

# METROPOLITAN BOROUGH OF WIRRAL

CABINET – 5 DECEMBER 2002

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## PROJECTED BUDGET, 2003/04 – PROPOSED ECONOMIES

### 1. Executive Summary

1.1. The purpose of this report is to inform Cabinet of the views of Select Committees in relation to a package of economies proposed in connection with the preparation of the budget for 2003/04 and to recommend that, having taken account of those views, the economies package totalling £5.3m be recommended to the Council for approval.

1.2. The report calls for a “key decision” on a matter that was included in the Forward Plan dated 1 September 2002.

### 2. Background

2.1. On 19 September 2002 the Cabinet considered a report on the projected budget for 2003/04 and agreed a package of proposed economies totalling £5.3m which were then referred to the relevant Select Committees for their comments (minute 229 refers). The minute also authorised consultations with the recognised trade unions and identified a number of other areas where savings might be achieved.

2.2. The full text of minute 229 is reproduced as Appendix 1.

### 3. Select Committee Process

3.1. The various elements of the package were submitted to the relevant Select Committees meeting in the current cycle, namely, Housing and Community Safety (4 November), Social Care and Health (11 November), Education and Cultural Services (12 November), Economic regeneration and Community Planning (18 November) and Finance and Corporate Management (21 November). The remaining economies, affecting the Departments of Highway and Engineering Services and Planning and Economic Development, will be considered by the Environment, Transportation and Planning Strategy Select Committee on 27 November and their views will be reported separately.

3.2. The Housing and Community Safety Select Committee noted the proposed economies and referred them to the Finance and Corporate Management Select Committee (minute 50 refers), as did the Education and Cultural Services Select Committee (minute 47 refers), while calling upon the Cabinet to receive a further report giving additional information about those

economies relating to cremation charges, playground refurbishment and the Youth Service; the Social Care and Health Select Committee (minute 61 refers) noted the Director of Social Services' "intention to provide a progress report on economies in 2003/04 to the next meeting of the Select Committee [16 January 2003], by which time a clearer picture should have emerged in relation to grants and savings potential for staffing (the detailed business plan for the Department will be presented at the same meeting)."; the Economic Regeneration and Community Planning Select Committee accepted the proposed saving relating to the Merseyside Information Service (minute 28 refers), and the Finance and Corporate Management Select Committee noted the savings relating to the Finance, Personnel and Policy and Property Services Departments and the referrals from the Housing and Community Safety and Education and Cultural Services Select Committees (minutes 76-78 and 79 (1) refer). Copies of the Select Committee minutes are attached for information (Appendix 2)

#### 4. Trade Union Consultation

4.1. The Director of Personnel and Policy has consulted the recognised trade unions with regard to the proposed economies and they have noted the various proposals subject to further, more detailed consultation at implementation stage where there are any staffing implications.

#### 5. Budget and Policy Framework Procedure Rules

5.1. The Budget and Policy Framework Procedure Rules, paragraph 2 (b), require the Cabinet to ". . . take any response from a Select Committee into account in drawing up firm proposals for submission to the Council, and its report to Council will reflect the comments made by consultees and the Cabinet's response to those comments."

5.2. Having regard to the views expressed by the Select Committees, and to the comments made by the recognised trade unions, the Cabinet is requested to make firm proposals for submission to the Council in relation to the proposed budget economies for 2003/04 identified in minute 229.

#### 6. Financial and Staffing Implications

6.1. The financial implications arising out of this report are limited to proposed economies of £5.3m. Any staffing implications associated with the proposed economies were identified in the reports submitted to the Select Committees.

7. Other Implications

7.1. There are no implications arising directly out of this report in terms of equal opportunities, ethnic minorities, the elderly or the disabled; nor are there any community safety, human rights, Local Agenda 21, social inclusion or planning implications.

8. Background Papers

8.1. The only background papers used in the preparation of this report were the minutes of the Cabinet and Select Committees (see appendices 1 and 2 below)

9. Local Member Support Implications

9.1. This report has no specific implications for individual wards.

10. Decision required:

10.1. Having had regard to the views of the Select Committees and the results of consultations with the recognised trade unions, the Cabinet is requested to make a recommendation to the Council concerning proposed economies for in connection with the 2003/04 budget.

JOHANNA MILLER

Borough Solicitor and Secretary

HRJ/PR/L13/1  
22 November 2002.

METROPOLITAN BOROUGH OF WIRRALCABINET19 SEPTEMBER 2002E X T R A C T**229. FINANCE AND BEST VALUE: PROJECTED BUDGET 2003/04**

The Director of Finance report upon the projected budget for 2003/04, which suggested that total expenditure would increase to £355.3m. Government proposals to replace Revenue Support Grant and Standard spending Assessments with a new "Formula Grant" in 2003/04 gave rise to a element of uncertainty in predicting the level of Central Government funding but, based on the current RSG and SSA regimes, the projected budget figure indicated a shortfall in excess of £20m for the coming year. He advised that, in these circumstances, the Cabinet should prepare a savings package for 2003/04 and that the individual elements of the package should be referred to Select Committees.

A decision was required to adopt the course of action suggested by the Director of Finance.

The Leader acknowledged the need to reduce projected expenditure in 2003/04 to keep council tax as low as possible, and emphasised that the Labour administration took very seriously its responsibilities for exercising prudent financial management and for bringing forward constructive budget proposals. In this connection, he circulated a list of potential economies totalling £5.3m which would be referred to Select Committees for detailed examination and comment, and would also be the subject of consultation with the recognised trade unions. In addition to the specific savings, other areas would be examined with a view to realising further economies.

The Leaders of both the Conservative and Liberal Democrat Groups acknowledged the need to identify budget savings (although they had reservations about some of the proposals identified by the Labour Group) and welcomed the involvement of Select Committees and the opportunity that presented to consult service users.

The proposals circulated by the Leader were approved (10:0).

**Resolved -**

**(1) That, in the light of the report now submitted by the Director of Finance and the evident need to reduce spending in order to keep council tax as low as possible for the people of Wirral, the following list of proposed economies be referred to the relevant Select Committees for their comments, and any necessary consultations take place with the recognised trade unions:-**

**(a) Education and Cultural Services:**

Closure of St Benedict's High School -	£150,000
LEA Initiatives (Replacement Funding) -	£100,000
Youth and Community Service (Vacancy Control) -	£50,000
Hearing/Vision Impaired Service (Reduced Staffing) -	£45,000
Independent Special School Placements -	£100,000
Schools PPM (Reduced "Landlord" provision) -	£72,000
Capitalisation of Staffing costs on Capital Projects -	£50,000
Acre Lane Professional Development Centre (Increased Lettings) -	£5,000
Community Patrol (Revised Shift Patterns) -	£41,000
Falling School Rolls (Staff Reductions/Redeployments) -	£700,000
Increased Crematorium Charges -	£100,000
Re-phasing of Playground Improvement Programme -	£150,000

**(b) Highway and Engineering Services**

Operational Services Division Surplus -	£100,000
Publicity/Sponsorship (Road Signs/Roundabouts) -	£100,000
Reduction in North West Water Provision -	£190,000
Street Scene Review (Re-alignment of Activities) -	£50,000
Review of Charges -	£50,000

**(c) Finance**

Support Services -	£20,000
Treasury Management -	£200,000
Procurement -	£100,000
Telephone services -	£100,000

**(d) Housing and Environmental Protection**

Women's Refuge (Transfer of Grant) -	£20,000
Port Health Authority (Reduced Levy) -	£30,000
Recycling Initiatives -	£1,700,000
Waste Contracts -	£200,000
Housing Management DSO Surplus -	£60,000

**(e) Planning and Economic Development**

Merseyside Information Services (Externalisation) -	£20,000
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**(f) Property Services**

Staffing -	£120,000
Buildings (Bridge Walks/Beechcroft) -	£50,000
Former Somerville School (Manor Trust) -	£30,000
Rate Reductions -	£400,000

**(g) Personnel and Policy**

Resource Link (Further Implementation) -	£100,000
Car Allowances -	£100,000

**(2) That, in addition to the above, the following recommendations be agreed:-**

- (a) the potential for a £250,000 saving on reproduction and printing be explored further as part of the on-going Best Value Review of Communications, with detailed proposals on what any changes to the current system would mean in practice being reported to the relevant Select Committee;**
- (b) the potential for a £50,000 saving on cashiering services run by the Finance Department be considered, and in tandem with the wider housing reviews of stock and housing management services, and the findings be reported to the relevant Select committee(s);**
- (c) the potential for any saving from Early Voluntary Retirements across all Council departments be evaluated in the new year, in tandem with the planned human resources strategy;**
- (d) the Director of Social Services be asked to continue to address urgently any means of reducing in-house costs, and to report to the Social Care and Health Select Committee as appropriate.**

**(3) That the need for further economies be considered again when the provisional grant settlement is known.**

Councillor J E Green declared a personal interest in this matter (specifically as regards the possible reduction of teaching staff to reflect falling rolls) by virtue of his family connection with a member of the teaching profession.

TO: CABINET/COUNCIL

METROPOLITAN BOROUGH OF WIRRAL

EXTRACTS

HOUSING & COMMUNITY SAFETY SELECT COMMITTEE

4 NOVEMBER 2002

50. **BUDGET 2003/2004 ECONOMIES**

The Director of Finance and the Director of Housing and Environmental Protection reported that the Cabinet at its meeting on 19 September 2002 agreed to a package of economies totalling £5.3m to aid the preparation of the budget for 2003/2004. This package had been referred to the relevant Select Committees for analysis/comment, and the Directors provided further information on, and details of the likely impact of two economies which were in the purview of this Select Committee.

An annual saving of £20,000 would result from a change in the source of funding of the Women's Refuge through the new Supporting People Grant, and a 'one-off' benefit of £60,000 would be gained from a Housing Management DSO surplus.

**On a Motion by the Chair, and seconded by Councillor Mrs Wood, it was -**

**Resolved - That the budget savings identified in the report now submitted be noted, and referred in the first instance to the Finance and Corporate Management Select Committee, prior to consideration by Cabinet.**

## EDUCATION AND CULTURAL SERVICES SELECT COMMITTEE

12 NOVEMBER 2002

### 47. **EDUCATION AND CULTURAL SERVICES DEPARTMENT - PROPOSED ECONOMIES FOR 2003/04**

In accordance with minute 229 (Cabinet - 19/9/02), the Directors of Education and Cultural Services and of Finance submitted, for the Committee's views, a list of proposed savings within the Education and Cultural Services budget amounting to £1,563,000, which was part of an initial package totalling £5.3m. The report outlined the likely impact of each of the proposed savings.

Members of the Committee made a number of comments. Mr Jones was disappointed at the ending of the arrangement for a serving headteacher to be seconded to the Department, which he felt provided valuable experience. Mr Bishop believed that the saving from falling rolls would have a wider impact than the loss of teaching posts: valuable ancillary posts were likely to be lost also. He was also concerned that some schools had still not agreed to join the redeployment scheme. The Director stated that the figure of 22 FTE teaching posts had been used as a guide, and it would be left to individual governing bodies to determine how any reductions in budget were implemented.

Councillor Pritchard expressed the view that the proposed 10% increase in cremation charges was too high, but Councillor W Smith understood that Wirral's charges would still be below the average. The Chair was concerned about the re-phasing of the agreed programme of playground improvements. Councillor Harney warned that cuts in school budgets would be difficult to manage because of the high proportion of staffing costs - schools required stability in their budgets in order to plan for future years. He was also concerned about the playgrounds programme. He referred particularly to the need to maintain the budget for the Youth Service, especially in view of the fact that services for young people had been designated as one of the Council's top priorities.

#### **It was moved by Councillor W Smith and seconded that**

"The proposed package of savings for the Education and Cultural Services Department be accepted as listed and the Cabinet be advised accordingly."

#### **It was moved as an amendment by the Chair and seconded that**

"This Committee

- (a) notes the proposed savings;
- (b) requests the Cabinet to take note of the views now expressed by the members of this Committee;
- (c) requests that the Cabinet receive an additional report which



- (i) puts the proposed increase in cremation charges into context, including comparison with other local authorities' charges;
- (ii) indicates those playgrounds that will be affected by the re-phasing of the programme and identifies any possible alternative sources of funding that will ensure the programme is completed as early as possible and
- (iii) suggests how any savings within the Youth Service budget might be re-applied in order to support what has been agreed as one of the Council's top priorities, namely services to young people.

**The amendment was put and carried (6:4).**

**Resolved -**

- (1) That this Committee**
  - (a) notes the proposed savings;**
  - (b) requests the Cabinet to take note of the views now expressed by the members of this Committee;**
  - (c) requests that the Cabinet receive an additional report which**
    - (i) puts the proposed increase in cremation charges into context, including comparison with other local authorities' charges;**
    - (ii) indicates those playgrounds that will be affected by the re-phasing of the programme and identifies any possible alternative sources of funding that will ensure the programme is completed as early as possible and**
    - (iii) suggests how any savings within the Youth Service budget might be re-applied in order to support what has been agreed as one of the Council's top priorities, namely services to young people.**
- (2) That this Committee's views be forwarded also to the Finance and Corporate Management Select Committee.**

## SOCIAL CARE & HEALTH SELECT COMMITTEE

11 NOVEMBER 2002

### 61. **BUDGET 2003-04 ECONOMIES AND EMERGING PRESSURES**

The Director of Social Services reported that Cabinet at its meeting on 19th September 2002 had agreed to a package of economies totalling £5.3m to aid the preparation of the budget for 2003-04. This package had been referred to the relevant Select Committees for analysis and the Director provided further information on the economies that were within the purview of this Select Committee. The Department's in house costs were largely its staffing costs. These fell into three main areas: assessment and care management staffing costs; care services staffing, and, infrastructure staffing costs. Work had commenced within the Department to review areas of expenditure within staffing costs that might lead to reduced costs in 2003-04.

The Director also gave details of pressures that were emerging and were likely to have an impact in 2003-04, these included unavoidable requirements, particularly those linked to the NCSC i.e. repairs and maintenance and registration fees, continuing increases in demand and the need to increase activity in relation to under-achieving performance indicators, and, uncertainties to grant funding.

**Resolved - That this Committee notes the intention to provide a progress report on economies in 2003-04 to the next meeting of this Select Committee by which time a clearer picture should have emerged in relation to grants and savings potential for staffing. The detailed business plans for the department will be presented at the same meeting.**

## ECONOMIC REGENERATION AND COMMUNITY PLANNING SELECT COMMITTEE

18 NOVEMBER 2002

### 28. **ECONOMIC REGENERATION AND COMMUNITY PLANNING SELECT COMMITTEE – BUDGET 2003-04 ECONOMIES**

The Deputy Chief Executive/Director of Planning and Economic Development and the Director of Finance reported that the Cabinet (minute 299 19/9/02 refers) had approved a package of economies totalling £5.3m to aid the preparation of the budget for 2003-04 including one item for the Planning and Economic Development Department which had been referred to this Committees for analysis. They submitted a report detailing the proposal relating to Merseyside Information Services (externalisation) - £20,000, together with their assessment of the likely impact on service delivery. This was a key decision which first appeared in the Forward Plan in July 2002.

**Resolved - That the item of savings relating to Merseyside Information Services be accepted and that the Cabinet be advised accordingly.**

## FINANCE AND CORPORATE MANAGEMENT SELECT COMMITTEE

21 NOVEMBER 2002

### 76. **BUDGET 2003/2004 ECONOMIES - FINANCE DEPARTMENT**

The Director of Finance reported that the Cabinet at its meeting on 19 September 2002 had agreed to a package of economies totalling £5.3m to aid the preparation of the budget for 2003/2004, and this package had been referred to the relevant Select Committees for analysis. He gave details of those areas where savings were likely to be achieved within his Department, including, administration and support services, treasury management, procurement of goods and services and telephone services. On the basis of the present projections there would be a reduced budgetary requirement of £420,000 for 2003-04. The savings on administration and support services and treasury management would only be implemented after the approval of revised staffing structures within the Department. There would be a net increase in posts in the Financial Services Division and a net reduction in posts elsewhere in the Department but there would be no compulsory redundancies. Implementation of the Best Value review of procurement was likely to have minor staffing implications across all departments of the Authority and a report on this would be submitted to the next meeting of this Committee.

In connection with this item the Borough Solicitor and Secretary submitted minute 50, Housing and Community Safety Select (4/11/02), minute 60, Social Care and Health Select (11/11/02) and minute 47, Education and Cultural Services Select (12/11/02), giving details of economies within the Housing and Education and Cultural Services budgets and the financial monitoring of the Social Services budget. The Chair indicated that these minutes were for noting by the Committee unless members had any particular points that they wished to raise.

**Resolved - That the economies outlined, totalling £420,000, be referred to the Cabinet and the Select Committee minutes be noted.**

### 77. **BUDGET 2003/2004 ECONOMIES - DEPARTMENT OF PERSONNEL AND POLICY**

The Directors of Finance and Personnel and Policy reported that the Cabinet at its meeting on 19 September 2002 had agreed to a package of economies totalling £5.3m to aid the preparation of the budget for 2003/2004, and this package had been referred to the relevant Select Committees for analysis. He gave details of those areas where savings were likely to be achieved including the careful control and monitoring of car allowance budgets and the implementation of Resourcelink across all departments. This was a Human Resource System that integrated Personnel data with the Payroll processing function to provide one source of workforce management information. Savings would total £200,000.

**Resolved - That the economies outlined, totalling £200,000, be referred to the Cabinet.**

78. **BUDGET 2003/2004 ECONOMIES - DEPARTMENT OF PROPERTY SERVICES**

The Directors of Finance and Property Services reported that the Cabinet at its meeting on 19 September 2002 had agreed to a package of economies totalling £5.3m to aid the preparation of the budget for 2003/2004, and this package had been referred to the relevant Select Committees for analysis. They gave details of those areas where savings were likely to be achieved including staffing, administrative buildings and rate reductions and a one off refund. If all these economies were implemented there would be a reduced budgetary requirement of £300,000, together with a one off saving of £400,000.

**Resolved - That the economies outlined of £300,000 and a one off saving of £400,000 be referred to the Cabinet.**

79. **PROJECTED BUDGET 2003/2004**

The Director of Finance reported that the summary budget for 2002/2003 was £336m, and he outlined those areas where variations had been identified for 2003/2004 which included Liability Insurance, National Insurance, recycling initiatives, Waste Disposal Authority, Housing Revenue Account, concessionary fares, Residential Care Homes, inflation, other unavoidable growth and Social Services.

The Director also reported that negotiations surrounding the replacement of the current Revenue Support Grant (RSG) and Standard Spending Assessment (SSA) system for 2003-04 were continuing but the Department for Education and Skills now intended that there would be a separate Schools Budget within the General Fund Budget. This was likely to be subject to slightly different requirements and controls than the remainder of the General Fund Budget. The definition of the Schools Budget was not likely to be known until after the provisional grant settlement was announced but the Schools Budget would have to be notified to the Secretary of State by 31 January 2003.

The Director circulated an updated list of financial implications. In estimating resources for 2003/2004, assuming a continuation of the present system, the Director indicated a likely shortfall of £32.6m.

The Leader of the Council addressed the Committee and referred to those items of expenditure such as insurance, National Insurance, Waste Disposal Authority levy, residential care homes fees, inflation and unavoidable growth which were outside the control of the Council. He suggested that this year was not the time for Chief Officers to be putting forward any ambitious plans for growth within their departments and that he would be looking for co-operation from other Party Leaders in addressing the budget. Innovative and creative ways of moving forward should be sought and the list of savings previously proposed might have to be re-visited.

The Leader of the Conservative group stated that he was keen to work with whoever to stabilise the budget and the Council would have to be open to new ideas for savings. He congratulated the Committee on the work it was doing in keeping these issues to the fore.

The Chair indicated that the problems that were now arising would not have been as great if the Labour group had been prepared to accept some of the Conservative amendments to last year's budget such as a special committee being established to "review the Council's Departmental Structures and to oversee a review of the base Budget, line by line across the services....".

**It was moved by the Chair and seconded by Councillor Rowlands -**

"(1) That this Committee notes that the savings of £5.3m will still leave a shortfall of over £32m and believes -

- (i) that despite repeated warnings by this Select Committee since the last budget, the Cabinet has done little or nothing to avoid a potentially huge increase in Council Tax in 2003;
- (ii) that the efforts of the Cabinet to minimise any potential increase have been wholly inadequate and ineffectual;
- (iii) that as a matter of urgency the Cabinet should prepare plans indicating how they intend to deal with this crisis and,
- (iv) that the Leader of the Council be requested to attend a meeting of this Select Committee to be held on 2 January 2003 to present the said plans and to discuss these budgetary issues in depth with members.

(2) That officers should ensure that this minute is placed on the Cabinet agenda as a matter of urgency.

(3) That this item continue to be placed on the agenda of each meeting of this Select Committee."

**It was moved as an amendment by Councillor S A Brown and seconded by Councillor R L Abbey -**

"(1) That this committee notes that many of the projected growth items are outside the immediate control of this council, including increases in pay and in national insurance payments.

(2) That it notes with concern the level of additional growth in Education and urges restraint on all Council departments in making additional demands on the Council's budgets without proposing compensatory savings elsewhere.

(3) That it recognises the measures already taken by the Cabinet and further asks the Cabinet to take every measure possible to keep budget growth down (including making representations to Merseytravel and the Waste Disposal Authority about the potential for absorbing some increases).

(4) That it also asks the Cabinet to introduce new measures, when resources are known, which will allow the Council to set a stable budget for the future without imposing unrealistically high levels of council tax on the people of Wirral."

Councillor Gilchrist moved as a friendly amendment to Councillor Brown's amendment that the words, 'undertaking further work on proposals drawn up to date, to include consultations with the Trades Unions and the Select Committees in that process' be inserted in paragraph four of the amendment and this was accepted.

**The amendment was put and carried (7:3).**

**Resolved -**

- (1) That the report be noted.**
- (2) That this committee notes that many of the projected growth items are outside the immediate control of this council, including increases in pay and in national insurance payments.**
- (3) That it notes with concern the level of additional growth in Education and urges restraint on all Council departments in making additional demands on the Council's budgets without proposing compensatory savings elsewhere.**
- (4) That it recognises the measures already taken by the Cabinet and further asks the Cabinet to take every measure possible to keep budget growth down (including making representations to Merseytravel and the Waste Disposal Authority about the potential for absorbing some increases).**
- (5) That it also asks the Cabinet to introduce new measures undertaking further work on proposals drawn up to date, to include consultations with the Trades Unions and the Select Committees in that process, when resources are known, which will allow the Council to set a stable budget for the future without imposing unrealistically high levels of Council Tax on the people of Wirral.**

TO: CABINET/COUNCIL