



Cabinet

Date:	Thursday, 2 February 2012
Time:	6.15 pm
Venue:	Committee Room 1 - Wallasey Town Hall

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SUPPLEMENTARY AGENDA (2)

- 4. FINAL LOCAL GOVERNMENT FINANCE SETTLEMENT 2012-2013
(Pages 1 - 6)**

- 32. URGENT BUSINESS APPROVED BY THE CHAIR (PART 1) -
LEASOWE MILLENNIUM CENTRE (Pages 7 - 12)**

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WIRRAL COUNCIL

CABINET

2 FEBRUARY 2012

SUBJECT	FINAL LOCAL GOVERNMENT FINANCE SETTLEMENT 2012/13
WARD/S AFFECTED	ALL
REPORT OF	DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER	COUNCILLOR STEVE FOULKES
KEY DECISION	YES

1.0 EXECUTIVE SUMMARY

1.1 The Provisional Local Government Finance Settlement for 2012/13 was reported to Cabinet on 12 January 2012. Following the consultation period the Final Settlement was announced on 31 January 2012. This confirmed the figures announced in the Provisional Settlement. This report sets out the latest information in respect of Government grants.

2.0 RECOMMENDATIONS

2.1 That the Final Local Government Finance Settlement be noted.

2.2 That the grants be incorporated into the budget for 2012/13.

3.0 REASONS FOR RECOMMENDATIONS

3.1 The Local Government Finance Settlement provides key funding for the Council Budget.

3.2 Whilst some grants have been allocated for specific purposes others are of a general nature and therefore available for use as the Council determine.

4.0 BACKGROUND AND KEY ISSUES

4.1 The Provisional Local Government Finance Settlement for 2012/13 was announced on 8 December 2011 and reported to Cabinet on 12 January 2012. The consultation period closed on 16 January 2012.

4.2 The Final Settlement was announced on 31 January 2012 and the figures were confirmed as those published on 8 December 2011. As the second year of a multi-year Settlement there have only been changes under exceptional circumstances. Having fully considered all the representations received during the consultation Ministers did not find any exceptional circumstances.

FORMULA GRANT

- 4.3 The Local Government Finance Settlement for 2011/13 issued by the Government on 7 February 2011 indicated that Wirral would receive £144.7 million in 2012/13 allocated over components. These figures were confirmed in the announcements on 8 December 2011 and 31 January 2012 to which has been added the Council Tax Freeze Grant from 2011/12.

Components	2012/13
	£
Formula Grant	
Relative Needs	120,265,180
Relative Resources	-28,678,060
Central Allocation	37,676,508
Floor Damping	1,999,927
Grants Rolled In	13,473,656
Total Formula Grant	144,737,211
Plus: Council Tax Freeze Grant	3,285,850
Total Formula Grant	148,023,061
Comprising of:-	
Revenue Support Grant	2,814,827
Redistributed Business Rates	145,208,234

- 4.4 The report to Cabinet on 12 January 2012 provided further details on the Formula Grant including an explanation of the 'four block model' as follows:-

- Relative Needs – This block is based upon formulae that cover seven different blocks and is designed to reflect the relative needs of individual local authorities in providing services.
- Relative Resources – This is a negative figure, which takes account of the fact that areas that can raise more income locally require less support from the Government to provide services. It seeks to recognise the differences in the local income that individual Councils have the potential to raise.
- Central Allocation – Once the Relative Needs and Relative Resources have been taken into account, the Government distributes the balance of the overall grant available to local authorities on a per capita basis.
- Floor Damping – The mechanism for damping grant changes from year-to-year.

- 4.5 In terms of the Grants Rolled In this remains as reported on 12 January 2012.

- 4.6 The method used by the Government is to update the original Formula Grant allocation to produce a revised allocation. This is then subject to a reduction that is damped to reduce the impact of the changes. For Wirral the reduction pre-damping for 2012/13 is £15.3 million (10%) with damping reducing the impact to £13.2 million (8.4%) for 2012/13.

- 4.7. With regard to the deduction for Academies the Government is proposing to reduce Formula Grant to reflect those services which are not provided to the Academies by local authorities. The value of these services, known as the Local Authority Spend Equivalent Grant (LACSEG), will be calculated during 2012/13. Any local authority where the LACSEG is below the 2012/13 Formula Grant adjustment figure will receive a refund but there will be no adjustment for those local authorities where LACSEG is higher (which is likely to include Wirral). A permanent solution will be explored as part of the Local Government Resource Review to be effective from 2013/14.
- 4.8 As some areas are more reliant upon Government Grant support than others in order to mitigate the year-on-year changes a damping mechanism has been applied. Local authorities are grouped into four bands which are based upon the percentage of the Budget the Authority receives from the Government in Formula Grant. Locally Liverpool and Knowsley are placed in Band 1 with St. Helens, Sefton and Wirral placed in Band 2.

OTHER GRANTS

- 4.9 The Settlement also includes reference to grants with not all of these being ring-fenced for the activities stated. The table compares the 2011/12 grants with the 2012/13 announcement.

Special Grants	2011/12	2012/13	Change
	£	£	£
Early Intervention	15,135,218	15,704,591	+569,373
Learning Disability	6,708,877	6,877,766	+168,889
HB/CTB Administration	3,263,731	3,061,390	-202,341
New Homes Bonus	260,019	1,000,471	+740,452
Homelessness	221,000	221,000	-
Extended Right to Free Transport	200,000	248,208	+48,208
Local Flood Authority	123,000	167,894	+44,894
Inshore Fisheries Conservation Authorities	17,259	17,259	-
Community Safety	311,287	Awaited	To be confirmed
Neighbourhood Management	350,000	-	-350,000

- 4.10 The increase in Early Intervention Grant reflects the Government commitment to provide additional funding for the education of disadvantaged two year olds to be in place from 2013.
- 4.11 The New Homes Bonus was introduced in 2011/12 and the increase in 2012/13 has been confirmed as £0.7 million. This is a general grant which can be used to support Council services. The Community Safety grant notification is awaited whilst the Neighbourhood Management grant was for 2011/12 only.

4.12 As part of the 2011/12 Settlement reference was made to 'spending power' which included an allocation paid to the health sector which should then be transferred to the Council. For 2012/13 this sum amounts to £4.7 million, which is a reduction of £0.2 million from 2011/12, to be spent on jointly agreed initiatives to support Adult Social Care where there is a health benefit.

5.0 RELEVANT RISKS

5.1 The Council Tax Freeze Grant 2012/13 is 'one-off' funding for 2012/13. The Budget Projections reflect the loss of this £3.3 million income in 2013/14 which increases the gap between projected spend and resources.

6.0 OTHER OPTIONS CONSIDERED

6.1 There are none to be considered in respect of this report.

7.0 CONSULTATION

7.1 The Provisional Local Government Finance Settlement issued by the Government was the subject of consultation prior to the release of the Final Settlement on 31 January 2012.

8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

8.1 There are none arising directly from this report.

9.0 RESOURCE IMPLICATIONS

9.1 For 2012/13 in the Final Grant Settlement Wirral will receive £144.7 million of Formula Grant plus a further £3.3 million in respect of the 2011/12 Council Tax Freeze Grant. The reduction of £14 million from the 2011/12 levels is as announced by the Government in February 2011 and reflected in the Budget Projections reported to Cabinet throughout this year.

9.2. The changes to the other grants detailed in Section 4.9 will be incorporated into the Budget for 2012/13. The Community Safety grant is awaited. As expected, the Neighbourhood Management Grant ended in 2011/12.

9.3 A Council Tax Freeze Grant equivalent to the revenue generated by a 2.5% Council Tax increase will be available to local authorities who do not increase their basic level of Council Tax for 2012/13. Unlike the Freeze Grant for 2011/12 which is for the period of the Spending Review this latest grant is for 2012/13 only and is worth £3.3 million to Wirral.

9.4 Local authorities will be required to seek the approval of the local electorate in a referendum if the Council Tax requirement, excluding levies, increases by more than 3.5% between 2011/12 and 2012/13. Different provisions apply to fire and police authorities.

9.5. There are no staffing, IT or asset implications arising directly from this report.

10.0 LEGAL IMPLICATIONS

10.1 There are none arising directly from this report.

11.0 EQUALITIES IMPLICATIONS

11.1 There are none arising directly from this report.

11.2 Equality Impact Assessment (EIA) is not required for this report.

12.0 CARBON REDUCTION IMPLICATIONS

12.1 There are none arising directly from this report.

13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

13.1 There are none arising directly from this report.

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REFERENCE MATERIAL

Local Authority Finance (England) Revenue Support Grant for 2011/12 and 2012/13 issued by Department for Communities & Local Government on 13 December 2010.
Local Authority Finance (England) Revenue Support Grant for 2012/13 issued by Department for Communities & Local Government on 8 December 2011.
Local Authority Finance (England) Revenue Support Grant for 2012/13 issued by Department for Communities & Local Government on 31 January 2012.

SUBJECT HISTORY

Council Meeting	Date
Cabinet - Provisional Local Government Finance Settlement 2011/13	13 January 2011
Cabinet - Provisional Local Government Finance Settlement 2012/13	12 January 2012

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WIRRAL COUNCIL

CABINET

2 FEBRUARY 2012

SUBJECT:	LEASOWE MILLENNIUM CENTRE
WARD/S AFFECTED:	LEASOWE
REPORT OF:	THE DIRECTOR OF LAW, HR & ASSET MANAGEMENT
RESPONSIBLE PORTFOLIO HOLDER:	COUNCILLOR ADRIAN JONES
KEY DECISION?	NO

1.0 EXECUTIVE SUMMARY

- 1.1 This report informs members of the difficulties affecting the operation of the Leasowe Millennium Centre and the actions being taken to maintain services to the community in Leasowe.
- 1.2 It seeks approval to accept a surrender of the Trust's interest in the building and for the provision of temporary funding to allow the operation of the Centre to be stabilised and a long term solution for its future to be developed.

2.0 RECOMMENDATIONS

That

- 2.1 The Director of Law, HR and Asset Management be authorised to accept a surrender of the current interest held by Leasowe Development Trust in the Leasowe Millennium Centre
- 2.2 The running costs of the building from 3 February 2012 to 31 March 2012 be met within General Fund Balances for 2011/12
- 2.3 A one year provision be made in the budget for 2012/13 of £160,000 to allow time for options for the future management of the building to be evaluated
- 2.4 The Director of Law, HR and Asset Management be instructed to report to a future meeting of Cabinet on long term options for the operation and management of the Centre.
- 2.5 In view of the urgency call in is waved.

3.0 REASON FOR RECOMMENDATIONS

- 3.1 To ensure the continued operation of a valuable community facility and allow time for a long term solution to be developed for its future management.

4.0 BACKGROUND AND KEY ISSUES

- 4.1 The Leasowe Millennium Centre opened in 2001 using funding from a variety of sources - including grants - to provide services to the local community and support regeneration. The freehold interest is owned by the Council. It was intended that the building would be operated by the Leasowe Development Trust (LDT) which would take a long lease of the building. It includes Leasowe Library, a café area, offices for LDT and Leasowe Community Homes, and space originally created for a Women's Centre which is now empty. It also includes community space which is available to hire and which is used for a variety of community activities.
- 4.2 That lease was never completed, but LDT has operated as the main tenant of the building in accordance with the intended terms. It has managed and operated the building, recharging costs to other occupiers by way of a service charge.
- 4.3 LDT has recently approached the Council and explained that whilst it can continue to operate as an organisation, it is no longer in a position to take a lease of the building or to run the building. It has been significantly affected by a number of factors including;
- reductions in government grant to a number of tenants which have meant that they have left the building, thereby reducing significantly LDT's income
 - A lack of other tenants to fill the space vacated
 - Market competition from other community facilities in the area which are providing space at a lower rent than LDT can.
 - Significant reductions in their own funding from external grants
 - The departure of the Women's Centre following a lengthy dispute, as a result of which LDT incurred significant costs.
- 4.4 Discussions with LDT within the last week have confirmed that without urgent action the Centre will close after Friday 3 February 2012.
- 4.5 The Millennium Centre is located in a deprived area and provides a base for community activities and support. It currently operates from 7.30am until 9 or 9.30pm Monday to Friday and between 9am and 5pm on Saturdays. It is closed on Sundays. There is a high usage of the building by the local community, predominantly in the evenings.
- 4.6 To ensure continuity of services to the local community it is therefore recommended that the Council accepts a surrender of LDT's interest in the Centre and takes immediate responsibility for the management of the building. This will also allow time for options to be investigated to bring vacant space back into use and to put in place sustainable arrangements for its future management.
- 4.7 LDT has indicated that it wishes to retain offices in part of the building for its continued operations, and it will be granted a tenancy to enable this to

happen. Other building users will be contacted to advise them of the new arrangements.

5.0 RELEVANT RISKS

- 5.1 Continued operation of the building by the Council minimises the risks to the continuity of local services that are based within it.
- 5.2 If the building is allowed to close the risk to its security will increase.
- 5.3 All the normal risks associated with the operation and management of a building will transfer from LDT to the Council. These will be managed through existing Council arrangements.
- 5.4 Whilst every effort will be made to attract new occupiers and put the operation of the building on a sustainable funding this will take some time, with no guarantee at this stage that the Council will not be required to subsidise its operation in the future.
- 5.5 Due to the way in which the development of this building was funded using grant aid there may be a risk to the Council of clawback if the purposes for which grants were given are no longer being met. This issue and the extent of the Council's potential liability are being investigated.

6.0 OTHER OPTIONS CONSIDERED

- 6.1 The building could be allowed to close. This has been rejected as an option in view of its importance to the local community.
- 6.2 The option of providing temporary funding support to LDT was considered. This option has been rejected due to the need for urgent action and concerns as to longer term sustainability.

7.0 CONSULTATION

- 7.1 Tenants and user groups are being contacted to inform them of the continued availability of the Centre and its new management arrangements.
- 7.2 Local ward members have been notified of the emerging issue.

8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 8.1 The Centre provides a valued base for the local community, and its closure would affect existing activities.

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

Financial implications

- 9.1 LDT has estimated the monthly operating costs of the Centre as £13,000.

- 9.2 There is no provision within existing Council budgets for this property, and it is therefore recommended that the running costs of the building from the 3rd February to the 31st March 2012 be met within General Fund Balances for 2011/12.
- 9.3 In order to retain the Millennium Centre beyond that date it is further recommended that provision be made for 2012/13 in the sum of £160,000. This will allow time for evaluation of options for the future of the Centre and a further report to members. A one year provision reflects the urgent nature of the action being taken and the possibility of finding a sustainable solution for the future of the building that does not involve Council funding.
- 9.4 Building repair issues will be addressed through the PPM budget.
- 9.5 As noted above, changes in the use and management of the building may expose the Council to the risk of grant clawback. The financial implications of this have not yet been quantified.

IT implications

- 9.6 None arising from this report.

Staffing implications

- 9.7 It is understood that 9 staff were employed by LDT, and that the Trust has served formal redundancy notices. LDT has advised that the centre-related establishment was 2 part time cleaners and 2 part time receptionists, but that those staff have received redundancy notices and are no longer employed by the Trust.
- 9.8 In addition to this, LDT advises that there are 2 apprentices from Jarvis who are on work placement with LDT with no obligation for employment beyond their apprenticeship.
- 9.9 Potential TUPE implications for the Council are being investigated for the staff made redundant by LDT, and a further report on this issue will be made to Cabinet if required.

Asset implications

- 9.10 There are current issues of disrepair – particularly in relation to building services – which have been the subject of recent discussions between the Council and LDT. It is intended that, on taking the building back, these will be addressed through existing maintenance budgets.
- 9.11 As options are developed for the long term future of the Centre there is a need to review the overall number of buildings serving the local community and the activities taking place within them, to ensure future sustainability.

10.0 LEGAL IMPLICATIONS

10.1 The Director of Law, HR and Asset Management will be required to complete the necessary legal documentation.

11.0 EQUALITIES IMPLICATIONS

11.1 Keeping the Centre open will maintain existing service provision.

12.0 CARBON REDUCTION IMPLICATIONS

12.1 If the Council takes responsibility for the building its overall CO2 emissions will increase. The amount of that increase has not been quantified at this stage. A review of the building's systems and operation will seek to minimise energy consumption and CO2 emissions.

13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

13.1 None arising directly out of the report.

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APPENDICES

None

REFERENCE MATERIAL

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

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