



Cabinet

Date:	Tuesday, 10 December 2013
Time:	6.15 pm
Venue:	Civic Hall - Wallasey Town Hall

Contact Officer: Lyndzay Roberts
Tel: 0151 691 8262
e-mail: lyndzayroberts@wirral.gov.uk
Website: <http://www.wirral.gov.uk>

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. COUNCIL BUDGET PROJECTIONS - 2014-17 (Pages 1 - 8)

4. BUDGET CONSULTATION FEEDBACK

To follow

5. FINANCIAL MONITORING 2013/14 (MONTH 7) (Pages 9 - 64)

6. COUNCIL TAX BASE INFORMATION

To follow

ADULT SOCIAL CARE

7. **SOCIAL ENTERPRISE DEVELOPMENT - DAY SERVICES (Pages 65 - 82)**
8. **CHARGING FOR SERVICES (Pages 83 - 116)**

HEALTH AND WELLBEING

9. **PUBLIC HEALTH OUTCOMES FUND (Pages 117 - 122)**

GOVERNANCE AND IMPROVEMENT

10. **IMPROVEMENT BOARD REVIEW**

To follow

11. **ANY OTHER URGENT BUSINESS APPROVED BY THE CHAIR (PART 1)**

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

12. **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.

ECONOMY

13. **REQUEST FOR FINANCIAL ASSISTANCE THROUGH REGIONAL GROWTH FUND (1) (Pages 123 - 130)**
14. **REQUEST FOR FINANCIAL ASSISTANCE THROUGH REGIONAL GROWTH FUND (2) (Pages 131 - 138)**
15. **REQUEST FOR FINANCIAL ASSISTANCE THROUGH REGIONAL GROWTH FUND (3) (Pages 139 - 146)**
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

10 DECEMBER 2013

SUBJECT	FUTURE FINANCIAL POSITION
WARD/S AFFECTED	ALL
REPORT OF	DIRECTOR OF RESOURCES
RESPONSIBLE PORTFOLIO HOLDER	COUNCILLOR PHIL DAVIES
KEY DECISION	YES

1 EXECUTIVE SUMMARY

- 1.1 This report provides an overview of the Council's future financial position. It provides an update to the Medium Term Financial Strategy approved in March 2013 and outlines the approach to operate within the finance available and for the budget options for 2014/15.

2 BACKGROUND AND KEY ISSUES

- 2.1 The Medium Term Financial Strategy (MTFS) provides an overview of the Council's financial position and the strategy required to operate within the finance available. The Council sets a detailed budget for the forthcoming financial year but the annual process fits within financial plans for a longer timeframe to ensure decisions taken have due regard to future sustainability and are part of a more strategic approach to the future challenges.
- 2.2 This report sets out an update to the MTFS and provides the context in which budget decisions for the period 2014/17 are being made. The latest projections indicate forecast net funding available over the 3 year period of £780 million against current a net spend forecast of £863 million. A funding deficit of £83 million. This is further broken down at paragraph 4.3.
- 2.3 The Council has since 2010 responded to a changing and challenging local government financial environment. The future response to further reductions in funding, planned through the setting of the 2014/15 budget is detailed in this report and elsewhere on the agenda for this Cabinet.

3 2014/17 FINANCIAL INFLUENCES

- 3.1 The Council's MTFS covers the three year period 2013/16 as agreed in March 2013 estimated a funding gap of £109 million. It set out an anticipated level of funding and financial pressures known at that time. This view was based on indicative government allocations for 2014/15 and the latest information on 2015/16.

- 3.2 Forecasts of the Councils financial position over three years are kept under constant review as external circumstances change and decisions are taken. These are based on assumptions about inflation, financial pressures and levels of income such as grant.
- 3.3 In developing a revised picture of the MTFs the previous assumptions and funding gap has been revised in the light of announcements made by government since March 2013. A key aspect of this has been the announcement of provisional funding levels for 2014/15 and the Spending Review (SR). A real terms cut of 10% was confirmed in the SR and at an individual Council level it is estimated that English Councils on average will suffer a 12.5% reduction in funding. For Wirral the loss may be more than 15%. It is assumed that further reductions will be repeated in 2016/17. The revised picture therefore takes the view that the reductions in government funding are permanent and will continue until at least 2017/18.
- 3.4 In terms of income the Council has limited ability to raise further income. The reduction in grants maybe offset by the Councils share of any growth in real terms in business rate income and any growth in its Council Tax-Base. However, it is important that unachievable income projections are not used to close real budget gaps.
- 3.5 The future financial position takes accounts of assumptions about growth, specific cost increases and unavoidable financial demands. The following areas are incorporated into the projections:-
- Growth, including demographic changes;
 - inflation, including pay and changes in superannuation;
 - New legislative responsibilities;
 - Capital financing; and
 - Council Tax levels.
- 3.6 The assumptions are kept under review and revised as and when new information becomes known. During the budget process certain assumptions will be confirmed whilst others will emerge or need to be changed. The impact of any revisions will be assessed and brought together in the budget setting report that Budget Cabinet will consider in February 2014.
- 3.7 The current projected outturn for 2013/14 indicates that the actual expenditure is being contained with the budget available. This is important context for the next stage of planning. The in-year revenue monitoring 2013/14 - Month 7 shows a projected General Fund underspend of £0.5 million and is also on this agenda. It shows that the achievement of savings for the year are mainly on track and that the budgetary issues identified are being resolved within the resources current anticipated to be available. This presents a sustainable financial position, upon which the future year's budget and projections can be safely based.

4 OVERALL FINANCIAL PROJECTIONS

- 4.1 The MTFS approved for 2013/16 reflected the financial projections for the Council based on the SR 2010, a forecast impact of the changes to local government finance that commenced in April 2013 and budget assumptions. This forecast that the Council would have an overall deficit of £109 million for the period 2013/16.
- 4.2 The revised position now being updated highlights a gap of £83 million for the period 2014/17. The previous forecast gap has been updated for information released in the summer and the Council's agreed budget saving options. Further revisions have come from the announcement of the SR 2013 for 2015/16 and the addition of the anticipated budget gap for 2016/17 to give a financial forecast for 2014/17. A summary of the movement in the forecast gap is given in the table below.

Funding Challenge – Updated Position

	£m
Funding Gap 2013/16 as at March 2013	109
Less (savings agreed in March 2013)	
Savings Budget Options 2013/14	48
Savings Budget Options 2014/15	17
Savings Budget Options 2015/16	14
Add:	
Forecast Funding Gap 2016/17	25
Add:	
Revision to forecast for 2014/15	10
Revision to forecast for 2015/16	18
Forecast Funding Gap 2014/17 as at December 2013	83

- 4.3 The analysis of all financial influences on the Council shows that the Council is facing a growing financial deficit from 2014/15 that is expected to reach £83 million by 2016/17. The following sets out how the Councils projected deficit is built up.

Overall Financial Context for Three Year Period

	2014/15 £m	2015/16 £m	2016/17 £m	Total £m
Forecast Expenditure (including demographic changes)	300.3	288.1	275.1	863.5
Forecast Income (including reduced grants)	272.8	257.4	250.0	780.2
Forecast Funding Gap	27.5	30.7	25.1	83.3

5 2014/15 BUDGET AND FINANCIAL STRATEGY

5.1 In developing the 2014/15 Budget, the Council has adopted a number of principles when proposing budget options that will close the funding gap. The budget consultation has used a priority approach to assess savings options under the following classification of savings:

- Being more efficient – Making sure that we deliver our services in the most cost effective way possible – streamlining processes, joining up our back office functions and never wasting money on administration that could be invested in services.
- Working together – working more in partnership with others in the public, community, voluntary and faith sectors, reducing duplication and delivering better outcomes for residents.
- Promoting Independence –moving away from the Council doing everything and instead encouraging self help and community empowerment and resilience.
- Targeting resources – we have to target our resources on those who need our help the most – this will mean cuts in some services – which we are trying to deliver in a way that is both fair and equitable.

5.2 As reported elsewhere on this agenda the Council through What Really Matters, consulted on £17.5 million of savings. With further efficiency savings of over £7 million identified and a potential increase in Council Tax to generate over £2 million. All these budget options if adopted would help the Council close its current forecast funding gap for the next financial year.

5.3 The above set out the currently anticipated funding gap faced by the Council. The budget for 2014/15 is due to be considered by Budget Cabinet in February 2014 when final figures for a number of key budget assumptions such as grant funding will be known.

6 2015/16 – 2016/17 FINANCIAL STRATEGY

6.1 The Medium Term Financial Strategy 2013/16 will be revised in the light of announcements and decisions made over the coming months and a new Strategy for 2014/17 will be considered by Budget Cabinet.

6.2 However it is already clear that in the period 2014/17 the total financial resources of the Council and its partners need to be maximised, prioritised and channelled to the right areas and activities. The Council's financial planning will focus on ensuring that resources are matched to priorities as identified in the Corporate Plan whilst ensuring that statutory functions continue to be delivered and that enabling functions are provided in the most efficient way.

- 6.3 The Council has already examined and challenged the way services are delivered looking for improvements in the effectiveness of services to produce savings. It has also challenged the methods of delivery, who is delivering services the most cost effective services.
- 6.4 The increasing deficit coupled with the ability of the Council to continue to get “the same for less” becomes increasingly difficult and the emphasis for future years will be on the challenging services the Council continues to fund, integrating with partner organisation to get focus on the overall “public purse” and ensuring that efficient ways of working is at the heart of the organisation. Efficiencies alone will not resolve the funding gap. Difficult decisions on the range of services provided will need to be made and the Corporate Plan will set out the vision and framework for those decisions.

7 GENERAL FUND BALANCES AND RESERVES

- 7.1 The level of General Fund balances and reserves that the Council maintains is critical to its financial resilience. It is important balances and reserves maintained are sufficient to fund costs that occur be it from planned activities or unexpected events. A review of reserves, provisions and general fund balances is being undertaken as part of the process to set the 2014/15 budget. This will take account of the financial risks anticipated to be faced in the coming period 2014/17 and known commitments and plans. The outcome of the review will be reported to Budget Cabinet in February 2014.

8 CAPITAL PROGRAMME

- 8.1 The Councils has a planned 2013/16 Capital Programme of £82.5 million. This is the money it is currently planned will be used to maintain, enhance and acquire assets, such as roads and schools.
- 8.2 The 2014/17 programme will be reported to Budget Cabinet. In preparing this the existing Programme will be revised with the re-profiling of schemes and the resources anticipated being available. New schemes will be considered for inclusion in the Programme.

9 RELEVANT RISKS

- 9.1 The report sets out the anticipated future financial position for the Council. It contains and / or is based on forecast amounts for key budget items such as Government funding being based on a number of assumptions. A key risk to these forecasts is that the assumptions change of which the most likely are those related to:
- Government funding levels;
 - Government decisions on Council Tax rises,
 - Changes in Government policies,
 - Demand for services;
 - Changes in inflation
 - Levies from other bodies.

- 9.2 The funding gap projections for 2014/17 are based on a large amount of financial information and a number of assumptions. The Council through its budget process is aligning its services with the resources that will be available. This process is on going with data and assumptions being kept under review and updated in the light of new information. Budget Cabinet will be updated of the latest position in February 2014 when the budget for 2014/15 is set.
- 9.3 This report and the MTFSS sets out a planned approach to the funding deficit that the Council faces. The Councils response to this through its budget options comes with risks that arise in the main from the considerable size reductions in expenditure that are required. To mitigate the risk, the achievement of agreed savings will have to be proactively managed.

10 OTHER OPTIONS CONSIDERED

- 10.1 There are no other options considered in this report.

11 CONSULTATION

- 11.1 The outcome of the What Really Matters will help influence future priorities and service delivery.

12 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 12.1 There are none arising out of this report.

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

- 13.1 The resource implications are detailed in the report. The financial implications will be further updated at Budget Cabinet.

14 LEGAL IMPLICATIONS

- 14.1 The Council is required to agree a Budget for 2014/15 by 10 March 2014. As part of agreeing the Budget the Chief Financial Officer is required under Section 25 of the Local Government Act 2003 to produce a report on the robustness of the estimates made for the Council Budget.

15 EQUALITIES IMPLICATIONS

- 15.1 There are none arising out of this report.
- 15.2 An Equality Impact Assessment (EIA) is not required.

16 CARBON REDUCTION IMPLICATIONS

- 16.1 There are none arising out of this report.

17 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

17.1 There are none arising out of this report.

18 RECOMMENDATIONS

18.1 To note the forecast funding gap for 2014/17 and that this includes assumptions regarding items still to be determined such as the Local Government Finance Settlement and the determination of levies for 2014/15.

18.2 That a further update be presented to Budget Cabinet in February.

19 REASON FOR RECOMMENDATIONS

19.1 An updated MTFS is critical to an effective financial strategy and governance. The Corporate Plan and the MTFS is key to ensuring that the Council functions well in the future. It is important that Members are informed of the major financial issues that the Council faces and are in turn able to make the required financial decisions.

19.2 The financial future remains difficult. Reductions in Government funding will continue and coupled with increasing services demand mean that the Council is facing a budget deficit over the coming years if it does not take actions to reduce expenditure or generate new income. This report updates Members on the Councils MTFS and the need to deliver savings.

REPORT AUTHOR: Jenny Spick
Senior Finance Manager – Financial Services
Telephone (0151) 666 3582
Email: jennyspick@wirral.gov.uk

SUBJECT HISTORY

Council Meeting	Date
Cabinet - Reports on the Budget 2013/14 including the Medium Term Financial Strategy	18 February 2013
Cabinet - Planning the Budget Process for the next Budget Round 2014/17	18 April 2013

This page is intentionally left blank

WIRRAL COUNCIL

CABINET

10 DECEMBER 2013

SUBJECT	FINANCIAL MONITORING 2013/14 MONTH 7 (OCTOBER 2013)
WARD/S AFFECTED	ALL
REPORT OF	DIRECTOR OF RESOURCES
RESPONSIBLE PORTFOLIO HOLDER	COUNCILLOR PHIL DAVIES
KEY DECISION	YES

1 EXECUTIVE SUMMARY

- 1.1 This report details the Monitoring position for Month 7 (ending 31 October 2013). There are separate appendices for Revenue and Capital.

2 RECOMMENDATIONS

2.1 Revenue:

Cabinet is asked to note:-

- a) that at Month 7 (October 2013), the full year forecast projects a General Fund underspend of £519,000 and if achieved at year end this should be earmarked against future Council restructuring costs

Cabinet is asked to agree:-

- a) the use of £175,700 of General Fund balances to fund the part year effect of the increase in energy prices in 2013/14.

2.2 Capital

Cabinet is asked to note:-

- a) the spend to date at Month 7 of £12.70 million, with 58.3% of the financial year having elapsed.

Cabinet is asked to agree:

- a) the revised Capital Programme of £43.666 million (Table 1 at 4.1);
b) the re-profiling of a number of schemes into 2014/15, totalling £0.219 million,
c) the inclusion of £0.200 million for Arrowe Park changing facilities to be funded from unsupported borrowing;
d) the removal of the park depot rationalisation scheme (£0.500 million) pending re-submission of a composite depot scheme.

3 BACKGROUND AND KEY ISSUES

- 3.1 Throughout the financial year Cabinet will receive monthly updates in respect of Revenue and Capital Monitoring.

4 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 OTHER OPTIONS CONSIDERED

- 5.1 No other options were considered.

6 CONSULTATION

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

7 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 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 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 EQUALITIES IMPLICATIONS

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

11 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 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

12.1 There are no implications arising directly from this report.

13 REASONS FOR RECOMMENDATIONS

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

REPORT AUTHOR: Peter Molyneux
Senior Manager – Financial Services
Telephone: 0151 666 3389
Email: petemolyneux@wirral.gov.uk

APPENDICES

Appendix A Revenue Monitoring 2013/14 Month 7 (October 2013)

Appendix B Capital Monitoring 2013/14 Month 7 (October 2013)

SUBJECT HISTORY

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

This page is intentionally left blank

CABINET

10 DECEMBER 2013

SUBJECT	REVENUE MONITORING 2013/14 MONTH 7 (OCTOBER 2013)
WARD/S AFFECTED	ALL
REPORT OF	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 7 (October 2013) and actions to minimise risk.

2 RECOMMENDATIONS

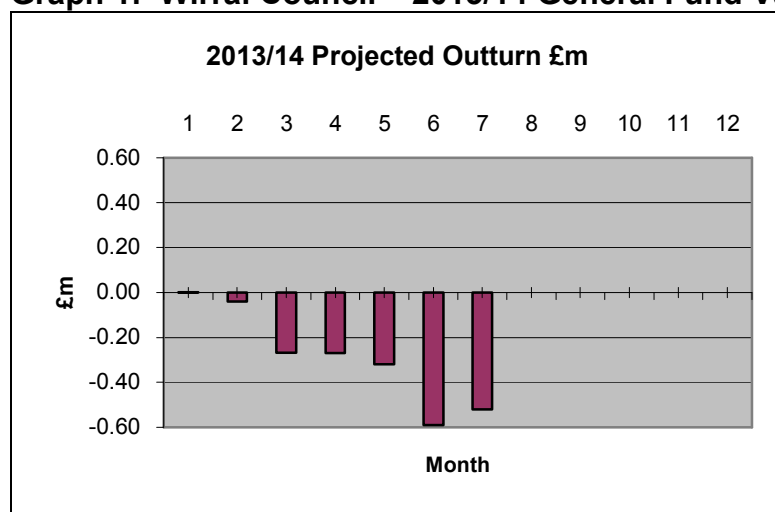
Cabinet is asked to note and /or agree:

- a) at Month 7 (October 2013), the full year forecast projects a General Fund underspend of £519,000 and if achieved at year end this should be earmarked against future Council restructuring costs.
- b) the use of £175,700 of General Fund balances to fund the part year effect of the increase in energy prices in 2013/14 as outlined in paragraph 6.3.

3 OVERALL POSITION AT MONTH 7 (OCTOBER 2013)

- 3.1 Month 7 shows a projected General Fund underspend of £519,000 (compared to the month 6 position of a £592,000 underspend). A number of departmental underspends have been earmarked against ongoing or emerging financial issues. An allocation of £1.6 million against the £2 million savings profiling account (page 7 of the Budget Book and Forecasts 2013/16) is assumed.

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 7	Revised Net Budget
Chief Executive	8,240	-4,372	-190	3,678
People - Adult Social Services	82,951	-220	-	82,731
People – Children & YP, & Schools	91,738	-6,761	-90	84,887
People – Asset Mgmt & Transport	-	5,534	-	5,534
People – Safeguarding	685	1,396	-	2,081
People – Sports and Recreation	8,904	-42	-	8,862
Places - Environment & Regulation	79,651	-51	90	79,690
Places – Housing & Comm Safety	15,342	-551	-	14,791
Places – Regeneration	5,134	-18	-	5,116
Transformation & Resources	12,424	5,085	190	17,699
Corporate Growth & Savings	-3,252	-	-	-3,252
Net Cost of Services	301,817	0	0	301,817

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 have since been refined.

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	0	0	1	0	2.70%
Yellow Underspend	0	0	0	1	0	2.70%

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

Although no Directorate is currently forecasting an overspend position there is one Business Area forecast at red. This relates to the following: Transformation and Resources Business Processes currently forecast at £700,000 overspent (net of any other compensatory saving measures) due to forecast unachieved savings of £1.3 million relating to court costs income. The £700,000 will be funded from savings within other staffing and Treasury Management budgets with Transformation and Resources.

The Transformation and Resources yellow rating relates to treasury management savings from use of internal borrowing in lieu of borrowing and scheme slippage.

- 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 7	RAGBY Classification	Change from prev mnth
Chief Executive	3,678	3,568	-110	G	155
People - Adult Social Services	82,731	82,731	0	G	-
People – Children & YP, & Schools	84,887	84,887	0	G	-
People – Asset Mgmt & Transport	5,534	5,534	0	G	-
People – Safeguarding	2,081	2,123	42	G	-9
People – Sports and Recreation	8,862	8,660	-202	B	-73
Places - Environment & Regulation	79,690	79,690	0	G	-
Places – Housing & Comm Safety	14,791	14,791	0	G	-
Places – Regeneration	5,116	5,116	0	G	-
Transformation & Resources	17,699	17,450	-249	B	-
Corporate Growth & Savings	-3,252	-3,252	0	G	-
TOTAL	301,817	301,298	-519		73

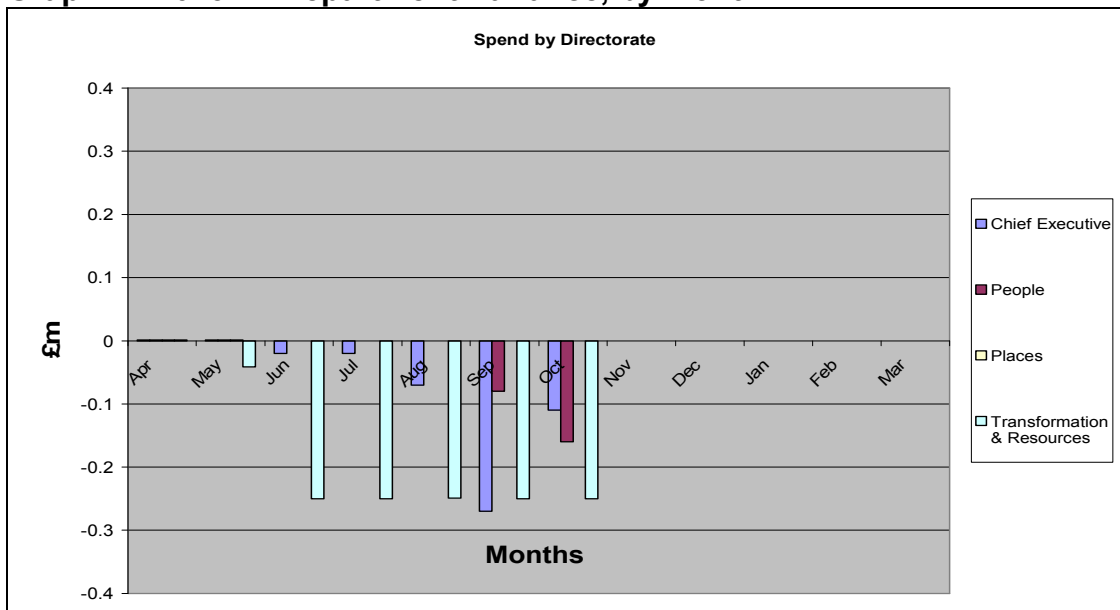
- 4.5 Within the various directorates there have been the following developments:

- **Chief Executive's:** Underspend of £110,000 is currently forecast (Month 6 was forecast at £265,000). The movement is due to additional Public Health investment agreed across the Council.
- **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, which supports 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:** There is significant progress on Learning Disabilities through realignment of community care budgets and an overall Directorate underspend is forecast. Management actions previously planned have delivered reductions in residential placements and increased NHS income. Accordingly £1.9m is currently projected as available 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 as detailed in Annexe 12 or against the 2013/14 loan repayment.
 - **Childrens:** A number of variances are being covered by the corporate savings profiling account. £1.5 million is forecast to be available in the year to contribute towards bridging the 2013/14 loan in 2014/15.

	Adults	Children	Total
Saving 2013/14	1.900	1.500	3.400
Use in 2013/14	-1.900	-0.000	-1.900
C/forward to 2014/15	0.000	1.500	1.500

- Places:** The net saving forecast is nil (month 6 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. Measures to fund these issues from 2014/15 onwards will require identification by Strategic Directors. A shortfall of £350,000 in car parking income has previously been reported and remains the forecast position. This shortfall is presently being offset by compensatory savings within other Sections (Parks & Countryside, Environmental Health, and Waste) of the Environment and Regulation Service Area.
- Transformation & Resources:** A £249K underspend is currently forecast (unchanged from Month 6), 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 concerns customer and client receipts. This reflects the shortfall in Council Tax court costs income and an adjustment made to reflect that not all income raised will be received in year requiring a possible contribution to bad debt provision.

Table 4: Projected Departmental Variations by Spend and Income

	Revised Budget	Forecast Outturn	Variance	RAGBY	Change from Previous
	£0	£0	£0	£0	£0
Gross Expenditure					
Employees	136,888	136,927	39	G	14
Premises	16,985	17,042	57	G	-8
Transport	7,656	7,615	-41	G	-4
Supplies and Services	130,518	130,495	-23	G	194
Third Party Payments	122,601	121,668	-933	Y	127
Transfer Payments	141,089	140,994	-95	G	-1
Support Services	72,859	72,859	-	G	1
Financing Costs	58,631	57,651	-980	Y	-
Schools Expenditure	178,552	178,552	-	G	-
Total Expenditure	865,779	863,803	-1,976		323
Gross Income					
Schools Income	175,957	175,957	-	G	-
Government Grants	183,253	183,194	-59	G	-1
Other Grants and Reimbursements	36,428	37,793	1,365	Y	10
Customer/Client Receipts	47,676	45,008	-2,668	R	208
Interest	870	640	-230	A	-
Recharge Other Rev A/c	119,778	119,913	135	G	33
Total Income	563,962	562,505	-1,457		250
Net Expenditure	301,817	301,298	-519		73

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 A budget adjustment has been made this month relating to employee costs of £244,000 for temporary coaches, instructors and support within the Sports Development Unit of Sport and Recreation. These costs are funded from a number of grant and other income streams where approvals fluctuate during the year. The costs and associated income have now been split out in this monitor and allocated against the relevant budget lines.
- 4.9 After agreeing the 2013/14 budget, a number of budgetary issues were identified as requiring further corrective action. A number of items have been dealt with in previous monitors. Details of the issues are contained within [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. Detail is at [Annex 5](#).

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

BRAG	Number of Options	Sep 2013	Change from prev mnth	Approved Budget Reduction	Amount Delivered at Oct	To be Delivered
B - delivered	39	25	14	20,943	20,905	38
G – on track	24	37	-13	17,977	9,634	8,343
A - concerns	5	6	-1	6,696	3,763	2,933
R - failed	2	2	0	2,729	1,129	1,600
P – replacements for Red	1	1	0	0	750	550
Total at M7 Oct 13	71			48,345	36,181	13,464
<i>Total at M6 Sep 13</i>	<i>71</i>			<i>48,345</i>	<i>33,728</i>	<i>15,917</i>

Note: Budget Book page 56-58. Replacement savings cover shortfall in Court costs option

- 5.2 There are currently two savings options identified as red rated. They relate to Review of Residential Care for Learning Disabilities (£300k) Council Tax Court Costs (£2,429k)
- 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 and delivered, it is presented in Table 6 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	1,376	0	6,858	1,690	9,924
Children's 4.9	7	1,500	1,500	0	0	1,500
Use of 2013/14		-1,376				
Total 13.7	37	1,500	1,500	6,858	1,690	11,424

Note: Further proposals require identification Total proposals may end up being greater than target to allow for slippage. Any savings achieved in 2013/14 will firstly reduce any annexe 12 issues and then assist with loan repayments in 2014/15.

- 5.4 The **spending freeze** was extended into the 2013/14 financial year, for three reasons:
1. **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.
 2. **Closedown.** The outturn for 2012/13 was not available to Cabinet until June 13th. There was a risk that the outturn could be worse than the M11 forecast of a £7.4m overspend. 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.

3. **Change.** The 2013/14 budget has built in 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.
- 5.5 Cabinet 10 October 2013 agreed that the spending freeze should be continued until further notice to aid good financial management.
- 5.6 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.
- 5.7 The 2013/14 Revenue Budget addressed a number of budget issues 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 is being managed during the year. 2012/13 saw improvement in care costs and transport, which resulted in misaligned 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 in general expenditure controls. The remaining suppressed demand of £1.5million relates to Adults
- 5.8 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 £1.6 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).
- 5.9 Due to the financial management processes outlined above, the budget position as reported in this and previous monitors remains stable.
- 5.10 Cabinet 19 September agreed 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. 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.

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 7 and 8, 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 providing 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	1,230	-	-
DASS Total	3,717	3,717	2,202	1,805
LHRAM Total	-	-	-	573
RHP Total	-	-	-	1,000
Technical Total	12	12	72	72
Finance Total	237	237	-	-
	5,196	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	1,600	-	
Price inflation unallocated				1,000
Growth unallocated			726	-
	7,700	3,300	6,626	8,900

Notes: inflation incorporated into departmental budgets amounts to £2.464m. £1m pay inflation against T&Cs . £0.7m pay inflation relates to market supplements and other employee costs.
Savings profiling may reduce where directorates can self fund

- 6.3 An annual increase in the Council's electricity and gas supply contract has come into force from 1st October 2013. The contract is provided under the Customer Access Agreement with the Government Procurement Service. The impact on the General Fund in 2013/14 is an increased cost of £65,100 and £88,100 for Electricity and Gas respectively plus an additional £22,500 in respect of street lighting. To avoid misaligned budgets General Fund Balances should be used to fund the £175,700 increase in 2013/14. Growth will be also included within the budget assumptions for 2014/15.

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.

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

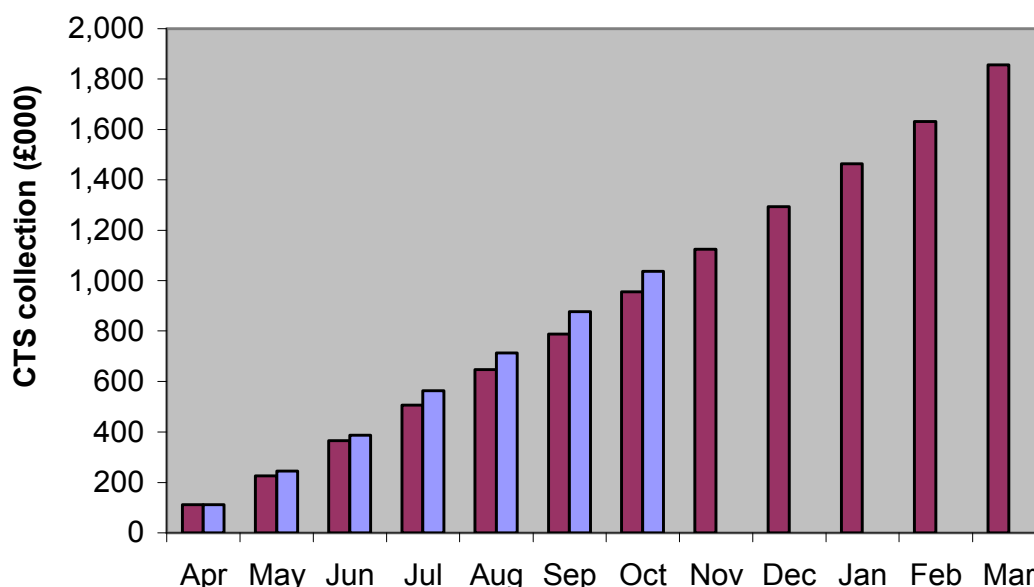
	2013-14	2013-14	
	Collectable	Collected	%
Council Tax	135,501	86,930	64.2
Business Rates	70,353	48,415	68.8
Fees and charges – Adults	51,332	23,612	46.0
Fees and charges – all other services	39,604	32,550	82.2

7.2 There is a backlog of Accounts Receivable debt to be processed in the areas of fees and charges. 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. Graph tracks collection performance against 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. An overall collection rate of 75% generating £2.25 million has been assumed for this category of council tax payer. The forecast is that £1.98 million (66%) will be collected by 31 March with recovery actions post 31 March increasing the collection to the target figure. At 31 October collection was 33.7% which is ahead of target, £965,000 and equates to £1,038,000.

- 7.5 Recovery from non Council Tax Support recipient debtors is continuing as normal. Action taken to recover from those of Working Age that previously received Council Tax Benefit is ongoing. Repayment plans offering weekly/fortnightly instalments were offered to those contacting the Council 4,588 applications for Deduction of Benefits have been made since July. Where possible attempts to collect by Attachment of Earnings and Benefits will be prioritised however inevitably in some cases this will not be possible and alternative methods including Bailiffs will need to be utilised.
- 7.6 Business Rates income collection was 68.8%% during October. This is higher than the 66.2% collected at the equivalent period in 2012/13. Comparisons are not straight forward as large increases and decreases in Rateable Values are reflected in the collectable amount. The taxbase changes have resulted in an extra £1 million to be collected in the first 7 months of this financial year. The timing and amounts of refunds may also affect the comparison. Recovery procedures have been tightened with debt being pursued earlier and the position is being closely monitored.
- 7.7 Issues regarding the collection of sundry debt were reported to Cabinet on 23 May 2013. The use of reserves has 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.

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. Any spend freeze agreed decisions are reflected within the tables above.
- 8.2 Updated financial regulations have been agreed by audit and risk management committee. The regulations include the updating and clarification of a number of financial procedures including budget virements and the treatment of year end over and underspends.

9 CASHFLOW

- 9.1 Active cash flow management is a fundamental part of the Treasury Management Strategy. Borrowing for funding the 2013/14 capital programme, as in past years has been delayed via temporary use of internal reserves and cash balances. The consequence of this is that interest receivable will be below budget due to funds not being available for investment but this will be more than compensated for by reduced borrowing costs. Interest rates payable on investments have also declined during the year. A pilot study has commenced to introduce monthly expenditure and income profiled budgets within directorates. This it is hoped, will aid proactive spending decisions and assist to get income to arrive earlier to improve the Council's cashflow and earn additional interest income.

10 RELEVANT RISKS

10.1 The possible failure to deliver the Revenue Budget has been 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 fund any slippage not covered from central funds;

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 M7		+0.52
Less: Funding of energy increase 2013/14		-0.18
Projected balance 31 March 2014 (Target per Cabinet 18/2/13 £17.739)		17.54

14.2 The current levels of Earmarked Reserves are shown in Table 11 with a full listing included at [Annex 11](#).

Table 11: Earmarked Reserves 2013/14

	Balance at 1 April 2013 £000	Movement in year £000	Current Balance 31 Oct 2013 £000
Housing Benefit Reserve	10,155	-	10,155
Insurance Fund	7,821	(5)	7,816
Efficiency Investment Rolling Fund	2,000	(1,000)	1,000
Grant Reserves	1,308	-	1,308
Management of other risks	29,228	(706)	28,522
School Balances and Schools Related	<u>14,264</u>	<u>(2)</u>	<u>14,262</u>
Total Reserves	64,776	(1,713)	63,063

- 14.3 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 and this remains the latest estimate for the implementation of the 2013/14 savings.

15 LEGAL IMPLICATIONS

- 15.1 The entire report concerns the duty of the Council to avoid a budget shortfall as outlined at paragraph 5.6. 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.

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.

REPORT AUTHOR: Peter Molyneux
Senior Manager
Telephone (0151) 666 3389
Email petemolyneux@wirral.gov.uk

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 March 2013

Annex 1 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 10
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	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 2013/14 BUDGET 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 7	Revised Net Budget
Chief Executive	8,240	-4,372	-190	3,678
People - Adult Social Services	82,951	-220	-	82,731
People – Children & YP, & Schools	91,738	-6,761	-90	84,887
People – Asset Mgmt & Transport	-	5,534	-	5,534
People – Safeguarding	685	1,396	-	2,081
People – Sports and Recreation	8,904	-42	-	8,862
Places - Environment & Regulation	79,651	-51	90	79,690
Places – Housing & Comm Safety	15,342	-551	-	14,791
Places – Regeneration	5,134	-18	-	5,116
Transformation & Resources	12,424	5,085	190	17,699
Corporate Growth & Savings	-3,252	-	-	-3,252
Net Cost of Services	301,817	0	0	301,817

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 T&R to Chief Executive. Funding 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
n/a	Transfer of 2 Constituency Committee Posts to Chief Executive from CYP.	0.095
n/a	Transfer of budget from Waste & Environment Service Area to create new roles to lead Constituency Committees.	0.042
n/a	Staff transfer from CYPD to Financial services following recent restructure.	0.044
n/a	Transfer of Caretaker posts from Adult Social Services to CYP	0.082
n/a	Transfer from Chief Exec Dep of one year's improvement plan funding to Transformation and Resources for Committee Services Officer.	0.040

n/a	Strategic Director post moved to Transformation and Resources from Chef Exec Dep.	0.150
n/a	Transfer of Allotments budget from Asset Management (CYP) to Parks and Countryside (R&E).	0.090
	OVERALL IMPACT OF THESE DECISIONS	0.0

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	0	2	0	0
Children & Young People, & Schools	7	0	1	5	1	0
Safeguarding	1	0	0	1	0	0
Sports & Rec	1	0	0	0	1	0
Environment & Regulation	2	0	0	2	0	0
Housing & Comm Safety	1	0	0	1	0	0
Transformation & Resources	7	1	0	5	0	1
Corporate Growth & Savings	2	0	0	2	0	0
Total	27	1	1	22	2	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	0	0	1	0	2.7%
Value £000s/ % Overall Net Budget				500		0.16

A shortfall on the court costs savings option has resulted in a red rating (Transformation and Resources).

Business Area Yellows

	Chief Exec	People	Places	Trans & Res	Total	Percent of total
Yellow underspend	0	0	0	1	0	2.7%
Value £000s/ % Overall Net Budget				749		0.29

Savings on treasury management due to use of internal borrowing and scheme slippage has produced a yellow rating (Transformation and Resources).

Subjective Area Reds

Expenditure

Customer/Client Receipts: The forecast of £2.69 million below budget is largely due to the £2m income adjustment referred to in paragraph 4.5 in the main report and the shortfall in Council Tax Court Costs income.

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 Transformation & Resources.

Other Grants and Reimbursements: The forecast of £1.6 million variance is due to expected over recovery of income within Adult Social Services.

Financing Costs: The forecast of £1 million underspend is due to capital programme slippage and savings against the Minimum Revenue Provision budget.

Annex 5 SAVINGS TRACKER

1 Summary

BRAG	Number of Options	Sep 2013	Change	Approved	Amount Delivered at Oct	To be
B - delivered	39	25	14	20,943	20,905	38
G – on track	24	37	-13	17,977	9,634	8,343
A - concerns	5	6	-1	6,696	3,763	2,933
R - failed	2	2	0	2,729	1,129	1,600
P – replacements for Red	1	1	0	0	750	550
Total at M7 Oct 13	71			48,345	36,181	13,464
<i>Total at M6 Sep 13</i>	<i>71</i>			<i>48,345</i>	<i>33,728</i>	<i>15,917</i>

2 Detail

SAVINGS (TYPE 1) TARGETS – ACHIEVEMENT OF THE SAVINGS (201314)

Families and Well Being – DASS

Saving	Target £000	Comments / progress on implementation	BGAR	Amount delivered at M7 Oct 13 £000	To be delivered £000
Review of VCF Sector Grants	705	Savings achieved	B	705	0

Community Meals	169	Savings achieved	B	169	0
Review of Support for Carers	250	Letter issued and reviews progressed for one-off payments, payments not related to client assessed need, and payments to related individuals	G	250	0
Day Care and Day Services Transformation	750	Service changes implemented	G	750	0
Charging for Non Residential Services	880	New charges implemented	G	500	380
Transport Policies	250	Additional grant funding CYP	G	250	0
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). - New contract starts 1.1.2014 (£84k). - Targets implemented for residential placement numbers plus scheme of delegation. (£454k) - Continuing Health Care – correct application of law and policy. (£377k). 	G B G G G	1000	828
Assistive Technology	150	Charges now proposed from 1st January 2014, income target remains achievable.	G	0	150
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.	G	304	125
Residential and Respite Care	160	Director implementing action plan to reduce Supported Living costs	G	100	60
Review of Equipment Service	100	Revised S75 in place for 2013-14 with Community Trust. Discussions commenced with NHS re revised hosting arrangements	G	0	100

Extra Care Housing/External Respite and Short-term Provision	300	- Extra Care Housing Provider Negotiations continue. - Revised Respite Policy to be produced and review the feasibility for block contracts for respite	G G	200	100
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	BGAR	Amount delivered at M7 Oct 13 £000	To be delivered £000
Education Psychology Service	80	Savings achieved	B	80	0
Schools Budget	250	Savings achieved	B	250	0
Careers, Education and Advice	700	Savings achieved	B	700	0
Schools Music Service	21	Savings achieved	B	21	0
Oaklands Outdoor Education Centre	23	Savings achieved	B	23	0
Foundation Learning	121	Savings achieved	B	121	0
Commissioning of Parenting Services	700	Savings achieved	B	700	0
Youth Challenge	200	Savings achieved	B	200	0
Short Breaks for Children with Disabilities	150	Savings achieved	B	150	0
Area Teams for Family Support	200	Savings achieved	B	162	38
School Improvement and Income from Schools	160	The school improvement programme has been reduced. However there is a shortfall in the buy back from Academies in respect of PFI of £45k.	G	115	45

Youth and Play Services	687	Restructure complete, but slippage of £124k is anticipated in relation to late vacation of premises and employees not leaving 1st April.	G	590	97
Child and Adolescent Mental Health Service	250	Confirmation that staff have left with slippage of £45k.	G	205	45
Children's Centres and Sure Start	1,576	There is slippage in relation to the Management restructure of £57k and slippage in the transfer of day care, £453k, for which only 2 tenders were received. There are discussions with Primary Schools in relation to the remaining 4 sites. Options are continuing to progress however the revised timescale of 1 January 2014 is unlikely to be met with resources being identified to offset any costs till the end of the year.	A	1066	510

Regeneration and Environment

	Target	Comments / progress on implementation	BGAR	Amount delivered at M7 Oct 13	To be delivered
Saving	£000			£000	£000
Invest Wirral	352	Savings achieved	B	352	0
Home Insulation	926	Savings achieved	B	926	0
Apprentice Programme	420	Savings achieved	B	420	0
Pre-Planning Advice	10	Savings achieved	↑ B	10	0
Pest Control	30	Savings achieved	↑ B	30	0
Dog Fouling Enforcement	97	Savings achieved	↑ B	97	0
Household Waste Collection	80	Savings achieved	↑ B	80	0
Handyperson Scheme	209	Savings achieved	↑ B	209	0

Trading Standards	71	Savings achieved	↑ B	71	0
Highway Maintenance	588	Savings achieved	↑ B	588	0
Street Cleansing	1,000	Savings achieved	↑ B	1000	0
School Waste	180	Savings achieved	↑ B	180	0
Street Lighting	265	Savings achieved	↑ B	265	0
Highway Drainage	106	Savings achieved	↑ B	106	0
Reduction in Parks Maintenance	450	Savings achieved	↑ B	450	0
Housing Support for BME Communities	111	Savings achieved	↑ B	111	0
Car Parking	281	Savings achieved	↑ B	281	0
Garden Waste Collection	582	Income target met and currently overachieving. Garden waste tonnages slightly below projections but drop in recycling credit income will be offset by subscription income and budget monitoring exercise has picked up necessary adjustments. Negotiations with Biffa over savings to be identified through fleet reduction are underway (to be completed by November 13).	G	582	0

Transformation and Resources

Saving	Target £000	Comments / progress on implementation	BGAR	Amount delivered at M7 Oct 13 £000	To be delivered £000
Efficiency Investment Fund	4,400	Savings achieved	B	4,400	0
Treasury Management	1,700	Savings achieved	B	1,700	0
Revenues and Benefits	550	Savings achieved	B	550	0
Information Technology Service	210	Savings achieved	B	210	0

Marketing and Public Relations	167	Savings achieved	B	167	0
Tranmere Rovers Sponsorship	135	Savings achieved	B	135	0
Power Supplies - Contract Saving	11	Savings achieved	B	11	0
Area Forum Funding	391	Savings achieved	B	391	0
Council Tax Increase	2,600	Savings achieved	B	2,600	0
Council Tax: Discounts and Exemptions	2,284	Savings achieved	B	2,284	0
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	0	140
Local Council Tax Support Scheme	2,785	Scheme introduced and progress being monitored as per section 7.3 above	G	0	2,785
Reducing Council Management	5,000	Savings profile weighted towards increased delivery in 2nd half of year reflecting date of leavers Vacant posts are being pro rata'd over the year.	G	2,234	2,766
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	-270	0
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	0	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	0	50
Libraries and One Stop Shops	391	Staff savings at the budget level are evident in April monitoring.	G	391	0

Housing Benefits – Maximisation of Grant	2,000	Saving has been incorporated into the budget and is expected to be achieved.	G	2,000	0
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 G G A	333	572
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.	G	100	0
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 £71k up to September 2013. However, there are plans to bring a significant number of current contracts to an end later in year. Challenge is around how savings are allocated across departments.	A	71	429

Procurement	320	This saving has not progressed as anticipated, but compensatory savings are expected to be made during the year.	A	297	23
Workforce Conditions of Service	3,800	Negotiations with TUs are ongoing. Target saving likely to be £3.7 million. Slippage depending upon agreement is likely. Challenge is around how savings are allocated across departments.	A	2,160	1,640
Council Tax: Court Costs	2,429	Current projections show full saving will not be delivered. £1.3M Compensatory savings will be made from staffing budgets (£0.8M) and Treasury Management Budgets (£0.5M) within Transformation and Resources.	R	1,129	1,300

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

ADULTS

Details	Proposed 2013/14 (£000)	Delivered 2013/14 (£000)	Proposed 2014/15 (£000)	Proposed 2015/16 (£000)	Comments / progress on implementation
Live savings					
Service Reviews (for development and future discussion with members)	1,014		3,530	900	
Management action	362		3,328	790	
Total all categories	1,376		6,858	1,690	

Note: 21013/14 monies may be allocated first to annexe 12 issues in 2013/14

CHILDRENS

Details	Proposed 2013/14 (£000)	Delivered 2013/14 (£000)	Proposed 2014/15 (£000)	Proposed 2015/16 (£000)	Comments / progress on implementation
Commissioning (saving achieved in advance)	250	250			Saving achieved in advance of 2014/15 requirement
Connexions/CEI AG (saving achieved in advance)	300	300			Saving achieved in advance of 2014/15 requirement
Transfer Pension costs to Schools Budget	100	100			Costs to be transferred as in 2012/13
Uncommitted Adoption Grant	200	200			As per Cabinet report June 2013
Further reduction in Schools PPM programme	200				Reduction taken into account in the available programme
Springboard / School Readiness add'l budget	400	400			Budget not committed
YOS bring forward service review	50	50			To be met from vacancies and spend controls
Total	1,500	1,300			

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

Risk £000's

Corporate Growth (Budget Book page 7)	2013/14 Budget	2013/14 Release
Pay Inflation	1,700	1,700
Change Management Implementation Fund	4,000	
Savings Profiling	2,000	1,600
Price inflation unallocated		
Growth unallocated		
	7,700	3,300

Inflation £000's

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 31 October 2013 with the amount collected in the same period in 2012/13:

	Actual 2013/14 £	Actual 2012/13 £
Cash to Collect	135,501,000	125,804,000
Cash Collected	86,930,000	82,873,751
% Collected	64.2%	65.9%

Council Tax benefits has been abolished and replaced by Council Tax support and the numbers and awards as at 31st October 2013 are as follows:

Number of Council Tax Support recipients	38,189
Total Council Tax Support expenditure	£27,887,000
Number of pensioners	16,313
Number of vulnerable	6,945
Number of working age	21,876

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. Overall there is an extra £10 million to be collected for 2013/14. Council Tax Support claimants of Working Age total 21,818, this includes 6,668 who receive maximum support leaving 15,150 paying at least 22%. This Council Tax Support debt is £3,078,434.

A Council Tax Discretionary Relief policy was agreed by Cabinet in October (minute 71 10 October 2013) and funded to a maximum of £50,000. An application form along with information on this has been placed on the website. No awards had been made to 31 October 2013. Report, next month, in a similar way to the Discretionary Housing Payment report.

Business Rates

The following statement compares the amount collected for **National Non-Domestic Rates** in the period 1 April 2013 to 31st October 2013 with the amount collected in the same period in 2012/13:

	Actual 2013/14	Actual 2012/13
	£	£
Cash to Collect	70,353,460	68,680,678
Cash Collected	48,415,000	45,466,158
% Collected	68.8%	66.2%

Accounts Receivable

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

	Less than 28 days	1st reminder	2nd reminder	3rd reminder	Total as at 30.9.13
Chief Executive	£191,968	£3,258	£5,572	£567,566	£768,364
Neighbourhood & Engagement	£17,155	£0	£0	£18,720	£35,875
Transformation & Resources	£485,719	£816,675	£67,123	£532,663	£1,902,180
Families & Well Being	£5,246,871	£1,009,672	£1,524,444	£17,649,635	£25,430,622
Regeneration & Environment	£485,185	£23,477	£137,232	£2,978,217	£3,624,111
Policy & Performance	£1,165,357	£415,565	£67,000	£113,970	£1,761,892
Totals	£7,592,255	£2,268,647	£1,801,371	£21,860,771	£33,523,044

The above figures are for invoices in respect of the period up to the end of October 2013 and for the first time show Public Health invoices shown within Policy and Performance. Payments as well as amendments such as write-offs and debts cancellations continue to be made after this date on these accounts. There is a further deduction of £493,717 to be made for unallocated payments leaving a balance of **£33,029,327**

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 Support up to 31 October 2013:

	2013/14	2012/13
Number of Private Tenant recipients	31,627	31,757
Total rent allowance expenditure	£82,765,419	

Number under the Local Housing Allowance Scheme (<i>included in the above</i>)	12,223	12,010
	£33,284,632	

Number of Council Tax Support recipients	38,138
Total Council Tax Support expenditure	£28,109,821
Total expenditure on benefit to date	£110,875,240

The following statement provides information concerning the breakdown according to client type as at 31 October 2013 and gives the early year numbers to show the shift in sector by benefit claimants during the year.

Private Tenants	31.10.13	1.05.13
Claimants in the Private Rented Sector	14,738	14,451
Claimants in the Social Rented Sector	16,886	16,765
Owner Occupiers	10,434	10,738
Total claimants by age group		
- under 25 years old	2,582	2,728
- 25 – 60 years old	21,956	21,741
- over 60 years old	17,523	17,623

There are **42,061** benefit recipients in Wirral as at 31 October 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 average is £12 weekly and there are 2,949 households affected;
- Two or more spare bedrooms incurs a 25% reduction – the Wirral average is currently £21 weekly and there are 709 affected;
- Out of a total social sector HB caseload of 16,869 - 3,658 are currently affected by this. Numbers have reduced slightly as the reduction has, in some cases, been overridden due to the claimant's circumstances.

Housing Benefit Fraud and Enquiries – 01 April 2013 to 31 October 2013

New Cases referred to Fraud team in period	797
Cases where fraud found and action taken	38
Cases investigated, no fraud found & recovery of overpayment may be sought	304
Cases under current investigation	216
Surveillance Operations Undertaken	0

Cases where fraud found and action taken:	
Administration penalty	2
Caution issued and accepted	7
Successful prosecution	29
Summons issued for prosecution purposes	31

Discretionary Housing Payments

The tables below profile the position of Discretionary Housing Payment (DHP) administration and associated spend. DHP is not a payment of Housing Benefit and is funded separately from the main scheme. Whilst traditionally it was seen as a short term measure to financially assist those who had difficulty in meeting a rental shortfall, increasingly the nature of awards is changing as the impacts of Welfare Reform roll-out. The Department for Work and Pensions see such awards, for which the Government contribution has increased, in many cases as supporting people through the transition of reform, allowing them time to rebudget, increase their income or to secure a DHP award to help with moving costs.

The Government contribution for 2013/14 is £917,214 with an overall limit of £2,293,035 which the Authority must not exceed. In direct recognition of the impacts of the Reforms, the DWP also made a further £10 million Transitional Funding available for 2013/2014, of which Wirral's share is £64,000. Spend is closely monitored, with year end spend forecasted on a monthly basis. Whilst the percentage spend to date, at 38%, is lower than this time 2012/2013, the escalating impacts of reforms such as Social Sector Size Criteria and wider increase in people struggling to manage financially as a result of a myriad of change, means that it is expected that Wirral will use up the full government contribution by year end. £35,000 has been allocated to Housing Options to meet rent deposits to enable people to move into sustainable tenancies and they have allocated £11,690 of this to date.

Data @ 31/10/2013										
Month	Awards Considered			DHP Awards in Payment	Current Awards	Committed awards up to 31/03/2014	% spent (committed) of Govt cont	Forecasted Y.E. spend	Annual Total Cont.	Cont remaining
	Total consid	Awarde d	Refused							
April	62	26	36	65	£11,674	£16,883	2%	£198,794	£917,214	£888,655
May	228	103	125	136	£27,093	£41,845	5%	£242,440	£917,214	£875,368
June	296	122	174	230	£51,067	£79,329	9%	£314,732	£917,214	£837,884
July	358	143	215	355	£80,470	£122,073	13%	£371,305	£917,214	£795,140
August	387	210	177	680	£188,198	£257,560	28%	£598,786	£917,214	£659,653
September	158	86	72	785	£241,429	£306,388	33%	£611,101	£917,214	£610,825
October	114	78	36	880	£289,841	£351,393	38%	£611,101	£917,214	£565,821
Totals	1,603	768	835					Additional	£64,000	£64,000
									£971,214	£674,825

DHP Payment Type	02/05/2013	24/05/2013	03/06/2013	02/07/2013	30/07/2013	21/08/2013	05/09/2013	01/10/2013	30/10/2013
Baby Due	3	5	5	5	5	9	9	9	10
Benefit Cap	1	1	1	1	1	5	6	6	11
Change of Address	1	3	3	4	4	4	4	4	4
Combination of reforms									1
Disability	5	8	8	10	11	16	16	16	11
Income Tapers	4	6	6	7	9	14	14	15	15
Increase in work related expenses									1
Legislation change	4	5	5	7	8	9	11	17	17
LHA reforms	22	36	36	44	46	59	60	61	68
NDD	2	2	2	3	3	4	4	4	4
Reduced HB ent	6	14	14	16	17	20	21	21	23
Removal Costs						1	2	2	2
Rent deposit	4	8	10	13	16	21	21	24	27
Rent restrictions	33	56	61	84	126	152	156	186	209
Social Size criteria	2	21	24	87	138	248	263	303	347

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 to see how implementation has gone and for possible scheme alterations. The number of applications is rising on a week by week basis.

LWA details for period from 02 April 2013 to 31 October 2013:

Number of awards granted for food	2,101	value	£93,104
Number of awards granted for fuel	1,596	value	£30,165
Number of awards granted for goods	517	value	£128,072

Total number of households receiving an award	2,477	value	£251,341
--	--------------	--------------	-----------------

Number of claims not qualifying for assistance	2,041
--	-------

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
People	Management Actions to address learning disabilities budget pressures	

Annex 11 EARMARKED RESERVES - GENERAL FUND £000's

	Balance at 1 April 2013 £000	Movement	Balance at 31 Oct 2013 £000
Schools Balances	11,936	-	11,936
Housing Benefit	10,155	-	10,155
Insurance Fund	7,821	(5)	7,816
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	(1,000)	1,000
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	10	482
Planned Preventative Maintenance	463	(27)	436
ERDF Match Funding	444	-	444
Schools Automatic Meter Readers	415	-	415
Schools Contingency	370	(2)	368
Strategic Asset Review	366	(149)	217
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	(540)	5,908
Total Reserves	64,776	(1,713)	63,063

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 Adults	Foster Care placements - with improved work routines, amenable to reduction. Learning Disabilities additional supported living packages	100 2,700	50 0	0 0	0 0	Funding from M7 increased grants Management actions resolving shortfall including additional NHS support, increased income and budget realignment. Future year impact being assessed
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 2014/15+ from grant adjustment
	Willowtree	Shortfall in accommodation budget; resolution depends on service and asset disposal	33	33	33	33	Agreed can be met from permanent budget reduction
	Car Parking	Income shortfall from changing market	350	350	350	350	Compensatory savings identified for 2013/14, potential growth request 2014/15+ if modelling indicates permanent change
Transformation							
	Market Supplements	Using Market supplements when appropriate to ensure the appointment, and retention, of key, statutory employees.	490	450	450	0	Reduced from £1m M1 Monitor based on latest estimates. From pay growth budget M7
	2012/13 T&C's	Non-achievement; count as part of 2014/15 target	300	0	0	0	2013/14 from forecast savings
	2012/13 Trans Bus S	Non-achievement; count as part of 2014/15 target	300	150	0	0	2013/14 from forecast savings
	2013/14 T&Cs	Shortfall in achievement; count as part of 2014/15 target	472	0	0	0	2013/14 from forecast savings
	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
	Council Tax Court Costs	Shortfall on 2013/14 savings option (Red Rated)	1,300	1,300	1,300	1,300	Compensatory savings from T&R in 2013/14, options being evaluated 2014/15 including growth request
Totals			8,516	4,554	4,354	3,904	

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	-2,000	-2,000	-2,000	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	part funding from central budget for pay growth (page 7) Budget Book
		Foster Care placements	-100	-50	0	0	Funding from increased grants per Directorate M7
		Homeless Grant	-221	-221	-221	-221	2013/14 from funding identified in monitor, 2014/15+ from grant adjustment
		Council Tax Court Costs	-1,300	-1,300	-1,300	-1,300	2013/14 compensatory savings from T&R staffing and Treasury Management, growth request/budget adjustment 2014/15 +
		Car Parking	-350	-350	-350	-350	2013/14 compensatory savings within R&E parks & countryside, Environmental Health and Waste. 2014/15+ potential growth/budget adjustment request if modeling indicates permanent change
		Learning Disabilities additional supported living packages	-2,700	0	0	0	Management actions resolving shortfall including additional NHS support, increased income and budget realignment. Future year impact being assessed
		Remaining issues relating to 2013/14	-872	-150	0	0	Funded from funding identified in monitor
Current additional resource required from savings			0	0	0	0	

CABINET

10 DECEMBER 2013

SUBJECT	CAPITAL MONITORING 2013/14 MONTH 7 (OCTOBER 2013)
WARD/S AFFECTED	ALL
REPORT OF	DIRECTOR OF RESOURCES
RESPONSIBLE PORTFOLIO HOLDER	COUNCILLOR PHIL DAVIES
KEY DECISION	YES

1 EXECUTIVE SUMMARY

1.1 This report sets out the capital position for 2013/14 at Period 7 (October 2013) and actions to minimise risk.

2 RECOMMENDATIONS

2.1 That Cabinet is asked to note:

- a) the spend to date at Month 7 of £12.70 million, with 58.3% of the financial year having elapsed.

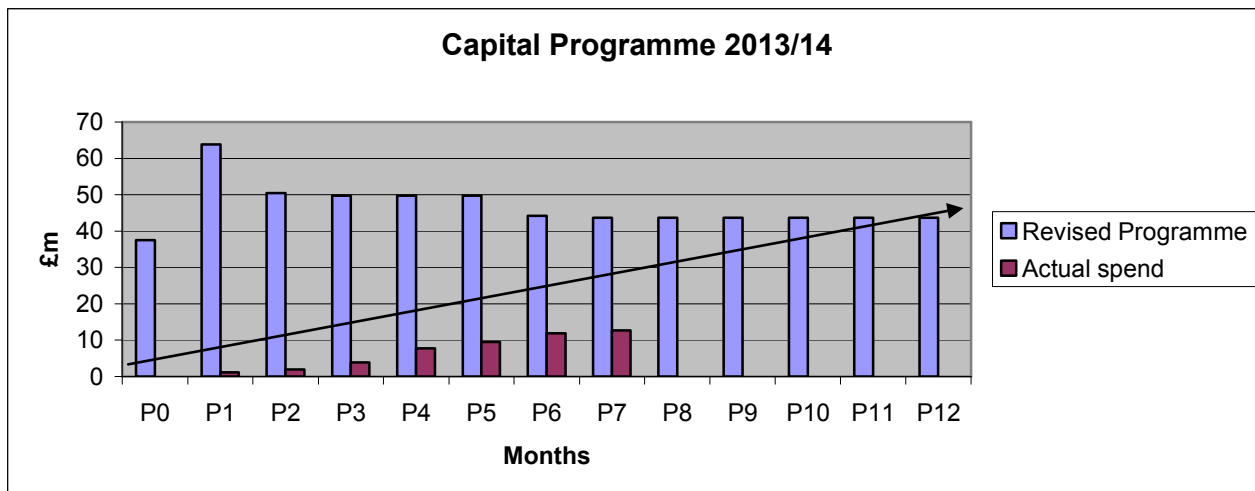
2.2 That Cabinet is asked to agree:

- a) the revised Capital Programme of £43.666 million (Table 1 at 4.1);
- b) the re-profiling of a number of schemes into 2014/15, totalling £0.219 million,
- c) the inclusion of £0.200 million for Arrowe Park changing facilities to be funded from unsupported borrowing;
- d) the removal of the park depot rationalisation scheme (£0.500 million) pending re-submission of a composite depot scheme.

3 OVERALL POSITION AT PERIOD 7 (OCTOBER 2013)

3.1 The projected capital forecast for the year, at Month 7 shows a potential outturn of no overspend or underspend.

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 7 monitor reflects the programme agreed by this Cabinet on 7 November amended for the re-profiling and additional grants.

Table 1: Capital Programme 2013/14 at Period 7 (October) £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	-400	0	0	1,000
Bids to release assets	1,053	1,404	0	0	2,457
People – Adults	11,025	-9,125	0	0	1,900
People – CYP	10,286	1,233	0	0	11,519
Places - Regeneration	5,979	5,162	0	0	11,141
Places - Environment	7,196	6,803	-219	-500	13,280
Trans & Res -Finance	210	0	0	0	210
Trans & Res - Asset Mgt	315	1,644	0	200	2,159
Total expenditure	37,464	6,721	-219	-300	43,666

4.2 A summary of the significant variations to be approved or noted by Cabinet for Period 7 is set out in Table 2.

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
People – Environment	-120 -99 -500	Bridges Programme is highly weather dependant and cannot be completed during the winter (D) Minor re-profiling required to the Highways Maintenance schemes to ensure that existing contracts placed with COLAS are completed prior to the end of our contract with them (D) Park Depot rationalisation scheme has been removed pending the overall asset review of the Council's depots. This will be subject to a revised Capital bid for 2014/15 (E)
Asset Management	200	In order to ensure that the Arrowe Park changing facility is fit for purpose £0.2m would be required from the Deferred Unsupported schemes
Significant variations	-519	

4.3 There has been no change to the Government's capitalisation directions. The qualifying criteria to 'capitalise' statutory redundancy costs prevent the Council from applying in 2013/14.

5 PHASING OF THE PLAN – THE USE OF GATES

5.1 Officers have embarked on implementing a system – Concerto - that will tell how all the schemes in the capital programme are progressing. Instead of only having two scheme measures, being 'start' and 'completed', this will enable looking '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 7 is £12.7m with 58.3% of the financial year having elapsed.

Table 4: Spend to date September (7/12 = 58.3%)

	Spend to date		Comments on variation RAG
	£000	%	
Invest to save	0	0	Green -acceptable
Bids to release assets	142	6	Green -acceptable
People - Adults	0	0	Green -acceptable
People - Children & Yg People	5,025	44	Green -acceptable
Places - Regeneration	2,178	20	Green -acceptable
Places – Environment	4,345	33	Green -acceptable
Trans & Res –Finance	55	26	Green -acceptable
Trans & Res - Asset Mgt	1,000	46	Green -acceptable
Total expenditure	12,745	29	

6.2 People – Adults

With regard to the LD Extra Care Housing scheme (£0.4 million) the evaluation exercise is complete and procurement has commenced. It is anticipated that a report will be presented to Cabinet in January after which the successful partners will be announced and work commence.

6.3 Places – Regeneration

The expenditure on Disabled Facilities Grants is currently £2 million below the budget. However, a further £1.3 million has either been approved and committed or waiting to be approved. Additional staffing resources are now in place to ensure that the remaining budget is committed by the end of the financial year.

Cabinet on 7 November approved 2 grants from the Regional Growth Fund totalling £0.710 million, this expenditure has yet to be incurred.

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

	Revised Budget	Projected Outturn	Variation
Invest to save	400	400	0
Bids to release assets	2,457	2,457	0
People - Adults	2,500	2,500	0
People - Children's & Young People	11,519	11,519	0
Places - Regeneration	11,141	11,141	0
Places - Environment	13,280	13,280	0
Trans & Res -Finance	210	210	0
Trans & Res - Asst Mgt	2,159	2,159	0
Total Expenditure	43,666	43,666	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 7. 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	7,522	-19	15,423
Capital Receipts	3,121	1,358	-500	3,979
Revenue and Reserves	888	743	0	1,631
Grant – Education	8,786	1,768	0	10,554
Grant – Integrated Transport	1,136	-79	0	1,057
Grant – Local Sustainable Transport	695	631	0	1,326
Grant – Local Transport	2,864	522	0	3,386

Plan				
Grants – Other	12,054	-5,744	0	6,310
Total Financing	37,464	6,721	-519	43,666

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	15,423	6,910	1,300	23,633
Capital Receipts	3,979	4,271	1,000	9,250
Reserve Reserves	1,631	290	0	1,921
Grant – Education	10,554	8,386	357	19,297
Grant – Integrated Transport	1,057	1,294	0	2,351
Grant – Local Sustainable Transport	1,326	676	0	2,002
Grant – Local Transport Plan	3,386	3,235	0	6,621
Grants – Other	6,310	11,092	0	17,402
Total Financing	43,666	36,154	2,657	82,477

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 7 there is a sum of £23.6 million of new unsupported borrowing included over the next three years, which will result in approximately £2.3 million 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	15,423	6,910	1,300	-	23,633
Cumulative		22,333	23,633		
Cumulative Annual Revenue repayment costs		1,542	2,233	2,363	

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	5,057	820	300	6,177
Other borrowing	10,366	6,090	1,000	17,456

11 CAPITAL RECEIPTS POSITION

- 11.1 The Council has worked with the Local Government Association (LGA) to review the Council's Assets - a report was presented to Cabinet on November 7. This highlighted the Council could realise £20 million from asset disposals including Acre lane, former Rock Ferry High School and Manor Drive, Upton some of which has already been accounted for in Table 10 below. .
- 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 £8.1 million 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	5,621	8,800
In - Receipts Assumption	1,500	7,450	N/A
Out - Funding assumption	-3,979	-4,271	-1,000
Closing Balance	5,621	8,800	7,800

- 11.3 At the end of October Council had received £1.322 million usable capital receipts which are detailed in Annex 4.

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 through the development of closer working with the LGA and Local Partnerships.

13 OTHER OPTIONS CONSIDERED

- 13.1 No other options have been considered.

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. A previous Treasury Management report to Cabinet provides details of an estimated underspend of £0.8 million in respect of borrowing.

17 LEGAL IMPLICATIONS

17.1 There are no legal implications arising directly from this report.

18 EQUALITIES IMPLICATIONS

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

19 CARBON REDUCTION IMPLICATIONS

19.1 There are no carbon reduction implications arising directly from this monitoring report.

20 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

20.1 There are no planning and community safety implications arising directly from this monitoring report.

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.

REPORT AUTHOR: Reg Huyton
Finance Manager
Telephone: 0151 666 3415
Email: reghuyton@wirral.gov.uk

SUBJECT HISTORY

Council Meeting	Date
Capital monitoring reports, from September 2012, are being submitted monthly. Capital programme submitted to Council	5 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 1 CAPITAL MONITORING & 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 20	Sept 5
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	Dec 2	Dec 18
8	November	Dec 6	Jan 19	Feb 4
9	December	Jan 8	Feb 1	Feb 17
10	January	Feb 7	Feb 25	Mar 13
11	February	Mar 7	TBC	TBC
12	Outturn (Provisional)	TBC	TBC	TBC

ANNEX 2 PROPOSED CAPITAL PROGRAMME AND FUNDING CABINET DECEMBER 2013

Department	Total Programme	Borrowing	Receipts	Revenue / Reserves	Grants	Total Funding
Invest to save or core efficiency						
Replace Integrated Childrens System	-	-				-
Energy schemes	400	400			-	400
Invest to save or core efficiency Total	400	400	-	-	-	400
Bids that release redundant council assets						
Demolish Stanley Special	275	275			-	275
Demolish Bebington Town Hall and Liscard Municipal	378	378			-	378
Demolish former Rock Ferry High	400	400			-	400
Strategic Asset Review	457	457			-	457
Fund to assist land assembly and re-sale	947		947		-	947
Bids that release redundant council assets Total	2,457	1,510	947	-	-	2,457
Transformation & Resources Finance						
West Kirby and Heswall OSSs	210			210	-	210
Transformation & Resources Finance Total	210	-		210	-	210
Transformation & Resources Asset Management						
The Priory	420	25			395	420
Rock Ferry Centre	456			456	-	456
Cultural Services Assets	-	-			-	-
Arrowe Park Changing Pavilion	300	300			-	300
West Kirby Concourse Roof	159	159			-	159
Wallasey Town Hall	810	810			-	810
Liscard Hall	14			14	-	14
Transformation & Resources Asset Management Total	2,159	1,294	-	470	395	2,159
People - Children & Young People						
Children's centres	25				25	25
Aiming Higher for Disabled Children	390				390	390
Condition/Modernisation	3,997			21	3,976	3,997
Family Support Scheme	60	60			-	60
Formula Capital Grant	1,235			42	1,193	1,235
Schools- Access Initiative	165				165	165

Woodchurch One School Pathfinder	144	33		8	103	144
Birkenhead High Girls Academy	602			69	533	602
Private Finance Initiative	55			-	55	55
Pensby Primary School	2,515			85	2,430	2,515
School Meals Uptake	138				138	138
Co-Location Fund	89				89	89
SEN and Disabilities	-				-	-
Vehicle Procurement	18			18	-	18
Park Primary	180				180	180
Rosclare Childrens Hotel	1			1	-	1
Early years access	78				78	78
Youth Capital	160	98			62	160
School remodelling and additional classrooms	586	300			286	586
Somerville primary school mobile replacement	450	200			250	450
Wirral Youth Zone	147	30	-		117	147
Funding for 2 year olds	484				484	484
People - Children & Young People Total	11,519	721	-	244	10,554	11,519
People – Adults						
Transformation of Day Service	500				500	500
Integrated IT	1,600	600			1,000	1,600
LD extra care housing	400	400			-	400
People - Adults Total	2,500	1,000	-	-	1,500	2,500
Places – Environment						
Congestion	178	5		12	161	178
Road Safety	498	83			415	498
Air Quality	611	245			366	611
Local Sustainable Transport	1,287				1,287	1,287
Transportation	344	34			310	344
Street Lighting	429	229			200	429
Bridges	1,291	491			800	1,291
Highways Maintenance	3,222	836			2,386	3,222
Additional Highways Maintenance Funding	-				-	-
Asset Management	84				84	84
Coast Protection	220	186			34	220
Wheelie Bin Buyout	1,600	1,600			-	1,600

Parks Plant and Equipment	1,267		1,267		-	1,267
Parks vehicles replacement	440		440		-	440
Park depot rationalisation	-				-	-
Landican Cemetery	82	82			-	82
Birkenhead Park Restoration Fees	97	97			-	97
Hoylake Golf Course	30	30			-	30
Park Outdoor Gyms	167				167	167
Reeds Lane Play Area	61				61	61
Eastham Country Park	36				36	36
Royden Park	20				20	20
Floral Pavilion Stage & Orchestra Pit	37	37			-	37
Cemetery Improvements	-				-	-
Birkenhead Tennis Courts	-				-	-
West Kirby/Guinea Gap	1,230	1,000			230	1,230
Leisure Equipment	49			49	-	49
Places - Environment Total	13,280	4,955	1,707	61	6,557	13,280
Places – Regeneration						
Think Big Investment Fund	434	434			-	434
Clearance approved Cabinet	2,199	830	560	47	762	2,199
Home improvement approved Cabinet	1,122	573	390	159	-	1,122
Disabled Facilities – Adaptations	3,533	1,904			1,629	3,533
Improvement for sale grants	380			380	-	380
Wirral Healthy Homes	-				-	-
Cosy Homes Heating	369	119	250		-	369
Empty Property Interventions	334	121	125	60	28	334
New Brighton	1,162	1,162			-	1,162
Maritime Business Park	1,175	400			775	1,175
Other Regional Growth Fund Schemes	433				433	433
Places - Regeneration Total	11,141	5,543	1,325	646	3,627	11,141
Grand Total	43,666	15,423	3,979	1,631	22,633	43,666

Annex 3

Deferred Unsupported

Summary

	2013/14 £000	2014/15 £000	2015/16 £000	Totals £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	0	3,330
Technical Services	2,405	2,119	0	4,524
Total	6,190	5,569	1,500	13,259

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	0	3,330

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	0	4,524

Less schemes now approved

	(3,045)	(207)		(3,252)
--	---------	-------	--	---------

Funding type:

Unsupported Borrowing	3,145	5,362	1,500	10,007
-----------------------	-------	-------	-------	--------

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

Annex 4

CAPITAL RECEIPTS AS AT 31 OCTOBER 2013

	£000
6, The Grove, Wallasey	11
Land at the Carrs	12
Bridge Walks	15
Stringhey Road Car Park	19
Print Unit Equipment	30
Junction 1 Bidston Retail Park	32
Turntable Building	58
Bromborough Social Centre	75
Thurstaston Rangers Cottage	310
M53 Compensation	159
Rake Lane Depot	48
57 New Chester Rd	45
Poulton Primary	<u>35</u>
	849
Right to buy proceeds (Magenta Living & BBCHA)	473
Total usable receipts	1,322

This page is intentionally left blank

WIRRAL COUNCIL

CABINET

10 DECEMBER 2013

SUBJECT:	SOCIAL ENTERPRISE DEVELOPMENT - DAY SERVICES
WARD/S AFFECTED:	ALL
REPORT OF:	DIRECTOR OF ADULT SOCIAL SERVICES
RESPONSIBLE PORTFOLIO HOLDER:	COUNCILLOR CHRISTINE JONES
KEY DECISION?	YES

1. EXECUTIVE SUMMARY

- 1.1 Cabinet committed on February 18 2013 to explore the possibility of an alternative delivery model, ie. a single social enterprise model across all day services to deliver the year two and three savings already agreed by the Council. This report updates Cabinet of progress and seeks agreement to proceed with the recommended option.

This report provides a detailed summary of five options available to the council. It provides an analysis of the options and identifies which of the options are feasible in terms of progressing to alternative models of delivery for day services in a timely manner.

The data relating to each element of the service has been identified and analysed in relation to each of the options. This was then incorporated into an evaluation matrix which can be found at Appendix 1 of this report.

During the strategic review it was identified that some options are not feasible for a variety of reasons including timescales and saving requirements. These are clearly identified at the end of each summary. The review identified that only two of the five options are feasible. The caveat to this are that one option (1. Develop a stand alone Local Authority Trading Company or Social Enterprise) would require a longer development time which would negate making full savings in 2014. The other feasible option (2. Shared Services with a neighbouring authority) would require further exploration although this could be achieved relatively quickly and would therefore enable the Council to make the savings required also offer an improved service to the people who use day services.

This report seeks Cabinet agreement to develop the preferred Option 2 whilst enabling the proposal from the Parents/Carers Group in relation to the establishment of a Social Enterprise, to be developed further into a business case. The proposal will need to be reviewed taking into account best practice, service delivery implications and future sustainability, as well as being cognisant of the Council's statutory duties.

2.0 BACKGROUND AND KEY ISSUES

The budget option relating to day services was first published on 9 November 2012, as part of the What Really Matters consultation process. The feedback from this consultation was provided to Cabinet on 7 February 2013.

This feedback preceded Cabinet including the option in their budget resolution that was recommended to Cabinet on 18 February. Council took the decision to implement this budget option on 5 March 2013.

An officer proposal to close the large day centre at Moreton was developed and announced by the Director of Adult Social Services on 18 March 2013. Following further consultation Cabinet agreed in June 2013 to close Moreton centre and explore alternative delivery vehicles for the whole of Day Service provision.

The world of Adult health & social care is moving at pace driven by national directives, changes in the NHS, a challenging economic climate and rising customer numbers and expectation levels. The Families & Wellbeing directorate has set out how it intends to meet these challenges in the strategic commissioning document '*Shaping tomorrow: Wirral Adult Social Care Services Overarching Commissioning Strategy: 2012 – 2015*', which has been endorsed by Cabinet. This document should be read in conjunction with the Targeted Support and Early Intervention & Prevention Strategies.

These documents explain how Wirral will move from its current model, which focuses on dependence and long-term care, (with some reablement, early help and prevention) to a model gives greater emphasis to early prevention and help and ensuring expenditure on long-term care is targeted on more specific and specialised need.

The demand for traditional day services provided by the Council has reduced by a third in recent years, reflecting the take up of alternative forms of support. Places at our traditional day centres have been left unfilled while at community, work based services such as Best Bites – there are waiting lists.

It is clear therefore, that any alternative service delivery model needs to allow transformational responses to changing demand

Options for alternative delivery models

1. **Stand alone Social Enterprise or Local Authority Trading Company**
2. **Shared Service with neighbouring Local Authority**
3. **Outsource to external market**
4. **Wholly owned staff mutual/co-operative**
5. **Retain in-house and downsize in order to achieve saving required**

In order to provide a full analysis of all options we conducted an evidence based strategic review to develop and evaluate options for a new delivery model for services, this including the following elements. The raw data used for analysis can be found as appendices to this report.

- HR Review covering the following elements:
 - TUPE implications
 - Pension implications
 - Staff Analysis – workforce profile
 - Employee liabilities

- Financial Analysis covering the following elements:
 - Costs of all services (inc staffing)
 - Building and utilities costs
 - Corporate Recharges

- Capacity and Demand to cover
 - Analysis of **planned** day centre attendance per day centre based on Swift provision data (Number of days and number of people) on a monthly basis going back to April 2010
 - Analysis of variations to planned attendance to provide a sense of overall **actual** attendance
 - Monthly analysis of total day centre attendees going back to April 2010
 - Analysis of current day centre attendance on a centre by centre basis summarising demographic details inclusive of:
 - Where people live
 - Age
 - Client Group

- Legal Implications of all four options
- Review of current market position for day services/daytime activity
- Current and future safeguarding demands and requirements
- Transport as an impacting factor on future models

Detailed Analysis

Option 1 – Local Authority Trading Company (LATC)/Social Enterprise Advantages

The Council has the power to trade under the Localism Act 2011 through set up of a company. It could trade through a company that it itself did not set up. Set up must be supported by a business case under other provisions of earlier legislation. Setting one up has costs resource and staff implications. Some reasons might be:

- A desire to establish an organisation's independence from the local authority and its partners.
- For the purposes of trading
- To attract funding which is not otherwise available to the local authority.
- The need to ring-fence funding.

Disadvantages

LATC's are likely only to have short term stability unless there is a robust Service Level Agreement (SLA) put in place between the Council and the LATC underpinned by sufficient funding.

Consideration needs to be paid to the fact that once the initial funding / SLA that was awarded via the Teckal route has lapsed or funding is reduced after an initial period there is a risk that LATC may not then be financially sustainable.

Balanced against the initial need for funding must also be the realistic prospect of the LATC delivering performance over and above the existing in house offer.

The development of a LATC in terms of governance and direction is crucial to its long term sustainability prospects. It would be necessary to consider how the Board of Directors is made up, what skills are required and whether the experience of external persons with particular business skills are needed to promote the LATC and seek out further business opportunities and developments.

Existing employees and Members may not have any or relevant experience in running a company or taking business decisions of the type that will be required for exploring and exploiting opportunities in the market.

Additional considerations

A Parents and Carers Group have proposed a model of developing a social enterprise, however this would not include the current workforce and further consideration needs to be given to this proposition. A full business case and proposal will need to be submitted by the group and will need further exploration with officers and Trade Union officials in relation to the HR implications, resources required and timescales for implementation and sustainability. .

This offers the potential of a co-designed service for the future which would enable a new and innovative approach to future services that provide greater community cohesion and capacity. It is recommended that this option is further explored and Parents/Carers are invited to submit a full business case and proposal within the same timescale as Option 2.

Option 2 – Explore a Shared Service with neighbouring Local Authority Advantages

This option offers the greatest benefits for the council; it fits the strategic direction and has the potential to provide cost effective and streamlined services. Literature suggests that the main benefits of shared services can be cost savings, efficiency (of time and resources – through eliminating duplication of activity and sharing costs across organisations), agility (the dedicated unit is able to respond quickly to changes and new demands as it is semi-autonomous), improving overall service and the opportunity to share learning, technology and innovation.

The model of ‘shared services’ involves transferring responsibility for certain (usually non-strategic and administrative) activities from within an organisation to a separate ‘shared services unit’ that also manages similar activities for other organisations or teams. As the unit focuses specifically on a few narrow areas of responsibility, and is able to pool resources across the activities from a number of organisations or teams - it should be able to deliver them efficiently and competitively.

If a neighbouring authority has already set up a legal entity or company then a shared service route/partnership arrangement would need to ensure that any conditions to work inside of a certain boundary were ‘baked into’ the articles of association. These could be changed subject to shareholder consent and shareholders could decide to do this if they believed this to be beneficial.

The detail of this option would require further exploration with neighbouring LA's. Any shared frontline services still need to operate through a legal arrangement of some sort. The simplest models are where groups of employees might be directed or seconded to assist a neighbouring local authority. More complex models could be a company or limited liability partnership arrangement in which both the Council and another authority have joint control and to which employees are transferred.

The same issues around procurement arise and the same issues around trading considered earlier in this report apply if a new entity is set up.

Disadvantages

If a new entity is not set up, authorities will still need to consider the recharge arrangements that are to apply for staff secondment and use of other resources as both parties will want to ensure the arrangement operates fairly between them.

Secondment does involve management complications as employees will be engaged under different terms and conditions and different policies and procedures apply.

If a mutual company or other legal entity is in place this can be less problematic and the governance and board arrangements would be easier to implement given the legal status of the body. This would require a discussion over the nature of the relationship i.e. customer; provider or shared services, or partner joined up working. With shareholder consent; new entrants should be possible by adapting the relevant governance documents and contracts, all of which are possible but would need exploration.

Additional considerations

Therefore it would be prudent to explore all options in this area such as joining an existing organisation/local authority, as stakeholder or strategic partner, which may provide more pragmatic solutions.

This option is feasible, it requires some further exploration but it is the timeliest option. A shared service model has the potential for the saving to be made within the required timescale, but would also offer greater opportunities for improved services in a more innovative and creative way.

Option 3 - Outsource to external market

Advantages

A Market Position Statement (MPS) has been recently undertaken by the department to establish the provision of health and social care services across the borough. The advantage of putting services out to the market means that, potentially, there is greater choice and opportunities for people. This is of course dependant upon the availability of appropriate services within the market.

Disadvantages

There is currently limited availability in relation to day services. Wirral council currently has no contracts in place for external Learning Disabled day services. Operational colleagues currently spot purchase and negotiate day service costs with providers on an individual basis; this is then formulated into a service agreement on an individual basis. Access to the market in relation to these services is somewhat sporadic and patchy at present and in order to undertake this option would require a large scale commissioning and procurement exercise. The council would need to continue to run existing services alongside this exercise to ensure continuity of service for people. This would negate any savings already identified.

TUPE will also apply to this option; this may discourage some smaller providers from bidding for services but may be attractive to larger providers who would be in a position of extending their business and inheriting a ready made workforce. Pensions would continue to be an issue, as the council may need to purchase bond to underpin pension provision this would be an additional cost to the council.

The only instance where TUPE would not apply is in the event of the services being broken down and fragmented and therefore there would not be a direct transfer of service applicable to TUPE regulations. However this would not be a cost effective method of commissioning services and would not be a viable option.

On any externalisation project it is possible, but not necessarily logical, for the Council to consider accepting an in-house bid but it is not compelled to do this. Logically once a decision to outsource is made then the business case for that decision will have been made which would render an in – house bid impractical. Groups of employees might however want to form a social enterprise that is then in a position to bid. The business case for externalisation should be robust and well documented and evidenced. The Project Board would need to review it throughout the process as costs positions may change.

For all the reasons stated above this is not a feasible option.

Option 4 - Wholly owned staff mutual/co-operative

Advantages

One of the key benefits to this model is that they are owned by the members, not external shareholders, and they exist to serve their members, whether they are the customers, the employees or the local community

Members have an equal say in what the co-operative does. So, as well as getting the products and services they need, members help shape the decisions their co-operative makes co-operatives/mutuals share their profits among members, rather than rewarding external investors.

It is possible that people might choose to take independent budgets and pool them to run a social enterprise providing health and social care services. That would be an entirely independent exercise unrelated to current service provision and on which they can take their own advice.

Disadvantages

The Council cannot impose a staff mutual / co-operative model. A staff mutual is one model that might emerge either in stepped changes out of an LATC with the Council gradually transferring shares over to staff and allowing them some type of profit share through dividends realised by the LATC or through employees forming a mutual to take over the services in an externalisation process. A true mutual, the John Lewis Model for example, is an employee owned enterprise.

Stepping down from full ownership there are entities that have significant employee / stakeholder ownership but are not 100% employee owned and in which employees may not have a controlling interest. Those entities will not be within the Teckal exemption and would therefore have to compete like any other vehicles for Council contracts.

Personal budgets are subject to rules in relation to usage but there may be creative opportunities those groups can explore. However if a group wanted to take over an existing service then that would entail taking on employees and pension costs and would also trigger a procurement exercise. There would be the use of Council owned assets to consider. This would not be a community asset transfer. It is important to remember that the Council has a statutory duty to meet assessed needs.

Additional considerations

Under the Localism Act 2011 (Section 81) the Council must *consider* any expression of interest (EOI) put forward by two or more employees (or by other relevant bodies) to run a 'relevant service'. However there are some services excluded from this right.

One of the excluded services is a ***'relevant service commissioned or provided by a relevant authority in respect of a named person with complex individual health or social care needs'***

Although some of the services may be of a generic nature they are related to persons who have been assessed as FACS eligible and will form part of a care plan for that person so employees could not express an interest in those specific elements. The EOI would need to be at a general level and being at such a general level it may not meet the requirements of the service the Council wants to provide to meet statutory assessed needs. The issue of an EOI does no more than trigger a procurement exercise if the EOI is accepted.

The same process of consideration of an EOI and the same exceptions apply to those put forward by (i) a voluntary or community body or a body of persons or (ii) a trust established for charitable purposes only. In this particular context it would be open to parents/ carers to form a group that might then express an interest. If parents/ carers express an interest then they cannot apply to run a service commissioned for a named person with complex social care needs and an EOI only triggers a procurement exercise.

For all the reasons stated above this is not a feasible option.

Option 5 - Retain in-house and downsize in order to achieve saving required

If options 1-4 were to be viewed as either not feasible or sustainable options, the council would be required to consider reversing the earlier decision by members to provide an alternative delivery model for day services. However, the savings agreed would still need to be made given the councils financial position. Therefore in order to achieve the savings the current service would need to be reduced/downsized.

In February 2013 Cabinet and Council instructed officers to develop options for an alternative delivery model for the whole of Day Services. This was agreed in order to make the £2 million saving over a three year period. Therefore, the option of 'Business as usual' is not feasible or possible as in its current format the achievement of saving would not be made. The only way to retain services in-house would be to downsize in order to make the saving. This would equate to the closure of one large centre or two small centres.

As the provision of day services is not a statutory requirement this is possible. However the council does retain its duty to meet assessed need so in order to reduce the capacity at centres there would need to be a full reassessment of all people currently using services in order to identify alternative services to meet any assessed need.

There would also need to be a reduction in staff equating to approx. 30-35 full time equivalent posts. Given recent changes to the organisation it is highly unlikely that this number of staff could be successfully redeployed and therefore this option could result in compulsory redundancies, which would need to be given consideration, should this option be agreed.

For all the reasons stated above this is not a feasible option.

3.0 RELEVANT RISKS

- 3.1 Failure to modernise the service currently offered would leave the Council at significant risk of providing services and operating buildings that are not sufficiently used. The current model of operating services from large buildings is deemed unsuitable for future requirements.

The Council is required to maximise the value for money it achieves for all services, a priority which is especially vital at the moment given the financial situation the authority is facing. Failure to achieve savings in this area, while still ensuring people who are eligible receive the services they need, would leave the Council facing a significant financial risk.

Should one of the options (1-4) not be agreed then the only alternative would be to retain in house provision and downsize in order to make the saving. This would equate to the closure of one large centre or two smaller centres.

If the LATC is obliged to purchase services from the Council such as IT / payroll / legal then there is the prospect that the Company is in fact set up to fail as it is being denied freedom of choice in taking essential business decisions. If there is no such requirement but simply the option then there is an impact on those services and the costs burden on the authority. Current recharge arrangements tend to operate not on a true market basis but on a cross subsidy arrangement.

4.0 OTHER OPTIONS CONSIDERED

4.1 See section 2

5.0 CONSULTATION

5.1 Several full public and staff consultations have been carried over the past two years in relation to this work. Once recommendations have been agreed in relation to this report, a staff consultation of 45 days will commence.

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

6.1 There are no negative impacts in relation to any of the options for the VCF. However, there are potential opportunities for the VCF sector to become involved with several options, particularly should the option to outsource be agreed. It would provide business opportunities for organisations to diversify their offer in relation to services offered.

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

7.1 HR Implications

TUPE legislation will apply equally to each option. All Terms and Conditions of employment (including pension rights) are protected by TUPE in a transfer.

Pension provision will vary for each option. An actuary service will be commissioned (at cost) to advise of all implications regarding the transfer of pension.

The new employer must make provision to ensure the transferred employee receives pension rights equitable and comparable to the existing pension agreement.

TUPE applies in two sets of circumstances:

- a. When there is the transfer from one organisation to another of an economic entity that retains its identity. An economic entity is defined as “an organised grouping of resources which has the objective of pursuing an economic activity, whether or not that activity is central or ancillary”; and / or
- b. Where a specific employee or dedicated group of employees provide a service to a client, and the identity of the service provider changes. The change in service provider may be from ‘in house’ to a third party provider (which may include another public sector body); from one third party provider to another; or from a third party provider back ‘in house’.

TUPE generally applies where a public authority outsources its service delivery, provided the conditions set out in paragraph 2 above are satisfied. As there is a dedicated group of employees working on the activities to be outsourced then TUPE will apply

HR/Staffing implications

Any employees transferred to the LATC would be protected by the TUPE regulations. The LATC would also need to provide a broadly comparable pension scheme.

In practice the LATC would apply to be an admitted body of the LGPS. The pension risk and liability need to be established. The usual position on an LATC is that cost and risk will remain with the Council and the Council would provide a guarantee against pension contribution default so there is no saving on employee costs in the short term. Longer term there will be savings for the council through natural wastage, when the LATC would recruit staff externally on different terms and conditions reducing impact on pensions.

Benefits of LATC's are that they can attract other sources of funding and trade commercially so generate an income. The decision as to whether or not to set up a company with a view to trading should be evidence based one. The evidence should look at what the prospects are, not simply the history and a keen appreciation of market position is required.

In the case of the Adult Social Care sector there will be some service users who do not come via an assessment of needs. They will self – refer so there may be people who are not FACS eligible for services but nevertheless want to use services. Yet again persons may find that Council service provision does not really meet their needs and they use their independent budget to pay for services from the private sector. These strands together provide some opportunities for an LATC as there are potentially some users using private sector providers whereas if the Council could trade more flexibly – as it can through an LATC- then it may pick up other users and adapt services much more readily

There are disadvantages which include:

- o Public scrutiny of accounts as companies are registered vehicles.
- o Personal Liabilities of those taking on director responsibilities ;
- o Set up costs
- o Conflicts of interest between directors who owe duty to the Company as matter of law but may be Council officers/ members
- o Ongoing filing requirements at Companies House and regulatory requirements
- o Inflexibility as compared with other alternatives such as straight externalisation because the control is with the Council that may be perceived as part of a problem not part of a solution.

Contracts between LATC and the Council

Any contract would need to be of sufficient duration to assess the efficiency of the model. A period of 3 years is suggested as a minimum for what would be equivalent to a start up company.

The terms of the contract need to pay careful attention to the rules governing State Aid so there is no subsidy that creates an imbalance in the market place. If, for example, the LATC were to have use of Council buildings then it may be necessary to set a market rent which may or may not be equivalent to current internal recharge rates.

The LATC may require some services that are currently provided in house such as:

- Buildings maintenance (Fire alarm testing; community patrol; cleaning)
- Pay roll service and HR advice
- IT systems

Not all services are going to be used equally across current service delivery. For example there may be very little HR input or very little asset maintenance. It may not be cost effective to require the LATC to use the services of the Council if it could in fact purchase equivalent services or better at a better rate.

The purchasing of services will need to be carefully considered – especially in relation to IT. If buy back is envisaged then this ought to be factored into the set up arrangements.

It should be noted that whether or not buy back takes place, there will be an effect on other services within the Council. For example if buy back of HR and payroll did not take place then the corresponding reduction in HR and payroll work would be expected to lead to greater capacity in the HR and payroll services for example and potential reduction in posts required in this department.

If buy back does take place would that be more or less likely to contribute to success of the venture. There would need to be a robust exit strategy developed as part of the initial business case if at the end of the initial SLA the LATC still needs services but is not in a position where it can procure immediately on termination or is faced with higher recharges over which it has no control so it is locked into a position unlike other competing organisations.

One possibility in setting up a LATC is to consider employee representation at Board level. This may give some sense of employee ownership. It will be for the employees to decide if that is more appearance than reality and consider if taking on a role that may bring personal liability without any real power is one that should be undertaken. Any employee in this position would need to take independent advice and there would be a cost implication to them. The Council might want to consider if it was going to contribute to legal costs.

The future of Corporate Shared Services themselves are not yet finalised and consideration would need to be given to whether the day services model could be incorporated into this in future under a shared services model (option 2)

Financial Implications

As all of the options outlined are subject to TUPE regulations and legislation there will be costs to the council including actuary costs and the underwriting of pension bonds.

- The 2013-16 budget savings include £2.000m from transforming In-house day services, phased £0.750m 2013-14; £0.750m 2014-15 and £0.500m 2015-16.
- The 2014-15 saving has already been delivered by restructuring. The 2013-14 savings calculation assumed the restructure would be in effect 1st April 2013. Because of redundancy delays due to HR processes a £0.440m demand on the Slippage Fund has now been made
- Option 2 appears to offer the prospect of achieving the balance of the savings requirement, though further detailed financial analysis is required. The following factors need to be borne in mind:
- The net 2013-14 budget for the provision is £5.722m. This includes £1.5m of corporate and internal recharges. To achieve a financially sustainable LATC it will be necessary to make significant efficiencies not only in the direct service, but also in the recharged services.
- The cost of direct provision would ultimately be replaced by the cost of packages commissioned from the LATC. The lower charge to the Adults budget would constitute a significant element of the efficiencies.
- Pensions provision for transferees is likely to be a significant financial issue. Further detailed work is now required to identify costs and how risks will be shared.
- The basis of asset usage by the LATC will also be a significant financial factor

Following a full financial analysis of these and other significant issues, a detailed financial appraisal will be provided to January Cabinet. This will include a sensitivity analysis and a summary of the financial risks and how they will be managed down.

8.0 LEGAL IMPLICATIONS

8.1 The establishment of an entity that will be wholly owned by the Council is not subject to the procurement rules. However, where that entity enters into a contract for services with the Council, the contract may be subject to the procurement regime (depending on the services and threshold types), unless it falls within what is known as "*the Teckal exception*."¹

Under the Teckal Exception:

The Council can directly award work to an entity as an exception to the EU procurement regime where:

- The entity carries out the principal part of its activities with the Council
- The Council exercises the same kind of control over the entity as it does over its own departments.
- There is no private sector ownership of the entity, nor any intention that there should be any.

¹ Establishment of the Teckal Exception is separate from establishing compliance with contract procedure rules that operate independently from the EU regime. See section 8 – Legal implications for further information

In practice the Teckal exception means Council officers and members will need to be directors and the shareholding 100 % owned by the Council and the company constitution will need to contain locks to prevent that situation changing in the short term to enable a contract for services to be given to the LATC. 100% shareholding is insufficient to meet the test. The Council will need to have further control mechanisms to ensure the LATC is one that fits within the Teckal Exception so control at Board level including control of the Board itself for example and control of particular decision making will be needed. The precise arrangements would be explored if this is the option chosen. Any structure would need to be discussed with employees and other stakeholders if the success of the LATC is to be achieved.

In terms of the entity carrying out the principal part of its activities with the Council in the types of services envisaged it is not clear that this will in fact be the case nor that this is desirable given that one of the attractions is to address income generation via trading as well as achieving a saving and efficiency. The 'principle' part means currently 90% this is likely to change to 80% when new regulations are made.

Social Care Service arrangements are currently Part B services so the full EU procurement regime does not currently apply but nevertheless contract award should be fair open and transparent which is why it is important to consider the Teckal route.

In considering setting up an LATC, the Council may wish to pay particular attention to the type of legal structure that the LATC takes. The company structure will be limited by shares or limited by guarantee. A Community Interest Company can be used. The model that is appropriate will depend on the following considerations:

- a. Whether the Company is to be controlled by the Council (which is essential for short term and medium term stability to ensure the contract for services can be entered into lawfully without a full EU procurement
- b. Tax regimes
- c. Desirable membership requirements
- d. An LATC is a company and like any other companies will pay corporation tax.
- e. The supplies the company makes may be subject to VAT. VAT advice will be needed. The LATC may itself be making supplies. An analysis of input/output tax is needed to see if the VAT implication is likely to be neutral.

Whichever option is agreed the framework in which it operates will need to ensure that either the council is providing the services itself or commissioning them in a contractual way which would trigger (save using the Teckal Exception) a procurement process whether under the full EU regime or the partial position and of course under its own contract procedure rules.

The Brent ruling provides a precedent for the use of Teckal and shared services:

'The Supreme Court unanimously allows the appeal. It holds that the Teckal exemption does apply to the UK Regulations, that it is available in respect of insurance contracts and that it is sufficient for it to apply that the co-operating public authorities together exercise collective control over the party to whom contracts are awarded. The requirements of the Teckal exemption were satisfied. Lord Hope and Lord Rodger both give judgments; Lord Walker, Lord Brown and Lord Dyson agree with both'

http://www.supremecourt.gov.uk/decidedcases/docs/UKSC_2009_0166_PressSummary.pdf

9.0 EQUALITIES IMPLICATIONS

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

No - previous EIA's have been completed in relation to this project and are still valid. However if recommendations are agreed, a full EIA will be completed based on the final option chosen following exploratory discussions and will accompany the final report to Cabinet in February 2014

10.0 CARBON REDUCTION IMPLICATIONS

10.1 N/A

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 No

12.0 RECOMMENDATION/S

12.1 Cabinet are asked to agree:

1. To further explore Option 2 with neighbouring Local Authorities, and to receive a final report in february 2014 setting out the full business case.
2. To enable the Parent/Carers Group to develop a business case in relation to their proposal to develop a social enterpirse model (as reflected in Option 1).

13.0 REASON/S FOR RECOMMENDATION/S

13.1 Option 2 – (Explore Shared Services) provides the most cost effective model in relation to cost, service delivery, strategic direction, deliverability and improved outcomes for the people of Wirral who use day services. The analysis for recommendation has been carried out using all available data (as listed in section 1) using the Local Government Evaluation Matrix, a copy of which can be found at Appendix 1 of this report. It should be noted that this option also has a reduced staffing implication.

13.2 Parent/Carer Proposal - this has the potential to develop new and innovative services that are community based, person centred and co-produced with Carers and people who use services. The proposal will need to be reviewed taking into account best practice, service delivery implications and future sustainability, as well as being cognisant of the Council's statutory duties.

REPORT AUTHOR: **Christine Beyga**
Head of Delivery
Telephone: (0151 666 3624)
Email: christinebeyga@wirral.gov.uk

APPENDICES

Appendix 1 – LGA Evaluation Matrix

REFERENCE MATERIAL

Social enterprise, mutual, cooperative and collective ownership models - A practical guide – Local Government Association (June 2011)

http://www.local.gov.uk/workforce/-/journal_content/56/10180/3649476/ARTICLE

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Cabinet	20 December 2012
Health & Wellbeing Overview & Scrutiny Committee	4 December 2012
Health & Wellbeing Overview & Scrutiny Committee	14 January 2013
Cabinet	18 February 2013
Council (Budget)	5 March 2013

This page is intentionally left blank

(a) Strategic Fit for Transforming Social Care - Most importantly this looks at the suitability of the option in delivering a balance of the best possible facilities and quality of life for service users and carers at an affordable market price, and how the proposed option relates to the delivery of strategic objectives and policy aspirations set out in **Putting People First (2010)** as well as sustainability for the future:

· Deliverability – The „technical“ ability to deliver and make a reality of any of the options in a reasonable timescale, applying project management resources and assessing known risks to the process involved and planning and acceptance and, where appropriate market interest: contingencies.

This includes factors such as Political and Corporate will, legality, stakeholder sign up and acceptance and, where appropriate market interest:

Acceptability - The views and perspectives of key stakeholders in Wirral, including service users/customers, carers, staff and staff representatives. Elected members, partners and the public:

Value for Money - The detailed costs and benefits and value for money of different options for the future, over the lifetime of any short term contract and beyond. This

includes recognition and review of financial risks and sensitivities, including the

impact of LBB?s asset management strategies and property plans.

WIRRAL COUNCIL

CABINET

10 DECEMBER 2013

SUBJECT:	<i>CHARGING FOR SERVICES - ADULT SOCIAL CARE</i>
WARD/S AFFECTED:	<i>ALL</i>
REPORT OF:	<i>DIRECTOR OF ADULT SOCIAL SERVICES</i>
RESPONSIBLE PORTFOLIO HOLDERS:	<i>COUNCILLOR CHRISTINE JONES</i>
KEY DECISION?	YES

1.0 PURPOSE OF REPORT

- 1.1 To recommend further public consultation with regard to recommended revisions to the fairer charging and fairer contributions policy.
- 1.2 To undertake a specific eight week consultation process with the people potentially affected by the proposed fairer charging changes prior to implementing charging proposals from 1 April 2014. This includes both changes that have been subject to 2014-15 budget proposals and those set out in this report as new proposals.
- 1.3 To streamline collection and recovery processes in the PFU.

2.0 BACKGROUND

- 2.1 Each Local Authority with social services responsibilities must determine and operate a fairer charging and fairer contributions policy (FCP). It must keep the FCP under review.
- 2.2 It is now necessary to make amendments to the FCP, including: -
 - ❖ Clarify a number of areas where questions have arisen about the application of the policy.
 - ❖ Make changes that will simplify the process of financial assessment, enabling the resources of the Personal Finance Unit to be concentrated on fast assessment, prompt charging and effective recovery.
- 2.3 A number of new charging and processing changes have been identified for 2014. These have the potential to generate an additional £365,000 in a full year

3.0 CHANGES FROM CURRENT FAIRER CHARGING AND FAIRER CONTRIBUTIONS POLICY AND CLARIFICATIONS

- 3.1 The revised and consolidated FCP is attached at Appendix A. This will be supported by user-friendly guidance available to clients and on the Internet.
- 3.2 The changes and clarifications are set out in the sections below. Numbers in square brackets are references to the section in the FCP

- 3.3 **Court of Protection.** The policy stated that funds administered by the High Court or Court of Protection would be disregarded. This was inserted in error. The Court of Protection would make financial decisions when the client lacked the capacity to manage this aspect of their affairs. This might be through the appointment of a Deputy. There is no reason these funds should be disregarded in fairer charging as they are not disregarded in the Department of Health Charging for Residential Accommodation Guide.
- 3.4 **Compensation.** A new provision is inserted to clarify the treatment of compensation awards for personal injury. If the award is not specified as being made to cover care costs, it will be disregarded for a year. If the award is specified to be to meet care costs, it will be included in the assessment. This mirrors the provisions in the Department of Health Charging for Residential Accommodation Guide.
- 3.5 **Apportionment of housing costs.** Where a client has shared responsibility for housing costs, only the relevant proportion will be allowed in the assessment.
- 3.6 **Welfare overpayments.** To clarify that a repayment is not an allowable cost or it would have the effect of eliminating the repayment. This would apply for example to housing benefit overpayments and social fund repayments.
- 3.7 **Mortgage Interest.** To allow mortgage payments in full as a cost. This affects very few clients and it is administratively burdensome to split off the interest element as currently stated in the policy.
- 3.8 **Transport.** To continue the current practice of including transport costs in overall Fairer Charging assessments.
- 3.9 **Community Meals.** Excluded from the policy as no longer provided.
- 3.10 **Assistive Technology.** The charge is revised to the new proposed rate, and in accordance with the revised proposal. This is explained in a later stage of the report.

4.0 FAIRER CONTRIBUTIONS ASSESSMENT

- 4.1 The fairer charging system was revised in 2010 to reflect the increasing prevalence of personal budgets. The changes provide for financial assessment on the basis of clients' personal budget allocations.
- 4.2 The use of this option would greatly simplify the process of billing for non-residential services. An annual financial assessment would apply until there was a change in the client's personal budget.
- 4.3 This approach would also facilitate the adoption of direct debit and standing order payments.
- 4.4 It is therefore recommended that the fairer contributions approach is adopted for 2014.

4.5 This approach should eliminate the current high volume of disputes by clients over minor variations in the actual service delivered, leading to significant transactional cost

4.6 The financial assessment would be based on a personal budget allocation, and could therefore be billed monthly in advance. The present system relies on provider invoices to determine service received and consequently the assessed charge.

5.0 CHARGING FOR DAY SERVICES

5.1 Under the current arrangements there is a disparity in charging practice for day services. This is unfair to the users of day services that are chargeable and it is proposed to correct the position. Given the Council's financial position it is important to maximise income in accordance with the current Charging Policy in order to fund services. There will be no backdating of charges, and users will be specifically consulted with regard to the changes proposed.

Facility	Current charging policy	Proposed charging policy
Dale Farm, Royden Park, Best Bites, Star Design – about 150 users in all	Non-chargeable	Chargeable at the current rate for chargeable provision of £31.22 per day or £15.62 a session.
Age Concern or Age UK projects, Cavendish, Cottagers Club, Fusion Centre, and Granville Court are all OP day services run by outside organisations where DASS pays for services. About 200 clients	Non-chargeable	Chargeable at the current rate for chargeable provision of £31.22 per day or £15.62 a session.
Placements in other independent day centres – about 100 clients	Chargeable	Chargeable
Beaconsfield Mental Health	Non-chargeable	Chargeable at the current rate for chargeable provision of £31.22 per day or £15.62 a session unless S117 Mental Health aftercare.
Masque Theatre	Non-chargeable	Chargeable at the current rate for chargeable provision of £31.22 per day or £15.62 a session.
Cambridge Road – about 70 users	Chargeable	Chargeable
Eastham Centre – about 80 users	Chargeable	Chargeable
Heswall – about 90 users	Chargeable	Chargeable

Highcroft – about 30 users	Chargeable	Chargeable
Moreton – about 120 users	Chargeable	Chargeable
Pensby Wood – about 30 users	Chargeable	Chargeable

5.2 These changes have the potential to generate £250,000 in a full year.

6.0 EXTRA CARE BLOCK CONTRACTS

6.1 There are a number of extra care schemes where the domiciliary care provision has been commissioned as a block contract. Hitherto this provision has not been chargeable. This is unfair to other domiciliary care users who are financially assessed for their services.

6.2 It is not proposed to record individual care episodes but to apply a standard charge for specific schemes based on an average of 5 hours care per week. This will apply to 150 users, some of whom will be full cost payers.

6.3 There will be no backdating of charges, and users will be consulted in advance of the changes so that they may decide whether to continue with the service.

6.4 These changes have the potential to generate £250,000 in a full year. (These changes are 2014-15 budget proposals and will also be subject to approval of those changes at Budget Cabinet on 10 December 2013 and subsequent ratification at Council on 16 December 2013).

7.0 RESPITE CHARGES

7.1 Recent work on debt recovery has identified respite charges as an area where there is unsatisfactory recovery.

7.2 It is therefore proposed that respite should be payable in advance. Clients must return a financial assessment in advance. If they exceed the capital limit they will be charged the full cost of the respite

7.3 The charge for respite is a Local Authority discretion. Currently a standard charge of £86.25 applies for clients that are not full cost. It is proposed to increase this to the minimum long term rate of £121.50 for pension age clients.

7.4 These changes have the potential to generate £60,000 in a full year. (These changes are 2014-15 budget proposals and will be subject to approval of those changes at Budget Cabinet on 10 December 2013 and subsequent ratification at Council on 16 December 2013).

8.0 SHORT TERM CHARGES

8.1 There is a service distinction between temporary and permanent placements.

8.2 Under the current charging arrangements short term placements are assessed as either a standard cost or full cost.

8.3 These changes have the potential to generate £250,000 in a full year. (These changes are 2014-15 budget proposals and will be subject to approval of those changes at Budget Cabinet on 10 December 2013 and subsequent ratification at Council on 16 December 2013).

9.0 LEGAL RECOVERY ACTION

9.1 Under community care legislation packages cannot be withdrawn in the event of non-payment of financial contributions. The Council can however seek a County Court Judgment for the arrears. If the arrears are for residential care, they are covered whenever possible by a voluntary deferred payment arrangement or unilateral charging by Wirral. In these cases the Council can prevent any sale of the property until the debt is paid.

9.2 One of the deficiencies identified in the Independent Report was the lack of recovery action on outstanding debts. A trial scheme with the use of an external solicitor already appointed by Business Processes has resulted in successful recovery of a number of cases from a bundle of £700,000. It is expected that the use of an external solicitor will continue as a parallel to increased in-house capacity – see later section.

9.3 At the same time Legal Services have a bundle of £600,000 which is being used as a comparator.

9.4 It has been agreed by Cabinet that in-house recovery capacity should be increased funded from additional income achieved. It is now proposed that 0.5 posts are created in the Litigation Section and one additional post working solely on DASS recovery action. These will be filled on a temporary basis pending recruitment. The cost is £60,000 in a full year and is expected to increase the recovery rate on all charges.

9.5 The in-house system for tracking debt will be enhanced. There is no net cost.

9.6 In order to maximise recovery in 2014-15 it is proposed to tender in parallel for external legal recovery capacity. Cases will be referred directly from the PFU and a high volume is likely to be generated as attention turns to current cases at a lower level of arrears.

9.7 In the pool of old debt for ceased provision there are cases where the issues identified in the Independent Report have contributed to recovery delays. In order to clear these cases and recover the maximum possible, it is proposed that the Director of Adult Social Services recommends to the Lead Member any compromise up to a reduction in the sum payable of £10,000. It is very unlikely any compromise will reach this limit.

9.8 These changes have the potential to recover an additional net £25,000 in 2013-14 and £100,000 in 2014-15. This item is not subject to public consultation.

10.0 ESTABLISHING A PERMANENT RECOVERY TEAM

- 10.1 Since the Independent Report, a 6-strong Collection and Recovery Team has been operating in Business Processes with secondees from DASS and other Business Processes Teams.
- 10.2 It has already been agreed by Cabinet that a permanent recovery team should be established.
- 10.3 It is recommended that an additional team of four posts is established in the Accounts Receivable and PFU section at an additional cost of £130,000 a year including oncosts. The cost could be met from the additional DASS income recovered.
- 10.4 These changes are estimated to recover an additional net £50,000 in 2013-14 and £200,000 in 2014-15. These changes are not subject to public consultation.

11.0 ASSISTIVE TECHNOLOGY

- 11.1 Implementation of a charge for assistive technology is a 2013-16 budget proposal. This will now be set at £2.50 per week. The charge will be collected by the provider from around 5,000 users.

12.0 RELEVANT RISKS

- 12.1 The purpose of seeking approval to the policies is to eliminate the financial risk of challenge to financial assessments, and to maximise collection and recovery.

13.0 OTHER OPTIONS CONSIDERED

- 13.1 Not applicable.

14.0 CONSULTATION

- 14.1 Half of the proposals have been part of the What Really Matters consultation, the others are new proposals.
- 14.2 It is therefore considered appropriate to undertake an eight week direct consultation process with users potentially affected by the proposals.
- 14.3 Clients will be consulted for a period of eight weeks in relation to proposals. The consultation responses will be considered prior to any decision is made and will also enable those affected to determine whether to continue with the service provision should the proposals be approved.
- 14.4 An Equality Impact Assessment will be undertaken to ensure an informed consultation exercise is undertaken.

15.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 15.1 There are no direct implications for voluntary, community and faith organisations.

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

16.1 Potential revenue savings not currently covered in proposals for 2014/15 and identified in the report are set out in the table below.

Element	Basis of calculation	Already assumed in 2013-14 budget	2013-14	In 2014-15 budget options	2014-15
Fairer contributions assessment	0.5% increase in collection rate	No	0	No	25,000
Charging for day services	Number of users	No	0	No	250,000
Legal resources	0.5% increase in collection rate net of costs	No	25,000	No	100,000
Permanent Recovery Team	1.0% increase in collection rate net of costs	No	50,000	No	200,000

16.2 Potential revenue savings that form part of proposals for 2014/15 and are subject to the Councils "What really matters" consultation are set out in the table below. These will all be subject to a further eight week detailed consultation process.

Element	Basis of calculation	Already assumed in 2013-14 budget	2013-14	In 2014-15 budget options	2014-15
Extra care block contracts	Number of users	No	0	Yes	250,000
Respite charges	Number of users	No	0	Yes	60,000
Short-term charges	Number of users	No	0	Yes	250,000
Assistive Technology	Number of users	Yes	0	Yes	450,000

17.0 LEGAL IMPLICATIONS

17.1 Many of the proposals are part of the What Really Matters consultation, however further consultation is required on the new and previously proposed changes. Service users directly affected by the charging changes should be consulted by the Director of Adult Services before any decision is made in relation to those proposals. An eight week consultation process and completion of Equality Impact Assessments is required.

- 17.2 An equalities impact assessment must be in place for each of the proposals identifying affected groups.
- 17.3 The consultation must be informative and meaningful and provide sufficient opportunity to those affected to engage and participate in the consultation exercise. Before a decision is taken in relation to the proposals, regard must be had to the responses received during the consultation exercise.

18.1 EQUALITIES IMPLICATIONS

- 18.1.1** The Policy is in accordance with Fairer Charging and Fairer Contributions guidance and Charging for Residential Accommodation Guide issued by the Department of Health. In a number of proposals the changes relate to the uniform application of approved charging principles. The level of charges has not changed in most cases.
- 18.1.2** An equalities impact assessment was prepared during the preparation of the 2014-15 budget proposals, however further EIAs will be completed (as required).

19.0 CARBON REDUCTION IMPLICATIONS

- 19.1 None.

20.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

- 20.1 There are no planning implications arising directly from this report.

21.0 RECOMMENDATIONS

- 21.1 It is recommended that a detailed further eight week consultation process is held with all those directly affected by the proposed charging changes (any other person or body/stakeholder considered appropriate). This includes those that are already subject to the What Really Matters consultation, and as such are also subject budget Council approval on 16 December.
- 21.2 Subject to the above it is recommended that the revised FCP as set out in Appendix A is taken through an eight week consultation process. Therefore following consultation it is proposed;
- a. That a fairer contributions charging basis is put into effect.
 - b. That the day services currently treated as non-chargeable become chargeable.
 - c. That the extra care services currently treated as non-chargeable become chargeable.
 - d. That the revised respite charges come into operation following immediate consultation and implementation.
 - e. That the revised short-term charges come into operation.
- 21.3 The following actions are not subject to consultation and should be brought into affect as soon as possible;
- a. That two additional posts are established in Legal Services for DASS recovery action.

- b. The Director of Adult Social Services and the Head of Legal & Member Services appoint external legal capacity for DASS debt recovery.
- c. That the Director of Adult Social Services be given delegated authority with immediate effect to compromise debts in appropriate cases.
- d. That a permanent recovery team is established in Business Processes as set out in the report.

22.0 REASONS FOR RECOMMENDATIONS

22.1 The Council is required to determine its FCP and CRAGLD in accordance with relevant legislation.

REPORT AUTHOR: Paul Cook
 Head of Business Management & Challenge - Families & Wellbeing
 Telephone: (0151) 666 4836
 email: paulcook@wirral.gov.uk

APPENDICES

Appendix A Wirral Fairer Charging and Fairer Contributions Policy
 Appendix B Wirral Charging for Residential Accommodation Guide Local Discretions

REFERENCE MATERIAL

Fairer Charging and Fairer Contributions Policy Guidance and Charging for Residential Accommodation Guide issued by the Department of Health

SUBJECT HISTORY (last 3 years)

Council Meeting	Date

**Wirral Council
Department of Adult Social Services
Fairer Charging and Fairer Contributions policy for non-residential
services**

Effective from 11th July 2013

1. **Introduction**

- 1.1. Legislation gives councils the discretionary power to require adults to contribute to the cost of their non-residential services. This document sets out the Wirral policy for assessing the financial contribution to be made by clients. It is effective from 11th July 2013.
- 1.2. The policy is based on the Department of Health's **Fairer Charging** Guidance (2002) and also Fairer Contributions Guidance (2010)

2. **Services covered by this policy**

- 2.1. This policy covers any non-residential community care service.
- 2.2. Examples of the services covered by this policy include but not exclusively:
 - 2.2.1. Community meals
 - 2.2.2. Day care
 - 2.2.3. Domiciliary Care
 - 2.2.4. Assistive Technology
 - 2.2.5. Reablement services that extend beyond 6 weeks
 - 2.2.6. Independent Supported Living Schemes

3. **Application**

3.1. The policy applies to all clients unless in the list of exceptions below.

- 3.2. The exceptions are;
 - 3.2.1. Support provided under Section 117 of the Mental Health Act
 - 3.2.2. Sufferer of Creutzfeldt Jacobs Disease
 - 3.2.3. Asylum Seekers
 - 3.2.4. Adults in full-time education
 - 3.2.5. Support provided as a Reablement services and for a period of six weeks or less

4. **Principles**

- 4.1. Some low level charges will be made without a financial assessment. These are set out in section 5 below.
- 4.2. Clients that exceed the capital limit of £23,250 are not eligible for council financial support and are self-funders. After their statutory service assessment they will be assisted in identifying service provision. They will then be required to pay providers directly for any commissioned service. This will avoid self-funders building up arrears of charges with the Council and any misunderstandings about their financial responsibilities.
- 4.3. Clients will be provided with an early financial assessment following a visit by a senior assessment officer from the Personal Finance Unit.
- 4.4. Comprehensive benefits advice and assistance will be offered to all service users. This may increase their income, and help meet the cost of contributions. Clients will be assisted in identifying their disability related expenditure necessary to maintain independent living.
- 4.5. Facilities for indicative self-assessment and a web-calculator will be provided from September 2013.
- 4.6. The contributions requested from service users following financial assessment will be fair and reasonable. Due care will be taken in assessing the service user's finances and their

ability to contribute towards the cost of their care according to their means.

- 4.7. The objective of financial assessment is that service users retain their Minimum Income Guarantee amount plus a buffer of 25%.
- 4.8. Service users have the right to request a review of their assessed contribution if they feel it is incorrect or if there has been a significant change in their financial situation. Any adjustment over and above this policy will be determined by DASS senior management.
- 4.9. Where the assessed contribution is appealed for review, clients must pay the original assessed contribution until the appeal is determined.
- 4.10. If a client does not wish to undergo a financial assessment the full cost of services will be charged.
- 4.11. If a client does not cooperate in making a financial assessment or fails to provide requested information within the required timescale the full cost of services will be charged. If a financial assessment is later able to be completed, it will only take effect from the date that the client cooperated with the making of the assessment or provided the information requested.
- 4.12. Clients must notify the PFU of any material change in their financial circumstances if this is likely to impact on their assessed contribution.
- 4.13. If a client does not notify the PFU of a material change that would have led to an increased contribution, the increased contribution will be implemented from the date a revised financial assessment is issued that reflects the material change.
- 4.14. Service users and their partners who work will not have their employment earnings included as part of their financial assessment.
- 4.15. Service users who refuse to pay their assessed contribution will not have their services removed.

- 4.16. The Council will recover contribution arrears through the courts in accordance with the Council's recovery policy
- 4.17. All client information (verbal and written) will be treated in confidence and due care will be given to disclosing information that is in the interests of the service user only.

- 4.18. All clients will be encouraged to pay by direct debit once this system is available in September 2013.
- 4.19. Wirral may make arrangements for contributions to be collected by providers in some cases.
- 4.20. Wirral Council is committed to the prevention and detection of fraud.
- 4.21. If a client is demonstrated to have made a significant disposal of their capital within a year of the commencement of the service and the disposal is not expenditure related to their disability, the capital that would have applied had the deprivation not occurred will be used to make the financial assessment.
- 4.22. A client assessment will recognize all capital in which the client has a legal or equitable interest.
- 4.23. Wirral Council will assess whether a client has the capacity to organise the payment of their contributions. If the client has capacity, but wishes another person to manage their payments then the client will remain liable for any contributions due.
- 4.24. Where a person has been legally appointed to manage a client's affairs, the PFU will deal with that person.

5. Services not subject to financial assessment

- 5.1. The following services are flat rate charges and no financial assessment will be made:
 - 5.1.1. Assistive technology – a charge will be made for the basic service as determined from time to time.

6. Basis for Financial Assessment

- 6.1. Service users will retain a level of income equal to their appropriate Minimum Income Guarantee amount, plus a buffer of 25% after any financially assessed charge for support has been made.

- 6.2. If the user has a partner or spouse, the couple will retain a level of income equal to the couple's Minimum Income Guarantee amount, plus a buffer of 25% after any financially assessment of the client has been made.

- 6.3. Financial assessments will be based on the actual cost of services as set out in the policy and determined from time to time by Wirral in accordance with proper accounting practices.
- 6.4. If the full assessed care is not provided, the client financial contribution will only be revised if the cost of the care actually provided is less than the assessed contribution or no care was provided for the week in question.
- 6.5. If care is unable to be delivered due to the client declining the service, at least 24 hours notice must be given for the service not to be charged. The service will not be charged if there are circumstances beyond the client's control – e.g. admission to hospital.
- 6.6. The maximum service user's contribution per week will be 100% of the cost of their support subject to their assessed ability to pay.
- 6.7. Appropriate Disability Related Expenditure (DRE) will be allowed for all clients making a claim. Supporting evidence of DRE may be required.
- 6.8. Assessments will be based on 100% of the client's disposable income.
- 6.9. If a financial assessment is calculated at £2.50 a week or less it will be reset to nil.
- 6.10. Clients with a partner will be offered a best interest assessment. They will be offered assessment both as a couple and as an individual.

7. **The Financial Assessment**

- 7.1. A written financial assessment will be provided
- 7.2. The rights of appeal set out in section 13 will apply
- 7.3. Services will be billed from the Monday after a client has been provided with a financial assessment.

- 7.4. An assessment will be made for the client and other persons will not be assessed to pay charges in respect of the client's services.

- 7.5. A financial assessment will be based on the benefits in payment to the client at the time of the financial assessment. If other benefits are later received, the financial assessment will be adjusted from the date the benefits come into payment.
- 7.6. Service users will be asked to give consent to authorise the Council to obtain benefits information from the Department of Works and Pensions.
- 7.7. A client's partner may be approached for information to establish the capital in which the client has a legal or equitable interest.
- 7.8. The financial assessment will cover:
 - 7.8.1. Benefits
 - 7.8.2. Income
 - 7.8.3. Savings and Capital
 - 7.8.4. Allowable Expenditure
 - 7.8.5. Disability Related Expenditure (DRE)
8. **Income Disregards**
 - 8.1. Certain income received by the client will be disregarded as part of the assessment
 - 8.1.1. Any income from employment
 - 8.1.2. The mobility component of Disability Living Allowance (DLA)
 - 8.1.3. The DLA and Attendance Allowance (AA) elements that relate to night care, provided only daytime services are provided
 - 8.1.4. The first £10 of any War Pension
9. **Capital disregards**

9.1. Certain capital will be disregarded as part of the assessment

9.1.1. The home in which the service user resides

9.1.2. Compensation for personal injury will be disregarded for 52 weeks if the Court did not specify the award was made for care costs.

10. **Allowable Expenditure**

10.1. The following expenses are allowed as part of the financial assessment:

10.1.1. Council Tax payable after deducting any discount allowed

10.1.2. Rent (net of any housing benefit or universal credit) and any service charge that is eligible for housing benefit

10.1.3. Mortgage payments

10.2. If other adults are living in the property the allowable expenditure may be reduced proportionately

10.3. Welfare repayments and the welfare overpayments are not allowable expenses.

11. **Disability Related Expenditure (DRE)**

11.1. Clients will be given the opportunity to claim disability related expenditure if they are in receipt of disability related benefits. DRE will be allowed in the financial assessment.

11.2. Clients will be visited by the PFU for the purposes of carrying out a DRE assessment in accordance with the policy set out in Appendix A.

12. **Calculation of Contributions**

12.1. Clients with capital above £23,250 will be identified as self funders.

12.2. Clients with capital below £23,250 will have an assessment calculated as follows

12.2.1. Income less disregards as per section 8 above, plus

- 12.2.2. Tariff income from capital as per section 9 above at the rate of £1 a week for every £250 or part of £250 in excess of £14,250, minus
- 12.2.3. Allowable expenditure in accordance with section 10 above, minus

- 12.2.4. DRE in accordance with section 11 above.
- 12.3. If the result of the above calculation is less than the minimum income guarantee + 25% the contribution is nil.
- 12.4. If the result of the above calculation is greater than the minimum income guarantee + 25% the contribution will be the difference. The contribution will not in any case exceed the actual cost of the service.

13. Appeals and Complaints

- 13.1. Clients and their representatives should contact the PFU if they have any queries regarding a financial assessment. It is expected the PFU will be able to resolve most issues by discussion with clients.
- 13.2. A client is entitled to appeal their financial assessment on the grounds it has not been correctly calculated in accordance with Wirral's fairer charging policy. If a client wishes to appeal their financial assessment after a preliminary discussion with the PFU, a written appeal must be made stating the grounds.
- 13.3. Any written appeal should be made within 28 days of the issue of the financial assessment.
- 13.4. If the appeal is made more than 28 days from the issue of the financial assessment, any revision will only be implemented from the date of the appeal.
- 13.5. The appeal will be acknowledged in writing. The assessment will be reviewed by a different officer from the one making the original assessment. The client will be notified of the decision within 7 days of the appeal being received.
- 13.6. If a client has a complaint about any aspect of fairer charging then the statutory complaints procedure set out in the Local Authority Social Services and NHS Complaints (England) Regulations 2009 will apply and the DASS Complaints Section should be contacted.

14. **Current Charges – from November 2013**

- 14.1. Domiciliary care £12.28 per hour.
- 14.2. Day Care - £31.22 per day or £15.62 per session
- 14.3. Night sitting £53.28
- 14.4. Transport £4.87 per journey
- 14.5. Assistive technology - £2.50 per week

15. **Disability Related Expenditure**

- 15.1. Disability Related Expenditure is additional expenditure incurred by a service user as a result of their disability or condition for items or services which cannot be addressed in their personal budget.
- 15.2. A client may request a full Disability Related Expenditure assessment. They will be required to provide details of the additional expenditure, which will be considered when the following conditions are fulfilled:
 - 15.2.1. The client is in receipt of disability related benefits
 - 15.2.2. The extra cost is incurred to meet a service user's specific need due to a condition or disability recognised in the needs assessment
 - 15.2.3. The cost is reasonable and can be verified (receipts may be required)
 - 15.2.4. If a lower cost alternative item or service could reasonably be used, DRE will be calculated at that lower cost.
- 15.3. DRE will be paid in the following categories
 - 15.3.1. Payment for any community alarm
 - 15.3.2. Any privately arranged care services required, including respite care

- 15.3.3. Specialist washing powders or laundry
- 15.3.4. Additional costs of special dietary needs due to illness or disability; the user may be asked for permission to approach their GP in cases of doubt
- 15.3.5. special clothing or footwear, for example, where this needs to be specially made; or additional wear and tear to clothing and footwear caused by disability
- 15.3.6. additional costs of bedding, for example, because of incontinence
- 15.3.7. any heating costs, or metered costs of water, above the average levels for the area and housing type, required by age, medical condition or disability
- 15.3.8. reasonable costs of basic garden maintenance, cleaning, or domestic help, if necessitated by the individual's disability and not met by social services
- 15.3.9. purchase, maintenance, and repair of disability-related equipment, including equipment or transport needed to enter or remain in work; this may include computer costs, where necessitated by the disability; reasonable hire costs of equipment may be included, if waiting for supply of equipment from the local council
- 15.3.10. personal assistance costs, including any household or other necessary costs arising for the user
- 15.3.11. other transport costs necessitated by illness or disability, including costs of transport to day centres, over and above the mobility component of DLA, if in payment

Wirral Council
Department of Adult Social Services
THE DEPARTMENT OF HEALTH CHARGING FOR RESIDENTIAL
ACCOMODATION GUIDE LOCAL DISCRETIONS

Effective from 11th July 2013

1. **Introduction**

- 1.1. Councils have some local discretion in assessing clients for residential services. This document sets out the Wirral policy for assessing the financial contribution to be made by clients. It is effective from 11th July 2013.
- 1.2. The policy is based on the Department of Charging for Residential Accommodation Guidance

2. **Services covered by this policy**

- 2.1. This policy covers any residential community care service.

3. **Application**

- 3.1. The policy applies to all clients unless in the list of exceptions below.
- 3.2. The exceptions are
 - 3.2.1. Support provided under Section 117 of the Mental Health Act
 - 3.2.2. Sufferer of Creutzfeldt Jacobs Disease
 - 3.2.3. Asylum Seekers
 - 3.2.4. Adults in full-time education
 - 3.2.5. Support provided as intermediate care and for a period of six weeks or less

4. **Principles**

- 4.1. Clients that exceed the capital limit of £23,250 are not eligible for council financial support and are self-funders. After their statutory service assessment they will be assisted in identifying service provision. They will then be required to pay providers directly for any commissioned service. This will avoid self-funders building up arrears of charges with the Council and any misunderstandings about their financial responsibilities.
- 4.2. Clients will be provided with an early financial assessment following a visit by a senior assessment officer from the Personal Finance Unit.
- 4.3. Comprehensive benefits advice and assistance will be offered to all service users. This may increase their income, and help meet the cost of contributions.
- 4.4. Facilities for indicative self-assessment and a web-calculator will be provided from September 2013.
- 4.5. The contributions requested from service users following financial assessment will be fair and reasonable. Due care will be taken in assessing the service user's contribution under the DEPARTMENT OF HEALTH CHARGING FOR RESIDENTIAL ACCOMODATION GUIDE guide.
- 4.6. Service users have the right to request a review of their assessed contribution if they feel it is incorrect or if there has been a significant change in their financial situation. Any adjustment over and above this policy will be determined by DASS senior management.
- 4.7. Where the assessed contribution is appealed for review, clients must pay the original assessed contribution until the appeal is determined.
- 4.8. If a client does not wish to undergo a financial assessment the full cost of services will be charged.
- 4.9. If a client does not cooperate in making a financial assessment or fails to provide requested information within the

required timescale the full cost of services will be charged. If a financial assessment is later able to be completed, it will only take effect from the date that the client cooperated with the making of the assessment or provided the information requested.

- 4.10. Clients must notify the PFU of any material change in their financial circumstances if this is likely to impact on their assessed contribution.

- 4.11. If a client does not notify the PFU of a material change that would have led to an increased contribution, the increased contribution will be implemented from the date a revised financial assessment is issued that reflects the material change.
- 4.12. Service users who refuse to pay their assessed contribution will not have their services removed.
- 4.13. The Council will recover contribution arrears through the courts in accordance with the Council's recovery policy
- 4.14. All client information (verbal and written) will be treated in confidence and due care will be given to disclosing information that is in the interests of the service user only.
- 4.15. All clients will be encouraged to pay by direct debit once this system is available in September 2013.
- 4.16. Wirral is promoting the collection of contributions by providers. No arrangement will be made without the consent of the client.
- 4.17. Wirral Council is committed to the prevention and detection of fraud.
- 4.18. Wirral Council will assess whether a client has the capacity to organise the payment of their contributions. If the client has capacity, but wishes another person to manage their payments then the client will remain liable for any contributions due.
- 4.18.1. Where a person has been legally appointed to manage a client's affairs, the PFU will deal with that person.

5. **Basis for Financial Assessment**

- 5.1. Service users will be assessed in accordance with the Charging for Residential Accommodation Guide.

- 5.2. Clients with a partner will be offered a best interest assessment. They will be offered assessment both as a couple and as an individual.

6. The Financial Assessment

- 6.1. A written financial assessment will be provided
- 6.2. The rights of appeal set out in section 13 will apply
- 6.3. Services will be billed from the Monday after a client has been provided with a financial assessment.
- 6.4. An assessment will be made for the client and other persons will not be assessed to pay charges in respect of the client's services.
- 6.5. A financial assessment will be based on the benefits in payment to the client at the time of the financial assessment. If other benefits are later received, the financial assessment will be adjusted from the date the benefits come into payment.
- 6.6. A client's partner may be approached for information to establish the capital in which the client has a legal or equitable interest.

7. Deferred payment arrangements

- 7.1. On the termination of a deferred payment arrangement interest at the rate of 4% will be charged:
 - 7.1.1. In the event of the client terminating the agreement by giving notice to Wirral Council, at a daily rate from the notified date of termination to the date the amount due under the agreement is repaid
 - 7.1.2. In the event of the death of the client, at a daily rate from 57 days after the clients death to the date the amount due under the agreement is repaid

8. Arrears of contributions secured by charge on land

- 8.1. In the event a client is in arrears with contributions for residential accommodation the Council may at its discretion make a charge on any interest in land held by the client. In the event of the death of the client, interest of 4% per annum

will be payable at a daily rate from the client's death until the amount secured by the charge is paid.

9. Appeals and Complaints

- 9.1. Clients and their representatives should contact the PFU if they have any queries regarding a financial assessment. It is expected the PFU will be able to resolve most issues by discussion with clients.
- 9.2. A client is entitled to appeal their financial assessment on the grounds it has not been correctly calculated in accordance with the Department of Health's Charging for Residential Accommodation Guide. If a client wishes to appeal their financial assessment after a preliminary discussion with the PFU, a written appeal must be made stating the grounds.
- 9.3. Any written appeal should be made within 28 days of the issue of the financial assessment.
- 9.4. If the appeal is made more than 28 days from the issue of the financial assessment, any revision will only be implemented from the date of the appeal.
- 9.5. The appeal will be acknowledged in writing. The assessment will be reviewed by a different officer from the one making the original assessment. The client will be notified of the decision within 7 days of the appeal being received.
- 9.6. If a client has a complaint about any aspect of financial assessment then the statutory complaints procedure set out in the Local Authority Social Services and NHS Complaints (England) Regulations 2009 will apply and the DASS Complaints Section should be contacted.

WIRRAL COUNCIL

**Cabinet Budget Meeting
Tuesday 10th December 2013**

SUBJECT:	<i>VOLUNTARY SECTOR SUPPORT FUND</i>
WARD/S AFFECTED:	<i>ALL</i>
REPORT OF:	<i>DIRECTOR OF PUBLIC HEALTH / HEAD OF POLICY & PERFORMANCE</i>
RESPONSIBLE PORTFOLIO HOLDER:	<i>COUNCILLOR CHRIS MEADEN</i>
KEY DECISION?	<i>YES</i>

1.0 EXECUTIVE SUMMARY

At its meeting on 10 October 2013 the Cabinet discussed the Public Health Outcomes paper. A request was made by Cabinet that the Director of Public Health explore the potential to identify and manage a Fund to support voluntary sector organisations who may be in crisis where appropriate. This paper provides a proposal to establish such a fund.

2.0 VOLUNTARY SECTOR SUPPORT FUND

- 2.1 A number of voluntary sector organisations have contacted Councillors with concerns about their futures. With a considerable reduction in funding in the public sector, there is a risk that some smaller voluntary sector organisations will find themselves in financial difficulty and may not be able to continue. This proposal seeks to address this immediate concern, although it should not be seen as a longer-term solution, as work is also ongoing to review how the Council supports this sector overall, and any future solutions should align to that vision.
- 2.2 It is proposed that this fund is administered through the Constituency Committees, with a sum of £25,000 set aside for each Committee to use against an agreed set of criteria. The constituency managers will support the process and ensure that it is transparent. Some requests will come from organisations that cross constituency committee boundaries, and it is suggested that in those events the constituency managers work together to find an agreed means of allocating the funding. It is proposed that an overall grant of £100,000 be created from the Public Health Outcomes Fund to support funding requests of £3,000 or less. All applications would need to state how the organisation's activity contributes towards achievement of indicators from Department of Health's Public Health Outcomes Framework (see Appendix One for overview of these indicators)..

3.0 PUBLIC HEALTH OUTCOME FRAMEWORK INDICATORS

3.1 Nationally, the budget for all Council Public Health functions is currently funded via a ring-fenced grant from the Department of Health. It is audited on a quarterly basis and each Council is required to provide assurance that all spend is on Public Health-related activity. Consequently, each proposal will have to state how their activity meets at least one of the following two high level outcome measures from the Department of Health's Public Health Outcomes Framework 2013-2016:

- Increased healthy life expectancy
- Reduced differences in the life expectancy and healthy life expectancy between communities

These outcome measures are supported by a number of public health indicators grouped into four domains:

- Improving the wider determinants of health
- Health improvement
- Health protection
- Healthcare public health and preventing premature mortality

3.2 Each application will state how their proposed activity would link into relevant indicators from the Public Health Outcome Framework.

3.3 Cabinet are requested to authorise this proposal to enable local voluntary organisations to apply for this funding and continue to benefit the local community.

4.0 RELEVANT RISKS

4.1 The voluntary organisations may not spend their grant as per their funding application. The budget spend will be monitored by the Constituency Managers as part of their responsibility.

5.0 OTHER OPTIONS CONSIDERED

5.1 The Public Health ring-fenced grant does require spend to be on public health-related activity. Therefore, it does constrain the options available. This approach provides assurances that spend contributes to indicators from the Department of Health's Public Health Outcomes Framework 2013-16.

6.0 CONSULTATION

6.1 Consultation on the investments will happen through the Constituency Committees, and where appropriate, advice sought from Voluntary & Community Action Wirral.

7.0 OUTSTANDING PREVIOUSLY APPROVED ACTIONS

7.1 There are no outstanding previously approved actions.

8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

8.1 The Voluntary Sector Support Fund is intended to support voluntary organisations and enable them to continue their work and benefitting the local community.

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

9.1 This proposal has financial implications as outlined above.

10.0 LEGAL IMPLICATIONS

10.1 As mentioned before the Council are required to demonstrate spend from the Public Health ring-fenced grant is against public health-related activity. The constituency managers would be responsible for monitoring that the voluntary organisations spend their grant as per their funding application.

11.0 EQUALITIES IMPLICATIONS

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

(a) Yes and impact review has been sent to the Equality and Diversity Co-ordinator.

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

12.0 CARBON REDUCTION AND ENVIRONMENTAL IMPLICATIONS

12.1 There are none arising directly from this report.

13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

13.1 There are none arising directly from this report.

RECOMMENDATION/S

Cabinet are asked to:

13.2 Approve the proposal and enable the Voluntary Sector Support Fund to be offered to local voluntary organisations.

14.0 REASON/S FOR RECOMMENDATION/S

14.1 This approach enables the ring-fenced Public Health grant of 2013-15 to be utilised to support initiatives that contribute to achieving Public Health Outcome Framework indicators and improving health and wellbeing of the

Wirral population. The funding to enable the continuation of small voluntary groups offers a positive outcome to communities and great value for money on return of investment.

REPORT AUTHOR: ***Fiona Johnstone***
Director of Public Health / Head of Policy & Performance
telephone (0151) 691 8210
email fionajohnstone@wirral.gov.uk

APPENDICES

Appendix 1: Overview of Public Health Outcome Framework Indicators

BACKGROUND PAPERS/REFERENCE MATERIAL

Healthy Lives, Healthy People: Update on Public Health Funding (Dept of Health, 2012)

BRIEFING NOTES HISTORY

Briefing Note	Date

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Cabinet	10th October 2013

Appendix One: Overview of Public Health Outcome Framework Indicators 2013-2016

VISION
To improve and protect the nation's health and wellbeing and improve the health of the poorest fastest.
Outcome measures
Outcome 1) Increased healthy life expectancy, i.e. taking account of the health quality as well as the length of life
Outcome 2) Reduced differences in life expectancy and health life expectancy between communities (through greater improvements in more disadvantaged communities)

Alignment across the Health and Care System
* Indicator shared with the NHS Outcomes Framework
** Complementary to indicators in the NHS Outcomes Framework
† Indicator shared with Adult Social Care Outcomes Framework
†† Complementary to indicators in the Adult Social Care Outcomes Framework
<i>Indicators in italics are placeholders, pending development or identification</i>

1. Improving the wider determinants of health
Objective
Improvements against wider factors which affect health and wellbeing and health inequalities
Indicators
<ul style="list-style-type: none"> 1.1 Children in poverty 1.2 <i>School readiness (placeholder)</i> 1.3 Pupil absence 1.4 First time entrants to the youth justice system 1.5 16-18 year olds not in education, employment or training 1.6 Adults with a learning disability/in contact with secondary mental health services who live in stable and appropriate accommodation † (ASCOF 1G and 1H) 1.7 <i>People in prison who have a mental illness or a significant mental illness (Placeholder)</i> 1.8 Employment for those with long-term health conditions including adults with a learning disability or who are in contact with secondary mental health services *(i-NHSOF 2.2) †† (ii-ASCOF 1E) †††(iii-NHSOF 2.5) ††† (iii-ASCOF 1F) 1.9 Sickness absence rate 1.10 Killed and seriously injured casualties on England's roads 1.11 <i>Domestic abuse (Placeholder)</i> 1.12 Violent crime (including sexual violence) 1.13 Re-offending levels 1.14 The percentage of the population affected by noise 1.15 <i>Statutory homelessness</i> 1.16 Utilisation of outdoor space for exercise/health reasons 1.17 <i>Fuel poverty (Placeholder)</i> 1.18 <i>Social Isolation (Placeholder) † (ASCOF 1I)</i> 1.19 <i>Older people's perception of community safety (Placeholder) †† (ASCOF 4A)</i>

2. Health Improvement
Objective
People are helped to live healthy lifestyles, make healthy choices and reduce health inequalities
Indicators
<ul style="list-style-type: none"> 2.1 Low birth weight of term babies 2.2 Breastfeeding 2.3 Smoking status at time of delivery 2.4 Under 18 conceptions 2.5 <i>Child Development at 2-2½ years (Placeholder)</i> 2.6 Excess weight in 4-5 and 10-11 year olds 2.7 Hospital admissions caused by unintentional and deliberate injuries in under 18s 2.8 Emotional wellbeing of looked after children 2.9 <i>Smoking prevalence – 15 year olds (Placeholder)</i> 2.10 <i>Self-harm (Placeholder)</i> 2.11 Diet 2.12 Excess weight in adults 2.13 Proportion of physically active and inactive adults 2.14 Smoking prevalence – adults (over 18s) 2.15 Successful completion of drug treatment 2.16 People entering prison with substance dependence issues who are previously not known to community treatment 2.17 Recorded diabetes 2.18 <i>Alcohol-related admissions to hospital (placeholder)</i> 2.19 Cancer diagnosed at Stage 1 and Stage 2 2.20 Cancer screening coverage 2.21 Access to non-cancer screening programmes 2.22 Take up of the NHS Health Check Programme – by those eligible 2.23 Self-reported wellbeing 2.24 Injuries due to falls in people aged 65 and over

3. Health Protection
Objective
The population's health is protected from major incidents and other threats, whilst reducing health inequalities
Indicators
<ul style="list-style-type: none"> 3.1 Fraction of mortality attributable to particulate air pollution. 3.2 Chlamydia diagnoses (15-24 year olds) 3.3 Population vaccination coverage 3.4 People presenting with HIV at a late stage of infection 3.5 Treatment completion for Tuberculosis (TB) 3.6 Public sector organisations with a board approved sustainable development management plan 3.7 <i>Comprehensive, agreed inter-agency plans for responding to public health incidents and emergencies (Placeholder)</i>

4. Healthcare public health and preventing premature mortality
Objective
Reduced numbers of people living with preventable ill health and people dying prematurely, whilst reducing the gap between communities
Indicators
<ul style="list-style-type: none"> 4.1 Infant mortality * (NHSOF 1.6i) 4.2 Tooth decay in children aged 5 4.3 Mortality rate from causes considered preventable ** (NHSOF 1a) 4.4 Under 75 mortality rate from all cardiovascular diseases (including heart diseases and stroke) * (NHSOF 1.1) 4.5 Under 75 mortality rate from cancer * (NHSOF 1.4i) 4.6 Under 75 mortality rate from liver disease * (NHSOF 1.3) 4.7 Under 75 mortality rate from respiratory diseases * (NHSOF 1.2) 4.8 Mortality rate from infectious and parasitic diseases 4.9 Excess under 75 mortality rate in adults with serious mental illness * (NHSOF 1.5) 4.10 Suicide rate 4.11 Emergency readmissions within 30 days of discharge from hospital * (NHSOF 3b) 4.12 Preventable sight loss 4.13 <i>Health-related quality of life for older people (Placeholder)</i> 4.14 Hip fractures in people aged 65 and over 4.15 Excess winter deaths 4.16 Estimated diagnosis rate for people with dementia * (NHSOF 2.6i)

Source: Improving Outcomes and Supporting Transparency: Part 1B: Public Health Outcomes Framework; Department of Health; Nov 2012; p4

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank