee as required):

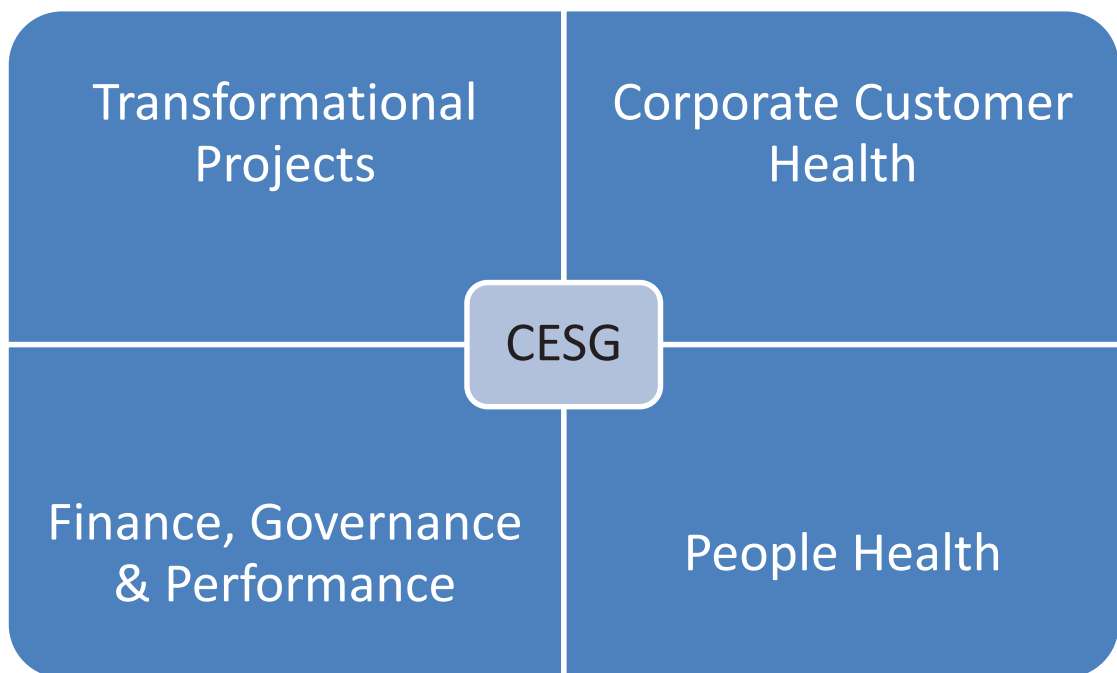
- Corporate Plan performance report
- Directorate Plan(s) performance reports
- Exception Reports/Delivery Plans (for any targets which are RAG rated as red)
- Service/Team reports

The following reports will be produced quarterly, bi-annually or annually:

- Annual Corporate Plan Performance Statement
- Annual Corporate Plan Technical Specification and Rationale document
- Bi-annual statistical analysis of Corporate Plan targets
- Quarterly Exception Tracker report

Performance reports will also be designed and produced to supporting the emerging requirements of the constituency model.

In addition, a monthly performance report will be produced for the Chief Executive's Strategic Group (CESG) meeting which will focus on the corporate health of the organisation (e.g. business as usual). It will examine the following four areas:



All council reporting will be published on the performance website and will be accompanied by a timetable of reporting dates.

4.3 Performance Review Process

There are a number of review processes which operate at different levels of the council. These include the following:

Political Review Process

Elected members will review and challenge (see Section 7 - roles and responsibilities) Corporate Plan performance (based on the latest Balanced Scorecard and exception/delivery plan reports) on a quarterly basis at Cabinet and the Co-ordinating Policy and Performance Committee. Directorate performance will be examined at the following Policy and Performance Committees:

- Transformation and Resources
- Regeneration and Environment
- Families and Well-being

Strategic Performance Review

CESG will monitor and evaluate framework exceptions (quarterly) in-conjunction with risk management, finance, and internal audit. It will also examine the corporate health of the council on a monthly basis (as previously described).

Directorate and Service Performance Review

Directorate Management Teams (DMT's) will monitor directorate (including Corporate Plan targets) and service performance on a monthly basis. The output from this process will be incorporated into reports for Cabinet; Policy & Performance Committees; and CESG. It will also be cascaded into team meetings and individual appraisals.

Performance Appraisal and Development Review Process

This process will allow for regular discussion and assessment (formal and informal) of staff performance, potential and development needs. One of the key benefits of this process for the council, is that it aligns and focuses an individual's objectives with the achievement of organisational goals (Corporate, Directorate, Service or Team). It enables:

- A framework for staff to consistently achieve high performance for customers and residents
- Recognition of individual/team contribution towards council priorities
- Better focused and developed outcomes enabling the individuals full personal and professional potential to be met.

Part 5 – Plan-Do-Review-Revise Cycle (Revise)

5.1 Background

The revise stage is about using the information learnt from the previous review stage to change what is done going forward. This stage is crucial to developing an organisational culture of performance and improvement.

It starts by gathering and understanding information about what has and has not worked well. Information should be considered from a number of sources including:

- Performance information from balanced scorecards
- Complaints/customer feedback/consultation exercises
- External assessments/inspections or internal audit
- Benchmarking/best practice information from other authorities/organisations or parts of the council
- Exception Reports
- Recovery Plans
- Policy and Performance Committee Action Plans

The range of information gathered from this process should be cross-referenced to identify common themes or issues which emerge. In particular, it is important to recognise and celebrate good performance and establish if it can be modelled in other areas of the organisation.

As a result of analysing this information, the following changes may be undertaken:

- Re-alignment of resources
- Additional investment
- Revised plans and delivery timescales
- Revision to the original ambitions and targets
- Decommissioning

This cycle of revision should be undertaken on a continuous basis, and the results should drive the business planning process and training and development requirements.

After this stage is completed, the Plan-Do-Review-Revise is complete. However, it is a cyclical and continuous process and the process starts again with the development of the next set of organisational plans.

Part 6 – Roles and responsibilities of managing performance

6.1 Political Accountability

The Leader of the Council

- The Leader of the Council has overall political accountability and ultimate responsibility for the councils performance.

Cabinet Members

- Collectively agree the Corporate Plan (and associated balanced scorecards).
- Portfolio holders sign-off Directorate plans (and associated balanced scorecards).
- Briefed on a monthly basis by Strategic Directors and/or accountable Heads of Service on performance levels, identifying areas of concerns and areas of achievement. Issues of concern should be discussed with Portfolio Holders so they are aware of work being undertaken to address concerns and associated timescales.
- Report to Cabinet against performance measures they are accountable for. Reporting will concentrate on areas of concern (including actions and timescales to address concerns) and achievement, and should show appropriate link to resources.
- Through the Cabinet, receive and review quarterly reports on corporate performance (linked to finance).
- The portfolio lead for performance will provide political leadership/sponsorship, and challenge to the performance management framework and all associated work streams (e.g. data quality and business planning process).

Policy and Performance Committee Members

- Receive quarterly corporate and directorate plan(s) balanced scorecard(s).
- Proactively and constructively scrutinise and challenge performance.
- Contribute to the design and development of the performance management framework.

6.2 Officer Accountability

Chief Executive, Strategic Directors and Directors

- Model the behaviours required for effective performance management (e.g. ownership of corporate plan).
- Adopt a corporate approach to performance challenge, delivery and improvement.
- Ensure all plans and targets (Corporate, Directorate, Service etc) are set at the right level of ambition, are fit for purpose and are consistent with the priorities and vision of the council.
- Responsibility for directorate data quality (and appropriate delegation of responsibility throughout directorate).

- Brief portfolio lead on key performance issues and plans.
- Verify and sign off performance reports relating to their directorate.

Heads of Service

- Accountable for the delivery of indicators and plans.
- Model the behaviours required for effective performance management (e.g. ownership of directorate plans).
- Responsible for the production and delivery and exception/delivery plans.
- Ensure that plans at team and service level are fit for purpose and contribute towards the delivery of corporate and directorate plan (in line with 'golden thread' concept which runs through the council's planning framework).
- Contribute to the development of corporate and directorate plan indicators, targets and tolerances.
- Verify and sign off directorate performance reports.

Service/Team Managers

- Ensure that plans needed at team/operational level to deliver service plans are created and managed appropriately.
- Model the behaviours required for effective performance management (e.g. ownership of directorate plans).
- Set, monitor and progress team and individual objectives and work with team to deliver against plan.
- Manage individual and team performance through effective leadership and coaching, and take appropriate action in the event of poor performance.
- Provide progress reports back to senior managers to ensure the management of service performance through this strategy.

Front line teams/staff

- Through direct contact with service users, they have first-hand experience of what is working and what isn't. This information should routinely be fed back to the organisation.
- Knowledge and skills to contribute to making services more effective.
- Knowledge of local communities and their specific needs within Wirral.

6.3 Corporate Accountability

Performance and Business Intelligence Team

- Support and guide Strategic Directors, Directors and Heads of Service in delivering the performance management framework
- Support and guide Directorates in the production of all relevant plans (as part of the business planning process)

- Develop and maintain all relevant policies (e.g. performance management framework, data quality, and business planning planning) and all associated training requirements
- Coordinate and manage operation of all performance related systems
- Provide leadership in the development and utilisation of intelligence resources and expertise to support evidence based decision making
- Proactively develop framework in line with best practice
- Facilitate the development of an integrated approach to performance management in-conjunction with colleagues for risk management and finance.
- Ensure the framework makes the necessary links with partner organisations on cross cutting themes and issues (e.g. Health and Wellbeing Strategy)

Internal Audit

- Perform an annual audit of a sample of performance indicators and associated data quality using a range of quality assurance checks.
- Perform an annual audit of the performance management framework and associated policies and procedures on an annual basis. Recommendations will be made based on an evaluation of the controls in place and the associated risks.

Risk Management

- To ensure that the risk management strategy links and contributes to the development and on-going delivery of the performance management framework.
- Contribute to the development of a culture of performance improvement.

HR

- Introduction of a new Performance Appraisal and Development programme (starts with the Chief Executive, Strategic Directors, Heads of Service and Senior Managers) which focuses on:
 - Personal performance
 - Creating teamwork and leading others
 - Maximising people potential
 - Building robust relationships
 - Leading organisational excellence
- Development and delivery of training which is targeted at supporting the priorities and objective of the organisation.

Part 7 – Delivering the Policy

7.1 Communication

The key officers responsible for implementing this policy are the members of the Chief Executive Strategy Group (CESG), Directors, the Head of Performance and Business Intelligence, Heads of Service and performance practitioners. Performance practitioners, Head of Service, and Senior Managers will directly receive a copy of this policy (plus a synopsis briefing).

Communication to wider staff of the key principles and actions which underpin the policy will be the responsibility of all managers. Managers will need to translate the priorities and targets set out in the councils plans (e.g. Corporate Plan, Directorate Plan(s) etc) into targets and actions for individuals which can then be incorporated in to individual's annual performance appraisal. Relevant performance issues (positive and negative) raised during the appraisal process will then need to be fed back into the framework by the responsible manager.

It is also important that positive organisational achievements are disseminated both internally and externally through:

- Staff briefings and team meetings
- Case studies
- E-mail and internet postings
- Academic articles

7.2 Website Page

As part of the process of communicating the framework, the council's performance website page will be refreshed and continuously updated. The aim is for the website to provide access to the following tools and resources:

- Monthly performance reports (Corporate and Directorate Plans)
- Annual performance and improvement statement
- Audit reports and recommendation (internal and external)
- Archive for all historical performance reports
- Exception reports / Delivery plan and timescales
- All policies and procedures (e.g. PMF and data quality policies)
- User and QA guides (e.g. managers how-to guide to performance management) and training material
- Reporting and data flow timetables
- Roles and responsibilities documentation
- Access to intelligence expertise and resources
- Facility to provide feedback and ask questions
- Repository for all relevant national guidelines and documentation

7.3 Performance and Intelligence Surgeries

The performance and intelligence team will provide monthly drop-in surgeries in each directorate. These sessions will offer advice and support with any performance or business intelligence related issues throughout the year.

7.2 Training and Development

A continuous programme of training and development will be implemented to support the continuous development and improvement of the framework. This will take the form of the following training sessions:

- Generic performance management framework training sessions for elected members and Heads of Service/Senior Managers
- Dedicated Policy and Performance Committee training sessions (e.g. balanced scorecard training)
- Training initiated and delivered through performance and intelligence surgeries

Training sessions will also be used to capture the feedback, comments and ideas on the framework.

Part 8 – Key Contacts

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WIRRAL COUNCIL

CABINET

19 SEPTEMBER 2013

SUBJECT:	<i>OUTCOMES FRAMEWORK FOR IMPROVEMENT</i>
WARD/S AFFECTED:	<i>ALL</i>
REPORT OF:	<i>HEAD OF POLICY & PERFORMANCE / DIRECTOR OF PUBLIC HEALTH</i>
RESPONSIBLE PORTFOLIO HOLDER:	<i>CLLR ANN MCLACHLAN</i>
KEY DECISION?	NO

1.0 EXECUTIVE SUMMARY

1.1 This report proposes a series of high level outcomes that provide a framework for the Improvement Board to assess the impact of Wirral's improvement programme.

2.0 BACKGROUND AND CONTEXT

2.1 The Council's Improvement Plan was endorsed by the Board on 20th July and approved by Cabinet on 6th September 2012. A detailed audit of progress against this plan was reported to the Board on 17th May and subsequently to Cabinet on 13th June 2013.

2.2 Following review of progress against the plan, the Improvement Board requested the Council now develops clear measures that demonstrate the outcomes it is seeking to achieve.

3.0 APPROACH

3.1 The proposed approach is to focus on the three success measures outlined below.

3.2 **Effective planning and delivery of the efficiencies**

(a) Demonstrate that 2013/14 savings targets efficiencies are being delivered well, on time and to budget.

The Council is suggesting to the Improvement Board that the existing efficiency tracker document is used to demonstrate success. The delivery of current efficiencies is documented in the Council's monthly revenue monitoring report, specifically within the annex 5 savings tracker. The monthly revenue monitoring report can be viewed elsewhere on the agenda for this meeting. The savings tracker provides a summary of 70 projects set to deliver £48,345m during 2013/14 and assesses them as either delivered, on track, concerns or failed. The tracker details each individual project, the savings target and a brief comment on implementation of this saving option. This document is updated on a monthly basis and the Summary will give the Board overall assurance that the Council is moving in the right direction.

For 2013/14 the Improvement Board may also be interested in information about how we plan to narrow the funding gap in Adult Social Care and Children and Young

People's services. Annex 6 of the revenue monitoring report sets out activities to replace one off funding of £4.622m allocated to Adult Social Services and Children and Young People's department during 2013-14.

It is proposed that these two documents combine to create a success measure for the Improvement Board.

(b) Demonstrate there is a plan for future efficiencies for the next three years.

The Council would also suggest that a measure of success would be to have a three year plan, demonstrating what/how efficiencies will be delivered. Planning for the future efficiencies required to bridge the Council's budget gap is underway. Cabinet considered a report in April which set out the challenge for 2014-17 and agreed a budget process for 2014/15. A further report was considered by Cabinet in May that set out the Council's progress in developing a transformation programme and the contribution this would make to the budget strategy. Whilst much of this work is underway, it is acknowledged that the approach is detailed in several discrete projects, rather than being presented as a coherent plan for the next three years.

It is therefore proposed that a three year plan is agreed as an outcome measure and that such a plan is presented to the Board at its September meeting.

3.3 Demonstrating corporate health

An outcome measure is required that demonstrates wider corporate health within Wirral. This outcome would evidence a change in culture, illustrating expectations and behaviours are embedded throughout the organisation. This would include the effective use of delegated powers, as well as an assessment of the existence of trust and respect between officers and members. Key indicators developed for this outcome would be reflected in the Council's Performance Management Framework. This approach will provide a sound basis on which to judge whether the Council has the foundations in place to face future challenges.

Given the outcomes this measure is seeking to evidence, it is appropriate that qualitative information, gathered through surveys and / or focus groups is used. As this information does not currently exist, it is proposed that the methodology for acquiring this is developed and presented to the Board at its September meeting.

This qualitative information will inform the review of the new constitutional and governance arrangements, scheduled for November.

3.4 An effective assurance framework

The Council needs to demonstrate that corporate governance is working well, risk is managed appropriately and that the Council is in a safe place.

The recent Chief Internal Auditor's Annual Report assessed the Council's internal control environment as "less than adequate" with a direction of travel assessment of "*improving adequately*". This assessment supports the production of the Council's Annual Governance Statement, reported to Audit & Risk Management Committee 10 June 2013.

The effectiveness of this framework will be measured by the assessment of the control environment moving from “inadequate” to “adequate” and the direction of travel moving from “improving adequately” to “improving well”.

An external opinion will also be sought from Grant Thornton on this assessment. The Council suggests that the internal and external audit views are used as a measure of success.

- 3.5 It was proposed that the Improvement Board focussed its meetings on each of these areas in turn as a means to discuss and explore where the Council is up to in its improvement journey.
- 3.6 To this end, the Improvement Board meeting of the 22 July was updated on the Effective planning and delivery of the efficiencies, with the September meeting examining the outcomes around Demonstrating Corporate Health and an Effective assurance framework.
- 3.7 This approach provides the Improvement Board the opportunity to specifically focus on these outcomes and where it can direct its own expertise and support in helping the Council achieve these.

4.0 RELEVANT RISKS

- 4.1 Our corporate risk register has been reviewed and was considered by Cabinet in May. It includes risks relating to our capacity to deliver our ambitions for change.

5.0 OTHER OPTIONS CONSIDERED

- 5.1 Our approach to tackling the issues facing the Council was recognised by the Peer Challenge (October 2012) as the only option for the Council and as such, no other options have been considered.

6.0 CONSULTATION

- 6.1 The development of the outcomes framework for Improvement has been undertaken in consultation with the Improvement Board and elected members.

7.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 7.1 There are none arising directly from this report.

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

- 8.1 There are none arising directly from this report.

9.0 LEGAL IMPLICATIONS

- 9.1 There are none arising directly from this report.

10.0 EQUALITIES IMPLICATIONS

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

(a) No – an EIA is not required.

11.0 CARBON REDUCTION IMPLICATIONS

11.1 There are none arising directly from this report.

12.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

12.1 There are none arising directly from this report.

13.0 RECOMMENDATION/S

13.1 That Cabinet agrees the outcome measures set out in section three.

13.2 That the methodology for undertaking an evaluation of the revised governance and constitutional arrangements is presented at the September Improvement Board meeting to ensure an informed evaluation is completed by November.

13.3 That the plan for securing an audit assessment of *adequate and improving well* is presented at the September meeting of the Improvement Board.

14.0 REASON/S FOR RECOMMENDATION/S

14.1 A high level outcomes framework that provide a framework for the Improvement Board to assess the impact of Wirral's improvement programme

REPORT AUTHOR: ***Fiona Johnstone***
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Director Public Health
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email: fionajohnstone@wirral.gov.uk

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Cabinet	13 th June 2013
Council Excellence Overview & Scrutiny Committee	30 th January 2013
Cabinet	29 th November 2012
Council Excellence Overview & Scrutiny Committee	27 th November 2012
Cabinet	6 th September 2012



LGA Wirral Improvement Board

Key Messages

Public Q&A Session

The questions raised by the public were responded to by the Board. Responses to public questions will be published alongside the key messages.

The Chair provided an update on the outcome of the Peer Challenge. The Chair also explained the agenda for the Improvement Board for today particularly the focus on the strategic outcomes the Board wishes to see as a result of the Improvement Plan.

Private Session

The Board considered outstanding actions and key messages from the last meeting.

Improvement Plan update

Cllr McLachlan updated the Board on work to develop strategic outcomes to measure progress. Cllr McLachlan also reported on the new format for Council, which had been positive, the Annual Governance Statement and the progress on Constituency Committees.

Operational update

The Chief Executive updated the Board on the budget delivery for this year which is currently ahead of forecast as at the end of May. He also reported on progress towards dealing with the budget deficit within departments that are progressing well with the Council's overall budget in line with forecast.

The Chief Executive reported that budget options are currently being developed for 2014/15 with consultations due to commence in September. The Transformation Programme is now in place with appropriate systems and management working well.

A Memorandum of Understanding (MOU) between Wirral and Cheshire West and Chester has now been signed with significant shared service proposals now progressing. A number of other authorities have also expressing an interest in the approach. The Chief Executive also reported on progress being made within the Liverpool City Region to form a combined authority with a clear focus in regeneration across the region. A number of bids have been submitted to Government that exemplify the Council's new outward looking focus.

The Chief Executive gave a detailed report regarding the new style Council meeting and also discussed the Council's performance framework. He also updated the Board on progress made towards a more permanent structure for the Council.

Members of the Board asked about the role of Councillors in the monitoring process and were provided with the Cabinet and Scrutiny timetable.

The Chief Executive provided an update on the appraisal process for senior officers and will provide the Board with a fuller update.

The Board congratulated Council on progress but stressed the need for:

- A clear vision
- A three-year rolling budget process not limited to year end.
- The importance of clearly defined roles between the Constituent Councils and the combined authority and a clear understanding of the role of the LEP.
- The importance of allowing sufficient time to evaluate Constitutional changes – as a result, the review will be delayed for a couple of months to allow more time to reflect.

Annual Governance Statement

The Board considered Wirral's draft Annual Governance Statement. The District Auditor confirmed that the statement was open and transparent about the issues Wirral faced. The Board endorsed the approach of submitting the final statement with a detailed action plan to address areas for improvement, to the Audit & Risk Management Committee in September.

Adult Services

The Director of Adult Social Services gave a presentation detailing progress to date and the strategic vision for the future of Adult Social Care in Wirral. A copy of the presentation may be found at the end of these Key Messages.

The Chair welcomed the presentation and the progress made to date and sought to explore:-

- How the transition needed with regard to relatively expensive services for people with learning disabilities will be managed

- How relatively low cost more general services will require careful planning for the future.
- Direct opportunities for closer working with the NHS on re-ablement and intermediate care in particular and also need for careful transition planning.

The Board highlighted the importance of maximizing income through charging as well as realigning costs and joint commissioning with Health through the Health & Wellbeing Board which is focused on the individual. The importance of demand management was also discussed.

The Board also sought reassurance that appropriate systems are now in place to manage historic debt and income moving forward.

Improvement Plan

The Director of Public Health outlined work undertaken to develop the Improvement Plan strategic outcomes.

- Effective Planning and delivery of the efficiencies
- Effective use of delegated powers
- An effective assurance framework

Key indicators will be linked to the Corporate Performance framework. All were in agreement that there needed to be further material on corporate Health including staff buy in to the culture change. The Board felt the approach was both constructive and helpful, the framework will be developed and re-issued and will form the basis of future Board discussions moving forward.

Constituency Committees

The Head of Neighbourhoods & Engagement delivered a presentation to the Board on the development of Constituency Committees. The Board asked that the added value of the Constituency Committees needed to be clearly articulated and form a part of the performance framework. A copy of the presentation may be found at the end of these Key Messages.

Presentations:


Adult Social Services

IT'S YOUR LIFE. IT'S YOUR CHOICE. 

**Presentation to
Wirral/LGA Improvement Board**

22 July 2013

Graham Hodgkinson
Director of Adult Social Services

IT'S YOUR LIFE. IT'S YOUR CHOICE. 

Improvement Journey

- 2010 CQC “adequate” in safeguarding and learning disability services
- Improvement Programme 2010-2013 to address safeguarding and personalisation issues
- May 2012 Safeguarding Peer Challenge undertaken
- June 2012 Adult Social Care Peer Review undertaken
- January 2013 Towards Excellence in Adult Social Care (TEASC) Board
- The Board endorsed the assessments of progress made to date
- “Wirral’s willingness to access peer support and rigorous peer challenge has been evident”

Current Priorities

- Embed new structure to deliver greater transparency and professional accountability care and health system
- Continue to improve monitoring, and improvement of commissioned services
- Clear targeted integrated commissioning focus in relation to gaps i.e. shift the focus into supporting people more effectively locally
- Continue to make progress in safeguarding with LGA support
- Robust transformation programme in place to deliver in year savings (up to £9m including replacing one-off support) and progress on savings for next 3 years
- Target total for three years up to £22m

So what will be different by 2015

- 25% Reduced budget = lean highly business focussed organisation
- Fully commissioned services
 - All direct delivery services during 2014
 - Social work delivery integrated Trust with NHS 2015
 - Strategic commissioning and quality assurance at Council level
 - Integrated 'team around the adult'

Progress so far

- Improved culture and transparent leadership
- Self-awareness, self assessment and openness to external challenges
- Support from external bodies including LGA, ADASS, AQUA, Kings Fund
- Improved commissioning capacity and plans
- Increasingly personalised approaches and a workforce up for change
- Safeguarding people more effectively across organisations
- Commitment to improve services together in health and social care – Pioneer bid submitted

Constituency Committees

Constituency Committees

Introduction

- Constituency committees made up of Elected Members and community representatives, reporting annually to Council
- Develop a constituency plan and commission activity (£200k)
- Constituency teams working alongside Police Neighbourhood Partnership Team in each area
- Further place based services to be co-located in hubs
- Supported by a Council Strategic Director linked to each constituency

Progress to date:

- Constituency managers in post
- Each constituency manager has scheduled/attended introductory meetings with their relevant MPs
- Ongoing engagement with the Public Service Board
- Partners are progressing their organisational realignment to match constituencies (e.g. Merseyside Police have named 4 x neighbourhood inspectors)



Progress to date:

- Four constituency committee consultation workshops completed with Elected Members
- High attendance at all workshops (average attendance of 73%)

Main Agenda Items:

- Audit of current community partners
- Priorities
- Community representatives
- Governance



Public Service Transformation Network / Community Budgets:

- Wirral Council has been announced as the only North West council to be allocated government support and funding to transform the way services are delivered at a local level
- The network will help Wirral as it delivers key programmes of work on health and social care integration and neighbourhood working
- Community Budgets are about putting control of budgets in the hands of those who are best placed to shape public services around the needs of local people



Next Steps:

- Sunderland Visit to explore approach and learning from service / budget devolution
- Multi-agency workshop to explore establishment of Local Public Service Boards
- Intelligence gathering / profiling ("setting the scene per constituency")
- Constituency engagement programmes over the Summer
- Preparation for constituency committee meetings for remainder of 2013/4 (including identification of community representatives and selection of Chairs)

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WIRRAL COUNCIL

CABINET

19TH SEPTEMBER

SUBJECT:	<i>REVIEW OF LEISURE CENTRES AND GOLF COURSES</i>
WARD/S AFFECTED:	<i>ALL</i>
REPORT OF:	<i>CLARE FISH: STRATEGIC DIRECTOR - FAMILIES AND WELLBEING</i>
RESPONSIBLE PORTFOLIO HOLDER:	<i>CLLR CHRIS MEADEN HEALTH & WELLBEING</i>
KEY DECISION?	YES

1.0 EXECUTIVE SUMMARY

1.1 This report provides the main findings of the leisure review which the Council commissioned V4 Services to undertake. The scope of the review covered the following leisure facilities and services

- All Leisure Centres including the Tennis Centre and Beechwood Recreation Centre.
- West Kirby Marine Lake
- Sports Development Unit
- Beach Lifeguarding Service.
- Golf Courses – three 18 hole golf courses and one 9 hole golf course.

1.2 The report considers a number of options in relation to the future of the leisure provision in Wirral, provides a number of specific recommendations and details an implementation plan to enable the proposed changes to be delivered.

1.3 The Council will continue to operate its existing facilities during the transformation programme so that a longer term delivery model can be developed.

1.4 An investment led approach is proposed to support the delivery of the savings which will see £2 million pounds investment in West Kirby, Guinea Gap and Europa facilities over the next 2 years.

2.0 BACKGROUND AND KEY ISSUES

2.1 The Council is facing unprecedented financial challenges which will require budget reductions of at least £109m over the next three years. Leisure Services is one of the eight Transformational Change projects which the Council is focusing on with the aim of ensuring:

- Leisure Services will be delivered through an efficient and effective service model in line with corporate priorities
- Leisure provision will operate on a considerably reduced financial envelope
- Leisure Services to be offered which meet the requirements of the Wirral community now and in the future in a sustainable and viable way

2.2 As part of the budget challenge process Members reviewed the existing leisure provision in Wirral and asked officers to consider the range of possible alternative delivery models including the continuing management of the service by the Council. The outcomes of the high level Options Appraisal are summarised in the main body of the report, and the details are included in Appendix A.

2.3 In the current financial climate in which competition for limited resources is increasing exponentially and where there is a growing demand for statutory services such as Social Care, it is essential for the Council to be able to measure the cost and impact of Leisure Services effectively. Many local authorities are moving towards reducing and in some instances removing the subsidy they provide for leisure facilities. Other authorities recognise that due to the condition of their buildings and levels of deprivation and health inequalities locally, they must continue to subsidise the operation of Leisure Centres and Swimming Pools, and associated services such as Sports development, Beach Lifeguarding and Golf courses.

Even when there is a commitment to continue to provide a Council subsidy, most local authorities have had to reduce this subsidy by around 30% over the past two years, and many foresee a subsidy reduction of up to 60% in total by the end of the current comprehensive spending review.

2.4 All local authorities have a best value duty and a fiduciary duty. The review was considered in the context of the key drivers for change in leisure services which are determined by the Council as follows:

- Service improvement – targeting services in line with priorities (health inequalities and protecting the vulnerable (Corporate Strategy)
- Protecting the vulnerable (Corporate strategy)

- Maintaining affordable prices – accessible to those who benefit most (with concessions targeted at those for whom price is a real barrier to participation)
- Operating the Services at an affordable subsidy / budget (viable and sustainable for the future)
- No planned closures in the foreseeable future

2.5 A considerable amount of time has been spent working with leisure service managers to gain a thorough understanding of the local issues as well as undertaking a comprehensive benchmarking exercise against national and industry standards. Comparisons have also been made with Councils who continue to operate Leisure Services “in-house” at lower subsidies to determine best practice.

3.0 KEY FINDINGS

3.1 SUBSIDY LEVELS

3.1.1 The current operating subsidies for the service are set out below; -

Leisure Centres / Marine Lake – £4.5 million

Sport Development - £215k (Council contribution)

Beach Lifeguarding - £360K

Golf Courses – £213k (2012/13)

3.1.2 This is the revenue cost after all income has been taken into account. However if costs associated with central recharges, capital repair and Golf subsidies are taken into account the overall cost subsidy is around £9.5 million.

3.1.3 All of the Leisure Centres and Swimming Pools operate with levels of subsidy far higher than those evidenced by the national benchmarks.

Benchmarking is not an exact science, but can provide a reasonable indication of comparative performance.

Europa Pools is the most significant outlier - operating at a £1.5m deficit which equates to 30% of the overall controllable revenue budget.

3.1.4 Operating costs across all Leisure Centres and swimming pool facilities are high and this can to a large degree be attributed to the very high costs of staffing. For instance the staff costs ratios are all in the bottom quartile with average staff costs as a percentage of income more than

double the benchmark mid-range average, costs per full time equivalent (FTE) are in the bottom quartile for all but the Tennis Centre. This is far higher than similar facilities operated by other local authorities.

- 3.1.5 Sickness absence is generally high averaging 12.5 days per full time equivalent employee per year and the cost of sickness absence has until recently been compounded by providing cover at enhanced rates and the fact that a very high proportion of the cost appears to be attributable to long term sickness absence.
- 3.1.6 Levels of income generated from fees and charges and from secondary income (catering and retail) are low. The majority of the income measures for both direct and secondary income for our facilities are in the bottom quarter when compared to a league table of similar facilities
- 3.1.7 The combination of high operating costs and low levels of income results in the need for a high Council subsidy. This is reflected in various benchmarks including the subsidy per visit and the proportion of operating costs recovered from income (cost recovery rate). In overall terms this means that facilities operated by Wirral Council require much higher public subsidy than similar facilities (even in areas with similar demographics).

3.2 INVIGOR8 PROGRAMME

- 3.2.1 The Invigor8 membership package incorporates a very generous concessionary pricing structure which allows use of facilities at peak times. Over 50% of memberships are at the Passport level (maximum regular concession) and this is suppressing the overall level of income and leading to high usage and congestion at peak times in many facilities. This is a significant issue because increasing capacity in the fitness facilities would ordinarily result in significant income growth.
- 3.2.2 The risk is that without changes and refinements to the membership benefits package and concessionary pricing policy any additional capacity created by investing to increase the scale of fitness facilities may then result in the additional capacity being filled with people who are benefitting from free usage (or at significantly reduced prices). If the fitness facilities are to be increased in size the business case will require significant growth in income from the additional capacity. The majority of full fee paying members wish to use fitness facilities at the peak times (midweek evenings) and to sell more full price memberships it follows that there will need to be space for these new members to use the equipment.

3.3 GOLF OPERATIONS

- 3.3.1 The total annual subsidy for the three 18 hole courses (Arrowe, Brackenwood, Hoylake) and the 9 hole course (Warren), based on 2012-13 figures, was £213k. This compares to a small reported surplus in previous years. The projected subsidy in 2013/14 is around £183k. The difference in performance is attributed mainly to loss of income due to weather conditions effecting roundage.
- 3.3.2 Investment is required in drainage improvements at Arrowe and there is potential for further youth development activity across all golf facilities. Securing income is an issue (especially at Brackenwood) to ensure users of the course do pay at all times and there is potential for closer partnership working between Hoylake and the neighbouring Royal Liverpool Golf Club. The 9 hole course at Warren is popular with beginners and some older players and has a strong junior club. Set on sand it has by far the best drainage of Council courses. Any future approach would need to take into account its entry level function and revenue protection aspects as it also has a road through it.

3.4 OVERALL PERFORMANCE

3.4.1 PERFORMANCE CULTURE

Financial reporting was found to be generally good in that records are maintained of various financial data sets including analysis of costs and income, and these are reported to the managers on a regular basis. However, there needs to be a much sharper focus by leisure managers and relevant staff on directing efforts to target ways of improving income and for driving down costs and therefore levels of Council subsidy.

This is related to a wider change in management culture that will need to involve a movement towards organising the service in ways which are far more responsive to the needs and demands of increasingly discerning customers. The service has to be far more innovative, responsive and entrepreneurial and this will only be possible when managers are liberated from some of the constraints in which they have to operate. For example there is an urgent need to review the current Golf operating arrangements. Coupled with the freedom to be responsive in terms of programming and marketing and the deployment of staff, managers also need to be far more accountable for the achievement of financial targets.

3.4.2 CATERING

At present, the only significant catering operations are at West Kirby and Europa Pools, both of which generate a loss equating to just under £70k per annum in total.

This is primarily due to staffing costs which at West Kirby are on average 35% higher in relation to turnover than other local authorities and nearly 50% higher than compared with commercial operators. The difference is starker at the Europa Pools, where the staffing costs are even higher.

Gross profit percentages are much lower than industry norms at both facilities and this is in part due to the higher cost of goods, poor portion control, low selling prices and the cost of wastage.

3.4.3 FUNDING FOR SPORTS DEVELOPMENT

There is an excellent programme of activities being offered directly by the Sports Development team and via partnerships. The activities are dependent on a number of staff funded by third parties including Sport England and Central Government initiatives. As in the rest of the UK, there is some uncertainty around whether this funding will continue to be available in the next few years.

3.4.4 BUILDINGS REQUIRE INVESTMENT

The review has highlighted a number of specific findings in relation to the quality, location and number of leisure facilities;

- The level of provision (number of facilities) is high, which means that all of the facilities are competing together in a relatively small marketplace.
- Strategically there is a lack of a long term Facilities Investment Strategy which is critical to enable the service to make investment (or disinvestment) decisions over the next 5 to 10 years
- The major facilities are generally in a 'tired but tidy' condition, and due to historical reasons, the facilities are not ideally located and in many cases the buildings are reaching the end of their economic life expectancy.

- The leisure facilities all have a “municipal look and feel”, which means that they are behind the times when compared to facilities offered in private sector clubs and facilities. This is increasingly important as members and customers are now much more discerning and expect to see facilities which are well branded, modern, brightly decorated and with modern well finished changing accommodation.
- There is a lack of income generating capacity to meet latent demand - mainly at West Kirby and Europa Pools where demand often outstrips supply at peak times in the fitness facilities.
- Reception areas are outdated and feature “counter to ceiling screens’ which are not conducive to customer engagement.

3.4.5 Beach Lifeguarding

The Beach Lifeguarding Service on Wirral operates during the Summer months covering the coastal area between New Brighton & West Kirby. This Council subsidy is around £360k per year mainly attributable to staffing and equipment costs. The Royal National Lifeboat Institute (RNLI) expressed an interest in operating the service and have identified a significant saving to the Council.

4.0 KEY CHALLENGES & OPPORTUNITIES

- 4.1 The current year savings plan (£429k), plus £1m savings target for 2014/15 and further £1m savings target for 2015/16 equate to reductions of over 40% of the net controllable budget (c£5.3m).
- 4.2 Savings of this magnitude are not possible without major transformation (service redesign).
- 4.3 Service redesign, to involve the introduction of flexible working is critical to future viability of the service. The alternatives to delivering savings via “in house” transformation and service redesign will have even greater impact on staff.
- 4.4 Capital investment is required – and prudent investment can deliver an excellent return (the main potential is at West Kirby Concourse, Guinea Gap, and Europa Pools).
- 4.5 There is good potential for income growth by enhancing Marketing and Communications (and budget investment) and from introducing more staff

training and Customer Relationship Management (CRM) solutions for membership sales and retention.

4.6 Catering losses must be eliminated immediately.

4.7 Transferring the operation of the Golf Courses into the same management structure as the Leisure Centres and Sports Development will result in closer alignment and a more integrated performance management approach. There is an opportunity to look at different delivery models for the management and maintenance of the Golf Courses. This may involve alternative approaches whilst ensuring through agreements that affordable pay and play Golf is always available to local people. An options appraisal will be required.

5.0 RELEVANT RISKS

5.1 The risks are that if the Council does not decide to implement transformational changes to the leisure and golf portfolio the major budget reductions attributed to the service over the next two years will not be delivered. If the savings are not delivered in this service area, then higher savings will have to be delivered in other service areas.

5.2 There is a very significant risk that if the facilities cannot be maintained to a good standard, usage and income will decline and the level of subsidy will increase.

5.3 There are risks of new competition entering the local market from low and mid prices health and fitness operators. Without investment coupled with improvements in management, marketing and service quality, the existing facilities will be unattractive and income will fall very significantly.

5.4 There is a risk that the Council cannot achieve a change in performance culture and introduce new and more flexible ways of working and that it will therefore not be possible for the Council to improve performance significantly and to reduce the levels of subsidy, which may force the Council to reconsider the alternatives to continued in house operation.

5.5 There is a risk that the available resources will not be sufficient to support the major transformational change (service redesign). This could lead to costly delays or even failure to deliver the necessary changes.

6.0 OTHER OPTIONS CONSIDERED

6.1 The National Procurement Strategy for local government sets out the full range of options that local authorities should consider in the context of strategic service reviews. The broadest range of options are set out in Appendix B. Whilst the list is comprehensive it is slightly misleading as it

describes a number of procurement variants as options e.g. framework agreement. The aim of this stage of the review was to identify the widest range of alternatives to continued in-house service delivery.

6.2 The following table provides an overview of the relative benefits of the main options available to Wirral Council.

Broad option	Advantages	Disadvantages
A - Continued in-house – with transformation	<ul style="list-style-type: none"> • Service continuity • Significant Savings from the alternatives will be higher if service is optimised first (12 – 18 month programme) • If the transformation of the in-house service is effective, the service may be affordable and viable without the need to outsource or establish a partnership (options B and C) 	<ul style="list-style-type: none"> • Changes will be challenging and contentious • Savings will take longer to deliver • Managers will need support • Will require investment led approach • Trading risk remains with Council
B - Outsource	<ul style="list-style-type: none"> • Significant savings potential (but would be offset by the operator charge) • Substantial risk transfer to operator • Potential for inward capital investment • Cost reduction and transformation could be delivered more quickly 	<ul style="list-style-type: none"> • Could be highly controversial • Best Value Outcome only available after the optimisation is complete • Loss of day to day control / public perception • Third party interest (tenant has rights – asset maintenance pressures etc)

Broad option	Advantages	Disadvantages
C- Partnership (new Charitable Trust / NPDO established in Wirral ; possibly with operating partner – an existing “Trust”)	<ul style="list-style-type: none"> • Savings from NNDR - c£300k pa • VAT net contribution - c£180k pa • A degree of risk transfer • Operating partner will introduce expertise and head office functions • Significant savings potential • May introduce capital investment 	<ul style="list-style-type: none"> • Best Value Outcome only available after the optimisation is complete

6.3 Many local authorities have found that they can operate their Leisure Centres very efficiently and effectively in-house and in some cases they provide very little subsidy. Even in deprived areas in which a level of subsidy is unavoidable, some Councils have “transformed” their in-house operation and can now operate leisure facilities at closer to the level of subsidy offered by local trusts or even the specialist operators (private sector). They can achieve this despite the advantages that the other types of provider can have over any Council run operation (for example, the ability to benefit from Vat concessions, NNDR relief, and lower cost pensions and rates of pay).

7.0 KEY RECOMMENDATIONS

At this stage, the recommendation is that the Council should continue to operate the facilities and services in-house for 12 – 18 months, in order to deliver a transformation programme (delivering savings and implementing a service redesign). A longer term decision can be taken after the transformation is complete. In this way the Council can ensure that any longer term delivery models will deliver further savings and improvements building from a lower cost base. If the transformation and performance improvement is delivered successfully, the Council may decide that the reduced level of subsidy is affordable and that continued in-house delivery is therefore viable.

A proposed delivery plan to enable the work to be undertaken to ensure the delivery of the transformation programme and of the required savings is shown at Appendix C.

7.1 The following recommendations arise from the detailed review which V4 services have carried out during May to July 2013.

7.1.1 Over the next 12-18 months deliver a transformation programme (delivering savings and implementing a service redesign). A longer term decision can then be taken after the transformation is complete

7.1.2 Develop an “investment led approach” to delivering the requisite savings.

This will involve generating initial savings to fund an investment programme that will in turn increase revenues and further reduce the net deficit (subsidy).

7.1.3 Reduce the cost of staffing by c£500k per annum from 2014/15, by a combination of;

- a) The introduction to flexible working (this may include measures such as introducing more flexible job roles, introducing annualised hours)
- b) Reduce the cost of sickness absence as part of a corporate drive to reduce sickness absence costs and days lost through sickness
- c) Reduce “back office” costs within the leisure service management structure

7.1.4 Review the concessionary pricing scheme alongside improvements in the Invigor8 benefits package and marketing campaign.

This may involve a re-focusing of the concessionary scheme to ensure that the scheme benefits those for whom price is a genuine barrier to participation – in line with the Councils general policy of supporting those who are most vulnerable.

7.1.5 Review the Invigor8 Passport level scheme to consider limiting the free use concession to off peak times and / or to specified facilities and activities.

7.1.6 Increase the investment in the marketing of the (revised) Invigor8 scheme by doubling the marketing budget from c£32k to closer to the industry norm (equates to at least £65k per annum based on turnover).

- 7.1.7 Introduce a stronger performance management regime with far greater accountability for managers.
- 7.1.8 Target the facilities that are performing at the lowest levels by introducing a “special project team” that will need to involve officers from HR, Property, and Finance - working with Service Managers who will receive support at the highest levels.
- 7.1.9 Review the programming policy and opening times to reflect customer demand rather than operational expediencies (including reviewing the arrangements for schools and club usage).
- 7.1.10 Progress with initiatives to transfer responsibility for operating services to other organisations when the business case is strong.
- 7.1.11 Eliminate losses from catering operations by October 2013.
- 7.1.12 Introduce a fair and effective system of charging for swimming club usage and review the potential for increasing income from the swimming lesson programme.
- 7.1.13 Introduce the principle of full cost recovery for facilities, services and activities provided for third parties. This will involve establishing the true cost of providing facilities and services and then charging other services and organisations a fair price for their usage.
- 7.1.14 Develop the work that has begun on the closer integration of the Golf course management within the Leisure portfolio.
- 7.1.15 Develop the work that has already begun to increase usage and generate income from usage by Adult Social Care partners.
- 7.1.16 Investigate the degree of dependence of third party funding on the Sports Development and Physical Activity service and determine how any future shortfalls can be funded or how savings can be achieved.
- 7.1.17 Develop the savings plan and the associated business cases for capital investment – with a view to accelerating the delivery of these schemes to realize the benefits from 2014/15.

7.1.18 Develop an overall Facilities Strategy and a capital investment programme with individual business cases for each investment proposal.

7.1.19 Provide assistance and support to clubs and voluntary / not for profit sector organisations to build the confidence and capacity for these organisations to consider accepting responsibility for the management of community based facilities such as the Beechwood Recreation Centre under a Community Asset Transfer initiative.

8.0 CONSULTATION

8.1 On-going consultation has involved managers who have provided considerable support to the review .Consultation has been held with the Leader, Deputy Leaders and specifically with the Cabinet Member for Leisure Services and with key officers. Ongoing consultation will be part of the delivery plan programme which will involve staff, Trade Unions and other key stakeholders.

9.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

9.1 There are no detrimental impacts on voluntary, community and faith groups. The report does not make any recommendations which would be incompatible with the Voluntary Sector Compact.

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

10.1 A table outlining how the required savings will be delivered through the transformation programme is shown on the next page which also identifies how the required investment of £1m capital into West Kirby and £1m investment in Europa Pools / Guinea Gap will be used to drive up income and contribute to the overall subsidy reduction. More detailed plans will have to be developed in the next phase of work, subject to approval for the general approach. Figures for capital schemes are indicative only and intended for illustration of the "investment led savings approach".

Savings / Investment Overview

Component	2013/14	2014/15	2015/16
Revenue Savings target	Savings target of 429k agreed	£1m	£1m
Savings from Service Delivery changes	Catering loss recovery with half year elimination of	Further eradication of catering loss £25K	Golf (TBC)

Component	2013/14	2014/15	2015/16
	losses = c.£40k saving		
Savings from flexible working, and staff / management resourcing		£500k	£500k (efficiencies and reductions to target operating model levels)
Income growth to reduce levels of subsidy	To be identified following review of Invigor8 scheme within a new "Target Operating Model"	£500k (resulting from investment and changes to membership / CRM / Sales and Retention – and change to concessionary pricing)	£500k (efficiencies and reductions to target operating model levels)
Savings from alternative service delivery	No reliance on savings in current year	Beach Lifeguard Service provided by an alternative provider combined with staff cost reductions , together delivering £100k saving	
Investment Proposals			
Investment (Capital) – subject to individual Business case	Approval for (c .£1m (West Kirby Fitness and Café reconfigurations)	Delivery c.£1m investment scheme (West Kirby Fitness and Café reconfigurations)	Delivery of c.£1m investment scheme (Europa Pools Ground Floor redevelopment & Guinea Gap)
Investment Revenue		£32K in the marketing budget (Ongoing)	

- 10.2 In order to deliver a transformation programme of this scale over the next eighteen months to two years specific resources will be required including HR, Legal, Finance and Asset Management.

11.0 LEGAL IMPLICATIONS

- 11.1 The Council has a major role to play in contributing to the promotion and delivery of increased participation in sport and physical activity. However, there is no statutory requirement for the Council to provide any of the facilities or services within the scope of this review. If the Council wish to provide these services, it has extensive powers to do so.
- 11.2 Each of the delivery models will have differing legal implications which will need to be explored in tandem with the details on the models.
- 11.3 Progress on task 10 identified in Appendix C (progress with initiatives to transfer responsibility for operating services to other organisations when the business case is strong) will take place in compliance with contract procedure rules and any applicable procurement rules.

12.0 EQUALITIES IMPLICATIONS

- 12.1 Yes and impact review is attached –

<http://www.wirral.gov.uk/my-services/community-and-living/equality-diversity-cohesion/equality-impact-assessments/eias-2010/technical-services-0>

13.0 CARBON REDUCTION IMPLICATIONS

- 13.1 (There are no carbon reduction implications) – All though any capital investment agreed would seek to reduce any Carbon emissions.

14.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

- 14.1 Planning permission may be required for some of the development proposals, but necessary consents and approvals would be secured as part of the further work on these initiatives

15.0 RECOMMENDATION/S

- 15.1 Cabinet is asked to agree to the recommendations as listed in Section 7 of the report, which is that the Council should continue to operate the facilities and services “in-house” for 12 – 18 months, in order to deliver a transformation programme (delivering savings and implementing a service redesign). A longer term decision can be taken after the transformation is

complete. In this way the Council can ensure that any longer term delivery models will deliver further savings and improvements building from a lower cost base.

- 15.2 Cabinet are also requested to agree to the actions identified in the delivery plan being delegated for authorisation by the Cabinet Member for Health & Wellbeing where appropriate and that a further report regarding a review of the Invigor8 programme be brought back to Cabinet in November 2013.

16.0 REASON/S FOR RECOMMENDATION/S

- 16.1 The recommendations are being made as they will enable the Council to meet its aim of ensuring

- Leisure Services will be delivered through an efficient and effective service model in line with corporate priorities
- Leisure provision will operate on a considerably reduced financial envelope
- Leisure Services to be offered which meet the requirements of the Wirral community now and in the future in a sustainable and viable way

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Appendix A – Options Appraisal - Future Delivery Models

The long list can be reduced into three main options A – C, as below:

Table 1 – Broad range of options in the Wirral

Option	Advantages	Constraints and Risks	Variant	Viability
<p>A – Continued in-house (operated by Council employees)</p>	<p>Wirral Council retain direct control of the services and remain unencumbered by the constraints of third party interests</p> <p>Allows a period of time deliver transformation , with service continuity</p>	<p>Unable to achieve savings that accrue from relief on NNDR and Vat concessions, plus limited opportunity to reduce employment costs</p>	<p>Some facilities and services can be outsourced , some retained in-house and others transferred to community groups in the long term</p>	<p>Not viable at the current level of deficit / subsidy.</p> <p>Savings of over £2m required by end of 2015/16</p>
<p>B – Tender the services</p> <p><i>(this could deliver outcomes b) – c) in the long-list above)</i></p> <ul style="list-style-type: none"> ☒ Retendering as a single package. ☒ Retendering as a number of separate packages either to a single provider or through a more ‘mixed economy’ approach – perhaps with Golf separated from the rest of 	<p>Opportunity exposed to competition, and “safe” in terms of EU compliance), and Council able to demonstrate Best Value outcome has been achieved.</p>	<p>Costly (time and resource), and unlikely to produce the best value outcome at this point in time due to various factors , including;</p> <ul style="list-style-type: none"> ☒ Likely requirement for a single service provider to provide a “joined up” service ☒ Unlikely to deliver the best possible financial outcome when the cost of subsidy remains high (pre transformation) ☒ Economies of scale need to apply ☒ Council would be 	<p>Some of the services could be taken out of scope and re-tendered by the Council separately (Golf etc) , or retained in-house (neighbourhood facilities and Sports Development etc)</p>	<p>The tender returns would involve higher costs to the Council than may be possible in the longer term – after the delivery of the transformation programme</p> <p>A viable option, but it would be advisable to commence before the changes in EU procurement regulation</p>

Option	Advantages	Constraints and Risks	Variant	Viability
the portfolio		entering into long term arrangements at a time when funding is uncertain in the longer term		(2014)
<p>C – Establishment of a new NPDO / Trust for the Wirral involving a Partnership with an existing NPDO / Trust</p> <p>Engaging via procurement , a ‘preferred provider’ built around a new commissioning framework</p>	<p>Builds upon a well-developed partnership model applied in other authorities</p> <p>Maintains the benefits of integrated service delivery</p> <p>Council and NPDO partner can agree changes to the commissioning framework to address deficiencies in the current arrangements</p> <p>Existing NPDO partner would introduce expertise and economies of scale and could share back office costs</p> <p>There would be significant risk transfer (trading)</p>	<p>Costly (time and resource), and unlikely to produce the best value outcome at this point in time due to various factors , including;</p> <ul style="list-style-type: none"> ■ Likely requirement for a single service provider to provide a “joined up” service ■ Unlikely to deliver the best possible financial outcome when the cost of subsidy remains high (pre-transformation) ■ Economies of scale need to apply <p>Council would be entering into long term arrangements at a time when funding is uncertain in the longer term</p>	<p>Some of the services could be taken out of scope and re-tendered by the Council separately (Golf etc) , or retained in-house (neighbourhood facilities and Sports Development etc)</p>	<p>The tender returns would involve higher costs to the Council than may be possible in the longer term – after the delivery of the transformation programme</p> <p>A viable option, but it would be advisable to complete before the changes in EU procurement regulation (2014)</p>

Of the three options, only A and C as being economically viable and deliverable.

The following factors will determine which is “the best fit option”;

- a) The Council’s approach to procurement “risk” – whether or not it feels obliged by regulation to expose the services (in whole or part) to full competition in an open and competitive tendering event (the position will change in 2014)
- b) The level of confidence the Council has that an partnership with an existing NPDO would offer Best Value – in terms of cost and performance and the ability to deliver continuous improvement over an extended term
- c) The view on whether the services should be fully integrated, with a single service provider offering a broad range of services – including Golf and Sports Development
- d) The level of confidence the Council has that the a specialist contractor could deliver capital investment into the facilities
- e) How the Council intends to separate the commissioning/strategic development role from the delivery function. For example, does it plan to have a culture and leisure ‘client’ that can advise the Council on strategic issues as they emerge, that can translate on-going Council requirements into a quantified set of outcome targets and can work with the Trust to develop a performance management framework.

Appendix B – Management Options Appraisal

The National Procurement Strategy for local government sets out the full range of options that local authorities should consider in the context of strategic service reviews (what it describes as the “make or buy” decision) (ODPM, 2003(b)). The broadest range of options is set out as follows:

- a) **In-house operation**
- b) **Private sector operator/s (procured by tender)**
- c) **Private sector operator/s offering “Hybrid NPDO” arrangements (procured by tender)**
- d) **Other existing Charitable NPDO’s (Trust) – such as Greenwich Leisure Limited (procured by tender)**
- e) **Locally established charitable “Trust”**
- f) **Community Asset Transfer**
 - ☒ Public sector consortium
 - ☒ Tactical contracts (multiple)
 - ☒ Local authority company
 - ☒ Joint venture company
 - ☒ Partnering contract
 - ☒ Framework agreement
 - ☒ Design, build, finance and operate (DBFO) – including Public Finance Initiative (PFI)
 - ☒ Closure or disposal
 - ☒ Mixture of the above

The list can be misleading because it combines various forms of partnership / contract , and also muddles up a range of options which are better described as procurement “variants” .

Appendix C – Outline Delivery Plan

Task Ref	Recommendation	Interdependencies	Actions	Timescales and resources
1.	Continue to operate the facilities and services "in-house" for a period of 12 -18 months in order to deliver a transformation programme (delivering savings and implementing a service redesign). A longer term decision can be taken after the transformation is complete. In this way the Council can ensure that any longer term delivery models will deliver further savings and improvements – building from a lower cost base.	<p>The Transformation delivery "machinery" for all of the tasks</p> <p>Provision of transitional support to the management team to enable the savings and investment plans to be delivered effectively and quickly</p>	<ul style="list-style-type: none"> • Complete a Transformation Programme Plan • Initiate a Project Team • Complete a PID • Allocate support resources • Identify risks to delivery 	<p>Timeline End of August 2013</p> <p>Internal Support resources will be required from Finance, HR, Property, Performance Management Team, and service management</p> <p>External Advisors required to support the Project Team as part of the Transformation programme</p>
2.	Investment led approach to delivering requisite savings (further £2m between 2014/15 and 2015/16). This will involve generating initial savings to fund an investment programme that will increase revenues and reduce the net deficit (subsidy).	Delivery of task 3	<p>Initial savings (500k by Q4 2013/2014) will need to be delivered to prime the investment plan</p> <p>These savings will need to derive from the introduction of the flexible working week and service re-design</p>	<p>Timeline Incorporated into task 1 (above) – by end of August 2013</p> <p>Internal Support resources will be required from Finance, HR, Property, Performance Management Team, and service management</p>
3.	Reduce the cost of	Without these initial	Combination of	Timeline

Task Ref	Recommendation	Interdependencies	Actions	Timescales and resources
	staffing by c£500,000 per annum from 2014/15	savings it will not be possible to implement the savings led approach or to deliver the necessary capital investment schemes – task 16	<ul style="list-style-type: none"> • Flexible working • Revised job descriptions – to introduce flexible working practices • Reduction in cost of sickness absence (corporate drive to reduce long term sickness absence costs and days lost through sickness). • Reduced “back office” costs 	Commence corporate engagement with TU’s by September
4.	Review concessionary pricing scheme alongside improvements in the Invigor8 benefits package and marketing campaign.	<p>The review needs to be delivered in concert with changes to the Invigor8 benefits package and the increase in marketing investment</p> <p>In this way, the changes can be communicated positively – demonstrating that the Council are focusing their limited resources on those for whom price is a genuine barrier to participation</p>	This will involve a re-focusing of the concessionary scheme. The overall aim should be to target concessions “to those for whom price is a genuine barrier to participation” – in line with the Councils general policy of supporting those who are most vulnerable.	Review to be completed by the end of October
5.	Review of the Passport scheme within Invigor8	Linked to task 4	Consider limiting the free use concession to off peak times and / or to specified facilities and activities.	Timescales With a view to providing a cabinet report in November 2013
6.	Introducing a	Reliance upon this	Closer	Immediate

Task Ref	Recommendation	Interdependencies	Actions	Timescales and resources
	stronger performance management regime	deliverable to achieve the Transformation Plan in general	accountability for managers - who need to take ownership for new budgets and performance targets	commencement
7.	Target the facilities that are performing at the lowest levels (Europa Pools)	Immediate action required	Introduce a "special project team" that will need to involve HR, Property, Finance and Corporate Improvement.	Timescales Immediate action plan
8.	Increase the investment in the marketing of the (revised) Invigor8 scheme	Linked to tasks 5 and 4	Doubling the marketing budget from c£32k to closer to the industry norm (equates to at least £65k per annum based on turnover).	Timescales With a view to implementing package of changes on 1 st October 2013 (half year)
9.	Review the programming policy and opening times	Linked to tasks 4, 5 and 8 (may have impacts on task 3)	To reflect customer demand rather than operational expediencies (including revision of the policy of exclusive use by schools at some pools)	Timescales With a view to implementing package of changes on 1 st October 2013 (half year)
10.	Progress with initiatives to transfer responsibility for operating services to other organisations when the business case is strong		<ul style="list-style-type: none"> • Progress with negotiations • Develop the Councils Community Asset Transfer Policies (CAT) and provide capacity to help to build confidence and capacity within existing third sector organisations 	Timescales With a view to implementing package of changes on 1 st April 2014

Task Ref	Recommendation	Interdependencies	Actions	Timescales and resources
11.	Eliminate losses from catering operations		<ul style="list-style-type: none"> • Immediate plan to eliminate losses of c£85k at Europa Pools and West Kirby by end of 2013/14 • Reduce product range • Introduce tighter controls on margin management • Reduce wastage 	Timescales Eliminate losses by 1 st October 2013
12.	Address the income losses generated from the new system of charging for swimming club usage and review the potential for increasing income from the swimming lesson programme		Specific business review for swimming clubs pricing and swimming lesson pricing and programming	Timescales Implement new controls and policies by 1 st October 2013
13.	Introduce the principal of "full cost recovery" for activities provided for third parties		Identify and review all existing agreements that involve arrangement for usage – including schools swimming, swimming club usage, adult social care usage and all group bookings and third party agreements or hire	Timescales Implement new controls and policies by 1 st October 2013
14.	Develop the work that has begun on the closer integration of the Golf course management within the Leisure portfolio.		Transfer the management of the Golf Courses (and possibly the pitch bookings service to the Leisure portfolio to allow the transformation focus to apply and	Timescales Transfer management responsibilities by end of August 2013 (coincide with current service head

Task Ref	Recommendation	Interdependencies	Actions	Timescales and resources
			to maximize the synergies with Sports Development and Invigor8	departure). Transition / handover to commence immediately
15.	Develop the work that has already begun to increase usage and generate income form usage by Adult Social Care partners.		Accelerate the work being carried out to examine daytime usage by ASC	Timescales Review progress and develop business case by end of September 2013
16.	Develop the business cases for capital investment – with a view to accelerating the delivery of these schemes to realize the benefits from 2014/15	Dependent upon delivering initial savings – mainly task 3	Individual business cases to be developed for West Kirby, Europa Pool and Guinea Gap – demonstrating return of investment from each scheme. Needs to include capital cost estimates and an element of design work (preliminary)	Timescales Business Cases and preliminary design and cost estimates by 1st October 2013

REFERENCE MATERIAL

(Include background information referred to or relied upon when drafting this report, together with details of where the information can be found. There is no need to refer to publicly available material: e.g. Acts of Parliament or Government guidance.)

SUBJECT HISTORY (last 3 years)

Council Meeting	Date

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WIRRAL COUNCIL

CABINET

19 SEPTEMBER 2013

SUBJECT:	<i>FEES FOR RESIDENTIAL AND NURSING HOMES CARE – RESPONSE TO CONSULTATION</i>
WARD/S AFFECTED:	<i>ALL</i>
REPORT OF:	<i>GRAHAM HODKINSON</i>
RESPONSIBLE PORTFOLIO HOLDER:	<i>COUNCILLOR CHRISTINE JONES</i>
KEY DECISION?	<i>YES</i>

1.0 PURPOSE OF REPORT

- 1.1 To report the outcome of consultation with care home providers on 2013-14 care home fees
- 1.2 To recommend the fees for 2013-14.

2.0 BACKGROUND

- 2.1 The Council commissions a range of community based social care services. The primary aim of commissioning is to support vulnerable people to be as independent as possible. The commissioning strategy is therefore focused on supporting people more effectively in their own homes. In relation to care homes in Wirral, the Councils intention for 2013/14 is to set fees that maintain capacity in the nursing sector, whilst recognising that there is a need to reduce reliance on general residential provision. The strategy promotes a shift towards more specialist dementia care provision, and the development of extra care housing and alternatives such as intermediate and domiciliary care. This approach is reflected in the Councils market position statement and commissioning strategy. Care home fees are however set with due regard to providers actual costs as well as commissioning intentions. The Councils duty to achieve best value is a factor.
- 2.2 The proposal is calculated using the Efficient Wirral Care Home model. The model aims to make due allowance for actual costs and market returns. The model is intended to calculate a fair and reasonable weekly rate for the four different categories of care home placement.
- 2.3 The chronology of arriving at the proposal is set out below.

Chronology	
April 2013	2013-14 fee proposals issued for consultation. The fee proposal put out for consultation populates the model by reference to objective costs data and professional judgment and experience
May to July 2013	Provider forums, individual responses and consultation

Chronology	
	with the Wirral Care Home association to collate comments and receive costs data to inform final proposal
19 th September 2013	Cabinet consider fee proposal
	Subject to Cabinet agreement the new proposal is implemented with effect from 1 st April 2013 for residential and from 19 th September 2013 for nursing

2.4 In the 2013-14 iteration of the model, the contribution for funded nursing care has been removed as these costs are an NHS responsibility. It is not lawful for the Council to pay NHS nursing costs.

2.5 The rates offered in the proposal are summarised in the table below. The detailed calculations are provided in Appendix 1 to this report.

Summary of 2013-14 Care Home Fee Proposal	Residential	Residential EMI	Nursing	Nursing EMI
2012-13 weekly rates	£395.00	£425.00	£537.00	£552.00
2013-14 proposed weekly rates now subject to consultation	£397.00	£430.00	£433.00	£451.00
The nursing component will be paid by the NHS			£109.79	£109.79
Total including nursing component where applicable	£397.00	£430.00	£542.79	£560.79
Increase 2013-14 v 2012-13	£2.00	£5.00	£5.79	£8.79

2.6 It was previously planned to make a net payment incentive offer to providers. It is not proposed to make such an offer at this stage. It is considered more appropriate to align any changes with the introduction of the new social services IT system. The incentive offer was never formally part of the 2013-14 fee proposals.

3.0 RELEVANT RISKS

3.1 The Council has shared the model with providers. It has considered and responded to information requests and feedback where required. Accordingly the final proposal is considered to be reasonable and well considered.

3.2 The Council has endeavoured to maintain a balance between cost and quality and meeting need. It seeks to ensure quality standards are maintained whilst at the same time best value is obtained.

3.3 There is a risk of judicial review. A number of homes across the range of type have indicated (through solicitors) that they believe the consultation process is flawed. The Council has however shared its model and has had due regard to costs data both in its initial proposal and in the revised proposal now the subject of this report.

4.0 OTHER OPTIONS CONSIDERED

4.1 Not applicable.

5.0 CONSULTATION

5.1 The source of comments was threefold:

5.1.1 Three provider fora were held during the consultation. The first was to launch the proposals, and the second two to reply to consultation comments at that stage and costs data received.

5.1.2 Written or email responses

5.1.3 A series of regular meetings with the Wirral Care Homes Association who represent a proportion of the Wirral care homes.

5.2 All comments received during consultation have been carefully considered by officers. A response has been provided to consultees as quickly as possible. A general log of comments and responses has been maintained and circulated to all providers as and when updated. The log does not state the source of comments.

5.3 In some cases the comment was a request for further information or clarification of the Council's fee proposal. This information or clarification has been provided.

5.4 Other comments suggested amendments to the proposal. The suggested amendments have been considered. Providers have been told whether or not the suggested amendment is accepted and the reason for officers' decision.

5.5 As referred to in 3.3 a number of homes have made comments through a firm of solicitors representing them.

5.6 Appendix 2 sets out the comments received from all these sources, and officers' responses that have informed the final 2013-14 proposal. Where detailed working papers are relevant, these are referenced on Appendix 2 and provided in Appendix 3.

5.7 A summary of the main issues raised in consultation is set out in the table below

Consultation issues	
Nursing	❖ Consultees were advised nursing costs are a matter for the NHS.
Management	❖ Comments were received from the WCA and a small number of providers on this area. ❖ The main comment was the level of remuneration in the Wirral model. The model already allows a significant increase between 2012-13 and 2013-14 and it is not proposed to make any further adjustment.
Administrator and bought-in administration	❖ Comments were received predominantly from the WCA but also a small number of providers on this area. ❖ The main comments related to the cost of externally purchased administration, including payroll and accountancy.

Consultation issues	
	<p>The model already allows a significant increase from the 2012-13 position and takes account of actual costs. It is not proposed to make any further adjustment.</p>
Catering hours and costs	<ul style="list-style-type: none"> ❖ Only the WCA and one other commentator commented on this area. ❖ The comments related to the hours allowed in the model and the hourly rate needed to recruit and retain catering staff <p>It is proposed to apply a catering hourly rate to £7 in response to these comments.</p>
Domestic hours	<p>Only a few comments were received on this area and it is not proposed to amend the proposed fee.</p>
Care hours	<ul style="list-style-type: none"> ❖ Comments were received predominantly from the WCA but also a small number of providers on this area. <p>The Council has considered an increase in the care hours during the consultation process, but on further consideration this would not be justified by the evidence available.</p>
Domestic and care wages	<ul style="list-style-type: none"> ❖ Comments were received predominantly from the WCA but also a small number of providers on this area. <p>An increase has been made in accordance with the minimum wage and this is considered to be sufficient provision.</p>
Catering and domestic on-costs	<ul style="list-style-type: none"> ❖ A small number of information requests were received <p>No evidence produced to necessitate change of the model assumption, but see general comments row at end of table.</p>
Care agency oncost	<ul style="list-style-type: none"> ❖ A small number of information requests were received <p>No evidence produced to necessitate change of the model assumption, but see general comments row at end of table.</p>
Agency staff enhancement	<ul style="list-style-type: none"> ❖ A small number of information requests were received <p>No evidence produced to necessitate change of the model assumption</p>

Consultation issues	
Training backfill	<ul style="list-style-type: none"> ❖ A small number of information requests and one comment were received from the WCA. <p>No evidence produced to necessitate change of the model assumption.</p>
Training costs	<ul style="list-style-type: none"> ❖ Information requests were received predominantly from the WCA but also a small number of providers commented on this area. <p>The overall cost of training includes training back fill (see previous row) and is considered to be sufficient provision.</p>
Annual recruitment costs	<ul style="list-style-type: none"> ❖ A small number of information requests were received <p>No evidence produced to necessitate change of the model assumption</p>
Maintenance costs	<ul style="list-style-type: none"> ❖ A number of requests for information and comments were received from the WCA. <p>The comments identified that BCIS indices normally exclude VAT and suggested VAT at the relevant rate should therefore be added to the model provision. However a 4% increase in the total residential components and a 12% increase in the total nursing components compared to 2012-13 is a reasonable determination. No evidence on actual costs of maintenance was offered by commentators. BCIS indices are based on actual costs surveys.</p>
Handyman and gardener	<ul style="list-style-type: none"> ❖ Requests for information and a few comments were received from the WCA and a provider on this area. ❖ The main comment was the level of remuneration in the Wirral model. One comment identified a cost less than the Wirral model. <p>It is not proposed to make any changes in this area.</p>
Insurance	<ul style="list-style-type: none"> ❖ Requests for information and a few comments were received from the WCA and a provider on this area. ❖ The main comment was the level of provision within the Wirral model, and the rates of increase experienced by providers. <p>It is therefore proposed to increase provision by 5% in this area</p>
Registration and CRB	<ul style="list-style-type: none"> ❖ Requests for information and a few comments were received from the WCA and a one provider on this area. ❖ The main comment was the level of remuneration in the Wirral model. One comment identified a cost less than the Wirral model.

Consultation issues	
	<ul style="list-style-type: none"> ❖ It is not proposed to make any changes in this area.
Other non-staff expenses per client	<ul style="list-style-type: none"> ❖ A small number of information requests were received <p>No evidence produced to necessitate change of the model assumption</p>
Utilities per client	<ul style="list-style-type: none"> ❖ Comments were received predominantly from the WCA but also a small number of providers on this area. ❖ The comments were about the level of price increases experienced <p>The Council has already increased provision by the CPI, and it is considered this is sufficient increase.</p>
Medical supplies	<ul style="list-style-type: none"> ❖ Requests for information and a few comments were received from the WCA and a provider on this area. ❖ The main comment was the level of provision the Wirral model, and the rates of increase experienced by providers. <p>It is not proposed to increase provision in this area. The Council has already increased provision by the CPI, and it is considered this is sufficient increase.</p>
Domestic and cleaning supplies	<ul style="list-style-type: none"> ❖ Requests for information and a few comments were received from the WCA and a provider on this area. ❖ The main comment was the level of provision the Wirral model, and the rates of increase experienced by providers. <p>It is not proposed to increase provision in this area. The Council has already increased provision by the CPI, and it is considered this is sufficient increase.</p>
Trade and clinical waste per client	<ul style="list-style-type: none"> ❖ A small number of information requests were received <p>No evidence produced to necessitate change of the model assumption</p>
Market value per bed	<ul style="list-style-type: none"> ❖ A small number of information requests were received <p>No evidence produced to necessitate change of the model assumption</p>

Consultation issues	
Return on buildings	<ul style="list-style-type: none"> ❖ A number of requests for information and comments were received from the WCA and other commentators ❖ Some comments were that rate was too low and did not encourage new provision or investment in existing properties. ❖ We have considered feedback provided and reviewed the capital value of care homes in the Merseyside region. The Council believes the increase from the 12/13 model is sufficient in the current market. <p>The return on buildings component of the model is the product of the market value (see later row) and the rate of return. The market value has been increased. The rate of return has been maintained in nursing provision and slightly reduced (0.25%) for residential to reflect market conditions. It is considered that no further adjustment is required. Whole –life provision for maintenance is already made in the maintenance elements of the model.</p>
Number of employees	<ul style="list-style-type: none"> ❖ A range of comments were received as to whether 28 was a reasonable figure <p>The comments have been taken into account and the proposal in the original model has been recalculated and has separate figures for residential and nursing homes. The care, domestic and catering hours per client based on bed size were divided by an assumed working week of 36 hours FTE. A further 2 posts were added for management and administration. The result now informs the model provision of 27 employees and 35 employees respectively.</p>
Return on Business Activity	<p>A number of representations were made relating to the return on the activity component of the model. Other costs have been increased in many areas. It continues to be the interim Director of Finances expert opinion that 3% is a reasonable rate. It is considered that no further adjustment is required.</p>

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

6.1 There are no direct implications for voluntary, community and faith organisations.

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

7.1 The cost of additional provider payments in implementing the proposal is £0.211m in 2013-14. The cost in a full year is £0.276m

7.2 The fees paid by DASS are used to determine client contributions in accordance with CRAG guidance. It will be necessary to revise the financial assessments of all clients in care home placements. Some clients' financial assessments will not increase in line with the fee increase. It is not expected there will be any significant variation in assessed client contributions.

8.0 LEGAL IMPLICATIONS

8.1 During 2011, and more recently, there have been a number of high profile court cases against local authorities which ruled that fees had been set without **due regard** to the actual costs of care and that authorities had failed to consult with home owners, failed to have regard to actual costs, and set costs to meet budget targets. One local authority failed to identify any measures to mitigate the impact of people having to move despite the well-known adverse impact on health that this can have and the Equality Impact Assessment was not properly considered. Wirral is also aware of judgments against Local Authorities where fees have been set in order to fit the budget available, thereby predetermining the outcome of the consultation. In a number of cases the Local Authority has been held to have failed to pay due regard to actual costs, including return on capital, and failed to consult adequately, and failed to comply with its duty under s149 of the Equality Act 2010. Departure from proposals without adequate explanation has also been held to be unlawful.

8.2 Under section 21 of the National Assistance Act 1948 ("the Act") and the Directions made under it and LAC 93 (10), the Council has a duty to arrange accommodation for adults who by reason of age, illness or disability or any other circumstance are in need of care and attention.

8.3 The National Assistance Act (Choice of Accommodation) Directions 1992 allows the Council to fix a maximum amount or "usual cost" that it is prepared to pay for particular types of residential care. Paragraph 3(b) states that the individual should be accommodated at a place of their choice (known as preferred accommodation) provided making arrangements at the individual's preferred accommodation would not require the Council to pay more than they would usually expect to pay having regard to the individual's assessed needs.

8.4 Statutory guidance given by the Department of Health in Circular LAC (2004) 20 provides that 'in setting and reviewing their usual costs, councils should have due regard to the actual costs of providing care and other local factors. Councils should also have due regard to Best Value requirements under the Local Government Act 1999. Such requirements include the discharge of the Council's functions having regard to efficiency and economy.

8.5 The Council is required to pay the amount it usually costs to meet the individual's objectives set out in the needs assessment and care/support plan [less any means tested contribution]. The Council is not required to pay more than it would usually expect to pay, having due regard to assessed needs. More than one usual cost should be set where the cost of meeting specific needs is different.

8.6 In setting its fees the Council must comply with its duty under Section 149 of the Equality Act 2010 to have due regard to the need to eliminate discrimination, and advance equality of opportunity amongst elderly and disabled persons. The

Council's Equality Impact Assessment should therefore focus on the likely impact of its proposed fees on the quality of care for the elderly and disabled differentiating where appropriate between different groups and defining any steps that mitigate any possible adverse consequences e.g. closures of homes.

9.0 EQUALITIES IMPLICATIONS

9.1 The potential impact of the proposal has been reviewed with regard to equality and the equality impact assessment is included with this report.

10.0 CARBON REDUCTION IMPLICATIONS

10.1 None.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 There are no planning implications arising directly from this report.

12.0 RECOMMENDATIONS

12.1 It is recommended that Cabinet agrees the implementation of the final proposal as set out in 2.5.

13.0 REASONS FOR RECOMMENDATIONS

13.1 The Council must set fees that enable homes to meet the CQC Essential Standards of Quality and Safety Regulations 2010 and determine its usual cost.

13.2 The Council has reflected changes in prices in accordance with the 2013 iteration of the model and has done a sense check of its proposal via its Equality Impact Assessment .

13.3 The Council has taken into consideration the costs data supplied by and views of WCA and other home owners and believes its proposal is reasonable.

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APPENDICES – available online in the document library -

<http://democracy.wirral.gov.uk/ecCatDisplay.aspx?sch=doc&cat=13118&path=12848>

Appendix 1 2013-14 fee proposal calculation

Appendix 2 Consultation comments and responses

Appendix 3 Working papers relevant to Appendix 2

Appendix 4a Destination chart for existing framework contract

Appendix 4b Proposed 2013-14 framework contract

REFERENCE MATERIAL

Comments from home owners during the bilateral discussions on the preliminary proposal held in Contracts Section DASS.

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Cabinet - Fees for Residential and Nursing Home Care	20 December 2012
Cabinet - Fees for Residential and Nursing Home Care	18 October 2012
Cabinet - Fees for Residential and Nursing Home Care	2 February 2012
Cabinet - Transformation of Adult Social Services, contracts for residential and nursing home care and personal support	11 March 2011

WIRRAL COUNCIL

CABINET

19TH SEPTEMBER 2013

SUBJECT:	PUBLIC REPORT RE PROCUREMENT OF INTEGRATED SOCIAL CARE CASE MANAGEMENT SYSTEM
WARD/S AFFECTED:	ALL
REPORT OF:	DIRECTOR OF ADULT SOCIAL SERVICES AND DIRECTOR CHILDREN AND YOUNG PEOPLE
RESPONSIBLE PORTFOLIO HOLDER:	COUNCILLOR C JONES AND COUNCILLOR T SMITH
KEY DECISION?	YES

1 EXECUTIVE SUMMARY

- 1.1 This public report accompanies the 'Procurement of an Integrated Social Care Case Management System' report that is exempt by virtue of paragraph 3 of Schedule 12a of the Local Government Act, 1972 due to the commercial sensitivity.
- 1.2 This report outlines the processes and procedures that have been undertaken to procure a new social care case management system.

2 BACKGROUND AND KEY ISSUES

- 2.1 An internal review of the current social care systems and procedures set alongside external reviews such as the Munro Review of Child Protection and OfSTED inspection reports have indicated that there is a need to either improve or replace the current case management system.
- 2.2 In addition there is a need to replace the current aging computer equipment that practitioners use.
- 2.3 The department of Adult Social Care received capital funding through the Department of Health 'Investment in Community Capacity' grant £941,000 in 2011/12 and £956,000 in 2012/13. As approved by Cabinet on 8th December 2011 as part of the Capital Programme and Financing for 2012-15 £1.5m of this funding was identified to deliver an Integrated IT solution for Adult Social Care and to replace the Department's IT equipment.
- 2.4 The department of Children and Young People made a bid for £1m through the Capital Programme to deliver a post Munro Review children's case management system and to re-equip front line social workers with modern technology. This bid was approved by Cabinet on 18th February 2013.
- 2.5 A project team representing both services, procurement and IT determined that the tender process for addressing this project was best managed by having a tender with two options.
 - a Improve the current system, or,
 - b Replace the current system.

This would then mean that the procurement exercise would simply be to choose the most advantageous supplier for each option. The subsequent decision as to which

option is the best would be evaluated outside the procurement process and would be based upon a broader view of which option is in the Council's best interests.

- 2.6 In March 2013 the Council issued a Pre Qualification Questionnaire (PQQ) for the supply of an integrated social care case management system.
- 2.7 Five Companies responded to the PQQ and analysis of the responses resulted in three of the companies being disqualified as they did not meet the mandatory requirements. An Invitation To Tender (ITT) was issued to the two remaining companies.
- 2.8 Both companies submitted responses to the ITT and delivered demonstrations of their proposed solutions during the week commencing 17th June 2013.
- 2.9 A tender evaluation team consisting of the project team plus broader representation from CYPD and DASS carried out the assessment of the responses to the Invitation To Tender (ITT) and the presentations made by the prospective suppliers.
- 2.10 Having successfully identified a solution for Option A and a solution for Option B the procurement exercise was concluded. The process then moved onto choosing between the two options based on what is best for the Council.
- 2.11 The evaluation process considered both the quality and price of the proposed solutions and concentrated on the following quality aspects;
- Processes to administer and support care for children,
 - Processes to administer and support care for adults,
 - System functionality re document management and scanning,
 - System functionality re payments,
 - System functionality re billing and budget management,
 - System functionality re personal finance,
 - System functionality re direct payments,
 - System functionality re contracts,
 - System functionality re financial protection
 - Processes required to perform systems administration.
- 2.12 One of the proposed solutions scored significantly better in the majority of these areas and offered greater potential for service improvement and efficiencies and it is therefore this solution that is being recommended.

3 OTHER CONSIDERATIONS

- 3.1 With either of the two options there are significant aspects to be successfully addressed in order for the changes to have their maximum impact. Both options involve retraining, business reengineering and the reorganisation of the support teams and ways in which the processes are administered. The following aspects should be addressed as part and parcel of preparing for bringing in a new or improved system.
- 3.2 **Systems Team:** Currently CYPD and DASS have separate teams each delivering system support functions, these are resourced differently and whilst they cooperate with each other they are not integrated and the staff have additional responsibilities. Such an organisation misses out on opportunities to develop a more resilient service with shared expertise.
- 3.3 The establishment of a system team(s) to support the implementation and running of the new system is required. However there is a possibility of creating a shared resource (Families and Wellbeing Directorate). If this approach is selected, it will be

both the most financially affordable and deliver the biggest business benefits (resilience, increased expertise and therefore improved outcomes).

- 3.4 A systems team must be the link between the business and the system. One of its core functions would be to transform business needs into reality by configuring and customising the system so that the ICT truly supports the business. This approach not only improves outcomes for service users by streamlining work processes and providing the correct information at the right time it also could open the door for future savings.
- 3.5 A systems team would support early intervention, team around the child / family and the Multi Agency Safeguarding System (MASH) as well as Children's and Adults' social care teams.
- 3.6 The team's responsibilities would include;
- **Training** - This should not be focused on how to operate the system but how to use the system to support the business needs of the practitioners. This therefore needs to be resourced by staff that are comfortable with technology but equally proficient with the work of the practitioner.
 - **System / User Administration and System Configuration** - This includes; Adding users, password management, creating user groups, managing users' permissions, creating / editing workflow, creating editing system alerts, configuring data entry pick lists, determining mandatory fields, configuring input screens, designing output documents etc.
 - **Helpdesk** - The helpdesk would be the single point of contact for all system related practitioner enquiries / requests. The goal of the helpdesk would be to restore the practitioner to a productive state as quickly as possible, either through education, a work-around or referring the issue / fault to ITS for a technical resolution.
 - **IT Strategy** - The needs of the two departments are similar, namely agile working in a wide variety of locations with access to the standard office applications, work files and telephony support as well as the same common information system. These common needs could and should be underpinned by common infrastructure the development of which should be informed by the experiences of the two departments, thereby ensuring maximum benefit from the developments whilst at the same time minimising support issues and costs. A single interface for the two departments with ITS would also be established. This function would also provide the vision for how technology and the system could enhance and transform service delivery.
- 3.7 It is proposed that the system team would not initially have responsibility for the following areas;
- **Management Information** - This involves providing the information that the organisation needs to manage itself efficiently and effectively. Invariably this will require the use of a separate Management Information software package, the most common being Business Objects.
 - **Statutory Returns** - These are usually delivered as part of the system, however this area of work requires data cleansing processes to be followed.
- 3.8 It is recommended for now that these functions remain the responsibility of the two departments' information teams. Further work should be carried out to determine if

these functions should remain separate or become a combined resource and how this relates to the growing corporate functions in this area.

3.9 **Implementation Team:** The resources are not available from within current staffing to set up and manage the implementation. There will be a partial solution derived from bringing in outside help to oversee and guide the project. However the following tasks will require Council staff to be freed and some backfilling is likely to be required. The indicative plan would be for a start in October 2013 and continue for approximately 12 months. The implementation team would need to address the following areas;

- Project Management.
- Process Redesign and Reengineering: Review the "As Is" and "To Be", replace and re-launch business processes. Establish and embed new ways of working. Implement a customer focus review so that changes show tangible customer and practitioner improvements.
- System Configuration: Develop the system so that the "To Be" processes are efficiently implemented and the ICT supports and does not lead practice.
- Training: Design entry level training, specific and advanced needs, build local expertise, assess staff ICT skills and needs, develop user friendly manuals and local helpdesk functionality
- Data Migration and Cleansing: Undertake data review and cleansing, migration, information retention and data protection compliance
- Supplier Management: Keeping the supplier on schedule, enable dialogue between the Council and supplier
- Finance: A review of financial assessment processes using a financial predicting element, to look at financial assessment and process reviews, policy and protocol for collection rates.
- HR: Implications of changes to processes and redesign that may have an impact on HR issues.
- Reporting and Performance: Design of standard reporting suite, development of business reporting, statutory returns, financials, commissioning reporting, end user reports, manager self serve
- Edge Systems: Identify current edge systems, data transfer to core system, closure of edge systems
- Interfaces: Develop appropriate interfaces to other corporate systems to support an end to end process
- Go Live Support and Trouble Shooting: This would include periods of floor walking and delivering a helpdesk function

3.10 **Staff ICT Equipment:** New end user equipment (desktops, laptops, tablets) for staff will be required to facilitate access to the system. These devices will need to be suitable to support mobile / agile working and capable of capturing signatures (touch screen). Existing corporate contracts will be used to purchase the necessary equipment.

3.11 **Server Infrastructure:** New servers and associated infrastructure will need to be implemented; existing corporate contracts will be used to purchase the necessary equipment.

4 RELEVANT RISKS

- 4.1 Failure to improve the current systems and procedures within CYPD will at best lead to criticism. Given the number of occasions this area has been identified by OfSTED in inspection reports as an 'Area for Development' it may be escalated to become a 'Priority Action' in future, if this area is not fundamentally addressed. This would adversely affect the overall rating for the service.
- 4.2 The 'Investment in Community Capacity' Capital grant was provided to DASS to support three key areas: personalisation, reform and efficiency. The Personalisation agenda represents a fundamental shift for Adult Social Services which requires a different approach to data collection, recording and performance management. Failure to improve business processes will impact on the Department's ability to support the personalisation agenda and failure to improve the quality and timeliness of business information may lead to inappropriate decisions regarding future service requirements. Without an appropriate platform for agile working the Department's ability to improve working practices and reduce office accommodation requirements will also be restricted.
- 4.3 A sufficiently staffed and resourced implementation team is essential. If an implementation team is not put in place then there is a significant risk that the project will fail. Failure to keep pace with the suppliers' schedules may lead to additional costs being incurred both in support and licensing costs.

5 OTHER OPTIONS CONSIDERED

- 5.1 A review of the case management system within CYPD identified that a procurement process would be required to address issues with the current system and to deliver the recommendations within the Munro review of child protection.
- 5.2 A similar review within the Department of Adult Social Services also found that a procurement process would be required to deliver the future requirements of the department and its clients.
- 5.3 It was possible for each department to independently pursue separate procurement processes, however it is economically advantageous to the Council for a single case management system to be used by DASS and CYPD. Such an approach reduces license and support costs and minimises the number of staff required to support the system.
- 5.4 It is for these reasons that an independent approach to procurement was not considered a viable option

6 CONSULTATION

- 6.1 The development of the procurement specifications has built upon significant consultation with staff in both departments and with corporate colleagues within IT Services. Colleagues that have a need to share information with partners have fed partner's needs into the design of the specifications.

7 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 7.1 There are no implications arising from this report.

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

- 8.1 The procurement and commissioning process has required the support of staff within the procurement and IT sections of the Finance Department. It has also required significant input from staff within the Children and Young People's Department and the Department of Adult Social Services.

- 8.2 The installation and commissioning process will require the establishment of an implementation team and will therefore require staff resource from CYPD, DASS and ITS as well as externally provided resources. These installation and set up costs will be met through capital resources.
- 8.3 The successful running and upkeep of the system will require the creation of a system team, the detailed requirements of which will be informed during the installation phase of the project and met from within existing resources within the Directorate.

9 LEGAL IMPLICATIONS

- 9.1 The procurement process has followed the necessary procedures. Colleagues within the legal section will support the development and signature of the necessary contracts.

10 EQUALITIES IMPLICATIONS

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

(a) Yes and impact review is attached –

(<http://www.wirral.gov.uk/my-services/community-and-living/equality-diversitycohesion/equality-impact-assessments/eias-2010/children-young-people>).

11 CARBON REDUCTION IMPLICATIONS

- 11.1 The implementation plan will consider the most efficient way to deliver the required IT infrastructure, including utilising a virtualised environment and thereby seek to minimise the power requirements of the solution.

12 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

- 12.1 There are no implications arising from this report.

13 RECOMMENDATIONS

- 13.1 The recommendations arising from this procurement process are contained within the accompanying exempt report 'Procurement of an Integrated Social Care Case Management System'

14 REASON/S FOR RECOMMENDATION/S

- 14.1 The reasons for the recommendations arising from this procurement process are contained within the accompanying exempt report 'Procurement of an Integrated Social Care Case Management System'

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APPENDICES

There are none

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Cabinet	18th February 2013

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