



## Finance and Best Value Overview and Scrutiny Committee

<b>Date:</b>	<b>Tuesday, 24 March 2009</b>
<b>Time:</b>	<b>6.15 pm</b>
<b>Venue:</b>	<b>Committee Room 1 - Wallasey Town Hall</b>

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### AGENDA

**1. DECLARATIONS OF INTEREST/PARTY WHIP**

Members are asked to consider whether they have personal or prejudicial interests in connection with any item(s) on this agenda and, if so, to declare them and state what they are.

Members are reminded that they should also declare, pursuant to paragraph 18 of the Overview and Scrutiny Procedure Rules, whether they are subject to a party whip in connection with any item(s) to be considered and, if so, to declare it and state the nature of the whipping arrangement.

**2. MINUTES (Pages 1 - 10)**

To receive the minutes of the meetings held on 21 January and 2 February 2009.

**3. FINANCIAL MONITORING STATEMENT (Pages 11 - 16)**

**4. GENERAL FINANCIAL MATTERS (Pages 17 - 28)**

**5. PROJECTED BUDGET 2010/2011 (Pages 29 - 34)**

**6. TRANSFORMING ADULT SOCIAL SERVICES - ACHIEVING A STABILISED AND SUSTAINABLE BUDGET (Pages 35 - 38)**

7. **FINANCIAL AND PERFORMANCE MONITORING (Pages 39 - 70)**
8. **FINANCE DEPARTMENT PLAN 2009/2010 (Pages 71 - 98)**
9. **COMPREHENSIVE PERFORMANCE ASSESSMENT 2008 - BENEFITS SERVICE (Pages 99 - 102)**
10. **COMPREHENSIVE PERFORMANCE ASSESSMENT (CPA) USE OF RESOURCES 2008 (Pages 103 - 118)**
11. **COMPREHENSIVE AREA ASSESSMENT (CAA) USE OF RESOURCES (Pages 119 - 134)**
12. **CORPORATE RISK AND INSURANCE MANAGEMENT (Pages 135 - 138)**
13. **ANY OTHER URGENT BUSINESS APPROVED BY THE CHAIR**

## FINANCE AND BEST VALUE OVERVIEW AND SCRUTINY COMMITTEE

Wednesday, 21 January 2009

Present: Councillor P Gilchrist (Chair)

Councillors J George D Elderton  
S Moseley R Wilkins  
D Knowles

Deputies Councillors C Blakeley (In place of J Hale)

### 45 DECLARATIONS OF INTEREST/PARTY WHIP

Members were asked to consider whether they had personal or prejudicial interests in connection with any item(s) on this agenda and, if so, to declare them and state what they were.

Members were reminded that they should also declare, pursuant to paragraph 18 of the Overview and Scrutiny Procedure Rules, whether they were subject to a party whip in connection with any item(s) to be considered and, if so, to declare it and state the nature of the whipping arrangement.

No such declarations were made.

### 46 MINUTES

**Resolved – That the minutes of the meetings held on 26 November and 22 December 2008 and 7 January 2009, be approved.**

### 47 FINANCIAL MONITORING STATEMENT

The Director of Finance presented a summary in tabular format of the current position of the revenue accounts and General Fund balances as at 30 November 2008. He also circulated an update as at 31 December 2008 and commented that the monitoring statement included –

- the composition of the original 2008/2009 budget by department including agreed savings and policy options, which now included the Department of Law, Human Resources and Asset Management;
- monitoring against the 2008/2009 budget including the financial implications of any Cabinet decisions;
- anticipated variances against the original budget; and
- an explanation of variances and areas identified as requiring further attention.

He indicated that the Adult Social Services projected overspend, noted by the Cabinet on 4 September 2008, remained the latest position. Regeneration had experienced difficulties delivering SRE savings and in achieving budgeted income levels and the projected overspend was now £0.6m, having been partially offset by the release of reserves by the Cabinet. Technical Services had reported pressures on income targets and winter maintenance which resulted in a potential overspend of £0.5m. However, Children and Young People now reported no overspend, the pressures from the implementation of prior year targets, issued in respect of employee savings targets and care costs for children being offset by the use of various grant funding for 2008/2009.

He reported upon the effect of decisions made by the Cabinet and indicated that the impact of energy pressures, if realized, and the variations, if not contained would see balances become £6.6m. In response to comments from members, the Director agreed to revise the key within the monitoring statement to show the following traffic light indicators – ✓ =Green; \* = Amber; and X = Red.

**Resolved – That the Financial Monitoring Statement be noted**

#### 48 **GENERAL FINANCIAL MATTERS**

The Director of Finance provided information on treasury management, monitoring of the prudential indicators, the position regarding Council Tax, National Non Domestic Rate, general debt and cash income collection and the payment of Benefits. He commented that the UK economy was officially in recession and the predicted fall in inflation rates had begun with the official measure of inflation, CPI, falling to 4.1% and the RPI down to 3% for November 2008. The figures were expected to continue to drop rapidly; and there was still uncertainty as to how low inflation would fall, with deflation still a possibility next year. He commented that the Bank of England base rate was reduced to 2% in December 2008. A bigger cut had only been resisted because of the effect it may have on the currency and he indicated that further cuts over the next few months were inevitable. Interest rate forecasts had again been revised and the Director assumed that rates would fall to 1% early in 2009

He referred to the effect on investment income and commented that as the security of the investments always took priority over the returns, lending only took place with financial institutions on the approved lending list. In response to a number of comments, the Director agreed to provide members with a copy of the lending list and to include more detail in future reports in relation to fees and charges.

**Resolved – That the report be noted.**

#### 49 **PROJECTED BUDGETS 2009-2011**

The Director of Finance presented the projected budgets for 2009-2011 to coincide with the period of the Comprehensive Spending Review 2007 (CSR). The summary budget for 2008/2009, as agreed by the Council on 3 March 2008 was £302.6m and he set out variations that had been identified for 2009/2010 together with a number of other developments which were likely to impact on the financial position of the Authority over the period.

He reported also on the present situation regarding balances and commented that the gap between projected expenditure and anticipated resources would need to be bridged by a combination of savings and/or increased Council Tax. He set out the efficiency targets for 2009/2011 that had been agreed by the Cabinet on 13 March 2008 and he reported that the projected budgets 2009-2011 indicated a shortfall of £13.6m in 2009/2010 and £12.1m in 2010/2011.

**Resolved – That the projected budgets continue to be reported to the Cabinet in line with the agreed financial and performance management timetable.**

## 50 **FINANCIAL AND PERFORMANCE MONITORING**

The Director of Finance presented one of a series of reports submitted throughout the year, which provided an overview of the performance of the Council in delivering the vision for Wirral as set out in the Corporate Plan. It provided an overview of the authority's performance in the second quarter of 2008/2009 and appendices had been presented to the Cabinet (minute 269 (27 November 2008) refers) which gave a more detailed break down against performance, capital and revenue budgets and risks. He set out the key issues within the report and highlighted the performance indicators and key projects for the priority for improvement areas 2008/2009.

The Chair referred to a key project to contain expenditure within agreed budgets and provide services to agreed standards. Having regard to the potential DASS overspend, he questioned whether its status should be Red and commented upon the need for problems to be identified early enough in order for corrective action to be taken. The Director commented that the timetable for 2009/2010 would be presented to the Cabinet in March and then to this Committee for consideration. The Chair expressed the view that the timely production of material was of concern to members, who expected it to be prepared and available earlier so as to be able to identify adverse trends.

**Resolved – That the report be noted.**

## 51 **COMPREHENSIVE AREA ASSESSMENT (CAA) - USE OF RESOURCES**

The Director of Finance provided details of the Audit Commission project brief for the Comprehensive Area Assessment (CAA) Use of Resources (UoR) 2009 assessment which covered 2008/2009. He set out the CAA key lines of enquiry and commented that the UoR score would again be based upon a standard four point scale and would again follow the harder test principle with authorities having to improve in order to retain the same level. The new standard scores were also likely to restrict the number of authorities achieving four stars.

He reported that the 2008 UoR assessment would be formally announced on 26 February 2009. However, although the notification was embargoed by the Audit Commission until 26 February, authorities received their 2008 notifications on 8 December 2008 and appeals could be submitted against the initial notification. The 2008 assessment was based on the 31 March 2008 position and he reported that since this date officers had continued to work on a number of areas to deliver further continuous improvement which would be reflected within future assessments. Improvements had ranged from reviewing and strengthening the Statement of Annual Accounts processes and the production of an Annual Report, to developing the

Strategic Asset Review and further development of the procurement strategy and the change programme.

The Director commented that the project brief highlighted a number of developments within the new UoR. Fieldwork would be undertaken between January and April and would include the review of key documents, interviewing officers and members and reviews of agendas and minutes. He commented that the approach seemed to provide flexibility and for the assessment to be based on a rounded view of achievements. The UoR score would be reported within the Annual Governance Report and the final CAA organizational assessment would be reported in November 2009.

In response to comments from members in relation to a number of key officers who were leaving Wirral, the Director proposed to provide the Audit Commission with revised contact details.

**Resolved –**

**(1) That the 2009 Use of Resources Project Brief be noted.**

**(2) That regular reports be presented on progress on the Use of Resources**

## 52 **CHANGE PROGRAMME**

The Director of Finance presented an update on the change programme agreed by the Cabinet on 7 February 2008 (minute 477 refers). It identified four key areas for change from over one hundred separate projects considered by Corporate Improvement Group (CIG), and identified progress that could be achieved by April 2012. The report detailed where potential savings had been identified from individual projects and noted that clear management would be essential in driving the programme to achieve efficiencies and improve the processes, which underpinned how the Council operated.

He commented that the programme would be continuously reviewed as more information became available and in the light of changes in legislation, and he set out the issues in relation to the following four areas for improvement, which were interdependent and could not be managed in isolation from each other –

- Customer Access Strategy
- Common Administrative Processes
- Strategic Asset Review
- ICT Technological Developments

In response to concerns expressed by members in relation to the need to make progress with the Human Capital Management project in the light of the impending departure from Wirral of the Head of Human Resources, the Director indicated that detailed consideration had been given as to which officer would lead this in advance of the replacement of the Head of Human Resources. In response to further comments, the Director indicated that the consolidation of training being achieved across the Council to achieve savings would be included in the programme review.

**Resolved – That, subject to progress being made in relation to those matters identified by the Committee, the Change Programme 2009/2012 be noted.**

53 **CORPORATE RISK AND INSURANCE MANAGEMENT**

The Director of Finance provided information on recent progress in relation to Insurance Management and Corporate Risk Management and set out anticipated developments in the coming months. Members were pleased to note that after extensive negotiation, a payment for £1,453,612 in settlement of the Rock Ferry High School fire had been received from insurers, which was the final fire claim from the 2003/2004 account year for which settlements totalling £200,000 were reported to the last Committee.

However, members expressed their concern in relation to the significant developments in various historical abuse cases. The Director shared the concern and indicated that it was a rapidly developing area of law with new precedents being established frequently. Recent case law had moved the balance in favour of individual redress over general public interest in such matters. He commented that the cases were complex and were handled in conjunction with the Council's insurers and in line with current understanding of the legal position and advice from senior Counsel.

**Resolved – That the report be noted and a further update be presented to the next meeting of the Committee.**

54 **TRANSFORMING ADULT SOCIAL SERVICES - ACHIEVING A STABILISED AND SUSTAINABLE BUDGET**

Further to minute 42 (22 December 2008), the Director of Adult Social Services presented a further progress report in relation to the budget overspend. He reported upon measures that had been taken since the last meeting of the Committee and commented that initiatives to further mitigate the position were in the process of being implemented. Although little time had passed since the last meeting to assess the full impact of those actions, he commented that based upon the information currently available, it was anticipated that they would deliver efficiencies to stay within the projected overspend forecast for 2008/2009 of £3.5m.

In response to comments from members in relation to money owed to the Council from historical PCT cases, the Director proposed to present an update to the next meeting of the Committee.

**Resolved –**

**(1) That the progress being made to achieve a sustainable budget for DASS be noted.**

**(2) That a further update be presented to the next meeting of the Committee, to also include information in relation to historic PCT debt.**

55 **EXEMPT INFORMATION - EXCLUSION OF MEMBERS OF THE PUBLIC**

**Resolved – That in accordance with section 100A (4) of the Local Government Act 1972, the public be excluded from the meeting during consideration of the following item of business, on the grounds that it involves the likely disclosure of exempt information as defined by the relevant paragraphs of Part 1 of Schedule 12A to that Act.**

56 **CORPORATE ICT SYSTEMS BACK UP AND RECOVERY**

The Director of Finance reported upon the award of a contract for the provision of a replacement backup and recovery solution for the computer systems within the corporate data centres at the Treasury complex. He outlined the procurement process and reported that the lowest tender had been accepted under delegated authority, having been evaluated against criteria agreed with the procurement unit, taking into account both price and quality of service.

**Resolved – That the acceptance of a tender under delegated authority for the provision of a replacement backup and recovery solution for the computer systems within the corporate data centres be noted.**

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## **FINANCE AND BEST VALUE OVERVIEW AND SCRUTINY COMMITTEE**

Monday, 2 February 2009

Present: Councillor P Gilchrist (Chair)

Councillors J George D Elderton  
S Moseley J Hale  
D Knowles R Wilkins

In Attendance Councillor J Green

### **57 DECLARATIONS OF INTEREST/PARTY WHIP**

Members were asked to consider whether they had personal or prejudicial interests in connection with any item(s) on this agenda and, if so, to declare them and state what they were.

Members were reminded that they should also declare, pursuant to paragraph 18 of the Overview and Scrutiny Procedure Rules, whether they were subject to a party whip in connection with any item(s) to be considered and, if so, to declare it and state the nature of the whipping arrangement.

Councillors George, Hale, Knowles, Moseley and Wilkins declared their personal interest in agenda item 2 (Transforming Wirral – Strategic Asset Review) (see minute 58 post) insofar as they were members of various management committees that could be affected by the outcome of the Strategic Asset Review.

### **58 TRANSFORMING WIRRAL - STRATEGIC ASSET REVIEW**

At its meeting on 15 January 2009 (minute 325 refers), the Cabinet, having received a detailed breakdown of the consultation responses that had been received on the Strategic Asset Review (SAR) prior to the start of its meeting, considered a report of the Chief Executive, which summarised the response to the consultation and sought the Cabinet's views on the way forward.

The Cabinet welcomed the high level of public participation and was also mindful of the current economic climate and the hardship it would create for many Wirral people. It was mindful as well of the fact that definite action was required to tackle Wirral's budgetary problems and that the recession would also impact on the Council in a number of ways, increasing the need for firm financial control in order to protect Wirral's Council Tax payers. Bearing in mind the Council's Corporate Priorities and in particular the need to do everything possible to tackle social exclusion and deprivation, the Cabinet made a number of recommendations to the Council.

The Director of Law, HR and Asset Management set out those recommendations in full and reported that in accordance with the procedure adopted for other budget

proposals agreed by the Cabinet, the minute had been referred to this Committee for consideration in order for its views to be presented to the Council on 9 February 2009.

At the request of the Chair, the following documents were presented for consideration –

- The report of the Chief Executive to the Cabinet on 15 January 2009 'Transforming Wirral – Delivering the Strategic Asset Review – Consultation Response'
- Appendix 2 to the Chief Executive's report (summary of public responses)
- Information presented to the Committee on 7 January 2009
  - Savings on Closure/Transfer of Assets
  - Consolidated schedules in respect of Library and Sports Centre closures
- Statistical Analysis of Library Usage

In response to a request from the Chair by e-mail, for additional information, the Head of Asset Management presented a briefing paper, which sought to provide members with answers to a number of matters raised by the Chair. Those issues were in relation both to the decision of the Cabinet and to the previous resolution of the Committee (minute 44 (7 January 2009) refers). Members expressed the view that they were not able to see how the views of the Committee had either influenced or been reflected in the Cabinet resolution, apart from the reference to accelerate the process of making savings from the rationalisation of the Council's office accommodation.

In response to comments from a member with regard to the capitalisation of the £6.2m for repairs, the Director of Finance indicated that the Authority was required to comply with the accounting regulations and he confirmed that spend could be classed as capital if it added value to, or enhanced the life of an asset. However, general repairs or maintenance and expenditure less than £10k was classed as revenue expenditure.

With regard to the office accommodation aspects of the SAR, the Head of Asset Management indicated that although detailed work had not yet commenced, once the decision had been confirmed by the Council a full review of office accommodation and Facilities Management would be undertaken at the earliest opportunity. He stressed the importance of a project structure being put in place to deliver the savings set out in the original report and referred also to the need to move forward with flexible/agile working, which was a key driver in relation to office savings. A number of agile working pilots were in place across the Authority and it was intended to build on the experience to date. Members accepted the need for a fundamental review in relation to the office accommodation aspect of the SAR but expressed the view that it should have been given greater priority. In response, the Head of Asset Management agreed to present a report to a future meeting of the Committee, to include a timetable/timeline for achievement of office accommodation savings.

Members referred also to the financial implications of the SAR and in particular to the transitional costs to be met by a provision, in relation to Guinea Gap, Leasowe Recreation Centre, Libraries, Grange Road West and Pacific Road. The Director of Finance agreed to provide members direct with more detailed information with regard to costs associated with libraries. He reported that the provision of £1.863m would be

funded from general balances and in response to further questions, he commented that there would be a need to restore balances to £6m. As to whether the transitional costs could have been made available to sustain present services, he indicated that it was a matter for the Cabinet to determine.

A member referred to the report of the Chief Executive to the Cabinet on 27 November 2008 (minute 264 refers), which indicated, inter alia, that over the next four years, the Council would invest around £20m in the development of 12 multi-purpose complexes in key community locations across Wirral and that these would be a mix of new build and enhanced existing facilities. In response to a question in relation to revenue costs associated with the proposed complexes, the Head of Asset Management reported that it had not been possible to calculate the exact revenue costs as they were dependent on many factors that had not yet been determined. However, the Director of Finance indicated that revenue costs would be transferred from those buildings to be replaced.

It was moved by Councillor Hale and seconded by Councillor Moseley –

“That the programme of closures be deferred until a satisfactory explanation has been provided in relation to the provision of revenue costs associated with the proposed new and enhanced building complexes.”

It was moved as an amendment by Councillor Gilchrist and seconded by Councillor George –

“That this Committee expects that further detail in relation to the running costs of the replacement facilities being proposed will be provided and for savings in buildings running costs to be achieved.”

The amendment was put and carried (4:3)

The Chair referred to a letter from Wirral UNISON, dated 2 February 2009, which had been circulated to all members. The letter reiterated the union’s objection to the proposals contained within the SAR and urged the Committee to reject the proposals and look at investment in current buildings/facilities.

It was moved by Councillor Gilchrist and seconded by Councillor George –

“That Wirral UNISON’s Branch Secretary be thanked for his letter and its contents be noted.”

It was moved as an amendment by Councillor Hale and seconded by Councillor Moseley –

“That Wirral UNISON’s Branch Secretary be thanked for his letter and its contents be endorsed.”

The amendment was put and lost (3:4)

The motion was put and carried (4:0)

**Resolved (Councillors Elderton, Hale and Moseley voting against (1) below) –**

**(1) That this Committee expects that further detail in relation to the running costs of the replacement facilities being proposed will be provided and for savings in buildings running costs to be achieved.**

**(2) That Wirral UNISON's Branch Secretary be thanked for his letter and its contents be noted.**

**(3) That the Cabinet/Council be requested to ascertain whether the £6.2m for repairs, in part or in full, can be capitalised.**

**(4) That this Committee reiterates its belief that the savings associated with the rationalisation of office accommodation should be brought forward as a priority and the officers be requested to present a further report to a future meeting of the Committee to include a timetable/timeline for the achievement of office accommodation savings.**

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## WIRRAL COUNCIL

### FINANCE & BEST VALUE OVERVIEW & SCRUTINY COMMITTEE

24 MARCH 2009

#### REPORT OF THE DIRECTOR OF FINANCE

#### FINANCIAL MONITORING STATEMENT

##### 1. EXECUTIVE SUMMARY

1.1 This report provides a summary in tabular format of the current position of the revenue accounts and General Fund balances.

##### 2. MONITORING STATEMENT

2.1 The monitoring statement is attached to this report and includes the following:

- Composition of the original 2008/09 budget by department including agreed savings and policy options which now includes the Department of Law, Human Resources and Asset Management.
- Monitoring against the 2008/09 budget including the financial implications of any Cabinet decisions.
- Anticipated variances against the original budget.
- Explanation of variances and areas identified as requiring further attention.

2.2 The monitoring statement is based upon the information provided within departmental financial monitoring reports and is updated and submitted to each meeting of this Committee.

##### 3. FINANCIAL AND STAFFING IMPLICATIONS

3.1 The statement presents an update of the revenue budget and General Fund balances as at 31 January 2009.

3.2 At this stage of the financial year there are reports of financial pressures in:-

- a. Adult Social Services - continue to project a £3.5 million overspend. Cabinet noted this position on 4 September 2008. The Director of Adult Social Services has since provided updates to this Committee.
- b. Children & Young People - now projecting to be within budget although care pressures increasing following recent high profile cases elsewhere in the country. Actions taken have reduced the earlier £3 million projected overspend primarily through grant funding opportunities.

- c. Regeneration - experiencing difficulties delivering service re-engineering savings and meeting income targets. The potential overspend is £0.6 million with Cabinet having agreed to offsetting the £230,000 returned to balance after the mid-year review of Reserves and Provisions.
  - d. Technical Services - the recent weather resulted in increased spending on winter maintenance which together with the impact of the economic downturn on the achievement of income targets now forecasts a potential £0.7 million overspend.
- 3.3 There are potential underspends within;-
- a. Finance - demand for housing benefit increases as a consequence of the economic situation. However continued progress on implementing efficiencies and maximising grant will realise a £0.8 million saving.
  - b. Treasury Management - whilst affected by the volatility of the financial market close monitoring has resulted in increased investment income, a reduced need for temporary borrowing and also borrowing to fund the capital programme. The current projection is a £2.8 million underspend.
- 3.4 Following the completion of the 2007/08 accounts the outturn was reported to Cabinet on 26 June 2008 and the Statement of Accounts to Audit and Risk Management Committee on 30 June 2008. There was a net underspend and an increase in the balance at 31 March 2008 of £2.5 million.
- 3.5 The Insurance Fund Annual Report was presented to Cabinet on 9 July 2008. The outcome of the annual actuarial assessment identified continuing improvements in claims handling and repudiation rates which enabled £3 million to be returned to General Fund balances from the Insurance Fund in 2008/09.
- 3.6 The Government issued a Determination on the distribution of the Local Authority Business Growth Incentive (LABGI) grant for previous years in June 2008. The Wirral allocation of £1.3 million was reported to Cabinet on 23 July 2008 and added to the balance.
- 3.7 A report on energy related costs was presented to Cabinet on 9 July 2008. Budget variations of £0.9 million were approved for 2008/09 in respect of Children & Young People and Technical Services. A further update on the energy related contracts was presented to Cabinet on 5 February 2009.
- 3.8. Cabinet were advised of £1.7 million of highways maintenance expenditure being eligible to be capitalised which represents a £2 million reduction on that included within the 2008/09 budget.

- 3.9. On 6 November 2008 Cabinet agreed to fund the improvement teams in respect of Procurement and Creditors, Change, Customer Services Development and Adult Social Services Reform totalling £2.2 million from the Efficiency Investment Budget.
- 3.10. Cabinet agreed to the release of £0.5 million of reserves and provisions to the general balance on 10 December 2008. This included the amount for regeneration referred to above which partially offsets the potential overspend.
- 3.11. The impact of the energy pressures, if realised, and the variations, if not contained, would see the balances become £7.4 million. This is detailed in the table:-

Details	£million	£million
<b>Projected General Fund balances at 31 March 2009 when setting the budget for 2008/09</b>		5.0
<b>Cabinet decisions</b>		
Financial out-turn for 2007/08 showed an underspending and contribution to balances (see 3.4)	+2.5	
Release of Insurance Fund reserve to general balance (see 3.5)	+3.0	
Receipt of Local Authority Business Growth Incentive (LABGI) grant to general balance (see 3.6)	+1.3	
Funding for street lighting energy and Children & Young People transport costs (see 3.7)	-0.9	
Reduction in the highways spend eligible for capitalisation (see 3.8)	-2.0	
Funding of improvement teams from the Efficiency Investment Budget (see 3.9)	+2.2	
Release of reserves and provisions to general balance (see 3.10)	-0.3	+6.4
<b>Projected variances / potential overspends</b>		
Overspend (see 3.2)		
Adult Social Services	+3.5	
Regeneration	+0.8	
Technical Services	+0.7	
Underspend (see 3.3)		
Finance	-0.8	
Treasury Management	-2.8	-1.4
Potential liability		
In respect of fuel and energy costs in 2008/09 (see 3.7)	+2.6	-2.6
<b>General Fund balances at 31 March 2009 based upon the projections at 31 January</b>		7.4

- 3.9 There are no staffing implications arising directly from this report.

**4. EQUAL OPPORTUNITIES IMPLICATIONS**

4.1 There are none arising directly from this report.

**5. HUMAN RIGHTS IMPLICATIONS**

5.1 There are none arising directly from this report.

**6. LOCAL AGENDA 21 IMPLICATIONS**

6.1 There are none arising directly from this report.

**7. COMMUNITY SAFETY IMPLICATIONS**

8.1 There are none arising directly from this report.

**9. PLANNING IMPLICATIONS**

9.1 There are none arising directly from this report.

**10. LOCAL MEMBER SUPPORT IMPLICATIONS**

10.1 There are no particular implications for any Members or wards arising out of this report.

**11. BACKGROUND PAPERS**

11.1 None were used in the preparation of this report.

**12. RECOMMENDATION**

12.1 That the contents of the financial monitoring statement be noted.

IAN COLEMAN  
DIRECTOR OF FINANCE

FNCE/52/09



## WIRRAL COUNCIL

## FINANCIAL MONITORING STATEMENT 2008/09

## POSITION AS AT 31 JANUARY 2009

Department	OROGINAL BUDGET **			MONITORING					COMMENTS
	Saving Target	Policy Option	Agreed Budget	Saving Target	Policy Option	Variations		Forecast	
						Agreed	Projected		
Expenditure	£000	£000	£000			£000	£000	£000	
Adult Social Services	4,494	20	86,434	X	✓	-	+3,500	89,934	Pressures remain on care services from underlying commitments and the procurement target. The £3.5m overspend noted by Cabinet on 4 September remains the latest projection.
Children & Young People	3,981	20	70,560	*	✓	+120	-	70,680	Actions have addressed earlier £3m projection. The non-delivery of prior year savings (£0.5m), staff (£0.2m), child care (£0.8m) and transport (£0.3m) offset by the use of grants (£1.8m). Procurement savings to be identified. Cabinet decision was regarding fuel costs.
Corporate Services	289	441	5,112	✓	✓	-	-	5,112	No issues identified. Original budget split with Law, HR & Asset Mgt.
Finance	1,696	40	21,048	✓	✓	-2,200	-800	18,048	Housing Benefit largest and most volatile area likely to realise £0.8m saving. Cabinet decision is using Efficiency Budget for reform/change teams in Adults & Finance.
Law, HR and Asset Management	249	115	1,105			+148		1,105	Cabinet decision is transfer from Treasury Management.
Regeneration	821	225	41,229	X	✓	+200	+600	42,029	Procurement savings to be identified. Service re-engineering savings (£0.6m) and income (£0.2m) lead to potential overspend of £0.8m. Partially offset by release of reserves – see Cabinet below.
Technical Services	1,237	30	35,529	✓	✓	+2,780	+700	39,009	Cabinet agreed budget revisions but pressures on Building control / land charges and winter maintenance project overspend. Cabinet decisions - street lighting (£0.78m) and reduced capitalisation (£2m).
Treasury Management	0	200	11,755	N/a	✓	-148	-2,800	9,355	The financial market volatile and investment returns lower but close management of cash flow has increased investment income, reduced need for temporary borrowing and borrowing for capital schemes.
Meals & Travel	-	-	25,311	N/a	N/a	-	-	25,311	Fixed amount - no change.
Local Pay Review	-	-	4,546	N/a	N/a	-	-	4,546	Cabinet report 22 May with Phase 1 payments made in July/August.
Building Finance from Balances	-	-	(1,900)	N/a	N/a	-	-	(1,900)	Asset savings and Adults income from fees 2009/10.
Contribution from Balances	-	-	(2,202)	N/a	N/a	-900	-	(3,102)	See Cabinet decisions regarding fuel and energy costs, capitalisation, reform/change teams funding and reserves
<b>Budget Requirement</b>	<b>12,767</b>	<b>1,091</b>	<b>298,527</b>			<b>-</b>	<b>+1,200</b>	<b>299,727</b>	
<b>Income</b>									
Revenue Support Grant	-	-	18,016	N/a	N/a	N/a	N/a	18,016	Fixed amount-- no change
Area Based Grant	-	-	28,390	N/a	N/a	N/a	N/a	28,390	Government still to confirm final allocations
National Non Domestic Rate	-	-	129,413	N/a	N/a	N/a	N/a	129,413	Fixed amount - no change
Council Tax	-	-	123,217	N/a	N/a	N/a	N/a	123,217	Fixed amount - no change
Collection Fund Deficit	-	-	(509)	N/a	N/a	N/a	N/a	(509)	Fixed amount - no change
<b>Total Income</b>			<b>298,527</b>					<b>298,527</b>	<b>Fixed amount - no change</b>
<b>Statement of Balances</b>									
As at 1 April	-	-	8,593	-	-	5,000	-	5,000	Opening balance - forecast 1 April 2009
Contributions from Balances	-	-	(4,102)	-	-	-	-		
Contributions from Reserves	-	-	509	-	-	+3,000	-	+3,000	Release of Insurance Fund Cabinet 9 July
Cabinet decisions	-	-	-	-	-	+4,100	-	+4,100	From 2007/08 accounts £2.5m (26 June), LABGI £1.3m (23 July) and reserves £0.3m 10 December).
Variations - Agreed by Cabinet						-900	-	-900	Fuel/energy (23 July) - potential £3.5m of which +£0.9m allocated), reduced capitalisation (+£2m), use of Efficiency Budget (-£2.2m) and reserves for Regeneration (£0.2m).
Variations – Projected	-	-	-	-	-	-	-1,200	-1,200	Based upon projections for Adults, Children, Finance, Regeneration, Technical and Treasury and potential energy costs (report to go to Cabinet in February).
						-2,600	-	-2,600	
<b>BALANCES</b>			<b>5,000</b>			<b>8,600</b>	<b>-1,200</b>	<b>7,400</b>	<b>Projected balance at start / end of year</b>
Key = No concern for item ✓ (Green)      Key = Some concern for item * (Amber)      Key = Concern for item X (Red)									
** The Original Budget 2008/09 was re-allocated per Cabinet on 25 September for the Department of Law, HR and Asset Management.									

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## WIRRAL COUNCIL

### FINANCE AND BEST VALUE OVERVIEW AND SCRUTINY COMMITTEE

24 MARCH 2009

### REPORT OF THE DIRECTOR OF FINANCE

#### GENERAL FINANCIAL MATTERS

#### 1. EXECUTIVE SUMMARY

- 1.1. This report provides information on the treasury management position, monitoring of the prudential indicators, the position regarding Council Tax, National Non Domestic Rate, general debt and cash income collection and the payment of Benefits.

#### 2. FINANCIAL IMPLICATIONS

##### 2.1. Current Economic Environment

- 2.1.1 The Bank of England quarterly inflation report projects a bleak outlook for growth of the UK economy and highlights the increasing risk of the recession being deeper and longer than first anticipated.
- 2.1.2 Inflation figures continued their descent with the official measure of inflation, CPI, falling to 3.0% and RPI inflation down to just 0.1% for January 2009. How low these figures will fall is unclear but the Bank of England (BoE) is predicting that CPI inflation will fall significantly below its target of 2%.
- 2.1.3 The BoE base rate was cut to 1% in January and to 0.5% in March in a further attempt to stimulate the economy. With interest rates now so low it is debatable whether further interest rate cuts will generate any more stimuli. The new plan of attack is quantitative easing whereby the BoE will buy up securities and gilts to help put money back into the economy. It is hoped that this coupled with the low interest rates will do enough to help the economy out of this recession.

##### 2.2. Investments

- 2.2.1. The Treasury Management Team invests surplus money for periods varying from 1 day to 10 years, in accordance with the Treasury Management Strategy, to earn interest until the money is required by the Council. This money occurs for a number of reasons including;
- General Fund Balances
  - Reserves and Provisions
  - Grants received in advance of expenditure
  - Money borrowed in advance of capital expenditure
  - Schools Balances

2.2.2 As at the 28 February 2009 the Council held investments of £79.8m. The table below details these investments;

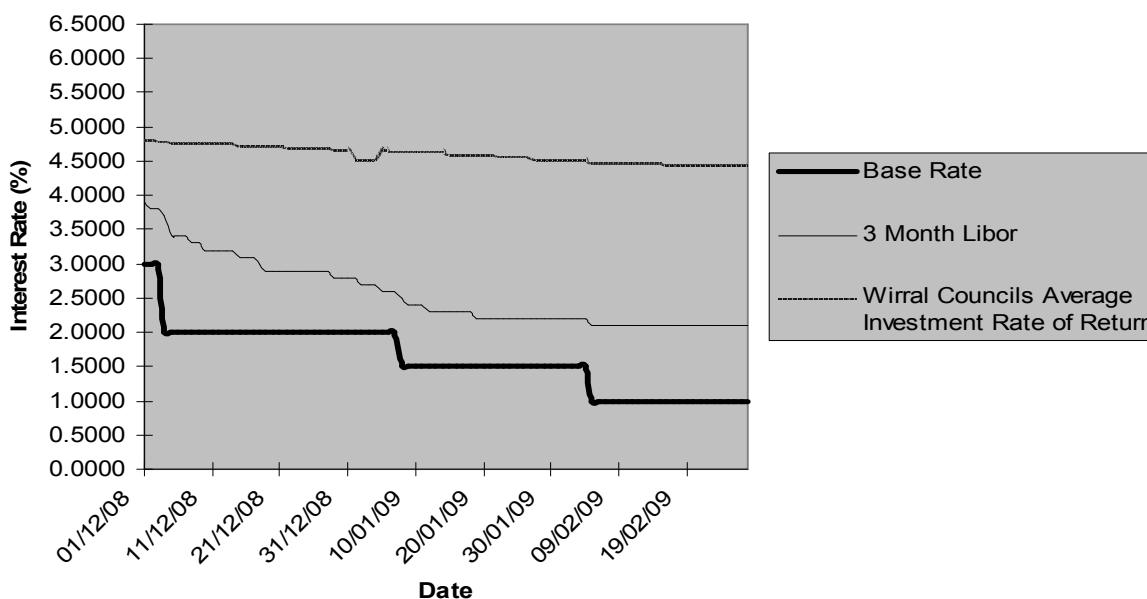
**Table 1: Investments as at 28 February 2009**

Investments with:	£m
UK Banks	39.5
Building Societies	20.3
Debt Management Office	0.0
Other Local Authorities	0.0
Money Market Funds	19.2
Other Unit Trusts	0.1
Gilts	0.7
<b>TOTAL</b>	<b>79.8</b>

2.2.3 Of the above investments £20m is invested in instant access funds, £49.8m is invested for up to 1 year, £6m is invested for up to 2 years and £4m is invested for up to 5 years.

2.2.4 The average rate of return on investments as at 28 February 2009 was 5.33%. The graph below shows the Treasury Management Team rate of return against the Bank of England base rate and the 3 month LIBOR (the inter bank lending rate);

**Chart 1: Investment Rate of Return in 2008/09**



2.2.5 The rate at which the Council can invest money has fallen considerably over the year, in line with the falling BoE base rate.

2.2.6 Since November 2008 the Council has maintained a more restrictive policy on new investments by only investing in UK institutions AA rated or above that have received Government guarantees of support, if required. The Council also continues to invest in AAA rated money market funds and the Debt Management Office (DMO).

2.2.7 The 2008/09 budget for investment income is £2.7m; as at 28 February 2009 income of £4.4m had already been secured. Investment income is currently forecast to produce a surplus of £1.7m in 2008/09. This is due to:

- The prevailing money market rates of interest have been higher than expected primarily due to the credit crunch which has benefited the new deposits made during the early part of the year.
- Following the Treasury Management Team restructure in 2007/08 the Council has become more proactive in finding the best investment opportunities to thereby earn better returns.

2.2.8 The security of the investments always takes priority over the returns.

#### ***Icelandic Investment***

2.2.9 The Administrator of Heritable Bank has forecast that a material dividend will be payable in the near future. It is hoped that by April 2009 a report will be produced that will give more definitive information about the amount and/or timing of dividend payments. At this stage I remain confident that the £2million investment will be returned.

### **2.3 Borrowings**

2.3.1 The Council undertakes borrowings to help fund capital expenditure. This year the capital programme required borrowings of £31m. However, to date no additional borrowing has been undertaken. The table below shows the total borrowings of the Council as at 28 February 2009.

**Table 2: Borrowings as at 28 February 2009.**

<b>Borrowings</b>	<b>£m</b>
PWLB	113.7
Market Loans	173.6
<b>TOTAL</b>	<b>287.3</b>

2.3.2 The Council is able to borrow from two main sources, either from the Public Works Loan Board (PWLB), which is effectively borrowing from the Government, or from the Market, i.e. direct from the banks.

2.3.3 As the year has progressed and the global financial crisis has unfolded I have begun to revise the borrowing strategy. As the rate of return from investments has diminished and the perceived risk of investments has increased it has become more appropriate to reduce the level of investment.

2.3.4 By not reinvesting money as investments mature I am able to use this money to temporarily fund our capital expenditure. This therefore temporarily reduces the need to undertake new long term borrowing and also alleviates the difficulty and risk in finding a safe counterparty to invest with.

2.3.5 This strategy produces savings as borrowing money long term to fund the capital programme would currently be at an interest rate of approximately 4.5% while investments currently only earn approximately 1.5%. By using investments to fund the capital programme in the short term the Council loses 1.5% in investment income but saves 4.5% normally paid on borrowings thereby making a net saving of 3%.

- 2.3.6 The downside to this strategy is that investments are not permanent surplus money but rather money set aside for a specific, future, reason. By using these investments to fund the capital programme there will come a time when the Council may encounter cashflow problems. However, this problem can be rectified by temporarily borrowing money as and when required. Short term temporary borrowing currently costs 1.5%, significantly less than long term borrowing.
- 2.3.7 This strategy has been adopted in the short term as a reaction to complex and unique market conditions. It is not a strategy that would normally be cost effective but is beneficial at this time. The Treasury Management Team will continue to monitor the situation to ensure that as the economic conditions change the strategy is adjusted accordingly.

## 2.4 Monitoring of the Prudential Code Indicators

- 2.4.1 The introduction of the Prudential Code in 2004 gave Local Authorities greater freedom in making capital strategy decisions. The prudential indicators allow the Council to demonstrate that it is complying with the statutory end of establishing prudence and affordability within its capital strategy.
- 2.4.2 Below is a selection of prudential indicators which demonstrate that the treasury management decisions are in line with the capital strategy, which is prudent and affordable.

### Net External Borrowing and Capital Financing Requirement (CFR) Indicator

- 2.4.3 The CFR measures the underlying need to borrow money to finance capital expenditure. The Prudential Code stipulates that net external borrowing should not exceed the CFR for the previous year plus the estimated additional CFR requirement for the current and next two financial years. Table 3 below shows the accumulative CFR and net borrowing of the Council.

**Table 3: Net External Borrowing compared with CFR.**

	£m
CFR in previous year (2007-08)	312.3
additional CFR in current year (2008-09)	23.6
additional CFR in 2009-10	9.4
additional CFR in 2010-11	10.7
<b>Accumulative CFR</b>	<b>356.0</b>
<b>External Borrowing as at 28 Feb 2009</b>	<b>287.3</b>

- 2.4.4 Net external borrowing does not exceed the CFR and it is not expected to in the future. This is a key indicator of prudence.

## Authorised Limit and Operational Boundary Indicators

- 2.4.5 The Authorised Borrowing Limit is the amount determined as the level of borrowing which, while not desired, could be afforded but may not be sustainable. It is not treated as an upper limit for borrowing for capital purposes alone since it also encompasses temporary borrowing. An unanticipated revision to this limit is considered to be an exceptional event and would require a review of all the other affordability indicators.
- 2.4.6 The Operational Boundary is the amount determined as the expectation of the maximum external debt according to probable events projected by the estimates and makes no allowance for any headroom. It is designed to alert the Authority to any imminent breach of the Authorised Limit.

**Table 4: Authorised Limit and Operational Boundary Indicator**

	<b>Dec 08 £m</b>	<b>Jan 09 £m</b>	<b>Feb 09 £m</b>
Authorised limit	445	445	445
Operational Boundary	435	435	435
Total Council Borrowing	287	287	287

- 2.4.7 The table above shows that neither the authorised limit nor the operational boundary was breached between December 2008 and February 2009. This is a key indicator of affordability.

## Interest Rate Exposures Indicator

- 2.4.8 The Prudential Code also requires Local Authorities to set limits for the exposure to the effects of interest rate changes. Limits are set for the amount of borrowings/ investments which are subject to variable rates of interest and the amount which is subject to fixed rates of interest.
- 2.4.9 To give the Authority flexibility during the unsettled market conditions the upper exposure limits have been set at 100% for both fixed and variable. Table 5 shows the interest rate exposure as at 28 February 2009.

**Table 5: Interest Rate Exposure:**

<b>Interest Rate Exposure</b>	<b>Fixed Rate of Interest</b>	<b>Variable Rate of Interest</b>	<b>Total</b>
<b>Borrowings</b>	£287m	£0m	<b>£287m</b>
Proportion of Borrowings	100%	0%	<b>100%</b>
Upper Limit	100%	100%	
<b>Investments</b>	£10m	£70m	<b>£80m</b>
Proportion of Investments	12.5%	87.5%	<b>100%</b>
Upper Limit	100%	100%	
<b>Net Borrowing</b>	<b>£277m</b>	<b>£-70m</b>	<b>£207m</b>
Proportion of Total Net Borrowing	134%	-34%	<b>100%</b>

2.4.10 The table above shows that borrowings are all at fixed rates of interest and investments are mainly at variable rates of interest. This was considered to be a good position while interest rates were rising, due to the credit crunch, as the cost of existing borrowings have remained stable and the investments, at variable rates of interest, have generated increasing levels of income.

2.4.11 However as the environment changed to one of falling interest rates the Treasury Management Team began work to adjust the position. This can be done by investing in more long term fixed rate deals, to maintain investment returns into the future, and by looking to restructuring debt to benefit from cheap interest rate payments.

#### Maturity Structure of Borrowing Indicator

2.4.12 The maturity structure of the borrowing has also been set to achieve maximum flexibility with the Authority able to undertake all borrowing with a short maturity date or a long maturity date. Table 6 shows the current maturity structure of borrowing.

**Table 6: Maturity Structure of Borrowing**

<b>Maturity Structure of Borrowing</b>	<b>£m</b>
Under 12 months	3
12 months and within 24 months	14
up to 5 years	43
5 years and within 10 years	57
10 years plus	170
<b>Total</b>	<b>287</b>

### 3. REVENUES COLLECTION

3.1. The following statement compares the amount collected for **Council Tax** in the period 1 April 2008 to 28 February 2009 with the amount collected in the same period in 2007/08.

	<b>Actual 2008/09 £</b>	Actual 2007/08 £
Cash to Collect	<b>118,903,958</b>	114,380,069
Cash Collected	<b>113,123,001</b>	109,278,451
% Collected	<b>95.8</b>	95.5%

3.2. The following statement compares the amount collected for **National Non-Domestic Rates** in the period 1 April 2008 to 28 February 2009 with the amount collected in the same period in 2007/08.

	<b>Actual 2008/09 £</b>	Actual 2007/08 £
Total Collectable (including arrears)	<b>67,074,730</b>	60,690,845
Amount Outstanding	<b>16,893,910</b>	13,131,090
% Outstanding	<b>25.19%</b>	21.64%
Amount Collectable 2008/09	<b>64,282,667</b>	57,745,975
Net 2008/09 Cash Collected	<b>48,846,201</b>	45,974,106
% Collected	<b>75.99%</b>	79.61%



- 3.3. The improved situation in Council Tax collection is due to the increased take up and prompt administration of Direct Debit and ongoing prompt recovery. The reduction in collection rate in Business Rates from 2007/08 levels is mainly as a result of the new 100% level for empty property rate which accounts for approximately £5m of the increase in the amount collectable for 2008/09. In addition the current economic climate and the recent creation of rates in respect of port occupations amounting to over £1m in respect of 2008/09 are also having an effect on collection. Comparison with similar local authorities shows a similar drop in collection.
- 3.4. The following statement provides information concerning collection of local taxes from 1 April 2008 to 28 February 2009.

	<b>Council Tax</b>	<b>Business Rates</b>
Reminders/Final Notices	60,971	2,862
Summonses	19,391	1,081
Liability Orders	15,336	667
Recovery action in progress		
Attachment of Earnings	1,688	
Deduction from Income Support	3,351	-
Accounts to Bailiff	8,545	379
Pre-Committal Warning Letters	3,630	-
Committal Orders Issued	4	0
Debtors Committed	0	0

Current Status of Agent Work in respect of Committals for 1 April 2008 to 28 February 2009.

Warrants of Arrest issued by Court (Bail and No Bail)	127
Warrants of Arrest (Bail) to Warrant officer	114
Warrants of Arrest (No Bail) to Warrant officer	54
Returned successful (Bail)	82
Returned successful (No Bail)	63
Returned other reasons (Bail)	5
Returned other reasons (No Bail)	0

3.5. Insolvency cases to 28 February 2009

The following information concerns Council Tax recovery work which involves cases where Insolvency action or charging orders against properties are used.

Bankruptcy cases	240
Charging orders	60
Winding up orders	2

New cases from 1 April 2008 to 28 February 2009

Bankruptcy	13
Charging orders	9
Winding up orders	0
	<u>324</u>

## Status of Insolvency cases at 28 February 2009

Winding-up paid	4
Charging orders granted	33
Winding up Order	1
Supporting other petitions	3
Cases paid	78
Bankruptcy orders	94
Cases closed	97
Ongoing cases	<u>20</u>
	<u>324</u>

### 3.6. Fees and Charges

3.6.1. The following budgets and income received relate to other sources of cash income generated by the Council:-

	<b>2007/08 Budget</b>	<b>Income to 28-Feb-08</b>	<b>2008/09 Budget</b>	<b>Income to 28-Feb-09</b>
i. School Meals	£1,404,000	£1,263,249	£1,578,400	£1,581,492
ii. Sports Centres	£3,457,100	£2,790,069	£3,579,300	£2,789,542
iii. Golf Courses	£859,800	£724,028	£885,600	£652,111
iv. Burials and Cremations	£2,344,600	£2,263,519	£2,429,200	£2,009,104
v. Building Control Fees	£876,700	£677,100	£796,700	£514,500
vi. Land Charges	£464,600	£312,000	£470,100	£183,300
vii. Car Park (Pay and Display)	£2,591,500	£2,042,200	£2,424,200	£2,160,900
viii. Car Park (Penalty Notices)	£1,116,300	£939,600	£1,149,800	£861,200

3.6.2. Further explanation on the above budgets and income collection performance is provided below:

- (i) School Meals: The budgeted income target has been exceeded, and further income is expected to the end of the financial year to help offset increased costs.
- (i) Sports Centres: Currently it is expected that the budgeted income will be achieved.
- (iii) Golf Courses: Due to the adverse weather conditions over the summer it is predicted that there will be an adverse variance of £150,000 at the year end.
- (iv) Burials and Cremations: Currently it is expected that the budgeted income will be achieved.
- (v) Building Control Fees: It is expected that there will be a shortfall of £200,000 at the year end.
- (vi) Land Charges: It is expected that the year end shortfall will be in the region of £200,000
- (vii) Car Parks Income (Pay and Display Tickets): It is anticipated that the year end income will be closely in line with budget.
- (viii) Car Park Income (Penalty Notices): It is anticipated that the year end income will be closely in line with the budget.

### 3.6.3. Sundry Debtors

	<b>Actual 2008/09</b>	Actual 2007/08
Amount Billed in last 12 months as at 28.02.09	<b>£76,325,070</b>	£67,899,466
Total outstanding as at 28.02.09	<b>£21,196,160</b>	£22,197,949
Arrears at 28.02.09	<b>£13,311,612</b>	£12,359,275
Number of invoices in arrears at 28.02.09	<b>12,543</b>	11,424
Number of reminders 01.04.08 to 28.02.09	<b>30,448</b>	29,007

The increase in sums billed reflects the increase in Adult Social Services accounts now being issued. However it is important to note that the total outstanding includes the sum still within the normal settlement period. The arrears sum reflects debts over one month old and this has remained constant despite the overall increase in accounts.

## 4. HOUSING BENEFITS

- 4.1. The following statement details the number of claimants in respect of benefit and the expenditure for Private Tenants and those in receipt of Council Tax Benefit up to 28 February 2009.

	<b>2008/09</b>	<b>2007/08</b>
Number of <b>Private Tenant</b> recipients	<b>26,988</b>	25,987
Total rent allowance expenditure	<b>£94,518,346</b>	
<b>Number under the Local Housing Allowance scheme (included in the above)</b>	<b>4,451</b>	-
	<b>£11,181,024</b>	
Number of <b>Council Tax Benefit</b> recipients	<b>35,635</b>	34,921
Total Council Tax Benefit expenditure	<b>£26,446,696</b>	
Total expenditure on benefit to date	<b>£120,965,042</b>	

- 4.2. The following statement provides information concerning the breakdown according to client type as at 28 February 2009

	<b>Private Tenants</b>	<b>Owner Occupiers</b>
Working age and in receipt of J.S.A.	13,623	1,720
Elderly and in receipt of J.S.A.	7,018	5,523
Working age and not receiving J.S.A.	4,406	855
Elderly and not in receipt of J.S.A.	<u>1,941</u>	<u>3,120</u>
<b>Total</b>	<b>26,988</b>	<b>11,218</b>

There are **38,206** Benefit Recipients in Wirral as at 28 February 2009. By comparison there were 37,097 at 28 February 2008.

#### 4.3. **Housing Benefit Fraud and Enquiries**

01.04.08- 28.02.2009

New Cases referred to Fraud team in period	1,955
Cases where fraud found and action taken	125
Cases investigated, no fraud found and recovery of overpayment may be sought	126
Cases under current investigation	237
Surveillance Operations Undertaken	0
Cases where fraud found and action taken;	
Administration penalty	33
Caution issued and accepted	72
Successful prosecution	21
Summons issued for prosecution purposes	12

#### 4.4. **Discretionary Housing Payments**

4.4.1 Discretionary Housing Payments (DHP) may be awarded to provide short term financial assistance to Housing and Council Tax Benefit claimants who are experiencing difficulty meeting a shortfall in their rent or Council Tax because maximum benefit is not being paid.

4.4.2 DHP is not a payment of Housing/Council Tax Benefit and is funded separately from the main scheme. The Government contribution for 2008/09 is £266,185 with an overall limit of £665,462 which the Authority must not exceed. To date I have paid £224,535.

#### 5. **STAFFING IMPLICATIONS**

5.1. There are none arising from this report.

#### 6. **EQUAL OPPORTUNITIES IMPLICATIONS**

6.1. There are none arising directly from this report.

#### 7. **HUMAN RIGHTS IMPLICATIONS**

7.1. There are none arising directly from this report.

#### 8. **LOCAL AGENDA 21 IMPLICATIONS**

8.1. There are none arising directly from this report.

#### 9. **COMMUNITY SAFETY IMPLICATIONS**

9.1. There are none arising directly from this report.

#### 10. **PLANNING IMPLICATIONS**

10.1. There are none arising directly from this report.

**11. LOCAL MEMBER SUPPORT IMPLICATIONS**

11.1. There are none arising directly from this report.

**12. BACKGROUND PAPERS**

12.1. None were used in the preparation of this report.

**13. RECOMMENDATION**

13.1. That the report be noted.

IAN COLEMAN  
DIRECTOR OF FINANCE

FNCE/60/09

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## WIRRAL COUNCIL

### FINANCE AND BEST VALUE OVERVIEW AND SCRUTINY COMMITTEE

24 MARCH 2009

### REPORT OF THE DIRECTOR OF FINANCE

#### PROJECTED BUDGET 2010-2011

#### 1. EXECUTIVE SUMMARY

- 1.1. This report presents the projected budget for 2010-2011 which will be the final year of the Comprehensive Spending Review 2007 (CSR).

#### 2. BUDGET 2009-10

- 2.1. The summary budget for 2009-10 as agreed by the Council on 2 March 2009 is as follows:

	£m
Base Budget	316.9
Resources	
Formula Grant	152.8
Area Based Grant	31.0
Council Tax	129.0
Collection Fund	-0.7
Use of Balances	<u>4.8</u>
	316.9

#### 3. COMPREHENSIVE SPENDING REVIEW

- 3.1. The Comprehensive Spending Review (CSR) 2007, was announced on 9 October 2007. An initial report on the Pre Budget Statement by the Chancellor of the Exchequer including the CSR was presented to the Cabinet on 1 November 2007. The Department for Communities and Local Government (DCLG) announced the three year provisional Local Government Finance settlement on 6 December 2007 and the final settlement on 24 January 2008.
- 3.2. The provisional Local Government Finance Settlement for 2009-10 was issued by the DCLG on 26 November 2008. The provisional settlement restated the indicative figures included in the settlement issued on 24 January 2008 and was reported to Cabinet on 10 December 2008.
- 3.3. The final settlement was issued on 21 January 2009 which again confirmed the indicative figures for 2010-11. However, as the global recession gathers pace there must be concern about whether the Government will be able to deliver the indicative settlement for 2010-11.

3.4. The next Comprehensive Spending Review is scheduled for 2010 which will outline the Government expenditure plans for 2011 to 2014. The extent of the support that the Government will need to provide to the economy in a global recession could result in a cash freeze in Government grants for the period of the next CSR.

#### 4. **VARIATIONS IDENTIFIED FOR 2010-2011**

4.1. **Inflation** – Provision is included for pay and prices at 2% and for income at 3%.

4.2. **Capital Financing** – Cabinet on 10 December 2008 agreed the capital programme for 2009-2012 at an additional financing cost totalling £2.9m for 2010-11.

4.3. **Waste Disposal** – The waste disposal levy is projected to increase by 15.7%, £2.6m.

4.4. **Pension Fund** - The Pension Fund was actuarially revalued as at 31 March 2007. The phased implementation of the revised contribution rates over three years was agreed by the Cabinet on 12 December 2007.

4.5. **Merseytravel** – The Merseytravel levy is projected to increase by 4% in 2010-11, £1.0m.

4.6. **Invest to Save Schemes** – The Cabinet has agreed a number of invest to save schemes which will reduce expenditure by £0.4m in 2010-11.

4.7. **Private Finance Initiative** – Increase in PFI payments of £1.1m in 2010-11 as the PFI reserve reduces.

4.8. **Benefits Subsidy** – The Department for Work and Pensions has announced that benefits subsidy will be reduced by 3% per annum in real terms, 5% per annum in cash for certain elements of the subsidy, a reduction of £0.3m per annum.

4.9. **Other Unavoidable Growth** – A number of relatively minor items of unavoidable growth of less than £0.2m will arise. These should total less than £1m.

#### 5. **OTHER DEVELOPMENTS**

5.1. There are a number of other developments which are likely to impact on the financial position of the Authority during 2010-11. The impact of these issues will be reported to the Cabinet as and when they are resolved. Some of the potentially most important issues are:-

(a) Global recession. This is likely to impact on the budget in many ways and will be kept under continuous review.



- (b) Review of the Local Authority Business Growth Incentive Scheme. A consultation paper on a revised scheme to commence in 2009 was reported to the Cabinet on 29 November 2007. A further consultation paper has been received which if implemented could result in a grant of £0.2m in 2009-10 and £0.5m in 2010-11.
- (c) Review of Supporting People Grant to be undertaken in 2009 with the grant to be absorbed into the Area Based Grant from 2010-11.
- (d) Implementation of supplementary business rates which was reported to Cabinet on 29 November 2007.
- (e) Review of the Area Cost Adjustment.
- (f) Review of the population statistics to include the effects of recent migration, which was reported to the Cabinet on 16 April 2008.
- (g) Review of the funding of social care with proposals to be released in 2009.
- (h) Transfer of the responsibilities of the Learning and Skills Council to Local Authorities from 2010-11.
- (i) Introduction of the Community Infrastructure Levy in October 2009.
- (j) Implementation of International Financial Reporting Standards from 2010 which will increase leasing costs.

## 6. **BALANCES**

- 6.1. The balances for 2009-10 have been set at £6m.

## 7. **EFFICIENCY REQUIREMENTS**

- 7.1. The gap between projected expenditure and anticipated resources will need to be bridged by a combination of savings and/or increased Council Tax.
- 7.2. The efficiencies agreed in preparing the budget for 2009-10 included £0.5m which will become effective from 2010-11.
- 7.3. Apportionment of the efficiency requirement in line with the agreed three year efficiency plan would produce the following targets:-

	£000
Adult Social Services	2,070
Children & Young People	1,200
Corporate Services	70
Finance	530
Law/HR/Asset Management	190
Regeneration	920
Technical Services	620
	<u>5,600</u>

- 7.4. Part of the Efficiency Investment Budget for 2010-11 is again being used to fund the following teams which are working on the delivery of the corporate change programme:-

	£m
Procurement and Creditors	1.3
Change	0.7
Customer Services Development	0.2
Adult Social Services Reform	<u>0.5</u>
	2.7

- 7.5. I am assuming an annual Council Tax increase of 4%.

- 7.6. The Minister for Local Government has stated that the Council Tax capping limit is likely to remain at 5%.

## 8. **FINANCIAL IMPLICATIONS**

- 8.1. The projected budgets for 2010-11 is compiled from the base budget for 2009-10 approved by Council on 2 March 2009, the Medium Term Financial Strategy 2009-2012 agreed by the Cabinet on 23 July 2008, and updated for the issues outlined in this report. The projected budget is shown in the Appendix.

## 9. **STAFFING IMPLICATIONS**

- 9.1. There are none arising from this report.

## 10. **EQUAL OPPORTUNITIES IMPLICATIONS**

- 10.1. There are none arising form this report.

## 11. **HUMAN RIGHTS IMPLICATIONS**

- 11.1. There are none arising from this report.

## 12. **LOCAL AGENDA 21 IMPLICATIONS**

- 12.1. There are none arising from this report.

## 13. **COMMUNITY SAFETY IMPLICATIONS**

- 13.1. There are none arising from this report.

## 14. **PLANNING IMPLICATIONS**

- 14.1. There are none arising from this report.

15. **LOCAL MEMBER SUPPORT IMPLICATIONS**

15.1. There are none arising from this report.

16. **BACKGROUND PAPERS**

16.1. Comprehensive Spending Review – Treasury – October 2007  
Medium Term Financial Strategy – 2009-2012 – July 2008  
Formula Grant Settlement 2009-10 –DCLG –January 2009.  
Estimates 2009-10 – March 2009

17. **RECOMMENDATION**

17.1. That the projected budget for 2010-11 be updated and reported regularly to the Cabinet.

IAN COLEMAN  
DIRECTOR OF FINANCE

FNCE//09

**WIRRAL COUNCIL  
PROJECTED BUDGET 2010-11**

	<b>£m</b>
Base Budget	314.2
Increased Requirements	
Pay Inflation	3.3
Price Inflation	3.6
Capital Financing	2.9
Waste Disposal	2.6
Pension Fund Revaluation	0.5
Merseytravel	1.0
Private Finance Initiative	1.1
Benefits Subsidy	0.3
Supporting People	10.3
Unavoidable Growth	1.0
Efficiency Investment Fund	<u>2.6</u>
	343.4
Reduced Requirements	
Income Inflation	-1.0
Invest To Save	-0.4
LABGI	-0.3
Area Based Grant	-0.4
Agreed Efficiencies	<u>-0.5</u>
Forecast Expenditure	341.1
Resources	
Formula Grant	157.9
Area Based Grant	41.0
Council Tax	129.0
LAA Reward Grant	1.4
LABGI	0.5
Reserves	<u>0.5</u>
Forecast Resources	330.3
Shortfall	10.8
Council Tax Increase	5.2
Efficiencies required	5.6

WIRRAL COUNCIL

FINANCE AND BEST VALUE OVERVIEW AND SCRUTINY COMMITTEE

24 MARCH 2009

REPORT OF THE DIRECTOR OF ADULT SOCIAL SERVICES

TRANSFORMING ADULT SOCIAL SERVICES- ACHIEVING A STABILISED AND SUSTAINABLE BUDGET

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## 1. EXECUTIVE SUMMARY

1.1 Following the report presented to the meeting of the Finance and Best Value Overview and Scrutiny Committee on 21 January 2009, members requested an update in relation to money owed to the Council from historic Primary Care Trust (PCT) cases.

## 2. BACKGROUND

2.1 A report and presentation to Committee on 22 December 2008 were made to address concerns expressed in relation to the projected Departmental overspend for 2008/09. Following the presentation it was requested that a further report be made to the next meeting outlining progress being made.

2.2 Whilst only a short amount of time had passed since the December meeting a report was presented to Committee on 21 January 2009, which maintained that the projected outturn forecast remained at £3.5m.

2.3 At the January meeting members requested that a further report be brought forward regarding money owed to the Council from historic Primary Care Trust (PCT) cases.

## 3 MATTERS FOR CONSIDERATION

3.1 In 2005, the Department of Adult Social Services (DASS) and the then two Primary Care Trusts (PCT) agreed a set of local protocols for the joint resourcing of packages of care, where people had health and social care needs.

3.2 The protocols were developed in recognition by both DASS and the PCTs that a significant number of people had needs over and above those which a local authority would ordinarily be obliged to meet. Key to this local agreement was that retrospective consideration would be given in instances to a pre determined group of individuals with learning disabilities, where there was clear evidence of health needs. There were 31 individuals in total, 27 of whom were in Wirral based services. The remaining 4 were in placements outside Wirral; it is these 4 cases that are in dispute and some of the debt dates back to 2000/01. It must be noted, however, that since April 2005 Wirral PCT has agreed to appropriately fund these cases, going forward, on a "without prejudice" basis.

- 3.3 Working within the guidelines of “The Responsible Commissioner” the two Wirral PCTs determined that responsibility for the cases should be taken by the host authority; those authorities being in Yorkshire, North Wales and Kent. Each of the host authorities were contacted in respect of the individuals and, in each case, declined the responsibility of funding the care. The value of this outstanding debt is approximately £1.7m.
- 3.4 In an attempt to expedite the process, and in the light of a report on this matter to the Audit and Risk Management Committee on 31 January 2008, I wrote to the Strategic Health Authority (SHA) requesting that it intervenes and resolves the long standing matter. Arbitration on this matter was passed to Wirral PCT by the SHA. The PCT subsequently responded, acknowledging that it had taken on responsibility for the 4 cases since 2005 and wrote to the various “host” PCTs to try to negotiate appropriate contributions. I was subsequently contacted by the SHA 28 March 2008 who informed me that “The SHA has agreed that Wirral PCT will have a further month to try and finalise their local negotiations with the organisations involved and failing that, the SHA will then pick up formal arbitration with the relevant SHA and/or Welsh Board.”
- 3.5 On 21 January 2009 the PCT were contacted requesting an update on this matter and a response was received stating that ‘the PCT has fulfilled its agreement with DASS and the issue of historic debt should now be written off’. The view of Wirral PCT is that ‘there is no evidence pre-2005 that these individuals had qualifying health needs and that there is no prospect of the local PCTs accepting liability’.
- 3.6 The Department therefore wrote to the SHA on 19 February 2009, expressing the urgency with which this matter needed to be finalised and requesting formal arbitration. The SHA responded that “We had understood from the PCT that this matter had been resolved but had not been advised that this potentially left the Council with an outstanding amount to be paid”. The SHA agreed to contact the PCT Chief Executive and will now make a formal arbitration decision on the matter. The SHA acknowledge and appreciate that this needs to be concluded prior to the end of the financial year.

#### **4. FINANCIAL AND STAFFING IMPLICATIONS**

- 4.1 There remains an amount of £1.7m that has to be paid and is in dispute. This relates to the period from 2000/01 to 2004/05 and since this time Wirral PCT has taken on the health care responsibility “without prejudice”.
- 4.2 The Department has requested that the SHA make a formal arbitration over this matter and at this stage a response is awaited. The urgency of the conclusion of this matter has been stressed as it has a direct impact on the financial accounts of the Council.

#### **5. EQUAL OPPORTUNITIES IMPLICATIONS**

- 5.1 There are none arising directly from this report.

#### **6. COMMUNITY SAFETY IMPLICATIONS**

- 6.1 There are none arising directly from this report.

**7. LOCAL AGENDA 21 IMPLICATIONS**

7.1 There are none arising from this report.

**8. PLANNING IMPLICATIONS**

8.1 There are none arising from this report.

**9. ANTI POVERTY IMPLICATIONS**

9.1 There are none arising from this report.

**10. SOCIAL INCLUSION IMPLICATIONS**

10.1 There are none arising from this report.

**11. LOCAL MEMBERS SUPPORT IMPLICATIONS**

11.1 There are no specific implications for any member or ward.

**12. BACKGROUND PAPERS**

12.1 None used in the preparation of this report.

**13. RECOMMENDATIONS**

13.1 That Committee note the progress being made to bring this matter to an appropriate conclusion.

13.2 That it be noted that based on the response from the SHA the Council accepts the arbitration and agrees that, if necessary, the debts be cancelled.

**JOHN WEBB  
DIRECTOR OF ADULT SOCIAL SERVICES**

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## WIRRAL COUNCIL

### CABINET

19 MARCH 2009

### REPORT OF THE CHIEF EXECUTIVE

### FINANCIAL AND PERFORMANCE MONITORING SUMMARY

#### 1. EXECUTIVE SUMMARY

- 1.1. This is one of a series of reports submitted throughout the year presenting an overview of the performance of the Council in delivering the Vision for Wirral as set out in the Corporate Plan and is for the quarter-ended 31 December.

#### 2. OVERVIEW

- 2.1. The volatility of the world financial markets is the dominant factor as the financial pressures within the global economy have repercussions at national and local levels. The British Government has injected large sums of public money to support the financial and private sectors and has maintained funding for local authorities at the initially projected levels for 2009/10. However, the recovery is not expected to be short-term and the projections are for significant public sector efficiencies to be required from 2010/11 onwards.
  - 2.1.1 To date Wirral has benefitted through exercising prudent financial management around cash flow and investments that has realised additional income and a reduced need for temporary borrowing. The impact upon the banking sector placed at risk a £2 million investment with an Icelandic bank although there remains every possibility that this sum will be recovered.
  - 2.1.2 The world economic position places additional pressures upon those reliant upon the financial sector with implications for the delivery of the Wirral Investment Strategy, major investment schemes and the NewHeartlands initiative. To date the impact upon planned programmes has been effectively contained but the developing links with the China economy do present an opportunity for securing additional investment to Wirral.
  - 2.1.3 Against this background the Council continues to maintain progress in achieving the priorities set out in the Corporate Plan whilst recognising the impact on the private sector including the building industry. This has had a consequential impact upon demands for services such as care services and benefits as well as in delivering priority areas such as worklessness.
- 2.2. Towards the end of the financial year there were high profile cases regarding the provision of care services for children in other parts of the country. The safeguarding of children is one of the areas kept under review as part of the Corporate Risk Register. Further actions are being implemented in this area and are to be reported to Cabinet.
- 2.3. In reviewing the progress made at the end of December the table gives a brief summary for each of the key areas which are expanded upon in the subsequent sections of the report. As agreed by Cabinet on 27 November 2008 the

supporting appendices, together with this covering report, are now placed in the Virtual Committee.

Area	Progress Summary
Corporate Plan	The majority of performance indicators are achieving or exceeding targets at quarter 3. The underpinning projects are presently either on target or actions are in place to enable them to be achieved during the year.
Performance	Improvements in recycling during 2007/08 recognised Wirral as the most improved metropolitan and also reflected in score increasing for 2 to 3 under the Environment Assessment of the CPA. Considerable time spent reviewing processes to ensure that Wirral is dealing effectively with Looked After Children in light of recent cases.
Financial	The projected overspends in Adult Social Services, Regeneration and Technical Services are partially offset by the savings within Treasury Management. The release of 'one-off' resources to balances should ensure the projected year-end position is as originally projected. The 2009/10 budget is set to be agreed in March 2009.
Capital	The period saw the completion of the Children's Centres, the re-opening of the Oval Sports Centre and the opening of the new Floral Pavilion Theatre. The forecast spend remains in line with the programme as approved for 2008/09 with the future years programme agreed in December 2008.
Risk	The Corporate Risk Register was revised by Cabinet in December 2008 and any required actions are being addressed through the developing Departmental Plans for 2009/10. The actions in respect of existing risks are being progressed with the profile recently raised regarding the safeguarding of children. The delivery of the Change programme, including the Strategic Asset Review, now has an increased profile.

2.4. The key issues highlighted as requiring to be addressed in the forthcoming period are the:-

- Impact of the economic downturn
- continuing development of the Adult Social Services personalisation agenda;
- the impact of the recent child care services cases;
- progression and implementation of the strategic asset review;
- management of the potential overspends in 2008/09 within Adult Social Services, Regeneration and Technical Services;
- decisions to enable the setting of the Council budget for 2009/10.

### 3. CORPORATE PLAN AND PERFORMANCE

3.1 On 13 March 2008, Cabinet agreed the Council's Corporate Plan which detailed how the vision 'of a more prosperous and equal Wirral, enabling all communities and people to thrive and achieve their full potential' would be achieved. The vision set five clear objectives, and identified eleven immediate priorities for improvement in the year ahead.

3.2 This section includes narrative and performance indicators on the priorities for improvement areas for 2008/09. The narrative includes the progress made to date, challenges remaining and further improvements to be completed. It should be noted that the narrative refers to some matters that occurred after the end of the 3<sup>rd</sup> quarter (31<sup>st</sup> December) that have been included due to the particular relevance to the issues being considered.

### 3.3.1 Reduce worklessness

#### **Progress made:**

Wirral continues to make steady progress in reducing the number of residents claiming Incapacity Benefit (the latest available data, to May 2008, shows a rate of 10.4% of the working age population which is a reduction of 0.1% points or 160 fewer claimants on the previous quarter) and Lone Parent Benefit rates remaining stable (at 2.9% with a reduction of 20 claimants).

However, these reductions are negated by more recent figures for Job Seekers Allowance, which show a rise in the number of people claiming JSA (an increase of 0.8% points or 1,145 additional claimants since May 2008). This rise is in line with national trends but slightly better than the regional average.

The Wirral Economic Development and Skills (WEDS) partnership continues to progress in ensuring the Working Wirral programme contributes to the reduction in worklessness.

Working Wirral continues to commission activity against the Employment and Enterprise Investment Framework to support mainstream activity and its 'Reach Out' programme has achieved impressive outcomes which include supporting 635 workless residents from Wirral's most disadvantaged communities into employment in the first 3 quarters of the year.

#### **Challenges remaining:**

The global downturn has put the economy into recession, resulting in a continuing rise in unemployment nationally. The situation is expected to worsen over the next 12 months with JSA trends in Wirral rising above the national average.

Worklessness data is released quarterly (and up to six months later in some areas), so it is difficult to demonstrate the impact of the global economic downturn in real time. However, we continue to measure JSA data sets which is made available monthly to identify trends within that claimant group.

Residents who are in employment but have low skill levels or no qualifications may struggle to return to the labour market if they lose their jobs.

#### **How we're making further improvements:**

We continue to work with partners to ensure Wirral has the provision to support residents and to identify and design interventions to continue to tackle worklessness. Partners are committed to addressing the longer term structural problems that cause worklessness.

### 3.3.2 Increase enterprise

#### **Progress made:**

Wirral continues to support enterprise growth through the Wirralbiz programme. The last LAA stretch targets have been achieved in terms of the number of new business starts and their survival rates after one year of trading.

Invest Wirral continue to signpost and encourage local firms to take up the support offered by regional business support programmes.

We are working closely with the NWDA to ensure that future business support programmes are in line with the National Business Support Simplification Programme (BSSP) and complements other NWDA funded activities.

**Challenges remaining:**

Given the current economic conditions it is vital that we continue to support new and existing businesses. The current transitional funding for new business starts finishes in March 2009. Negotiations are taking place with NWDA to ensure that contingency arrangements are in place if the post-March contract has not been agreed by the end of March.

Wirral has a high proportion of small businesses that are not VAT-registered and support for to grow these businesses will be tailored around the BSSP model to encourage future growth.

**How we're making further improvements:**

We continue to work with the NWDA to ensure that future programmes meet business needs and local firms take up the support available.

The Wirral Investment Board gave their support (In November 2008) for Wirral Officers to develop a programme to provide consultancy and grant assistance to micro businesses (those with fewer than 10 employees) in the borough.

### **3.3.3. Increase levels of recycling**

**Progress made:**

DEFRA has recognised Wirral as the most improved metropolitan Council for recycling and composting performance in England for 2007/08. The Council has improved from a 2 to a 3 Star rating under the Environment Block of the Comprehensive Performance Assessment.

Recycling rates for October-December 2008 are 34.67 %, 35.67% and 29.04% and we are predicting a 35-36% recycling/composting rate for the end of the 2008/09 financial year, meaning we will meet 2009/10 LAA target 35.5% one year ahead of schedule.

A new garden waste contractor has been appointed and will start on 1 April 2009, resulting in financial efficiencies and environmental improvements.

A survey into the composition of domestic waste has been undertaken. It shows problems with materials going into the wrong bins and the opportunities for recycling being lost. Officers are currently looking at the survey results in order to target communications more effectively.

Merseyside Waste Partnership has secured £195,000 funding for the Merseyside-wide 'Love Food Hate Waste' campaign.

Multi-occupancy premises have been assessed for recycling services and we are currently consulting with landlords to improve the position.

**Challenges remaining:**

The 'Love Food Hate Waste' campaign is being developed that will encourage further waste reduction.

More effort is required to improve waste segregation and further increase the levels of recycling.

**How we're making further improvements:**

A targeted enforcement campaign (backed up with a borough-wide information campaign) will begin in March / April targeting areas of high contamination & side waste. Target areas will be agreed between by the Council and Biffa.

Multi-occupancy recycling will be rolled out in March 2009, which will help to increase levels of recycling.

On street recycling receptacles are being placed in 4 main shopping areas in February to raise the profile of recycling and encourage the public to recycle.

#### **3.3.4. Reduce the Council's carbon footprint**

##### **Progress made:**

The Investment in Energy Efficiency Programme (IEEP) continues to reduce the Council's CO2 emissions. Progress was reported to Cabinet in September 2008, a further update report in April 2008. The Water Efficiency Scheme and BEMs phases 2 & 3 are now complete and operational.

28 January 2009 Employment & Appointments Committee approved the establishment of the Climate Change Officer and Sustainability (Cred) Liaison Officer posts and it is hoped to have them filled by July 2009. These officers will drive improved working with businesses and the community to raise awareness of the urgent need to reduce Wirral's carbon footprint and to sign up to the CRed community carbon reduction programme.

The two recently appointed Energy Awareness officers have been implementing an awareness programme over the last 3 months. Progress on this campaign was reported to Environment Committee on 28 January 2009.

As part of the work of the Nottingham Declaration working group, we launched a co-funded poster campaign with our partners (Wirral PCT and Cheshire & Wirral Partnership NHS Trust) in November 2008 to coincide with Energy Saving week. A formal media launch with the Chief Executive officers of each organisation is planned for Spring 2009.

##### **Challenges remaining:**

Energy costs have risen significantly over the last 12-18 months and are likely to add around £3.5 million to the Council's annual expenditure.

Much of the authority's energy consumption is building-related. Energy conservation is a key consideration in the current Strategic Asset Review (SAR) of all Council buildings.

A number of IEEP phase 2 projects await the outcome of the SAR. Officers will begin to detail the SAR programme of works required and this will enable energy investment work to proceed on the buildings that are being retained.

##### **How we're making further improvements:**

Preparations are underway to take part in the Government's Carbon Reduction Commitment scheme (CRC), which is expected to help to further reduce carbon emissions. An update will be reported to Cabinet on 19 March 2009.

IEEP phase 3 is being progressed with the roll-out of further Street Lighting efficiency measures and then the introduction of Automatic Meter Reading Systems, which provide financial benefits when the CRC is introduced in 2010.

Display Energy Certificates are being produced for 158 sites. A greater number of sites than expected are producing above average results.

#### **3.3.5. Reduce number of people killed or seriously injured in road accidents.**

##### **Progress made:**

Initiatives under the Roadsafes partnership with Merseyside Police and Merseyside Fire & Rescue Service continue to be rolled out and regular coordination meetings ensure progress made / corrective action taken.

The numbers of people killed or seriously injured continued to fall towards the LAA and DfT targets.

A successful pilot campaign - Bring accidents down 2 zero - is still underway, although its results so far show that 74% of drivers preferred the new scheme with the voluntary 20mph speed limit to physical speed reduction measures. 89% of drivers also thought that the scheme should be provided in other areas of Wirral. Area forums are being asked to nominate other areas for consideration in the next tranche of this popular scheme.

Working in partnership with the Police a Christmas Drink Driving campaign was implemented over the last quarter with marked success.

#### **Challenges remaining:**

While those of school age are relatively easy to engage and educate with road safety messages, other groups are harder to-reach; These include senior citizen drivers and 'born again' adult motorcyclist and cyclists. Roadsafe partners are making progress communicating with such groups.

#### **How we're making further improvements:**

A 'theatre in education' programme was rolled out in February to those secondary schools that wished to take up the offer. It encourages young people to have a responsible attitude and behaviour around roads and 4,268 young people are expected to benefit from the initiative.

Road Safety will support the annual motorcyclist Egg Run which will allow us to communicate Bike Safe messages and promote Bike Safe training courses.

The '4 Wheel Ed' campaign, which is run in partnership with the Police, Response (Drug & Alcohol) and MFRS and 'Drive to Arrive' (in partnership with MFRS) will continue to be delivered in schools to Y6, Y7, Y10.

An anti-speeding and anti-use of mobile phones in cars campaign is being run in partnership with the Police in the current quarter.

The Council and Police will be supporting the DfT's Think campaign with media messages and a detailed communications strategy is being developed.

The Streetscene and Transport Services Committee will received the annual programme of proposed engineering measures designed to improve the safety record on the roads on 24 February.

We are currently installing a sign posting scheme on 6 main corridors giving road users the message on just how many collisions have occurred to encourage drivers to take more care.

Cabinet will receive a report on vehicle-activated signs outlining a policy and strategy for their further deployment across the borough and to be used at collision sites where the conventional signing fails to curb motorists' speeds.

### **3.3.6. Promote greater independence and choice**

#### **Progress made:**

The Department of Adult Social Services (DASS) was rated as a 2 star authority by the Commission for Social Care Inspection, continuing to provide good outcomes for adults with promising capacity to improve.

The Department has continued to progress its major restructure to transform social care. The majority of senior appointments have been made and the formation of new locality structures, co-terminus with NHS Wirral, is underway.

A major Personalisation conference was held in December. The event featured keynote national and local speakers who set out the latest developments in policy, as well as presentations from stakeholders. The objectives of the Conference were to develop awareness and for attendees, including elected

members to further understand the changes that Personalisation is bringing to social care and health services in Wirral.

Wirral PCT (now NHS Wirral) was assessed against the World Class Commissioning standards in November 2008. The assessment included a detailed examination of how the PCT works with its partners. Although the PCT is awaiting final confirmation they were awarded a score of 3 for Partnership with praise for the partnership with Local Authority.

The Department continues to develop of the system dynamic modelling tool based on Wirral's Dementia Pathways working with CSED. NHS Wirral has produced a draft Commissioning Strategy for Dementia and has announced planned investment of £500,000 in 2009/10 in dementia services.

Progression has been made on a Pilot for Personal Budgets that will enable increased choice and control and greater independence for people who use services, and improved outcomes for individuals and their carers.

The need to develop different models of care and support for older people is a key objective with NHS Wirral. The plans are being made in response to demographic, health, well being and lifestyles changes in the older population. One initiative is extra care housing which affords the opportunity for older people to live in independent accommodation (be it privately owned, shared equity or rented) while benefiting from a wide range of facilities on site.

Wirral has secured capital grants of £4m for 70 units, and a further £2.6m for 49 units with these schemes also providing a range of facilities for primary care and the local community and significantly advance the development of new and improved models of care and support in Wirral for older citizens.

An extended Carers Development Committee was held with a number of speakers in attendance and enabling the newly appointed 'Carers Champion' Cllr Sheila Clarke to meet key stakeholders.

#### **Challenges remaining:**

The Department continues to face significant financial pressures. The three year strategy has been adopted to address financial pressures, with the Efficiency Plan (Budget Stabilisation Strategy) monitored at Strategic Leadership Team, linked to the Transformational Change Programme Board.

#### **How we're making further improvements:**

The development of integrated posts, services, and work to reduce duplication contributes to sustaining improvement as part of the Wirral Integrated Services Programme (WISP): working across the health & social care economy. This includes working at locality level and engaging in a new community model

### **3.3.7. Raise overall educational attainment, particularly lower achieving young people**

#### **Progress made:**

Results at Key Stage 3 show that standards have risen (against the national trend) in English, remained static in mathematics (against a national rise) and declined by less than the national trend in science. The proportion of pupils attaining Level 5 and above in English and mathematics combined has risen slightly compared with a national fall. However, the proportion of pupils gaining five or more good GCSE passes including English and mathematics at the end of Key Stage 4 has improved by 1.5ppts with a strong upward rise of 4.4ppts for 5 good GCSEs.

The LA is the second most improved nationally for reducing the number of Persistent Absence schools.

There is a clear vision for school improvement that has been shared with stakeholders across the LA and with the SIPs. Progress against the milestones in the CYP plan is reviewed at monthly intervals. There are a range of focus groups at all phases which are charged with identifying ways to improve the attainment of all pupils, but especially vulnerable groups including looked after children. The performance of SIPs is monitored closely with careful scrutiny of all SIP reports by the LA's SIP Manager and the Strategy Manager. Attention is paid to the level of challenge represented in the reports in terms of the targets being set by schools and the reviews of the schools' performance. The agenda for SIP conversations with schools includes the LA priorities for raising attainment for all pupils and in particular in mathematics, and the 14-19 agenda.

**Challenges remaining:**

Improving the outcomes for Maths at all Key Stages.

National Strategies through the Target Setting Guidance expect all schools to set targets at FFT-D, and SIPs in Wirral have engaged with schools so they set targets that are appropriately aspirational to FFT-D.

The Government has produced combined statistics for English and Maths, with the aim of ensuring standards in both subjects are improved simultaneously.

There is the challenge of increasing the proportion of pupils who make two levels progress across the Key Stages.

Improving the performance of National Challenge schools.

Improving tracking and monitoring of progress of Looked After Children, using FFT data to ensure LAC achieve their potential, taking into account prior attainment.

**How we're making further improvements:**

Continue to implement the programme around Children's Centres.

Raise outcomes for Foundation Stage in line with targets and especially with regard to language and literacy.

Continue to implement, embed and further develop the Extended Schools programme.

Implement and evaluate a number of projects focusing on Narrowing the Gap involving multi-agency support and Results Based Accountability methodology.

**3.3.8. Safely reduce the number of looked after children**

**Progress made:**

Plans continue to be implemented to support more children in the community and consequently, safely reduce the children in care population; however, performance at 31 December was 91.9 per 10,000, which is an increase upon the previous quarters report. This figure continues to increase.

A Senior Manager chairs all pre-proceedings meetings (PLO), which ensures consistency of practice, and working with CAF/CASS nationally to evidence the impact upon outcomes for children through the new Court processes.

An outcome based accountability action plan has been developed to support the safe discharge of Care Orders of children placed with parents, which remain high, although there has been a small decrease during the last quarter. Local practice seminars are supporting this activity.

Repeat referrals - the changes made to Wirral's Central Advice and Duty Team (CADT), have been in place for a full 12 months; as projected the re-referral rate has decreased month on month since 1 April to 24.7% (31/12/08) from 27.6%, which is more in line with our statistical neighbours / national average. We are projecting a comparable outturn this year to referral rates for 2007/8.



Weekly meetings, chaired by the Strategic Service Manager, Children and Families, involving all District and Assessment Team Managers continue, overseeing and scrutinising all incoming work; focusing on consistency of threshold application.

**Challenges remaining:**

Events in Haringey and consequent media attention have impacted upon the type of referrals being received by Social Care. There has been an increase in children being considered by the legal gate keeping panel and more children have become looked after during this quarter. There is an inevitable greater degree of cautiousness in decision making regarding children's welfare and safety. It is firmly predicted that there will be more children in care at the end of this financial year than 31 March 2008, and that the targeted reduction to 590 children will not be achieved.

Steps described in a separate report to this Cabinet explain how further investment by the Council will be used to address the issues raised above and help to bring the reduction of numbers looked after back on track during 2009/10 financial year.

**How we're making further improvements:**

Social Care is identifying where there are delays in children being discharged from local authority care, where there are plans to do so, some of which are attributable to delays in appointing CAFCASS guardians.

One meeting with senior CAFCASS officers took place to raise these issues in December 2008, with a further meeting planned. The authority is also focusing on children who have recently become looked after voluntarily, to determine what packages of care can be implemented to support children, where possible, to safely return to their family.

External review of the strategy to support more children in the community is being sought from the CWDC (Remodelling Social Work Delivery Pilot), to determine whether there are additional measures which can be implemented, to reinforce preventative intervention to safely reduce the need for children to become looked after. Work is underway to develop a Multi Systemic Treatment (MST) programme in Wirral, in partnership with the PCT, to provide intensive intervention to young people on the edge of care / at serious risk of offending.

There has been an increased level of auditing and scrutiny of social work practice following Baby P, to ensure that children are being adequately assessed, monitored and supported – for example, there has been an audit of all children subject to a child protection plan to ensure that visits comply with procedural timescales and that they have clear plans which are meeting children's needs. Caseloads are being monitored, and the impact upon case work, of any social worker absence, is being continuously reviewed. Senior fieldwork managers are now reporting to the Director on staffing and caseloads on a monthly basis. Additional temporary social workers have been located in 6 social work teams where there are the greatest pressures.

Staff are being supported through the continued roll out of the well being programme.

**3.3.9. Improve the use of the Council's land and assets**

**Progress made:**

The Council's Strategic Asset Review has been approved following extensive public consultation. The Review considered the whole of the borough using

seven agreed geographical areas and focussed on public facing assets. A strategic consolidation of the asset base has now been agreed, with a package of borough-wide proposals based on a vision of fewer but better assets and optimum value for money for local people.

This has:

- Created a framework that will be used to maximise opportunities for partnership working
- Endorsed the principle of asset transfer to take place over an anticipated period of two years as an alternative to closure
- Proposed a programme for the development of multi-purpose complexes strategically located across the borough, and
- Proposed substantial rationalisation of the council's administrative accommodation underpinned by a drive to transform ways of working.

A revenue saving of £3,101,000 has been agreed as a result and a provision of £1,863,000 created to cover amendments to the review and any necessary transitional funding.

### **Challenges remaining:**

Approval of the Strategic Asset Review starts the process of substantially modernising the Council's estate. A programme of investment in enhanced facilities will be coupled with changes to service delivery designed to meet customers' needs more effectively. Several current development projects will be examined to see how they fit with the new framework of the Strategic Asset Review and whether they should continue as previously proposed, particularly where there are compelling reasons to avoid delay.

There was a concentration in the review on Leisure and Cultural Services' assets, but it was recognised that the other main operational asset groups need to be more effectively joined into corporate asset review processes. In particular the schools' estate and children's' centres have major roles in delivering a broad range of services and activities within local communities. In addition the modernisation of adult social care will lead to different forms of service provision which are likely to reshape future property requirements. The continuous process of property review across the remainder of the corporate estate will create further opportunities for modernisation and efficiency.

Rationalisation of the Council's administrative accommodation will require the modernisation of current working arrangements and substantial investment in Information Technology.

### **How we're making further improvements:**

Investment will now be made in the development of five major multi-purpose complexes at Bebington, Birkenhead, Liscard, Moreton and West Kirby. In addition, smaller community-focused, multi-purpose complexes will be developed at Greasby, Heswall, Leasowe, Rock Ferry, St. James and Bromborough. Delivery of services in the Upton / Woodchurch area will be concentrated on Woodchurch Leisure Centre, Upton Library and Upton One Stop Shop in the Department for Work and Pensions site.

Where the community expresses an interest, the transfer of assets to community management will be explored within a two-year period and finances will be available to help communities with the transition.

In addition the review of Office accommodation will be prioritised that will deliver savings of £1 million by 2001.

### **3.3.10 Create a sustainable and stable budget, providing value for money**

#### **Progress made:**

Council Budget 2008/09 was agreed in March and was supported by the s151 officer statement as being sustainable.

Regular financial monitoring updates to Cabinet Members and Scrutiny Chairs highlight potential overspends, primarily within Adult Social Services, and increased 'one-off' resources.

Annual Efficiency Statement 2007/08 reported to Cabinet in June was submitted to, and subsequently, agreed by Government in July.

Review of the high spending areas as identified by the Audit Commission 'spend profiles' was reported to Cabinet on September 25.

Clarification received around reporting of NI 179 (the net value of ongoing cash releasing gains) and projection for 2008/09 sent to Government in October.

Director of Finance regularly updates Cabinet on the Projected Budget position. Supported by regular liaison between Cabinet and Chief Officers to assess the implications and address the gap between likely spend and resources.

#### **Challenges remaining:**

Address the identified areas of overspending in 2008/09 to ensure overall spending remains within the resources available.

Report to Government, after the financial year-end, the achievements in respect of NI 179.

Agree a sustainable and stable budget for 2009/10 by March 10 2009.

#### **How we're making further improvements:**

Director of Adult Social Services provides regular progress reports to Cabinet on Transforming Social Care including stabilising the departmental budget.

Projected Budget position is regularly reported to Cabinet with investment / saving decisions being taken at the appropriate times.

Cabinet receiving and considering reports around longer-term issues eg Strategic Asset Review.

### **3.3.11 Improve the Council's budgeting process to fully reflect its priorities**

#### **Progress made:**

2008/09 Council Budget resolution included references to, and linkages to, the Council priorities.

Efficiency Investment Fund of £5.3 million created as part of the 2008/09 budget with further amounts set aside for future years.

Council strategies including Customer Access, Medium Term Financial, IT and Risk were revised per Corporate Plan and approved by Cabinet on 23 July.

Cabinet in September re-affirmed that the Corporate Plan priorities for 2008/09 remain as the priorities for 2009/10.

Budget process further refined in terms of the information flow to Members and Officers. The regular updates give greater clarity and focus upon the key changes.

#### **Challenges remaining:**

The current financial climate is bringing additional pressures on available resources and the delivery of the aims and objectives of the Corporate Plan.

Responding to demand lead pressures for care services – adults and children.

Links to the setting of a sustainable and stable budget for 2009/10.

### How we're making further improvements:

The Efficiency Investment Fund is available for initiatives that require resources to deliver future benefits and invest in priority areas of the Council. This continues as part of the budget setting process.

Any submissions for increased resources, including from the capital and IT programmes require a Business Case which is weighted towards meeting the agreed priorities.

Capital programme 2009/12 agreed by Council in December 2009.

## 3.4 PERFORMANCE INFORMATION

This following section shows the performance indicators and key projects for the priority for improvement areas 2008/09.

### 3.4.1 Reduce worklessness

PI No.	Title	Yr End Target	Yr End Forecast	Quarter 3 Target	Quarter 3 Actual	On Target	Direction of Travel	Corrective Action
NI 152	Working age people on out of work benefits	17.74% (Lower is Better)	17.28%	17.79%	17.28%	Green	n/a	
NI 153	Working age people claiming out of work benefits in the worst performing neighbourhoods (WNF)	35.22 (Lower is Better)	34.98	35.22	34.98	Green	n/a	

Key Project	Lead Department	Quarter 3 Status (green, amber or red - see below)	Corrective Action (Amber & Red only)
Implementation of the Full Employment and Skills plan	Corporate Services	GREEN	
Implementation of the City Region Employment Strategy	Corporate Services	GREEN	
Strategically plan and align activity and resources of all partners to support the delivery of sub regional and local employment and skills strategies	Corporate Services	GREEN	

### 3.4.2 Increase enterprise

PI No.	Title	Yr End Target	Yr End Forecast	Quarter 3 Target	Quarter 3 Actual	On Target	Direction of Travel	Corrective Action
LOCAL 4128	Number of new business start-ups supported through Wirral Biz or Business Link in Wirral as measured	262	262	200	248	Over Performing	↑	This is a demand led initiative. The performance over the last quarter recognises the increased demand for the

by data from both organisations							service. However we expect the numbers of new business starts to slow considerably in the final quarter due to the prevailing economic conditions, therefore the year end forecast remains unchanged.
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Key Project	Lead Department	Quarter 3 status (green, amber or red - see below)	Corrective action (amber or red only)
Implementation of the Enterprise Strategy	Corporate Services	GREEN	
Co-ordinate the implementation of local, sub regional and regional enterprise development and business support strategies	Corporate Services	GREEN	

### 3.4.3 Increase levels of recycling

PI No.	Title	Yr End Target	Yr End Forecast	Quarter 3 Target	Quarter 3 Actual	On Target	Direction of Travel	Corrective Action
NI 191	Residual household waste per household	636 (Lower is Better)	585	480	446.21	Amber	n/a	The Q3 performance figure is unverified and subject to change due to data not yet verified.
NI 192	Percentage of household waste sent for reuse, recycling and composting	34%	35.4%	35%	33.34%	Green	n/a	The Q3 figure is unverified and subject to change due to data not yet received. The year end forecast figure is subject to all recovered recyclates being sent to reprocessors.

Key Project	Lead Department	Quarter 3 status (green, amber or red - see below)	Corrective action (amber or red only)
Increase participation in alternate weekly collection scheme	Technical Services	GREEN	

Key Project	Lead Department	Quarter 3 status (green, amber or red - see below)	Corrective action (amber or red only)
Promote waste minimisation initiatives to householders	Technical Services	GREEN	
Encourage recycling and minimisation of municipal waste	Technical Services	GREEN	

### 3.4.4 Reduce the Council's carbon footprint

There are no performance indicators to report for this priority area at Q3.

Key Project	Lead Department	Quarter 3 status (green, amber or red - see below)	Corrective action (amber or red only)
Continue the Energy Efficiency Investment Programme	Technical Services	AMBER	Have commenced IEEP Ph 2 projects, however some held up by SAR, awaiting outcome of the public consultation
Develop and implement Wirral CRed initiative	Law, HR & Asset Management	Awaiting Status	
Produce a Developer's Guide for Sustainable Development	Technical Services	RED	Timescales for the Guide have extended from the initial target for various reasons which include recent legislative changes and the reliance on other sections for their input, both internal and external to Technical Services Dept. It is now anticipated that a Developers Guide will be produced by the end of 2009 calendar year.
Development of Sustainability Unit within Wirral Council	Law, HR & Asset Management	AMBER	Posts for the sustainability unit have now been approved but have not yet been recruited for.

### 3.4.5 Reduce number of people killed or seriously injured in road accidents.

There are no performance indicators to report for this priority area at Q3.

Key Project	Lead Department	Quarter 3 status (green, amber or red - see below)	Corrective action (amber or red only)
Develop initiatives to deliver road safety education, training and publicity	Technical Services	GREEN	

Key Project	Lead Department	Quarter 3 status (green, amber or red - see below)	Corrective action (amber or red only)
Implement engineering measures to improve road	Technical Services	GREEN	
Work with Merseyside Police via the Accident Reduction Partnership to improve road safety	Technical Services	GREEN	

### 3.4.6 Promote greater independence and choice

PI No.	Title	Yr End Target	Yr End Forecast	Quarter 3 Target	Quarter 3 Actual	On Target	Direction of Travel	Corrective Action
NI 130	Social care clients receiving Self Directed Support (Direct Payments and Individual Budgets)	322.3	175	291.5	152.10	Red	n/a	Performance continues to be monitored with the Personal Budgets Steering Group focused on improving performance and the take up of Direct Payments. In Jan 2009 a Personal Budgets Pilot will commence. A new definition for this indicator from April 2009 will mean performance will be reported as a percentage.
NI 135	Carers receiving needs assessment or review and a specific carer's service, or advice and information	18.0%	22%	15.0%	23.13%	Over Performing	n/a	Performance for this new national indicator has exceeded targets at present. Monthly monitoring of performance will continue, and consideration will be made to refresh targets as part of the LAA review.
NI 136	People supported to live independently through social services (all adults)	2185.80	2185.80	2173	2160.29	Green	n/a	
NI 146	Adults with learning disabilities in	8.3%	5%	7.9%	4.16%	Red	n/a	The JOBS (Jointly Overcoming Barriers equals

PI No.	Title	Yr End Target	Yr End Forecast	Quarter 3 Target	Quarter 3 Actual	On Target	Direction of Travel	Corrective Action
	employment							Success) programme is currently working with its first 20 people (just starting to go to work) but there is a concern that the current economic crisis will limit the availability of employment and reduce opportunities for those on the programme.

Key Project	Lead Department	Quarter 3 status (green, amber or red - see below)	Corrective action (amber or red only)
Enablement and re-ablement	Adult Social Services	GREEN	
Carers Strategy	Adult Social Services	GREEN	
Access and assessment arrangements	Adult Social Services	AMBER	Full implementation strategy in place, with majority of appointments made to posts. Implementation due from Feb 2009, with some delay to full locality moves post April 2009.
Promoting independence	Adult Social Services	GREEN	
Develop Self Directed Support services	Adult Social Services	GREEN	
Implement the Strategic Framework for Health and Wellbeing	Adult Social Services	AMBER	Appointments have been made at a senior level, and restructuring of the Integrated Communities and Wellbeing Branch is underway to deliver on the strategic framework.
Joint Strategic Needs Assessment	Adult Social Services	GREEN	

### 3.4.7 Raise overall educational attainment, particularly lower achieving young people

There are no performance indicators to report for this priority area at Q3.



Key Project	Lead Department	Quarter 3 status (green, amber or red - see below)	Corrective action (amber or red only)
Project plan to close the attainment gap where poverty affects achievement	Children & Young People	GREEN	
Strategies Intervention Project	Children & Young People	GREEN	
Ensure there are no schools in Ofsted categories	Children & Young People	AMBER	Intervention and support provided to the one school in a category, now expected to come out of category on next inspection in the Spring.
Develop a range of intervention strategies to support underachieving and underattaining pupils	Children & Young People	GREEN	
develop literacy and numeracy via family learning programmes	Children & Young People	GREEN	

### 3.4.8 Safely reduce the number of looked after children

PI No.	Title	Yr End Target	Yr End Forecast	Quarter 3 Target	Quarter 3 Actual	On Target	Direction of Travel	Corrective Action
NI 61	Timeliness of placements of looked after children for adoption following an agency decision that the child should be placed for adoption	68.0	68.0	50.0	50.0	Green	n/a	This indicator is sensitive to small numbers. 50% represents 4 out of the 8 adoptions being completed within 12 month of the adoption decision. Children have taken longer than expected to settle within their adoptive placements and this has lead to delays in adoption proceedings. It is expected that 7 more adoptions should take place in the last quarter.
NI 62	Stability of placements of looked after children: number of placements	11% (Lower is Better)	11.0%	11%	11.9%	Amber	↓	Work continues to build capacity of foster care, to increase placement choice and family matching. The latest inspection of foster care graded the service as good. This figure of 11.9% falls

PI No.	Title	Yr End Target	Yr End Forecast	Quarter 3 Target	Quarter 3 Actual	On Target	Direction of Travel	Corrective Action
								within the OFSTED "Very Good" category.
NI 63	Stability of placements of looked after children: length of placement	63.0	65.5	63.0	65.5	Green	↑	
LOCAL 1401	Percentage of referrals progressed to CIN assessment (NI 68 proxy)	71	71.0	71	68.3	Green	n/a	

Key Project	Lead Department	Quarter3 status (green, amber or red - see below)	Corrective action (amber or red only)
Project plan to safely reduce the number of looked after children	Children & Young People	GREEN	

### 3.4.9 Improve the council's use of land assets

PI No.	Title	Yr End Target	Yr End Forecast	Quarter 3 Target	Quarter 3 Actual	On Target	Direction of Travel	Corrective Action
LOCAL 6275	The number of working days/shifts lost due to sickness absence	8.5 (Lower is Better)	10.20		10.25		↔	Targets for next year are currently under review.

Key Project	Lead Department	Quarter 3 status (green, amber or red - see below)	Corrective action (amber or red only)
Undertake a Strategic Asset Review	Law, HR & Asset Management	GREEN	
Deliver and implement the people strategy	Law, HR & Asset Management	GREEN	

### 3.4.10 Create a sustainable budget, providing value for money

PI No.	Title	Yr End Target	Yr End Forecast	Quarter 3 Target	Quarter 3 Actual	On Target	Direction of Travel	Corrective Action
NI 180	The number of changes of circumstances which affect customers' HB/CTB entitlement within the year.	620	620	400	595.44	Over Performing	n/a	Reflects a higher percentage of changes identified by Wirral than originally anticipated in this new PI. Will continue to review during year but no service delivery issue.
NI 181	Time taken to process Housing Benefit/Council Tax Benefit new claims and change.	16.4 (Lower is Better)	16.4	16.4	16.99	Green	n/a	
LOCAL 2067	Efficiencies gained through procurement.	£2200000	£2200000	£1400000	£1495690	Amber	n/a	Performance more than 5% above target for the 3rd quarter. No service issues.
LOCAL 2073	Percentage of Council Tax collected	96.8%	97.2%	84.5%	85.1%	Green	↔	

Key Project	Lead Department	Quarter 3 status (green, amber or red - see below)	Corrective action (amber or red only)
Agree a budget which is sustainable, and which identifies resources for further developing Council Services.	Finance	GREEN	
Contain expenditure within agreed budgets and provide services to agreed standards.	Finance	GREEN	
Review comparative data to ensure we provide our services most cost effectively taking into the	Finance	GREEN	

Key Project	Lead Department	Quarter 3 status (green, amber or red - see below)	Corrective action (amber or red only)
needs of our community			
Implement our procurement strategy to ensure that services and goods are acquired economically and efficiently, and if advantageous, in partnership with others.	Finance	GREEN	
Implement agreed change programme.	Finance	AMBER	Agile working has been introduced into a number of areas including CYPD (use of push email by school inspectors) and Technical Services (use of remote scheduling). All 15 highways inspectors have been 'home based' since October. Areas within the Environmental Health service (Regeneration department) have been selected for initial trials of flexible working with a view to the approach subsequently being applied more widely. Cabinet resolved in July 2008 to procure an Oracle implementation system. This has not taken place. A report for Cabinet is being prepared by the Director of Law, HR and Asset Management. The Change Programme, as agreed by Cabinet in December 2008, now focuses on 4 areas for improvement: the Customer Access Strategy, Common Administrative Processes, Strategic Asset Review and ICT Technological Developments.
Exceed government standards for Housing and Council Tax benefits and Council Tax collection.	Finance	GREEN	
Delivering the pay review	Law, HR & Asset Management	GREEN	

### 3.4.11 Improving the council's budgeting process to fully reflect its priorities

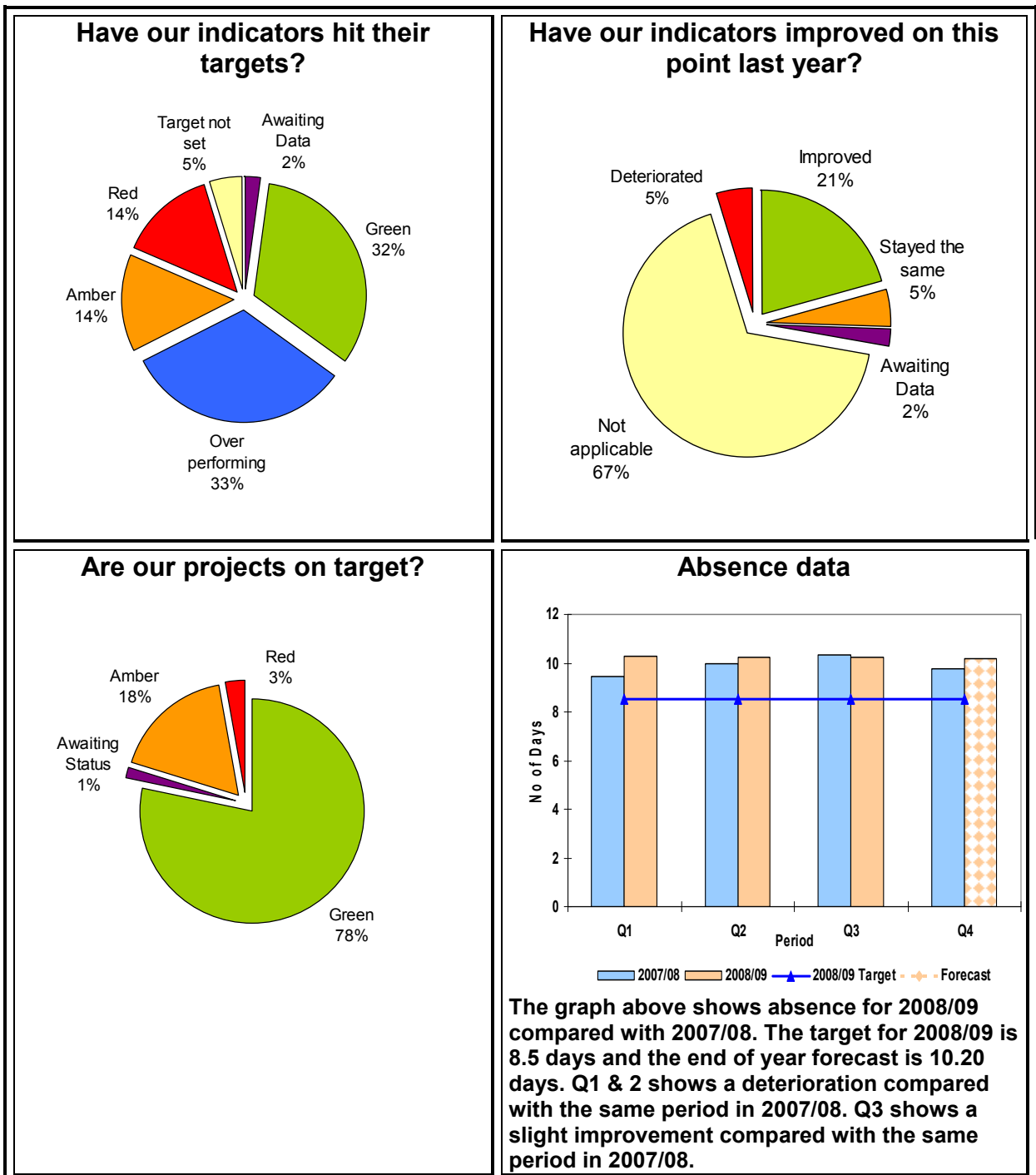
There are no performance indicators to report for this priority area at Q3.

Key Project	Lead Department	Quarter 2 status (green, amber or red - see below)	Corrective action (amber or red only)
Further integrate the risk management, planning and financial processes to enable	Finance	GREEN	

better-informed decision making and enhanced service delivery.			
Reflect the implications of the priorities in the Corporate Plan in our Medium Term Financial Plan and corporate planning processes.	Finance	GREEN	

### 3.5 Corporate Plan Performance Summary

3.5.1 The charts below show the overall council position for all key performance indicators and projects within the council's 2008/09 corporate plan at the third quarter.



### 3.6 Performance Exceptions

This section includes all corporate plan indicators which are red at Quarter 3 not including priority for improvement indicators.

PI No.	Title	Yr End Target	Yr End Forecast	Quarter 3 Target	Quarter 3 Actual	On Target	Direction of Travel	Corrective Action
NI 117	16 to 18 year olds who are not in education, employment or training (NEET)	7.4% (Lower is Better)	9.0%	7.4%	8.5%	Red	↑	The performance for December is showing a year on year improvement, whilst also continuing a month on month improvement commencing with a peak in August 2008 of 12.11%. The return for December is therefore a significant achievement, against a difficult economic back drop. Work continues apace in January towards meeting the target.
NI 195a	Improved street and environmental cleanliness (levels of litter)	8% (Lower is Better)	8%	7%	8%	Red	n/a	There is the possibility of further changes to the second survey performance figures until Waste Data Flow achieves full validation of data. Two of three surveys have been completed for the annual return. Litter and detritus are on track to hit target.
LOCAL 2069	Number of visits to the Council's website	61725	61725	60851	54507	Red	n/a	Seasonal fluctuations generally reflect a downturn in web performance. No service delivery issues.
LOCAL 4049	Total number of homes acquired, demolished, refurbished or built as a result of HMRI investment	950	920	466	383	Red	↓	Energy efficiency improvements as a result of targeted marketing will report in Q4. Take up of Equity Renewal loans very low because of current "credit crunch". The latter is the reason for adjustment of end of year forecast.

### 3.7 Corporate Plan Project Exceptions

This section includes all corporate plan projects which are red, amber or awaiting status at Quarter 3 excluding priority for improvement projects.

Key Project	Lead Department	Quarter 3 status (green, amber or red - see below)	Corrective action (amber or red only)
Develop and implement the 2008/9 NEET strategy for the Borough.	Children & Young People	RED	The Borough EET Action plan is in place which outlines partner responsibilities and contributions to achieving the NEET target. Confirmation was received in December that the Activity Agreement Pilot would continue until at least 2010. The Activity Agreement pilot is a programme that focuses on structured activities and incentive payments for NEET young people and is delivered through Greater Merseyside Connexions. It continues to bear fruit with clear evaluation demonstrating improved progression rates, increased employability and reduced time spent NEET (on average 60% progressing into EET which is a significant achievement with some of the most marginalised young people).
Progressing the production of the Local Development Framework	Corporate Services	AMBER	New staff are in the process of being appointed which will accelerate delivery for this activity. Consultation on an Issues Report is currently being undertaken with stakeholders including Area Forums.
Improve environmental quality across the Borough through improved operational performance of the strategic contract	Technical Services	AMBER	Additional pump priming grant secured for final quarter to address primary and secondary retail areas due to increased smoking related litter and other similar detritus. Final Survey to be conducted Feb/ March. Due to other 2 surveys this year, over performance is now necessary to achieve BV199 target. Currently on Target (GREEN) for NI 195 LAA Target)

Key Project	Lead Department	Quarter 3 status (green, amber or red - see below)	Corrective action (amber or red only)
Develop neighbourhood management approach in deprived communities including education & enforcement	Technical Services	AMBER	Reduction in HMRI funding and uncertainty of future of Warden Services has affected planning of integrated/ mainstreamed neighbourhood management approaches. However, pathfinder areas have made significant progress and more recently, Technical Services have increased community engagement in deprived areas. A targeted education and enforcement campaign for the prevention of fly tipping and section 46 offences is now scheduled for March 2009.
Homelessness Strategy	Regeneration	AMBER	Some non-critical milestones have slipped but many actions are achieved
Develop comprehensive engagement strategy and compact agreement with the voluntary and community sector	Corporate Services	AMBER	Draft framework for consultation will be circulated to the local strategic partnership.
Customer Access Strategy	Finance	AMBER	<p>Customer Care standards have been launched to the public and to all staff. Web usage and e-citizen registrations continue to increase. Web software is being reviewed in order to enhance the current product.</p> <p>Partnership working with diverse groups and local organisations continues to flourish. Building access is being addressed within the Strategic Asset Review.</p> <p>A revised Customer Access Strategy programme was agreed by Cabinet in December 2008. The four year programme is already underway and is initially focusing on Streetscene - looking at whole processes rather than individual systems.</p> <p>Amendments to the CRM software were made in November. These will resolve the key job scheduler problems with the ERIC Service and address all but two of the outstanding</p>



Key Project	Lead Department	Quarter 3 status (green, amber or red - see below)	Corrective action (amber or red only)
			technical issues. Work continues on allowing Pest Control and other potential users to make full use of the mobile solution.
Review partnership and governance arrangements for LSP	Corporate Services	AMBER	A revised governance structure has been presented to the LAA Programme Board for endorsement and comments. This structure will be presented to the LSP board in March. Further work is required regarding the roles and responsibilities of both of these boards as well as a review of the member representation.

3.8. Customer feedback is now recorded on the Customer Relationship Management (CRM) system and includes both complaints and compliments. Of the Stage 1 complaints in the last quarter these primarily related to the Strategic Asset Review. A total of 9 enquiries were received from the Ombudsman across all services of which 3 (2 for planning and 1 for sports and leisure services) are being investigated. Of the compliments recorded the number received continues to increase particularly in respect of waste services.

#### 4. FINANCIAL MONITORING

4.1. The net Council spend for 2008/09 is £299 million. The monitoring compares spend against the approved budget which includes growth and policy options as well as the agreed savings targets. When setting the 2008/09 budget the projected balances at 31 March 2009 were £5 million.

4.2. The latest position is as follows:-

Details	£million	£million
<b>Projected General Fund balances at 31 March 2009 when setting the budget for 2008/09</b>		5.0
<b>Cabinet decisions</b>		
26 June - Financial out-turn for 2007/08 showed an underspending and contribution to balances (see 4.3)		+2.5
9 July - Release of Insurance Fund reserve to general balance (see 4.4)		+3.0
23 July - Receipt of Local Authority Business Growth Incentive (LABGI) grant to general balance (see 4.5)		+1.3
23 July - Funding for street lighting energy and Children & Young People transport costs (see 4.5)		-0.9
16 October - Net impact of reduced capitalisation of highways maintenance spend (see 4.6)		-2.0
6 November - Use of Efficiency Investment Fund to fund change / reform teams (see 4.7)		+2.2
10 December - Release of reserves and provisions to		+0.3

the general balance (see 4.8)		
<b>Projected variances</b>		
Overspend		
Adult Social Services (see 4.9)	+3.5	
Children & Young People (see 4.10)	-	
Regeneration (see 4.11)	+0.8	
Technical Services (see 4.12)	+0.5	
Underspend		
Treasury Management (see 4.13)	-2.6	-2.2
Potential liability		
Reported to Cabinet 23 July in respect of fuel and energy costs in 2008/09 (see 4.5)		-2.6
<b>General Fund balances at 31 March 2009 based upon the latest projections</b>		6.6

- 4.3. The completion of the year-end accounts resulted in an increase in the projected balances at 31 March 2008 by £2.5 million. The main spending pressures within Adult Social Services more than offset by the increase in Housing Benefit grant and the benefits from Treasury Management activities.
- 4.4. The release of £3 million from the Insurance Fund reserve to the general balance is a result of the continuing improved performance in respect of insurance and risk management. This improved performance evidenced by the annual Actuarial assessment and the potential liability for claims.
- 4.5. The receipt of the final payment of the Local Authority Business Growth Incentive (LABGI) grant of £1.3 million, which related to the 2007/08 financial year, was added to balances. In terms of fuel and energy costs it was agreed that £780,000 be provided from balances this year to meet the increased energy costs for street lighting in Technical Services and £125,000 for fuel costs relating to Children & Young People transport costs. Financial pressures were identified based upon the likely outcome of the energy contracts due to be tendered later in 2008 and which were to be finalised and reported to Cabinet in February 2009.
- 4.6. Following the Audit of the Statement of Accounts for 2007/08 the amount included within the 2008/09 budget for the capitalisation of highways improvements was reduced by £2 million.
- 4.7. Cabinet agreed to fund a number of improvement teams from the Efficiency Investment Budget in 2008/09 totalling £2.2 million. These included the Adult Social Services Reform Team and the Finance department areas covering Procurement and Creditors, Change and Customer Services Development.
- 4.8. The review of Reserves and Provisions identified the release of sums totalling £360,000 into the General Fund balances. It was also agreed that the £230,000 which related to Regeneration be used to offset the projected departmental overspend.
- 4.9. Within Adult Social Services the pressures of increasing demand for care services that resulted in an overspend in 2007/08 remain. In terms of savings there are issues around the achievement of the total required this year. The present projections continue to indicate a £3.5 million overspend. The Director presented a detailed report to Cabinet on 4 September including the actions

being taken to mitigate the projected overspend. Cabinet noted this and regular updates on progress are being presented to Cabinet.

- 4.10.. The Director of Children and Young People has taken action to offset the pressures within the areas of Special Education Needs (SEN), care services and the delivery of employee related savings targets. The maximisation of grant opportunities has seen the projection from £3 million be eliminated.
- 4.11. Within Regeneration income and energy costs are projected to be at variance with the budget and efforts are being made to contain spend within the budget allocated. However, the options proposed to deliver the Service Re-engineering savings targets brought forward from 2007/08 are now incorporated within the Strategic Asset Review meaning an overspend of £0.8 million is likely. This has partially been offset by the release of reserves and provisions identified in 4.8.
- 4.12. The technical services budget is reliant upon income from car parking and planning and, as in previous years, the Director is highlighting shortfalls in these areas which will be difficult to accommodate from within the departmental budget. Whilst actions to address these by a series of budget virements were agreed by Cabinet pressures remain and with winter maintenance costs there is a projected £0.5 million overspend.
- 4.13. Treasury Management includes the management of cash flow and the need to borrow to fund investment has been re-engineered reducing the requirement for temporary borrowing. The savings achieved in 2007/08 continue and will deliver £0.5 million in 2008/09. With further benefits being a reduced need to borrow to fund the capital programme delivering £0.6 million savings and the opportunity to access the increased rates offered by the banking sector taken earlier this year the additional income realised is in the order of £1.1 million. Given the unpredictability in the financial sector any surplus resources are now being invested in lower risk / lower return investments.

## 5. CAPITAL MONITORING

- 5.1. The capital programme 2008/11 was approved by Council on 17 December 2007 and confirmed as part of the budget by Council on 3 March 2008. The 2009/12 programme was approved by Council on 15 December 2008. Monitoring compares the original programme with the latest forecast and incorporates changes, including slippage, agreed by Cabinet.

Spend	Original	Forecast	Forecast
	Approval	September	December
	£000	£000	£000
Adult Social Services	2,952	3,815	3,128
Children & Young People	32,221	26,426	25,455
Corporate Services	410	1,160	1,160
Law, HR and Asset Mgt	1,860	2,111	2,111
Regeneration	29,079	36,876	37,276
Technical Services	11,318	12,589	10,433
<b>Total programme</b>	<b>77,840</b>	<b>82,977</b>	<b>79,563</b>

- 5.2. The resources table similarly compares the developing programme and reflects the agreed changes. The generation of capital receipts through the sale of assets is used to fund the programme and at this stage £4 million is included for

use in 2008/09. Income from sales, whilst uncertain in the exact timing of receipt, offers flexibility in the timing of its use and can be used to either balance the current programme or to address future budgetary issues.

<b>Spend</b>	<b>Original Approval £000</b>	<b>Forecast September £000</b>	<b>Forecast December £000</b>
Borrowing	31,092	31,073	27,816
Grant – HMRI	9,800	8,900	8,900
Grant – Education	20,899	17,100	16,359
Grant – Other	11,636	21,487	22,025
Revenue	413	417	463
Capital Receipts	4,000	4,000	4,000
<b>Total resources</b>	<b>77,840</b>	<b>82,977</b>	<b>79,563</b>

- 5.3. The main reasons for the changes between the forecasts for September and December relate to the cancelling of the Poulton House project and the reduced capitalisation of highways maintenance which were agreed at Cabinet on 16 October 2008.
- 5.4. The Director of Adult Social Services has commenced the consultation on a review of intermediate care that will also impact upon the decisions regarding adult accommodation provision. This resulted in the Cabinet agreeing to the scheme for Poulton House being deleted from the programme. Other schemes are therefore subject to review pending the outcome of the consultation.
- 5.5. Within Children and Young People the Building Schools for the Future (BSF) - One Pathfinder project continues to progress in accordance with the timescales agreed with the Department for Children, Schools and Families. A start on site is expected early in 2009. Under the national scheme to develop Children's Centres Phase 1 and Phase 2 has now seen all 19 centres opened.
- 5.6. Under Regeneration the Oval Sports Centre successfully re-opened after a substantial programme of works and the redevelopment of New Brighton is progressing well. This includes the creation of the new Floral Pavilion which was officially opened in December.
- 5.7. The Special Initiatives element of the programme includes schemes and related funding in respect of Objective One (£5.5 million) and the Single Regeneration Budget (£4.5 million). The schemes contribute towards the conclusion of the Merseyside-wide programme which will be further refined as it is not due to complete until 2010.
- 5.8. The Housing Market Renewal Initiative (NewHeartlands) continues to progress although the impact of the worldwide and national financial situation is affecting developers. The size and nature of the programme requires both the programme and the funding to be more flexible with the re-phasing of expenditure and resources kept under review to maintain progress.
- 5.9. The Technical Services programme and financing reflect the decision of Cabinet agreeing to the reduction in the amount of works that could be capitalised in 2008/09.

## 6. RISK MONITORING

- 6.1. The revised Corporate Risk Register was agreed by Cabinet on 13 March 2008 and is the baseline document which is reviewed quarterly. The register was further reviewed by Cabinet on 10 December 2008 and is to be refined as Departmental Service plans for 2009/10 are produced.
- 6.2. For most of the risks the planned improvements in control actions have been implemented along with further identified actions to ensure that the risks are being controlled. Examples of positive developments include:-

<b>Risk No.</b>	<b>Description</b>	<b>Positive Developments in Control Actions</b>
1.	Death or serious injury to a service user, staff member, or anyone to whom the Council owes a duty of care.	3 IOSH Managing Safely Courses covering 35 managers now delivered. In October the Corporate Health & Safety Committee ratified 6 revised health & safety arrangements.
2.	Failure to prepare adequately for/manage the impact of a pandemic.	Critical employees from Adult Social Services, Children & Young People and Cemeteries & Crematoria identified as priorities for anti-viral drugs.
4.	Changing need and demand for services (driven by legislative, social and demographic change) is not managed effectively	In connection with the Equalities Policy & Standard a Single Equality Scheme produced and is subject to consultation.
9.	Partnerships are not well planned and we do not work effectively with others	As part of its preparation for CAA the Partnership took part in a self-evaluation toolkit pilot and lessons learnt are now being fed into CAA planning.
11.	Failure to effect a workforce development plan to ensure that we have a workforce in place which meets the planned changing needs of the Council, including effective succession planning	An external provider has been selected to develop an online application tool attached to a number of national electronic recruitment portals. Workforce planning has been incorporated into departmental services plans for 2009/10.
12.	We do not fully exploit all available resources, including technology.	Cabinet was provided with an update report on delivery of the Change Programme on 10 December 2008.
14.	Failure to plan and manage performance (CAA) and finances in accordance with plans and budgets	A report detailing the Audit Commission's project brief for the CAA Use of Resources Assessment 2009 to Audit & Risk Management Committee on 26 January.
17.	Failure in safeguarding arrangements (adult or child)	With the exception of the development of formal links and training to the Wirral Multicultural Centre staff actions planned by Adult Social Services implemented.
22.	Adverse effect on Council budgets of rising energy prices.	Developments in the Strategic Asset Review have been reported to Cabinet in December and January.
24.	Impact of volatility and downturn in the economy	Treasury management policies have continued to be reviewed as have

<b>Risk No.</b>	<b>Description</b>	<b>Positive Developments in Control Actions</b>
		enhancements to the monitoring of key budget areas.
29.	Serious failure in information governance.	Revised ICT Security Policy reported to Cabinet on 10 December 2008 and communicated to staff in January 2009.

6.3. Those areas where progress in implementing controls has not proceeded to timetable or where information is not available are:

<b>Risk No.</b>	<b>Description</b>	<b>Areas where Control Actions have yet to be progressed</b>
3.	Key Council services are not resilient to disruption and business continuity arrangements are inadequate.	The date for finalising all business continuity plans has been revised to January 2009 as some departments have yet to supply their plans to the Health, Safety & Resilience Operations team.
6.	Community expectations are not properly understood or managed well.	The programme for the sustainability appraisal of the LAA remains slightly behind schedule.
15.	Failure to execute the Council's Investment Strategy (or failure of the Strategy to deliver).	After a slight delay the Corporate Investment Group is being established.
19.	Failure to progress the regeneration of economically disadvantaged areas	After a slight delay the Corporate Investment Group is being established.

6.4. A further issue proposed was considered to be of corporate significance and will be added to the Register.

- Failure to deliver the Change Programme.

6.5. All risks previously on the register were still considered to present a sufficiently large corporate threat and none have been removed. The recent high profile cases in respect of child care services have enhanced the existing corporate risk relating to safeguarding arrangements. The management of this area continues with increasing monitoring and, if appropriate, a report on any further planned actions will be taken to Cabinet.

## **7. REPORTING OF 2008/09 FULL YEAR PERFORMANCE AND FINANCIAL INFORMATION**

7.1 It has not been possible to present this quarter three report earlier given that the Cabinet meeting of 23<sup>rd</sup> February was reserved by members for budget discussions.

7.2 The timeliness of future reports continues to be problematic due to the timing of Cabinet meetings. The full year report will be the next performance and financial report that Cabinet will receive and will include performance and financial information for 2008/09. The table below sets out the future Cabinet meeting dates and explanations for potential timelag in reporting the full year position:

<b>Year end date</b>	<b>Cabinet Meeting</b>	<b>Explanation</b>
Tuesday 31 <sup>st</sup> March 2009	9 <sup>th</sup> April 2009	The server deadline for this report is the 23 <sup>rd</sup> March which is earlier than the year end date.
	23 <sup>rd</sup> April 2009	The server deadline for this report is the 30 <sup>th</sup> March which is earlier than the year end date.
	12 <sup>th</sup> May 2009  (provisional subject to approval by Cabinet 19.03.09)	This Cabinet meeting has been identified for the selection meeting. Should Cabinet agree that the performance and financial information can be reported to this meeting, it should be noted that departments have indicated that some performance information will not be available for this report due to the validation process. For example social care data within the Children and Young People's Department will still be subject to validation.

7.3 Given the issues set out above the earliest opportunity to present full performance and financial information for 2008/09 would be the Cabinet meeting which is provisionally scheduled for 3<sup>rd</sup> June 2009.

7.4 Should members agree to receive the report at the 3<sup>rd</sup> June Cabinet meeting then officers will make the information within this report available on the virtual committee and Chief Officers will brief Executive Members at the earliest opportunity after the year end. This issue has been discussed with the Audit Commission who consider it to be a reasonable approach.

## **8. OTHER IMPLICATIONS**

8.1. There are no equal opportunities, human rights, community safety, local member support, local agenda 21 or planning implications arising directly from this report.

## **9. BACKGROUND PAPERS**

9.1 Wirral Corporate Plan 2008/11.

9.2 This report and the following supporting appendices have been placed in the Virtual Committee:-

Appendix A – Performance Monitoring Summary.

Appendix B – Financial Monitoring Summary.

Appendix C – Capital Monitoring Summary.

Appendix D – Corporate Risk Monitoring Summary.

## **10. RECOMMENDATIONS**

- 10.1. That Cabinet review the performance to date as detailed in this report and identify any areas for further action.
- 10.2. That full year performance and financial information is presented to Cabinet in June. The Cabinet meeting prior to the 3<sup>rd</sup> June is the Cabinet selection meeting (13<sup>th</sup> May). Should Cabinet request to receive the performance and financial information at the selection meeting it is important to note that the performance and financial information in some cases will be provisional and unvalidated.
- 10.3. Should Cabinet approve that the report is taken to the 3<sup>rd</sup> June Cabinet as recommended in 10.2; then the full performance and financial information will be made available on the virtual committee and Chief Officers will brief the relevant Executive Members at the earliest opportunity after the year end.

STEPHEN MADDOX  
CHIEF EXECUTIVE



## **WIRRAL COUNCIL**

### **FINANCE AND BEST VALUE OVERVIEW AND SCRUTINY COMMITTEE**

**6 APRIL 2009**

#### **REPORT OF THE DIRECTOR OF FINANCE**

##### **FINANCE DEPARTMENT PLAN 2009/10**

### **1. EXECUTIVE SUMMARY**

- 1.1. This report sets out how the Finance Department will contribute to the overall delivery of Council aims and priorities during 2009/10, in the context of the Corporate Plan.
- 1.2. The Departmental Plan contains a number of objectives which link to the aims and priorities of the Council. They include targets against which performance and achievement will be measured.
- 1.3. The document informs the annual budgeting process and provides the basis for detailed service plans which identify how the various divisions and sections will deliver the aims and objectives of the Department. This in turn will flow through into the individual team members' Key Issue Exchange process.

### **2. INTRODUCTION**

- 2.1. This report sets out the strategic direction of the Finance Department and provides the links to the Corporate Plan and other critical plans and identifies the targets, indicators and significant projects which will determine the demands upon resources. The full report is provided at Appendix 1.
- 2.2. The report is structured around the following aspects:
  - Plans for 2009-10
  - Finance Department Overview
  - Outcomes Framework
  - Financial Summary
  - Managing Staff, Assets and Risks

### **3. FINANCIAL AND STAFFING IMPLICATIONS**

- 3.1. The detailed financial and staffing implications, including training needs, will be set within the overall budget allocation process. This will include the impact of service improvements and efficiencies.

**4. EQUAL OPPORTUNITY IMPLICATIONS**

4.1. There are no equal opportunity implications.

**5. HUMAN RIGHTS IMPLICATIONS**

5.1. There are no human rights implications

**6. LOCAL MEMBER SUPPORT IMPLICATIONS**

6.1. There are no specific Member support implications.

**7. LOCAL AGENDA 21 STATEMENT**

7.1. There are no local agenda 21 implications.

**8. PLANNING IMPLICATIONS**

8.1. There are no planning implications.

**9. COMMUNITY SAFETY IMPLICATIONS**

9.1. There are no community safety implications

**10. BACKGROUND PAPERS**

10.1. Corporate Plan - February 2009

**11. RECOMMENDATION**

11.1. That Members review and comment on the Finance Department Plan 2009/10.

IAN COLEMAN  
DIRECTOR OF FINANCE

DRAFT



**FINANCE DEPARTMENT  
DEPARTMENTAL PLAN**

**2009-2010**

## FINANCE DEPARTMENT – DEPARTMENTAL PLAN CONTENTS

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1. **Our Plans for 2009-2010**
2. **Departmental Overview**
3. **Delivering Our Plans - Outcomes Framework**
4. **Delivering Our Plans – Financial Summary**
5. **Delivering Our Plans - Managing Staff, Assets and Risks**

### 1. OUR PLANS FOR 2009-2010

#### 1.1 The Council's Corporate Plan

Wirral's Local Strategic Partnership, which brings together community, private, public and voluntary agencies, has produced a Community Strategy 'Getting Better Together' which sets out a 10 year vision to **'make Wirral a better place in which to live, work and invest'**. It identifies 8 themes for action which reflect local priorities and provide a framework for improving the economic, environmental and social well-being of local people.

The Council's Corporate Plan, agreed in March 2008 and reaffirmed in September 2008, identifies a vision for Wirral of **'a more prosperous and equal Wirral, enabling all communities and people to thrive and achieve their full potential.'** The Corporate Plan identifies five strategic objectives, with aims for 2008-13 and immediate priorities for improvement.

Underpinning the Corporate Plan are a number of key strategies which are reviewed annually. These strategies include:

- Medium Term Financial Strategy
- People Strategy
- Customer Access Strategy
- ICT Strategy
- Risk Strategy
- Asset Management Strategy

The Corporate Plan is reviewed annually and the budget agreed each year. Departmental plans are linked to the budget.

The Departmental Plans, which are also reviewed annually, identify how each department delivers corporate and departmental objectives within the resources available (people, finance and assets) and within a risk managed environment.

## **1.2 Summary of contribution to LAA improvement priorities**

The council has signed up to deliver Wirral's Local Area Agreement as a member of the Local Strategic Partnership.

In 2009-10, the Finance department does not lead on the delivery of any of the LAA improvement priorities and targets. The department contributes to the delivery of the LAA through financial management and customer services support.

## **2. FINANCE DEPARTMENT OVERVIEW**

The six service areas within the Finance Department are:

- Financial Services
- Information Technology Services
- Merseyside Pension Fund
- Revenues, Benefits and Customer Services
- Support Services
- Change Team

The Department employs over 800 staff at its principal sites at Cleveland Street, Birkenhead, Castle Chambers, Liverpool and Cheshire Lines Building, Birkenhead. Staff are also located at One Stop Shops around the Borough and in other Departments supporting Information Services. The core functions of the Finance Department include administering Council Tax and Business Rates, paying Housing and Council Tax Benefits and managing the Merseyside Pension Fund.

The Director of Finance is statutorily responsible for the proper administration of the Authority's financial affairs. This includes setting and monitoring compliance with appropriate financial management standards, advising on the corporate financial position and on the key financial controls necessary to secure sound financial management; providing financial information; preparing the revenue budget and capital programme, treasury management, and ensuring that an adequate and effective system of internal audit is in place.

The Department is leading a significant number of Change Programme Initiatives. In addition it plays a role in supporting other Departments delivering the major projects identified to generate efficiency savings.

The Departmental Plan will be updated as necessary as the implementation of these initiatives evolves. Members will be kept closely informed of this through the regular reporting process.

## 2.1 Summary of key outcomes relating to improvement priorities for 2009-10

The council has a number of improvement priorities for 2009-10. The department leads on the following areas within the Strategic Objective of 'Create an Excellent Council':

**Maintain a sustainable and stable budget, providing value for money**

**Improve the Council's budgeting process to fully reflect its priorities**

In 2009-10, the department will deliver the following activities and key outcomes in relation to these improvement priorities:

- Value For Money and cost comparisons
- Financial Strategy - medium term financial plan and budgeting process

The department also makes a contribution to the following:

**Reducing the Council's carbon footprint:**

- Environmental Management System

**Improve the use of the Council's land and assets:**

- Change Programme 2009/2012
- Capital Strategy
- Corporate Risk Strategy
- Internal Audit Plan

### 3. DELIVERING OUR PLANS – OUTCOMES FRAMEWORK

Projects, activities and related Performance Indicators marked in **bold** and with an asterisk (\*) are those which feature in the Corporate Plan.

Strategic Objective	Aims / 2009-10 Priorities in bold	We will deliver: Projects and/or Activities	Code	We will measure our success by - related Performance Indicators	Lead Portfolio	Lead Service Area	Who else is required?
To create more jobs, achieve a prosperous economy and regenerate Wirral	Reduce worklessness	Reducing Worklessness <ul style="list-style-type: none"> <li>Customer Services and Benefits Service joint working with Department for Work and Pensions (DWP)</li> </ul>	FIN NC 1.1	National project – no PIs yet determined	Community and Customer Engagement		DWP
	Reduce the council's carbon footprint	Environmental Management System (EMS) plan <ul style="list-style-type: none"> <li>Finance Department components</li> </ul>	FIN IMP 2.1	EMS audit Maintain Environmental Management System (ISO 14001) status	Finance and Best Value	SS	All service areas
Create an excellent council	Improve the use of the Council's land and assets	<b>*Use of Resources (CAA)</b> <ul style="list-style-type: none"> <li>Delivery of action plan</li> </ul>	<b>FIN IMP 2.2</b>	<b>*Achievement of action plan targets</b>	Corporate Resources	FS	<b>All departments</b>
	Improve the use of the Council's land and assets	<b>*Change Programme 2009/2012 (Cabinet 081210) – Customer Access Strategy</b> <ul style="list-style-type: none"> <li>Initially using Streetscene services</li> </ul>	<b>FIN NC 1.2</b>	Quarterly review and progress report  <b>*Achievement of action plan targets</b>	Finance and Best Value	RBCS	<b>All departments</b>
	Improve the use of the Council's land and assets	<b>*Change Programme 2009/2012 (Cabinet 081210) – Common Administrative Processes</b> including the key projects of: <ul style="list-style-type: none"> <li>Highways and Engineering Services contract arrangements (HESPE)</li> <li>Human Capital Management (HCM) and payment of expenses</li> <li>Integrated Financial Systems (IFS)</li> </ul>	<b>FIN NC 1.3</b>	Quarterly review and progress report against key project milestones  <b>*Achievement of action plan targets</b>  <b>*LOCAL 2069</b> - visits to the Council's website	Finance and Best Value	FS	<b>All departments</b>
	Improve the use of the Council's	<b>*Change Programme 2009/2012 Strategic Asset Review (Cabinet</b>	<b>FIN NC 1.4</b>	<b>*Achievement of action plan targets</b>	Finance and Best	SS	

Strategic Objective	Aims / 2009-10 Priorities in bold	We will deliver: Projects and/or Activities	Code	We will measure our success by - related Performance Indicators	Lead Portfolio	Lead Service Area	Who else is required?
	land and assets	<b>081127</b> – a catalyst for changing how people work and how services are accessed <ul style="list-style-type: none"> <li>Finance department components</li> </ul>			Value		
	Improve the use of the Council's land and assets	<b>*Change Programme (Cabinet 081210) 2009/2012</b> <b>ICT Technological Developments</b> the work necessary to keep computers and software functioning and up to date, including: <ul style="list-style-type: none"> <li>Government Connect - secure exchange of data with public sector partners</li> </ul>	<b>FIN NC 1.5</b>	<b>*Achievement of action plan targets</b> Quarterly review and progress report against key project milestones  System availability	Finance and Best Value	ITS	
	Improve the use of the Council's land and assets	ICT Strategy and Development Plan (in addition to Change Programme) <ul style="list-style-type: none"> <li>Support for change programme projects including:                             <ul style="list-style-type: none"> <li>common administrative processes</li> <li>Customer Access Strategy</li> <li>Infrastructure development to support asset review and enable resilient agile working</li> </ul> </li> <li>Continuous review of operation and services</li> <li>Help Desk remote support project</li> <li>Application monitoring to improve performance</li> </ul>	FIN IMP 2.3	Programme agreed by March each year. Quarterly monitoring and reporting  Complete projects to specification within agreed timescales and budget  Customer satisfaction (new PI)	Finance and Best Value	ITS	
	Improve the use of the Council's land and assets	<b>*Capital Strategy</b> <ul style="list-style-type: none"> <li>Improved decision making e.g. capital programme</li> <li>Continue to assess Capital Programme bids against updated and appropriate priorities</li> </ul>	<b>FIN IMP 2.4</b>	Programme agreed by March each year. Quarterly monitoring and reporting and annual report	Finance and Best Value	FS	<b>All departments</b>
	Improve the use	<b>*Corporate Risk Strategy</b>	<b>FIN RI</b>	Review by July each year.	Finance	FS	<b>All</b>



Strategic Objective	Aims / 2009-10 Priorities in bold	We will deliver: Projects and/or Activities	Code	We will measure our success by - related Performance Indicators	Lead Portfolio	Lead Service Area	Who else is required?
	of the Council's land and assets	<ul style="list-style-type: none"> <li>Regularly refresh risk register in light of corporate priorities</li> </ul>	3.1	Quarterly monitoring and reporting and annual report	and Best Value		departments
	Improve the use of the Council's land and assets	<b>*Internal Audit Plan</b> <ul style="list-style-type: none"> <li>Develop and deliver programme based on risk</li> </ul>	FIN RI 3.2	<b>*LOCAL 2060</b> - completion of all high risk systems identified in the Audit Plan  Monthly monitoring and reporting and annual report	Finance and Best Value	Internal audit	All departments
	Improve the use of the Council's land and assets	Equality and Diversity (see also Section 5.3) <ul style="list-style-type: none"> <li>Departmental Equality Group work programme and Action Plan</li> </ul>	FIN IMP 2.5	Achievement of Action Plan targets	Community and Customer Engagement	SS	
	Improve the use of the Council's land and assets	Workforce Development <ul style="list-style-type: none"> <li>Workforce Development Plan (WDP)</li> <li>Investors in People</li> </ul>	FIN IMP 2.6	Implementation of WDP Staff feedback Retention of IIP status	Finance and Best Value	SS	
	Maintain a sustainable and stable budget providing value for money	<b>*Value For Money and cost comparisons</b> <ul style="list-style-type: none"> <li>Deliver value for money (VFM) through procurement, collaboration and change; increase the level of general balances</li> </ul>	FIN IMP 2.7	<b>*NI 179</b> - value of cash-releasing value for money gains  Efficiency statement on Council tax bill  <b>*LOCAL 2067</b> - efficiencies gained through procurement  <b>*LOCAL 2080</b> - the percentage of invoices for commercial goods and services which were paid by the authority within 30 days of such invoices being	Finance and Best Value	FS	All departments

Strategic Objective	Aims / 2009-10 Priorities in bold	We will deliver: Projects and/or Activities	Code	We will measure our success by - related Performance Indicators	Lead Portfolio	Lead Service Area	Who else is required?
				received by the authority.			
	<b>Maintain a sustainable and stable budget providing value for money</b>	Value for Money (Finance Department specific) <ul style="list-style-type: none"> <li>• review of payment options throughout Council services</li> <li>• transfer of services to cheapest access channels</li> <li>• Council tax collection and administration</li> <li>• Administration of Housing and Council tax benefit</li> <li>• Discretionary rate relief</li> </ul>	FIN IMP 2.8		Finance and Best Value	FS	All service areas
	<b>Maintain a sustainable and stable budget providing value for money</b>	<b>*Benefits Service Delivery</b> Projects include: <ul style="list-style-type: none"> <li>• <b>*maximising delivery of Housing Benefits service including Local Housing Allowance</b></li> <li>• <b>*maximising revenue collection</b></li> </ul>	FIN NC 1.6	<b>*NI 180</b> - changes of circumstance <b>*NI 181</b> - time taken to process new claims <b>*LOCAL 2073</b> - Council Tax collected	Finance and Best Value	RBCS	DWP
	<b>Improve the council's budgeting process to fully reflect its priorities</b>	<b>Financial Strategy</b> <b>*Medium Term Financial Plan</b> <ul style="list-style-type: none"> <li>• Continue to develop and regularly review the medium term (3 year) financial plan; achieve identified savings</li> <li>• Create a sustainable budget Budget agreed by March each year</li> <li>• Treasury Management Policy</li> </ul>	FIN RI 3.3	Review by July each year. Quarterly monitoring and reporting  <b>*LOCAL 2068</b> - Section 25 report	Finance and Best Value	FS	<b>All departments</b>
	Improve accountability, accessibility and openness and involve those who use our services in their design and delivery	<b>Customer Access Strategy</b> (in addition to change programme) Projects include: <ul style="list-style-type: none"> <li>• <b>*Delivery of customer care standards across the Council</b></li> </ul>	FIN IMP 2.9	<b>*NI 14</b> - reducing avoidable contact <b>*LOCAL 2004</b> - no. of complaints <b>*LOCAL 2063</b> - calls handled through the Call	Community and Customer Engagement	RBCS	ITS  All Council departments

Strategic Objective	Aims / 2009-10 Priorities in bold	We will deliver: Projects and/or Activities	Code	We will measure our success by - related Performance Indicators	Lead Portfolio	Lead Service Area	Who else is required?
		<ul style="list-style-type: none"> <li>Tax and benefits review – e-enablement, front line delivery, and integrating working practices</li> </ul>		Centre LOCAL 2071 - satisfaction with overall service provided by the Council LOCAL 2072 - satisfaction with handling of complaints LOCAL 2070 - registrations onto E-Citizen Revenues and Benefits system			
	Improve accountability, accessibility and openness and involve those who use our services in their design and delivery	<b>*Access to Services inspection</b> <ul style="list-style-type: none"> <li>Delivery of action plan</li> </ul>	<b>FIN IMP 2.10</b>	<b>*Achievement of action plan targets</b>	Community and Customer Engagement	RBCS	All departments
	Improve accountability, accessibility and openness and involve those who use our services in their design and delivery	Merseyside Pension Fund Activities include: <ul style="list-style-type: none"> <li>Pension Fund investment performance</li> <li>Pensions administration</li> <li>Improving Pensions Scheme take-up levels</li> <li>Electronic data exchanges</li> </ul>	FIN IMP 2.11	LOCAL 2041 - investment performance	Finance and Best Value	MPF	<b>Pension scheme employers</b>  ITS
	Improve accountability, accessibility and openness and involve those who use our services in their design and delivery	Access to Information <ul style="list-style-type: none"> <li>Data Protection</li> <li>Freedom of Information</li> </ul>	FIN RI 3.4	LOCAL 2056 - requests processed within 40 calendar days LOCAL 2057 - requests processed within 20 working days	Finance and Best Value	SS	<b>All departments</b>
	Improve partnership working with the public, private & voluntary sectors	Partnership development <ul style="list-style-type: none"> <li>One Stop Shop surgeries and outreach</li> </ul>	FIN IMP 2.12	Number of surgeries and customer take-up	Community and Customer Engagement	RBCS	Other Public & Voluntary Sector bodies

### 3.1 Performance Indicators

The Finance Department is responsible for the following Performance Indicators. Corporate Plan indicators are shown in **bold**. The annual targets will be reviewed and revised as part of the budget planning process.

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PI No.	Title	09/10 target	10/11 target	11/12 target	Service Area	Portfolio
<b>NI 14</b>	<b>Reducing avoidable contact, minimising the proportion of customer contact that is of low or no value to the customer</b>	100	100	100	RBCS	CCE
<b>NI 179</b>	<b>Value for money – total net value of on-going cash-releasing value for money gains that have impacted since the start of the 2008-9 financial year</b>	£10m	£10m	£10m	FS	FBV
<b>NI 180</b>	<b>The number of changes of circumstances which affect customers' HB/CTB entitlement within the year</b>	1.08	1.08	1.08	RBCS	FBV
<b>NI 181</b>	<b>Time taken to process Housing Benefit/Council Tax Benefit new claims and change</b>	15.9	15.4	14.9	RBCS	FBV
<b>LOCAL 2004</b>	<b>Number of complaints registered on Council's procedure</b>	908	883	858	RBCS	CCE
DEPT 2007	Percentage of transactions/enquiries resolved at first point of contact. This includes by telephone, letter, email or Internet	75	76	76	RBCS	CCE
DEPT 2010b	Percentage of people waited under 15 minutes to be seen by an adviser	90	91	92	RBCS	CCE
DEPT 2010c	Percentage of people who felt that they were dealt with in a positive and in a welcoming manner	99.6	99.6	99.7	RBCS	CCE
DEPT 2010d	Percentage of customer interview times within 20 mins at One Stop Shop	82	83	84	RBCS	CCE
DEPT 2015a	Improving Customer Services: Achievement of service standards in customer services strategy/pledge: The percentage of complaints responded to within 15 working days	88	90	92	RBCS	CCE
DEPT 2019	Percentage of District Valuer Alterations actioned within 15 days	96	96	98	RBCS	FBV
DEPT 2020	Percentage of sundry debt arrears outstanding by year end	20	20	20	RBCS	FBV

PI No.	Title	09/10 target	10/11 target	11/12 target	Service Area	Portfolio
LOCAL 2041	Investment performance as a movement from strategic benchmark	1.25	1.25	1.25	MPF	FBV
DEPT 2046	Payment of creditors by BACS	82	84	86	SS	FBV
DEPT 2055	Improving customer services: achievement of service standards in customer services strategy/pledge: The percentage of emails responded to within 15 days	78	80	82	RBCS	CCE
LOCAL 2056	Percentage of requests regarding Data Protection processed within 40 calendar days	95	95	95	SS	FBV
LOCAL 2057	Percentage of requests regarding Freedom of Information processed within 20 working days	95	95	95	SS	FBV
<b>LOCAL 2060</b>	<b>Completion of all HIGH RISK systems identified in the Audit Plan</b>	100	100	100	Internal audit	FBV
DEPT 2061	Number of active annual benefit statements issued v estimated target total of 51,163	51,163	51,163	51,163	MPF	FBV
DEPT 2062	Number of deferred annual benefit statements issued v estimated target total of 22,810	22,810	22,810	22,810	MPF	FBV
<b>LOCAL 2063</b>	<b>Percentage of calls handled through the Call Centre</b>	95	95	95	RBCS	CCE
LOCAL 2065	Days absence against numbers in post	tbc	tbc	tbc	SS	FBV
<b>LOCAL 2067</b>	<b>Efficiencies gained through procurement</b>	£1m	£1m	£1m	SS	FBV
<b>LOCAL 2068</b>	<b>Section 25 report from Section 151 Officer</b>	1	1	1	FS	FBV
<b>LOCAL 2069</b>	<b>Number of visits to the Council's website</b>	65,219	68,713	72,206	RBCS	CCE
LOCAL 2070	Number of registrations onto E-Citizen Revenues and Benefits system	5,000	7,500	10,000	RBCS	CCE
LOCAL 2071	The percentage of citizens satisfied with the overall service provided by the Council	66	67	67	RBCS	CCE
LOCAL	Percentage of those making complaints satisfied with the handling of those complaints	35	40	45	RBCS	CCE

PI No.	Title	09/10 target	10/11 target	11/12 target	Service Area	Portfolio
2072						
<b>LOCAL 2073</b>	<b>Percentage of Council Tax collected</b>	97.0	97.2	97.3	RBCS	FBV
DEPT 2074	The percentage of non-domestic rates due for the financial year which were received by the authority.	96.5	96.5	97.0	RBCS	FBV
DEPT 2075	Housing Benefit and Council Tax Security: The number of fraud investigations per 1000 caseload	25	25	25	RBCS	FBV
DEPT 2076	Housing Benefit and Council Tax Security: The number of prosecutions and sanctions per 1000 caseload	5	5	5	RBCS	FBV
<b>LOCAL 2080</b>	<b>The percentage of invoices for commercial goods and services which were paid by the authority within 30 days of such invoices being received by the authority</b>	90	90	90	SS	FBV

#### **4. Delivering Our Plans – Financial Summary**

Please note that detailed budgets will be considered by Cabinet and Council in February and March and this section of the business plan will be revised accordingly.

##### **4.1 Revenue**

##### **4.1.1. FINANCE DEPARTMENT POSITION AS AT 31 OCTOBER 2008**

	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Base budget</b>	<b>21,047.7</b>	<b>18,663.5</b>	<b>19,448.8</b>
<b>Increased Requirements</b>			
Pay	533.5	533.5	533.5
Prices	277.0	277.0	277.0
Efficiency Investment Fund	2,900.0		
Deputy Print Manager	39.6		

Energy and Fuel	199.3		
Harmonisation of Pay	234.7		
Insurance	2.4		
Benefits Subsidy	700.0		
Admin Buildings Recharge	30.5		
Transfers from Departments	278.4		
<b>Decreased Requirements</b>			
Income Inflation	-25.2	-25.2	-25.2
Depreciation & Impairment	-13.4		
Inter Committee Recharges	-1,451.4		
Central Service Recharges	-886.0		
Efficiency Savings			
- Cabinet 16 Oct 2008	-810.0		
- Cabinet 06 Nov 2008	-3,340.0		
- Cabinet 27 Nov 2008	-140.0		
Transfer to other Departments	-913.6		
<b>Base budget</b>	<b>18,663.5</b>	<b>19,448.8</b>	<b>20,234.1</b>

The key budget issues for the Department are summarised as follows:

#### GROWTH

Description	£000	Details
Energy Investment Fund	2,900	Delivery of Efficiency Plan
Deputy Print Manager	40	Financed from surplus on printing trading account

Benefits Subsidy	700	DWP reduction in income 3% per year from 08/09
------------------	-----	--

**SAVINGS**

Description	£000	Details
Cash Handling	10	Reduced cashiers cash handling charges
DWP Grant	600	Housing Benefit and Council Tax improved use of technology
Student Awards	50	Student Awards no longer processed by one Stop Shops
Corporate ICT Staff Savings	100	Creation of Corporate ITU unit
ITS Hardware Review	50	Re-tendering IT hardware and storage capacity contract
WPH Cash Handling	140	Increased income from WPH after closure of their cash offices
Procurement Efficiencies	1,500	Corporate Procurement Efficiencies
Procurement and Creditors	1,022	Funding of Procurement and Creditors from Efficiency and Investment Fund in 2008/09
Change Team	635	Funding of Change Team from Efficiency and Investment Fund in 2008/09
Customer Services Development	183	Funding of Customer Services Development from Efficiency and Investment Fund in 2008/09



## 4.1.2 TREASURY MANAGEMENT - POSITION AS AT 31 OCTOBER 2008

## SUMMARY

The Treasury Management budget is projected to produce an underspend this year largely as a consequence of increased income from investments and improved management of the cash flow. These areas of potential volatility / variation and continue to be closely monitored as they fluctuate based upon changes in the global economy. The investment with an Icelandic bank continues to be the subject of regular communication with the administrators appointed to resolve the bank's affairs.

	2009/10 £000	2010/11 £000	2011/12 £000
<b>Base budget</b>	<b>11,754.8</b>	<b>7,756.5</b>	<b>10,741.2</b>
<b>Increased Requirements</b>			
Pay	51.3	51.3	51.3
Prices	33.4	33.4	33.4
Capital Financing Growth			
- Cabinet 10 Dec 2008	3,200.0	2,900.0	2,300.0
Transfers from Departments	797.1		
Inter Committee Recharges	454.2		
Central Service Recharges	136.9		
<b>Decreased Requirements</b>			
Admin Buildings Recharge	-8.4		
Transfers to other Departments	-222.2		
Capital Recharges	-7,740.6		
Efficiency Savings			
- Cabinet 16 Oct 2008	-500.0		
Removal of previous years Policy Option	-200.0		
<b>Base budget</b>	<b>7,756.5</b>	<b>10,741.2</b>	<b>13,125.9</b>

The key budget issues for the Department are summarised as follows:

### **POLICY OPTIONS**

The following policy options have been excluded from the base budget for 2009/10:

<b>Description</b>	<b>£000</b>	<b>Details</b>
Revenue Matched Funding	200	1 year policy option in 2008/09

### **GROWTH**

<b>Description</b>	<b>£000</b>	<b>Details</b>
Capital Programme 2009-10	3,200	Increased interest and loan repayments

### **SAVINGS**

<b>Description</b>	<b>£000</b>	<b>Details</b>
Temporary Borrowing	500	Reduction in Treasury Management temporary borrowing costs

#### **4.2 Capital**

The Finance department has no specific capital schemes.

#### **4.3 Value for Money**

The council is committed to providing value for money services. To this end, the department undertakes to review those service areas identified as being of relatively high spend (when compared with others). These areas are as follows:

- review of payment options throughout Council services
- transfer of services to cheapest access channels
- Council tax collection and administration
- Administration of Housing and Council tax benefit
- Discretionary rate relief

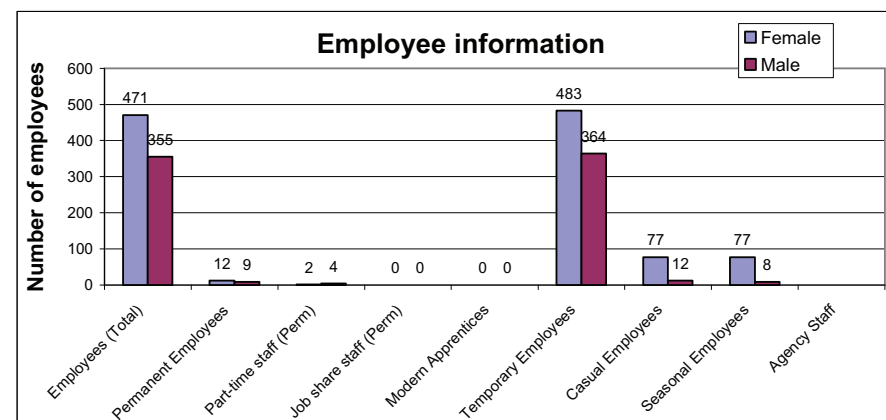
## 5. DELIVERING OUR PLANS - MANAGING STAFF, ASSETS AND RISKS

### 5.1 HR / Workforce Plans

#### Finance Department Workforce Profile:

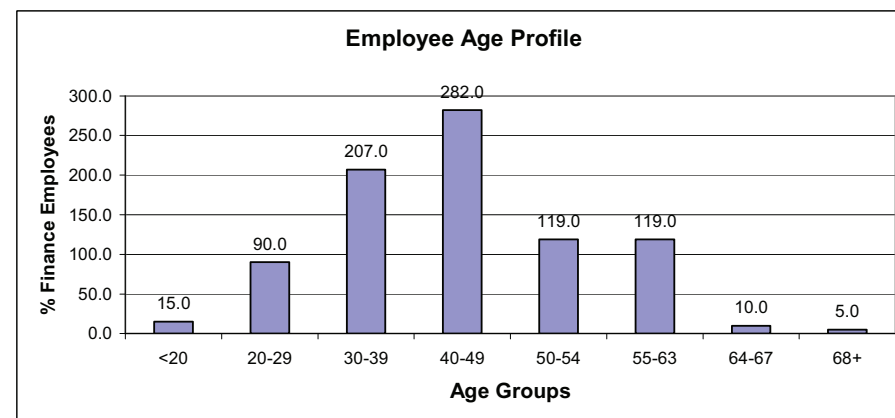
Employee Information as at 11-11	Female	FTE	%	Male	FTE	%
Employees (Total)	471	400.20	55.54%	355	346.80	41.86%
Permanent Employees	12	11.33	1.42%	9	7.29	1.06%
Part-time staff (Perm)	2	2.00	0.24%	4	4.00	0.47%
Job share staff (Perm)	0	0.00	0.00%	0	0.00	0.00%
Modern Apprentices	0	0.00	0.00%	0	0.00	0.00%
Temporary Employees	483	411.53	56.96%	364	354.11	42.92%
Casual Employees	77	45.07	9.08%	12	7.83	1.42%
Seasonal Employees	77	39.01	9.08%	8	4.00	0.94%
Agency Staff			N/A			N/A

Totals  
826.00  
21.00  
6.00  
0.00  
0.00  
847.00  
89.00  
85  
0  
853.00



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Employee Profiles - as at : 11-11-	Female	%	Male	%	total	%
<20	8.00	0.94%	7.00	0.83%	15.0	1.8
20-29	44.00	5.19%	46.00	5.42%	90.0	10.6
30-39	111.00	13.09%	96.00	11.32%	207.0	24.4
40-49	160.00	18.87%	122.00	14.39%	282.0	33.3
50-54	72.00	8.49%	47.00	5.54%	119.0	14.0
55-63	76.00	8.96%	43.00	5.07%	119.0	14.0
64-67	7.00	0.83%	3.00	0.35%	10.0	1.2
68+	5.00	0.59%	0.00	0.00%	5.0	0.6
	44.00		28.00		847.00	



5.1.2. Table highlighting the workforce implications of projects and activities identified in the departmental outcomes framework.

Projects and activities	Workforce Impact	Planned Actions	Financial Implications
Change	Changes to staffing levels Need for sustained motivation and smarter working	Review and enhance communication and support Maximise use of technology	Change programme
Changes to legislation and regulation	New knowledge and skills required, potential increase in workload in some areas	Service plans to identify resource and workload issues from legislation changes Ensure staff have opportunities to gain appropriate knowledge and experience	Existing resources
Fluctuations in volumes of work across service areas	Increase in range of functions required – adaptable staff	Remodelling of staffing structure (MPF and ITS)	Existing resources
Automation of clerical and repetitive tasks	Reduction in staffing levels	Remodelling of staffing structure Software and training	Change programme
Requirement for a more highly skilled workforce; increased requirement for skills such as project management	New skills required	Training opportunities Keep technical skills up to date Encourage staff to undertake formal qualifications Further embed project management approach	Existing resources
Introduction of new ways of working	New technology and ways of working	Review and enhance communication and support Maximise use of technology	Capital programme – strategic asset review - ICT
Front of house - increased self access, extended hours	More varied work patterns	Review and enhance communication and support	Capital programme – strategic asset review - ICT
Increased working with delivery partners	New skills required	Training and development programme	Existing resources

## 5.1.3. Table showing other key workforce issues which may have an impact on delivering departmental outcomes

Workforce Issue	Planned Actions	Financial Implications	Related Risks
Age profile of workforce	Identify key areas and relevant staff for development to ensure capacity covered in relevant areas Explore graduate recruitment, modern apprenticeships and school placements	Existing resources	Potential shortage of skills in key areas; impact on service delivery
Over-reliance on key personnel	Identify key areas and relevant staff for development Review staffing structure	Existing resources	Services, projects and activities not delivered to specification; impact on health of staff
Turnover of staff	Review turnover to identify specific areas Optimise use of non-financial benefits such as flexible working, work/life balance etc.	Existing resources	Potential shortage of skills in key areas; impact on service delivery
Diversity profile of senior posts	Identify key areas and relevant staff for development	Existing resources	Failure to fully reflect profile of service users, potentially reducing access to services
Staff survey outcomes	Review and enhance communication and support Further develop recognition of staff achievements	Existing resources	Impact on staff morale and service delivery

5.2 **Asset Management**

The Finance Department occupies the following buildings:

Cleveland Street (Treasury building and Municipal Building), Birkenhead; Castle Chambers, Liverpool; and Cheshire Lines Building, Birkenhead. Staff are also located at One Stop Shops around the Borough and in other Departments supporting Information Services.

The department manages the Conway Building.

All these premises are included in the Strategic Asset Review.

**5.3 Equality and Diversity**

Wirral Council is committed to ensuring equality of opportunity and promoting diversity are at the core of everything it does as an employer, service provider, commissioner and in its community leadership role. The council has an equality and diversity framework as set out by its Corporate Equality Policy, Strategy and Action Plan (the latter will be replaced by the Equality Watch Scheme from April 2009).

Each department has an equality action plan in place as part of this framework, which takes into account any actions identified through the Equality Impact Assessment process. Key projects or activities from this action plan may also appear in the departmental plan outcomes framework which can be found in section 3.

**5.3.1 Equality Impact Assessments (EIAs) completed by the Finance Department to date**

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<p><b>Revenues, Benefits and Customer Services:</b></p> <ul style="list-style-type: none"> <li>• Housing Benefits</li> <li>• Council Tax</li> <li>• Business Rates</li> <li>• Call Centre</li> <li>• One Stop Shops</li> </ul>	<p><b>Internal Audit Financial Services Information Technology Service Merseyside Pension Fund Change Team</b></p>	<p><b>Support Services:</b></p> <ul style="list-style-type: none"> <li>• Procurement and payments</li> <li>• Payroll</li> <li>• Records Management</li> <li>• Compliance</li> <li>• Support Services (other)</li> </ul>
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**5.3.2 Equality Impact Assessments planned for 2009-10**

- Capital Strategy
- Customer Access Strategy
- Corporate Risk Strategy
- Strategic Asset Review (Finance department component)
- All new projects

**5.3.3 Departmental Equality Group Work Programme and Action Plan – summary**

In anticipation of achieving level 3 of the Equality Standard for Local Government in March 2009, the department will look to consolidate this in 2009/10 through the following activities. All projects and activities feature in section 3 (outcomes) of this

departmental plan. Those projects and activities which were identified as a result of the Equality Impact Assessment process are marked with an asterisk \*.

Corporate Equality and Diversity Aim	Departmental Project and/or Activity
<b>1. Workforce</b>	<p><b>*Awareness and training: all staff</b> - Elumos e-learning – implementation, monitoring and review</p> <p>*Develop and implement <b>Equalities and Diversity training strategy</b> for Finance department</p> <p>Develop the <b>capacity of the Departmental Equalities Group (DEG)</b></p>
<b>2. Corporate Governance</b>	<p><b>*Joint working with voluntary and community sectors</b> – further development through customer services</p> <p><b>Corporate strategies and guidance</b> - Continue to strengthen Equalities and Diversity components of corporate policies (Finance dept lead)</p>
<b>3. Access</b>	<p><b>Access to Services inspection:</b> Identify and respond to Equalities and Diversity issues arising from Access to Services inspection report</p> <p><b>*Review and refresh Equality Impact Assessment programme</b> including corporate policies and strategies (Finance Dept lead).</p> <p>*One Stop Shops – development of <b>outreach and mobile working</b></p>
<b>4. Communication</b>	<p>*Review and strengthen <b>reporting and communication routes</b></p>
<b>5. Customers</b>	<p><b>*Customer satisfaction and feedback</b> used to inform service delivery and development</p> <p>*Merseyside Pension Fund: <b>improving Pension Scheme take-up levels and maximising provision</b></p> <p><b>*Customer insight</b> – improve quality and develop use of information</p>

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#### **5.4 Significant impact on other departments**

The work of the Finance Department extends across all Council departments. Those areas of work which will have a significant impact on all departments include the following.

- **Use of Resources action plan**

- **Change Programme (including Customer Access Strategy, ICT Technological Developments, and Common Administrative Processes)**
- **Access to Services action plan**
- **Capital Strategy**
- **Corporate Risk Strategy**
- **Value for Money**
- **Financial Strategy**



5.5 Risk Management

5.5.1 Finance Department Risk Register - Key / Overarching Risks

**Themes** (column 1):  
 1. People and Management  
 2. Investment  
 3. Continuity and Resilience  
 4. Systems and Processes

**Categories** (column 5):  
 People (P)  
 Regulatory (R)  
 Operational (O)  
 Info/tech (I)  
 Financial (F)

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The me	Description of Risk	Res pon sible	Consequences	Ca te go ry	Existing Control Measures	Net Likeli hood Score	Net Imp act Sco re	Net Total risk score	Risk Revie w Frequ ency	Additional Control Measures Planned (including code reference to outcomes framework)	Tar get Dat e
1.1	Potential shortage of skills in key areas due to age profile and staff turnover	SR	Poor standards of service; cost and negative publicity from errors made; major activities / projects not completed to specification	P	Discipline of workforce planning process	3	4	12	every month	Implement Workforce Development Plan; implement Equality and Diversity Action Plan <b>FIN IMP 2.6; FIN IMP 2.5</b>	
1.2	Over reliance on key personnel	SR	Major activities / projects not completed to specification; health impact on staff involved	P	Workforce planning and training	2	5	10	every month	Implement Workforce Development Plan <b>FIN IMP 2.6</b>	
1.3	Failure to identify and respond effectively to changing legislation	SR	Central Govt. targets not met.; fines / penalties imposed; poor publicity; negative impact on CAA score	R	Awareness of changes maintained through relevant professional bodies and information sharing; key members of staff are trained to deal with changes; EIA programme	2	4	8	every month	Implement Workforce Development Plan; policy scanning function; implement Equality and Diversity Action Plan <b>FIN IMP 2.6; FIN IMP 2.5</b>	
1.4	Failure to manage fluctuations in volumes of work	SR	Backlog and inability to access service at a key time	O	Regular communication with service providers	3	4	12	every month	Implement Workforce Development Plan <b>FIN IMP 2.6</b>	
2.1	Insufficient / incomplete market information for the pension fund	PW	Negative impact on investment returns	I	MPF Investment Strategy; use of external fund managers; continuous review of all information sources;	2	5	10	every month	<b>FIN IMP 2.11</b>	

The me	Description of Risk	Responsible	Consequences	Category	Existing Control Measures	Net Likelihood Score	Net Impact Score	Net Total risk score	Risk Review Frequency	Additional Control Measures Planned (including code reference to outcomes framework)	Target Date
					standing item on monthly investment team meeting agenda						
2.2	Financial failure of an institution in which funds have been invested	TS PW	Financial loss; impact on reputation through negative publicity	O	Counterparty list; Treasury Management Policy; MPF Investment Strategy	3	5	15	every month	FIN RI 3.3 FIN IMP 2.11	
2.3	Investment returns behind benchmark	TS PW	Budget impact with higher contributions	F	Treasury Management Policy; MPF Investment Strategy - use of external advisers, regular monitoring by Pensions Committee; standing item on monthly FOG agenda	3	5	15	every month	FIN RI 3.3 FIN IMP 2.11	
3.1	Failure of key suppliers to deliver.	IEC	Potential disruption to service provision; poor bargaining position	O	Development of robust contracts and collaborative arrangements; defined project management approach	2	5	10	every month	Reciprocal agreements for service provision; further embed project management approach FIN IMP 2.7	
3.2	Failure of management to prepare for major interruptions to service provision.	IEC	Greater / longer disruption to service; increased costs to restore service	P	Contingency plans in some sections / services. Succession planning. Specific arrangements for IT resilience.	4	5	20	every month	IT Services – review future Data Centre requirements with external assistance; implement Workforce Development Plan FIN NC 1.5; FIN IMP 2.6	
4.1	Inability to deliver change management programme	DS	Failure to maximise opportunities / improve service provision; increased costs	P	Defined project management approach; key staff trained in project management techniques	3	4	12	every month	Further embed project management approach; defined approach to authorisation and governance of projects	
4.2	Poor contract management e.g. pension fund	IEC	Maximum value not derived from contractors; n negative publicity (mistakes, poor	O	Defined project management approach; specific performance	3	4	12	every month	Further embed project management approach; further develop role of	

The me	Description of Risk	Responsible	Consequences	Category	Existing Control Measures	Net Likelihood Score	Net Impact Score	Net Total risk score	Risk Review Frequency	Additional Control Measures Planned (including code reference to outcomes framework)	Target Date
	mandates, partnership arrangements		service levels)		management arrangements for some contracts.					Corporate Procurement Unit <b>FIN IMP 2.6</b>	
4.3	Failure by Chief Officers to effectively control expenditure	IEC	Service and financial impact	F	Financial Strategy; regular review; scrutiny by Cabinet; responsibilities in Constitution; monthly member statement	<b>3</b>	<b>4</b>	<b>12</b>	every month	<b>FIN RI 3.3</b>	
4.4	Major failure in data security	SR	Reputational risk	O	Communications policy; dedicated press/PR officer	<b>2</b>	<b>5</b>	<b>10</b>	every month	<b>FIN RI 3.4; FIN NC 1.5</b> (personal data aspect)	
4.5	Failure to communicate with and manage the involvement of stakeholders (inc other departments)	IEC	Failure to complete projects and activities to specification	O	Defined project management approach	<b>3</b>	<b>4</b>	<b>12</b>	every month	<b>FIN IMP 2.6</b>	

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### 5.5.2 Wirral Council - Corporate Risk Register – November 2008

Corporate risks where the Finance Department already has responsibility for managing the risk or makes a significant contribution.

No.	Description	Officer Responsible	Gross Score	Risk	Net Risk Score	Additional Control Action Planned in 2008/09 (including code reference to outcomes framework)
3.	Key Council services are not resilient to disruption and business continuity arrangements are inadequate.	Chief Officers' Management Team (COMT)	5 x 5 = <b>25</b>		2 x 4 = <b>8</b>	<ul style="list-style-type: none"> <li>ICT Strategy and Development Plan - <b>FIN IMP 2.3</b></li> </ul>
5.	The Council does not maintain arrangements for good corporate governance.	Stephen Maddox	5 x 5 = <b>25</b>		2 x 5 = <b>10</b>	<ul style="list-style-type: none"> <li>Implement enhanced risk-based audit programme – <b>FIN RI 3.2</b></li> <li>Produce annual governance statement</li> <li>Deliver risk management training for Members</li> <li>Review corporate risk management strategy – <b>FIN RI 3.1</b></li> </ul>

No.	Description	Officer Responsible	Gross Risk Score	Net Risk Score	Additional Control Action Planned in 2008/09 (including code reference to outcomes framework)
7.	Failure to achieve sustainable budgets, in line with priorities and take difficult decisions.	Chief Officers Management Team (COMT)	5 x 5 = <b>25</b>	2 x 5 = <b>10</b>	<ul style="list-style-type: none"> <li>Identify specific projects for investment</li> <li>Refine / review financial management report content</li> <li>Review Medium Term Financial Plan – <b>FIN RI 3.3</b></li> <li>Review Capital Strategy - <b>FIN IMP 2.4</b></li> </ul>
8.	The strategies supporting our key priorities are not executed effectively.	Chief Officers Management Team (COMT)	5 x 5 = <b>25</b>	2 x 5 = <b>10</b>	<ul style="list-style-type: none"> <li>Undertake review of individual strategies</li> </ul>
9.	Partnerships are not well planned and we do not work effectively with others.	Jim Wilkie	5 x 5 = <b>25</b>	2 x 5 = <b>10</b>	<ul style="list-style-type: none"> <li>Deliver enhanced guidance and training regarding grants</li> </ul>
12.	We do not fully exploit all available resources, including technology.	Chief Officers (COMT)	4 x 5 = <b>20</b>	2 x 4 = <b>8</b>	<ul style="list-style-type: none"> <li>Undertake review of individual strategies</li> <li>Further integration of key strategies and plans</li> </ul>
14.	Failure to plan and manage performance (CPA) and finances in accordance with plans and budgets.	Individual Chief Officers	5 x 5 = <b>25</b>	3 x 4 = <b>12</b>	<ul style="list-style-type: none"> <li>Implement Use of Resources Action Plan – <b>FIN IMP 2.2</b></li> </ul>
16.	Major error in investments and administration of Merseyside Pension Fund.	Ian Coleman	4 x 5 = <b>20</b>	2 x 5 = <b>10</b>	<ul style="list-style-type: none"> <li>Update Statement of Investment Principles</li> <li>Implement Investment Accounting software</li> <li>Governance representation <b>FIN IMP 2.11</b></li> </ul>
24.	Economic volatility and a downturn in the economy impacts on the Council's financial management and investment priorities	Ian Coleman	5 x 5 = <b>25</b>	3 x 5 = <b>15</b>	<ul style="list-style-type: none"> <li>Review treasury management policies</li> <li>Enhance monitoring of key budget areas</li> <li>Invest in lower risk / lower return areas <b>FIN RI 3.3</b></li> </ul>
29.	Serious failure in information governance				<ul style="list-style-type: none"> <li>Government Connect in place – <b>FIN NC 1.5</b></li> </ul>

## WIRRAL COUNCIL

### COMMUNITY AND CUSTOMER ENGAGEMENT OVERVIEW AND SCRUTINY COMMITTEE

8 APRIL 2009

#### REPORT OF THE DIRECTOR OF FINANCE

#### COMPREHENSIVE PERFORMANCE ASSESSMENT 2008 - BENEFITS SERVICE

##### 1. EXECUTIVE SUMMARY

1.1 This report outlines the Comprehensive Performance Assessment (CPA) review process for the Benefits Service for 2008. The Benefits Service has been assessed as Excellent with a score of 4. This is the final CPA report. Significant changes were made to the inspection process from April 2008 transferring responsibility from the Benefit Fraud Inspectorate to the Audit Commission including the introduction of Key Lines of Enquiry (KLOE).

##### 2. BACKGROUND

2.1 Since 2002, as a part of the CPA process, the Benefit Fraud Inspectorate (BFI) has undertaken improvement reporting on the Housing and Council Tax Benefit Service on an annual basis, the aim being to identify changes in service delivery since the initial assessment and to assess current levels of performance.

2.2. Historically, the BFI has based the assessment on the Department for Work and Pensions (DWP) 'Performance Standards' which provides continuity and ensures that there is a clear understanding of what an effective and efficient benefit service should be achieving in terms of output and key processes.

2.3. The original Performance Standards comprise 19 'performance measures' and 65 'key enablers' and whilst the Wirral Benefits Service continues to use these measures to monitor the service at a local level, for the purposes of the final CPA, the Audit Commission has adopted what might reasonably be described as a somewhat 'lighter touch' approach for the final assessment under the old regime, essentially looking only at achievement against the more critical Claims Administration, Security and User Focus performance measures, while disregarding the 'Enablers' and removing the requirement for the Authority to submit the supplementary 'narrative report'.

- 2.4. In undertaking their assessment, the Audit Commission additionally accessed performance data records held by the DWP which include out turn figures against the Key Best Value Performance Indicators.

### **3. CURRENT POSITION**

- 3.1 Since the introduction of the CPA in 2002, Wirral has secured a top score of 4 and rating as 'excellent' annually with the exception of one year only, when the service for 2006 was assessed as a three star 'good' purely as a result of inordinate work volumes and complexity with one accommodation provider.
- 3.2 For 2008, the Audit Commission has retained the '4-point' scale in line with other inspectorates undertaking CPA work together with the established single word labels:
- |   |   |           |
|---|---|-----------|
| 4 | - | Excellent |
| 3 | - | Good      |
| 2 | - | Fair      |
| 1 | - | Poor      |
- 3.3 The period over which performance is evaluated was April 2007 to March 2008 and the review process with the completed return was submitted to the Audit Commission in June 2008.

### **4. THE 2008 ASSESSMENT**

- 4.1 The result of the review against the Standards is a 'combined' overall score of:
- 4 = Excellent.
- 4.2 The combined assessment is derived from applying weightings to the Performance Measures. In the 13 performance measure Wirral scored 4 in eleven categories and 3 in two. The overall weighted figure is given as 3.79 which is rounded up to 4.
- 4.3. The challenge in terms of future service inspection is the move to the new Key Lines of Enquiry. Reputed to be a much 'harder test' and distinctly different in terms of inspection focus, the Audit Commission has already highlighted the degree of change and likely impact this change is likely to have on inspection outcomes.

### **5 FINANCIAL IMPLICATIONS**

- 5.1 There are no specific implications arising directly from this report.

### **6. STAFFING IMPLICATIONS**

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

**7. EQUAL OPPORTUNITIES IMPLICATIONS**

7.1 There are no specific implications arising directly from this report.

**8. HUMAN RIGHTS IMPLICATIONS**

8.1 There are no specific implications arising directly from this report.

**9. LOCAL AGENDA 21 IMPLICATIONS**

9.1 There are no specific implications arising directly from this report.

**10. COMMUNITY SAFETY IMPLICATIONS**

10.1 There are no specific implications arising directly from this report.

**11. PLANNING IMPLICATIONS**

11.1 There are no specific implications arising directly from this report.

**12. BACKGROUND PAPERS**

12.1 Audit Commission CPA 2008 Letter and Scorecard March 2009.

**13. RECOMMENDATION.**

13.1 That the report be noted.

IAN COLEMAN  
DIRECTOR OF FINANCE

FNCE/61/09

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## WIRRAL COUNCIL

### FINANCE AND BEST VALUE OVERVIEW AND SCRUTINY COMMITTEE

24 MARCH 2009

#### REPORT OF THE DIRECTOR OF FINANCE

#### COMPREHENSIVE PERFORMANCE ASSESSMENT (CPA) - USE OF RESOURCES 2008

##### 1. EXECUTIVE SUMMARY

- 1.1 The report informs Members of the Comprehensive Performance Assessment (CPA) Use of Resources assessment for 2008 which has recently been released by the Audit Commission.

##### 2. BACKGROUND

- 2.1 The Use of Resources (UoR) assessment is undertaken annually in local authorities by the Audit Commission. An annual score is produced based upon a standard four point scale. The assessment each year follows a harder test principle with authorities having to improve year on year in order to retain the same level of scores. The scoring scale is detailed below:

Score	Standard Scale
1	Below minimum requirements - Inadequate performance
2	Only at minimum requirements - adequate performance
3	Consistently above minimum requirements - performing well
4	Well above minimum requirements - performing strongly

- 2.2 The 2008 assessment is the last to be made under the CPA framework and relates to the 2007/08 financial year. The assessment covered five general themes shown below which were further sub-divided into key lines of enquiry:

CPA	Theme
1	Financial reporting
2	Financial management
3	Financial standing
4	Internal control
5	Value for money

- 2.3 From 2009 the Use of Resources will be assessed under the Comprehensive Area Assessment (CAA). Previous reports to Cabinet, most recently on 15 January 2009, have outlined the changes in the UoR assessment framework in accordance with the move from CPA to the CAA. This will involve a wider view of resources reflecting people, IT, data and environmental resources as well as financial resources.

### 3. USE OF RESOURCES SCORE 2008

- 3.1 The Audit Commission has assessed the overall UoR assessment for 2008 as level 3. This is an increase on the 2007 overall score which was a 2. The Commission has stated that the Council has demonstrated significant improvement during the 2007/08 assessment period. Two themes, Financial Management and Financial Standing, have increased scores whilst there were improvements in arrangements in the other themes. The table below compares the 2008 theme scores with the previous assessment:

CPA	Theme	Score	Score
		2007	2008
1	Financial reporting	2	2
2	Financial management	2	3
3	Financial standing	2	3
4	Internal control	3	3
5	Value for money	2	2
	<b>Overall UoR Score</b>	<b>2</b>	<b>3</b>

- 3.2 The scores can be further analysed over the key lines of enquiry (KLOE):-

<b>Summary of scores at theme and KLOE level</b>	<b>Score</b>	<b>Score</b>
	<b>2007</b>	<b>2008</b>
<b>Financial Reporting</b>	<b>2</b>	<b>2</b>
1.1. The Council produces annual accounts in accordance with relevant standards and timetables, supported by comprehensive working papers	2	2
1.2 The Council promotes external accountability	3	3
<b>Financial Management</b>	<b>2</b>	<b>3</b>
2.1 The Council medium term financial strategy, budgets and capital programme are soundly based and designed to deliver its strategic priorities	2	3
2.2 The Council manages performances against budgets	2	3
2.3 The Council manages its asset base	2	2
<b>Financial Standing</b>	<b>2</b>	<b>3</b>
3.1 The Council manages its spending within the available resources	2	3
<b>Internal Control</b>	<b>3</b>	<b>3</b>
4.1 The Council manages its significant business risks	2	3
4.2 The Council has arrangements in place to maintain a sound system of internal control	3	3
4.3 The Council has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of the business	3	2

<b>Value For Money</b>	<b>2</b>	<b>2</b>
5.1 The Council currently achieves good value for money	2	2
5.2 The Council manages and improves value for money	2	2

#### **4. FUTURE DEVELOPMENTS FROM THE 2008 REPORT**

4.1 The Audit Commission report provides summary conclusions on each of the KLOE areas and also suggests areas for improvement. The 2009 Use of Resources assessment will be on a wider basis and will again feature a harder test. Improvements to the KLOE areas identified as scoring 2 in 2008 will be required to help maintain or improve upon the 2008 score.

4.2 The 2008 assessment was based on the 31 March 2008 position. Since then work has been undertaken to deliver further continuous improvement which will be reflected in future assessments. The following activities will assist in this:-

##### 4.2.1 Financial reporting

Strengthening of the quality assurance processes to build upon existing arrangements; improvements to the timetabling and further training for Members to aid scrutiny of the statutory accounts process.

##### 4.2.2 Asset Management

New Division created and additional resources employed; Strategic Asset Review undertaken involving wide public consultation, asset assessment work and regular reporting to Members on asset issues

##### 4.2.3 Probity and Propriety

Ethical governance work with the Audit Commission as reported to Cabinet and Standards Committee, continuous review process for the Constitution and response to Public Interest Disclosure Act (PIDA) report.

##### 4.2.4 Value For Money

Change programme implementation and review of priority areas, procurement strategy and implementation, Strategic Asset Review outcomes, on-going work on high cost areas identified from the Audit Commission Value for Money profiles.

4.3 The CAA UoR assessment will involve a harder test. The criteria within the scoring scale have also been altered with level four now defined as involving excellence and genuine leading edge performance, rather than performing strongly under the previous arrangements. It is clear that the arrangements present authorities with increased challenges to retain the current scores.

**5. FINANCIAL AND STAFFING IMPLICATIONS**

5.1 There are no direct financial or staffing implications arising out of this report.

**6. EQUAL OPPORTUNITIES IMPLICATIONS**

6.1 There are none arising directly from this report.

**7. HUMAN RIGHTS IMPLICATIONS**

7.1 There are none arising directly from this report.

**8. LOCAL AGENDA 21 IMPLICATIONS**

8.1 There are none arising directly from this report.

**9. COMMUNITY SAFETY IMPLICATIONS**

9.1 There are none arising directly from this report.

**10. PLANNING IMPLICATIONS**

10.1 There are none arising directly from this report.

**11. LOCAL MEMBER SUPPORT IMPLICATIONS**

11.1 There are no particular implications for any Members or wards arising out of this report.

**12. BACKGROUND PAPERS**

12.1. Use of Resources Wirral Borough Council Audit 2007-2008 - Audit Commission January 2009.

12.2 Comprehensive Area Assessment (CAA) - Use of Resources Project Brief - Audit Commission December 2008.

**13. RECOMMENDATIONS**

13.1 That the 2008 Use of Resources assessment be noted.

13.2 That regular reports be presented on progress on the 2009 Use of Resources assessment.

IAN COLEMAN  
DIRECTOR OF FINANCE

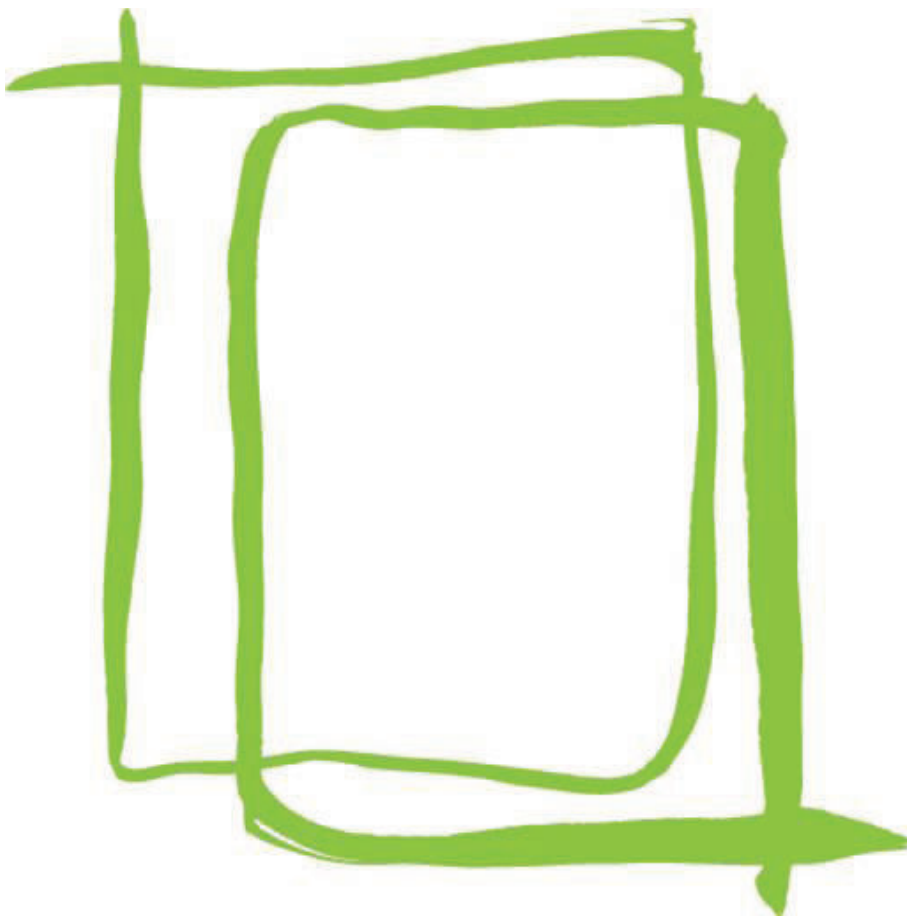
FNCE/31/09

# Use of Resources

Wirral Metropolitan Borough Council

Audit 2007-2008

January 2009



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## Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
- any third party.

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# Introduction

- 1 The Use of Resources assessment evaluates how well councils manage and use their resources. This is the fourth assessment carried out at the Council and is the last under the CPA framework. Next year there will be a new assessment which will form part of the Comprehensive Area Assessment. The Use of Resources assessment focuses on the importance of having strategic financial management, sound governance and effective financial reporting arrangements. These should support your Council in the achievement of its priorities and improving services, whilst delivering value for money.
- 2 This assessment relates to the financial year 2007/08 and is based on the key lines of enquiry for 2008. Changes to the criteria underpinning the key lines of enquiry were consulted on in April 2007 and the final key lines of enquiry were published in August 2007. These changes were made to:
  - reflect developments in professional guidance, legislative requirements and best practice; and
  - signal some of the changes proposed for the new use of resources under CAA, smoothing the transition to CAA.
- 3 The overall use of resources assessment is made up of five themes. Judgements have been made for each theme using the Audit Commission's scale, see Table 1 below. This scale is used across its inspection and performance assessment frameworks.

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**Table 1 Standard scale used for assessments and inspections**

1	Below minimum requirements – inadequate performance
2	Only at minimum requirements – adequate performance
3	Consistently above minimum requirements – performing well
4	Well above minimum requirements – performing strongly

- 
- 4 In forming our assessment, we have used the methodology set out in the Use of Resources Guidance for Councils 2008, which can be found on the Commission's web site. We have also taken account of our findings and conclusions from previous years' assessments and updated these for any changes and improvements to the Council's arrangements.
  - 5 The five theme scores for Wirral Borough Council are outlined overleaf.
  - 6 This summary sets out our key findings in relation to each theme and key areas for improvement.

# Use of resources judgements

**Table 2 Summary of scores at theme and KLOE level**

Key lines of enquiry (KLOEs)	Score 2008	Score 2007
<b>Financial reporting</b>	<b>2</b>	<b>2</b>
1.1 The Council produces annual accounts in accordance with relevant standards and timetables, supported by comprehensive working papers.	2	2
1.2 The Council promotes external accountability.	3	3
<b>Financial management</b>	<b>3</b>	<b>2</b>
2.1 The Council's medium-term financial strategy, budgets and capital programme are soundly based and designed to deliver its strategic priorities.	3	2
2.2 The Council manages performance against budgets.	3	2
2.3 The Council manages its asset base.	2	2
<b>Financial standing</b>	<b>3</b>	<b>2</b>
3.1 The Council manages its spending within the available resources.	3	2
<b>Internal control</b>	<b>3</b>	<b>3</b>
4.1 The Council manages its significant business risks.	3	2
4.2 The Council has arrangements in place to maintain a sound system of internal control.	3	3
4.3 The Council has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.	2	3
<b>Value for money</b>	<b>2</b>	<b>2</b>
5.1 The Council currently achieves good value for money.	2	2
5.2 The Council manages and improves value for money.	2	2



# Theme summaries

7 The key findings and conclusions for each of the five themes are summarised in the following tables. More detailed feedback has been provided to officers.

## Financial reporting

<b>Theme score 2</b>	
<b>Key findings and conclusions:</b>	
The Council's financial accounting and reporting arrangements are satisfactory.	
KLOE 1.1 The Council produces annual accounts in accordance with relevant standards and timetables, supported by comprehensive working papers.	<p>The Council produces annual accounts generally in accordance with relevant standards. The financial statements submitted for audit were complete although they contained some errors. However, the adjustments had no overall impact on revenue resources. We issued an unqualified opinion on the financial statements.</p> <p>The arrangements for production of the financial statements were good. The draft financial statements were produced by the target date and the working papers to support the financial statements were good. The Council has also introduced new and complex accounting and reporting requirements successfully whilst also improving on issues raised last year. We made recommendations for some further improvement in quality assurance processes and internal control across the Council. There is scope for further training for members and more prompt reporting to ensure that the statements are subject to robust scrutiny prior to approval.</p> <p>Score level 2.</p>
KLOE 1.2 The Council promotes external accountability.	<p>The Council promotes external accountability well. The accounts and local electors' rights to view them and contact the external auditor were published in line with requirements. The Statement of Accounts, Annual Audit and Inspection Letter as well as the Council's own reports, minutes and agenda are available to the public on the internet and through libraries and one stop shops on a timely basis and are available in accessible formats on request. A leaflet summarising the accounts has been produced and distributed and an Annual Report is planned.</p> <p>Score level 3.</p>

## Financial management

<b>Theme score - 3</b>	
<b>Key findings and conclusions</b>	
The Council plans and manages its finances well.	
KLOE 2.1 The Council's medium-term financial strategy (MTFS), budgets and capital programme are soundly based and designed to deliver its strategic priorities.	The Council's medium-term financial strategy (MTFS), budgets and capital programme are soundly based and designed to deliver its strategic priorities. The MTFS was updated in September 2007 and subsequently Cabinet agreed the vision for Wirral and the new Corporate Plan, supported by departmental service plans. This has been the framework for setting a balanced budget and capital programme. The latest update to the MTFS was approved by Cabinet in July 2008, along with and linked to other internal strategies, such as the risk management, human resources and IT strategies. Score level 3.
KLOE 2.2 The Council manages performance against budgets.	The Council manages performance against budgets. Arrangements are in place for monitoring performance against budgets and this is reported to senior officers and members on a quarterly basis with a summary update position to the Cabinet and the chairs of the scrutiny committees on a monthly basis. There were no material overspends and those that did occur were expected and managed within the Council's overall resources. Financial information systems are appropriate for managing performance against budgets. Score level 3.
KLOE 2.3 The Council manages its asset base.	The Council manages its asset base adequately. The Capital Strategy and guidance were kept up to date and approved by Cabinet during the year and again in July 2008 when they were updated in line with the new corporate priorities. The Capital Strategy is also better linked to the updated MTFP and Asset Management Plan (AMP) and is based on an up to date asset register as well as taking into account planned maintenance. The Council has a designated property function and is strengthening capacity with the reorganisation of asset management under a new director and head of assets. The strategic asset review is now underway and regular reporting to members continues. Score level 2.

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Financial standing

<b>Theme score - 3</b>	
<b>Key findings and conclusions</b>	
The Council is financially sound and maintains a prudent level of reserves and balances.	
KLOE 3.1 The Council manages its spending within the available resources.	Current spending plans match available resources, although like other councils, Wirral faces significant challenges to close the budget gap and meet efficiency plans. The Council has a track record of setting a balanced budget and maintaining spending within the budget without significant unexpected overspends or underspends. Income collection is monitored throughout the year to achieve targets and debt recovery is effective. Wirral has invested £2m with an Icelandic bank but as the exposure is low and reserves and balances are prudent it does not indicate poor financial standing or financial management. Score level 3.

## Internal control

<b>Theme score - 3</b>	
<b>Key findings and conclusions</b>	
The Council has a sound internal control environment that enables it to manage its significant business risks.	
KLOE 4.1 The Council manages its significant business risks.	<p>The Council manages its significant business risks well. During the year it has strengthened risk management and built on sound arrangements to improve reporting to members both at portfolio and at corporate level. Risk management has become embedded in business processes and is explicitly linked to the financial and other strategies within the framework of the new corporate priorities. In addition, Wirral was the 2007 winner of a national award from ALARM in the 'asset' risk category and was also highly commended in 2008 in the 'people' risk category.</p> <p>Score level 3.</p>
KLOE 4.2 The Council has arrangements in place to maintain a sound system of internal control.	<p>The Council has good arrangements in place to maintain a sound system of internal control. It has recognised the importance of the new Annual Governance Statement and taken corporate responsibility in its development and approval. The operation of the Audit Committee is improving, Internal Audit meets the Chartered Institute of Public Finance and Accountancy (CIPFA) standards and scrutiny is effective.</p> <p>Score level 3.</p>
KLOE 4.3 The Council has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.	<p>The Council has adequate arrangements in place to promote and ensure probity and propriety in the conduct of its business. The Council has adopted codes of conduct and monitors compliance well. Arrangements for the new role of the standards committee in local investigations and determinations are in place and there is a good level of awareness among the members. An independent chair and two further independent persons have been appointed to the committee. Arrangements to prevent and detect fraud and corruption are effective.</p> <p>However, during the year the Audit Commission received a PIDA disclosure in respect of an individual's concerns about contracts and charging in adult social services. Our review found the individual's concerns may be largely justified and we have therefore raised concerns about the failure of the Council's own systems for dealing with complaints and concerns, including the whistleblowing procedure.</p> <p>Score level 2.</p>

Value for money

<b>Theme score 2</b>	
<b>Key findings and conclusions</b>	
The Council currently achieves satisfactory value for money and costs are broadly commensurate with the range, level and quality of services provided. The Council manages and improves value for money adequately.	
KLOE 5.1 The Council currently achieves good value for money.	<p>Compared with nearest neighbour councils particularly, the cost in Wirral of education, adult social care, housing and benefits are top quartile, performance in services is generally average with some areas of good performance and satisfaction levels are average in most areas. Spending is generally in line with priorities with one significant area of unintended high spending in adult social care. The capital programme is well managed but there are some areas for improvement. There have been some positive improvements to processes aimed at delivering VFM but actions such as the review of VFM profiles are still ongoing into 2008/09 and have not yet delivered improvements in VFM. The vfm review has subsequently been reported to Cabinet in September 2008.</p> <p>Wirral's overall cost per population is above the median position and performance is average. The latest PI data shows that Wirral has 21 per cent PIs above the best quartile breakpoint compared to an average for all single tier authorities of 29 per cent. Wirral is ranked 117th out of 388 for percentage of PIs improved since last year with 64 per cent of PIs improved which is within the average range for all single tier authorities. Overall satisfaction with the Council is 2nd quartile.</p> <p>Whilst there is a mixed picture in terms of costs and performance, there are a number of examples of where good value for money is provided such as in Education where the attainment is good. Areas where value for money is not currently demonstrated and ongoing action is being taken to address high costs include adult social care and looked after children's services. Work is progressing in these areas and costs are now being robustly investigated and challenged to establish the reasons for high costs.</p> <p>The Council has recently reviewed and rationalised its strategic priorities, and effectively allocated resources and investment in line with them. The Council effectively manages and monitors the capital programme.</p> <p>Score level 2.</p>

Theme score 2	
KLOE 5.2 The Council manages and improves value for money.	<p>Understanding of costs continues to improve but unit costs are under developed and best practice approaches are not consistently extended across the Council. Wirral compares its costs with other councils using the high level VFM profile data but understanding of detailed costs is less well developed and the challenge on costs needs to be extended to other services. There is a high level of corporate commitment to good financial and performance management, and an improving performance management culture.</p> <p>There are examples of local needs being considered in the decision making process such as the consultation on capital schemes within New Heartlands and the rationalisation of residential accommodation. The Area Forums, as part of a Government pilot scheme, have budgets allocated to them and are able to determine which local schemes are to be supported. The Council engages with hard-to-reach groups in line with the Customer Access Strategy to support the Council vision.</p> <p>There is no formal programme of value for money reviews but the Council has set challenging efficiency targets as part of the budget setting process. The Council delivered a balanced budget in 2007/08 and achieved £34m savings against the AES target of £26m. There were improvements in VFM in 2007/08 such as the new waste contract which reduced the impact of the waste levy and improved recycling.</p> <p>Wirral continues to enhance its procurement practices and deliver savings both through its own services and also through working with other authorities across Merseyside. The Council won the 2007 Local Government Chronicle Procurement Award and the Government's 4Ps organisation has commended the Council's approach to StreetScene services procurement.</p> <p>IT has been used effectively to improve efficiency, deliver savings and enable business processes to change. This has been supported by the consolidation of a Corporate IT Unit realising additional savings. A change programme has been put in place from February 2008 that should result in further process improvements. For example, social workers have now been equipped with laptops for more efficient data recording and there is improved interface with the waste contractor's IT system to provide improved response to customer queries.</p> <p>Score level 2.</p>

# Conclusion

- 8 The Council's performance demonstrates significant improvement in the use of resources during the period of assessment from April 2007 to March 2008. The overall assessment has improved in two out of the five themes - financial management and financial standing moved from scores of 2 to level 3. Financial reporting and value for money remained at level 2, although there were improvements in arrangements.

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## Use of resources 2008/09

- 9 From 2008/09, the auditors' assessment of use of resources will be based on new key lines of enquiry and will form part of the new performance assessment framework for local government and its partners, known as Comprehensive Area Assessment (CAA).
- 10 Key lines of enquiry for use of resources were published in May 2008 following consultation. These reflect the needs of CAA and incorporate a number of improvements including: a clearer focus on value for money achievements and further emphasis on commissioning of services, outcomes for local people and partnership working.
- 11 The assessment is structured into three themes, containing 10 key lines of enquiry (KLOE) overall:
- managing finances: sound and strategic financial management;
  - governing the business: strategic commissioning and good governance; and
  - managing resources: effective management of natural resources, assets and people.
- 12 The approach to use of resources will continue to be risk based and proportionate, drawing on evidence from previous years where relevant. Not all key lines of enquiry in the managing resources theme will be assessed each year. For single tier and county councils auditors will only assess 9 out of the 10 KLOE. For 2008/09, workforce planning will not be assessed.
- 13 The Commission will specify each year in its annual work programme and fees document which key lines of enquiry will be assessed in that year.

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# The Audit Commission

The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.

As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.

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## WIRRAL COUNCIL

### FINANCE AND BEST VALUE OVERVIEW AND SCRUTINY COMMITTEE

24 MARCH 2009

### REPORT OF THE DIRECTOR OF FINANCE

### COMPREHENSIVE AREA ASSESSMENT (CAA) - USE OF RESOURCES

#### 1. EXECUTIVE SUMMARY

- 1.1 This report provides details of the Audit Commission project brief for the Comprehensive Area Assessment Use of Resources 2009 assessment which covers 2008/09.

#### 2. BACKGROUND

- 2.1 Previous reports have outlined the changes in the Use of Resources (UOR) assessment framework in accordance with the move from Comprehensive Performance Assessment (CPA) to the Comprehensive Area Assessment (CAA). The CPA assessment covered five general themes shown below which were further sub-divided into key lines of enquiry (KLOE):

CPA	Theme
1	Financial reporting
2	Financial management
3	Financial standing
4	Internal control
5	Value for money

- 2.2 Under CAA, the Use of Resources assessment has value for money at its centre and now comprises three themes. These are further divided into 10 key lines of enquiry.
- 2.3 There is a significant overlap between the old and new Use of Resources KLOES. The new regime however places an increased emphasis on non-financial resources. The most significant changes are separate KLOEs dedicated to natural and workforce resources. The work undertaken on energy efficiency initiatives, in complying with the aims of the 'Nottingham declaration', and on workforce planning will assist in meeting the requirements of these KLOEs. The CAA key lines of enquiry are as follows:

<b>CAA</b>	<b>Managing Finances</b>
1	Planning For Financial Health
2	Understanding Costs and Achieving Efficiencies
3	Financial Reporting
	<b>Governing the Business</b>
4	Commissioning and Procurement
5	Use of Information
6	Good Governance
7	Risk Management and Internal Control
	<b>Managing Resources</b>
8	Natural Resources
9	Strategic Asset Management
10	Workforce (applicable from 2009/10 onwards)

- 2.4 The Use of Resources score will again be based upon a standard four point scale and will again follow the harder test principle with authorities having to improve in order to retain the same level. The new standard scores are also likely to restrict the number of authorities achieving four stars. The table below details the CPA and CAA standard scoring scales.

<b>Score</b>	<b>Standard Scale CPA</b>	<b>Standard Scale CAA</b>
1	Inadequate Performance	'Failure to meet minimum standards'
2	Adequate Performance	'Getting the basics right'
3	Performing Well	'Performing Well'
4	Performing Strongly	'Excellence and genuine leading edge performance'

- 2.5 The Audit Commission issued further guidance to its auditors on the Use of Resources in October 2008 which is available on its website. The Audit Commission project brief is designed to fit in with this guidance.

### 3. **USE OF RESOURCES 2008**

- 3.1 The 2008 UoR assessment was received on 8 December 2008 and is reported elsewhere on this agenda.
- 3.2 The 2008 assessment was based on the 31 March 2008 position. Since this date officers have continued to work on a number of areas to deliver further continuous improvement which will be reflected within future assessments. Improvement have ranged from reviewing and strengthening the Statement of Annual Accounts processes and the production of an Annual Report, to developing the Strategic Asset Review and further development of the procurement strategy and the change programme.

#### **4. AUDIT COMMISSION USE OF RESOURCES PROJECT BRIEF AND APPROACH FOR 2009**

4.1 The Audit Commission project brief highlights a number of developments within the new Use of Resources:

- The KLOEs are more broadly based than before
- There is an increased focus on value for money achievements
- The focus will be on outputs and achievements rather than on processes in place
- The assessment will be more strategically based
- Guidance will include characteristics of performance but these will not be an essential 'must have' list

4.2 The audit approach will use a 'rounded professional judgement' to form an assessment against the key lines of enquiry. The Audit Commission states that this assessment will be on a top down rather than bottom up basis with less prescription and use of checklists. The assessment of risk will also form an important focus. The assessment will also be informed by the outcomes from other audit work and assessments conducted during the year.

4.3 The Audit Commission will undertake its fieldwork between January and April 2009. This will include the review of key documents, interviewing officers and Members and reviews of Authority minutes and agendas. Further investigation and discussion may follow from this.

4.4 The Audit Commission intends to report the Use of Resources score within the Annual Governance Report. This will be reported alongside the value for money conclusion and the opinion on the statement of accounts in September 2009. The final CAA organisational assessment will be reported in November 2009.

4.5 The approach outlined above does seem to provide for flexibility and for the assessment to be based on a rounded view of achievements. The approach however could also involve a greater degree of subjective judgement from auditors.

#### **5. FINANCIAL AND STAFFING IMPLICATIONS**

5.1 There are no direct financial or staffing implications arising out of this report.

#### **6. EQUAL OPPORTUNITIES IMPLICATIONS**

6.1 There are none arising directly from this report.

#### **7. HUMAN RIGHTS IMPLICATIONS**

7.1 There are none arising directly from this report.

**8. LOCAL AGENDA 21 IMPLICATIONS**

8.1 There are none arising directly from this report.

**9. COMMUNITY SAFETY IMPLICATIONS**

9.1 There are none arising directly from this report.

**10. PLANNING IMPLICATIONS**

10.1 There are none arising directly from this report.

**11. LOCAL MEMBER SUPPORT IMPLICATIONS**

11.1 There are no particular implications for any Members or wards arising out of this report.

**12. BACKGROUND PAPERS**

12.1. Audit Commission Project Brief Wirral Borough Council Audit 2008/09 - December 2008

12.2 Audit Commission Use of Resources Guidance for Councils – October 2008  
<http://www.audit-commission.gov.uk/useofresources/guidance/index.htm>

12.3 Audit Commission Use of Resources 2008/09 Overall approach and key lines of enquiry – May 2008

**13. RECOMMENDATIONS**

13.1 That the 2009 Use of Resources Project brief be noted

13.2 That regular reports be prepared on progress on the Use of Resources.

IAN COLEMAN  
DIRECTOR OF FINANCE

FNCE/30/09

# Use of Resources

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## Project Brief

Wirral Metropolitan Borough Council

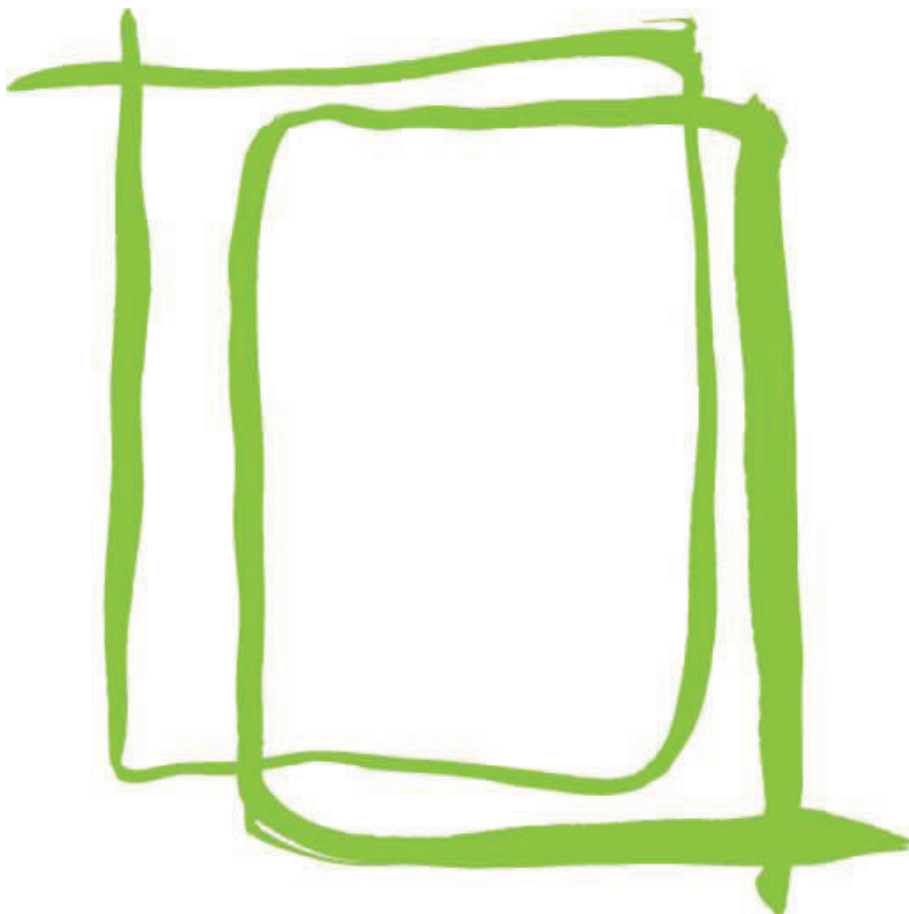
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Audit 2008/09

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December 2008

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## Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
- any third party.

# Introduction

- 1 2009 is the fifth use of resources (UoR) assessment to be undertaken at councils but it will be significantly different to the previous approach as it will focus on outcomes achieved. The use of resources assessment forms part of the new Comprehensive Area Assessment (CAA) from 2009 and will also feed into other relevant performance assessment frameworks as appropriate. The use of resources key lines of enquiry will also be the 'relevant criteria' for the value for money conclusion that is part of our work under the Code of Audit Practice.
- 2 This brief outlines the approach we will take to the UoR assessment at Wirral Borough Council, who the key contacts will be and the reporting arrangements. The Audit Commission published the overall approach and key lines of enquiry (KLOE) in May 2009 <http://www.audit-commission.gov.uk/useofresources/2009kloe.asp>. It has also prepared guidance for auditors to support them in carrying out their assessments and made this available to audited bodies on its website at the following link <http://www.audit-commission.gov.uk/useofresources/2009guidance.asp>.

# Background

- 3 The Audit Commission review of 2007/08 found that the Council's arrangements had continued to improve during the period of assessment, from April 2007 to March 2008. The overall assessment improved in three out of the five themes. The areas of improvement were in respect of financial management, financial standing and internal control which all scored level 3. Financial reporting and value for money remained at level 2 although there were improvements in arrangements.
- 4 The 2008/09 use of resources assessment will consider how well the Council is managing and using its resources to deliver value for money and better and sustainable outcomes for local people. It is structured into three themes that focus on the importance of sound and strategic financial management, strategic commissioning and good governance, and the effective management of natural resources, assets and people. It will be applied to all local government bodies, including police and fire authorities, and to primary care trusts in the NHS.
- 5 Many of the new KLOE within the themes are similar to the previous KLOE, although there are some new areas, such as the use of natural resources and workforce planning. The new KLOE within each of the themes are shown in the table below.

**Table 1 Use of resources KLOE 2008/09**

The new use of resources is split into three themes and ten KLOE

Managing finances	Governing the business	Managing resources
1.1 Financial planning & financial health	2.1 Commissioning & procurement	3.1 Natural resources
1.2 Understanding costs & performance	2.2 DQ & use of information	3.2 Asset management
1.3 Financial monitoring & reporting	2.3 Good governance & ethical behaviour	3.3 Workforce planning
	2.4 Risk management & internal control	

Source: Audit Commission



# Scope and objectives

- 6 The 2008/09 KLOE are shown at Table 1 on the previous page. The KLOE are more broadly based than previously and embrace wider resource issues such as the use of natural resources. The KLOE focus more on value for money achievements, outputs and outcomes rather than on processes, and are more strategic and less detailed. They are supported by characteristics of performance, which are used as an aid to the exercise of the auditors' professional judgment. The underlying characteristics are indicative of differing levels of expected performance, and are not criteria to be complied with in all circumstances.
- 7 The KLOE and supporting characteristics are based upon published best practice, standards and professional guidance, where available, and the principles set out in the Commission's publication World Class Financial Management.
- 8 A proportionate approach will be applied to the assessment of the KLOE. The Audit Commission has specified in its annual work programme and fees document which KLOE are to be assessed over the coming year. The specified KLOE differ for each sector in order to reflect sector priorities. In 2008/09, we will assess nine of the ten KLOE at single tier and county councils - KLOE 3.3 on workforce will not be assessed this year. However, arrangements will need to be in place from 1 April 2009 for the 2010 assessment so we have had early discussions with the Head of HR.
- 9 The objectives of our work are to:
  - make a judgement about whether we are satisfied that the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources - the value for money conclusion in the statutory audit report that we give under The Code of Audit Practice. We will apply a yes/no judgement against the criteria to indicate whether the Council has proper arrangements in place or not. A 'no' judgement is equivalent to a UoR score of 1 and a 'yes' judgement is equivalent to a score of at least 2;
  - assess how well the Council is managing and using its resources to deliver value for money and better and sustainable outcomes for local people which is part of the organisational assessment under CAA;
  - inform the managing performance organisational assessment under CAA; and
  - provide intelligence to inform the area assessment under CAA.

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# Audit approach

- 10 The approach for 2008/09 is significantly different. The emphasis of the assessment will be on a rounded professional judgement against the headline key lines of enquiry (KLOE) – ‘top down’ rather than ‘bottom up’ approach. It moves away from a checklist of criteria to illustrative characteristics of performance included within the guidance. Most importantly, there is less focus on prescriptive arrangements and process and more focus on outcomes and what difference the arrangements have made.
- 11 There will again be a four level scoring system, but levels 2 and 3 will be broad descriptions of 'getting the basics right' and 'performing well' respectively. Scores of 4 will be reserved for excellence and genuine leading edge performance. Level 1 represents a failure to meet the minimum requirements at level 2. The Audit Commission is still to determine the approach for arriving at the theme scores and the overall use of resources score.
- 12 Our work continues to be based on an assessment of risk. The approach for 2009 will be supported by evidence gained in previous years and we will update the assessments for any changes and improvements and carry out testing to confirm arrangements and outcomes. The guidance for auditors available to the Council at <http://www.audit-commission.gov.uk/useofresources/2009guidance.asp> sets out the links to the 2007/08 use of resources assessments. For example, the new KLOE 1.1 on managing finances links to the 2007/08 KLOE 2.1, 2.2 and 3.1.
- 13 We will also carry out detailed work on performance management and procurement (separate project briefs will be agreed) and current ongoing work on Ethical Governance, Governance of Partnerships and Improvement through Better Financial Management will inform the assessment. We also plan to hold a workshop for key officers to work through the details of the new approach.
- 14 We will undertake the fieldwork during 2009 and scores will be notified to councils in the autumn of 2009. Key dates for the 2009 assessment are shown at paragraph 17. The key contacts for the audit team and the Council are shown at paragraphs 18 and 20.
- 15 We will carry out the work through:
  - review of key documents;
  - interviews with officers and members; and
  - ongoing discussions and review of minutes and media.
- 16 There is no requirement for a self assessment. However, if a well evidenced self assessment is carried out, formally or informally, it will help us to make a quick and robust assessment and ensure that all relevant information is taken into account.

# Reporting and timescales

17 The use of resources assessment and value for money conclusion 2008/09 will be based on the same KLOE and will be reported in the Annual Governance Report alongside the opinion on the statement of accounts. The deadline for this is 30th September 2009. The following timetable is provisional at this stage and will be kept up to date throughout the audit.

Date	Activity/milestone
January 2009	Agree brief with Lead Director
January 2009	Workshop for key officers
January - April 2009	Fieldwork
May - June 2009	Audit team regional quality assurance (QA) and internal challenge
June/July 2009	Review of reports to members
August 2009	Submission of draft scored judgements for national QA
End August 2009	Agreement of value for money conclusion and scored use of resources judgements
Early September	Draft Annual Governance Report
Mid September	Final Annual Governance Report
Late September 2009	Audit & Risk Management Committee (papers out one week before)
October/November 2009	Draft organisational assessment report shared with the Council
Late November 2009	Final organisational assessments reported as part of CAA reporting. Issue annual audit letter.

# Audit personnel and key contacts

18 The following Audit Commission staff will be involved with the work.

Name	Contact details
Mike Thomas, District Auditor Overall responsibility for the audit	<a href="mailto:m-thomas@audit-commission.gov.uk">m-thomas@audit-commission.gov.uk</a> 0844 7987043 or 07879 667712
Liz Temple-Murray, Audit Manager Lead contact for UoR Manager for KLOE 1.1, 1.3, 2.2, 2.3, 2.4, 3.2	<a href="mailto:l-temple-murray@audit-commission.gov.uk">l-temple-murray@audit-commission.gov.uk</a> 0151 666 3483 or 07769 887358
Dave Wilson, Performance Manager Manager for KLOE 1.2, 2.1, 3.1 Manager for projects on Performance Management and Sustainability	<a href="mailto:da-wilson@audit-commission.gov.uk">da-wilson@audit-commission.gov.uk</a> 0844 7987333 or 0774 8930598
Dave Catherall, Principal Auditor	<a href="mailto:d-catherall@audit-commission.gov.uk">d-catherall@audit-commission.gov.uk</a> 0151 6663497
Kath Johnson, Performance Specialist	<a href="mailto:ka-johnson@audit-commission.gov.uk">ka-johnson@audit-commission.gov.uk</a> 0844 7983579
Rob Metcalf, Principal Auditor	<a href="mailto:r-metcalf@audit-commission.gov.uk">r-metcalf@audit-commission.gov.uk</a> 0151 6663484

19 The following staff will be our key contacts for the use of resources work overall and for the individual key lines of enquiry (KLOE). Ian Coleman and Tom Sault will be lead director and contact respectively, responsible for liaising with the audit team on a regular basis and coordinating the work, feedback and messages within the Council. The Lead Director will keep management up to date with progress on issues through the monthly Corporate Improvement Group (CIG).

20 We have agreed that the three central directors will be responsible for each of the three KLOE themes. Supporting this we have agreed key contacts for each of the individual KLOE. It is the responsibility of each of the key contacts to ensure that their line managers and the responsible Directors as well as the lead Director and Lead contact are kept up to date with issues arising on individual KLOE.

## Audit personnel and key contacts

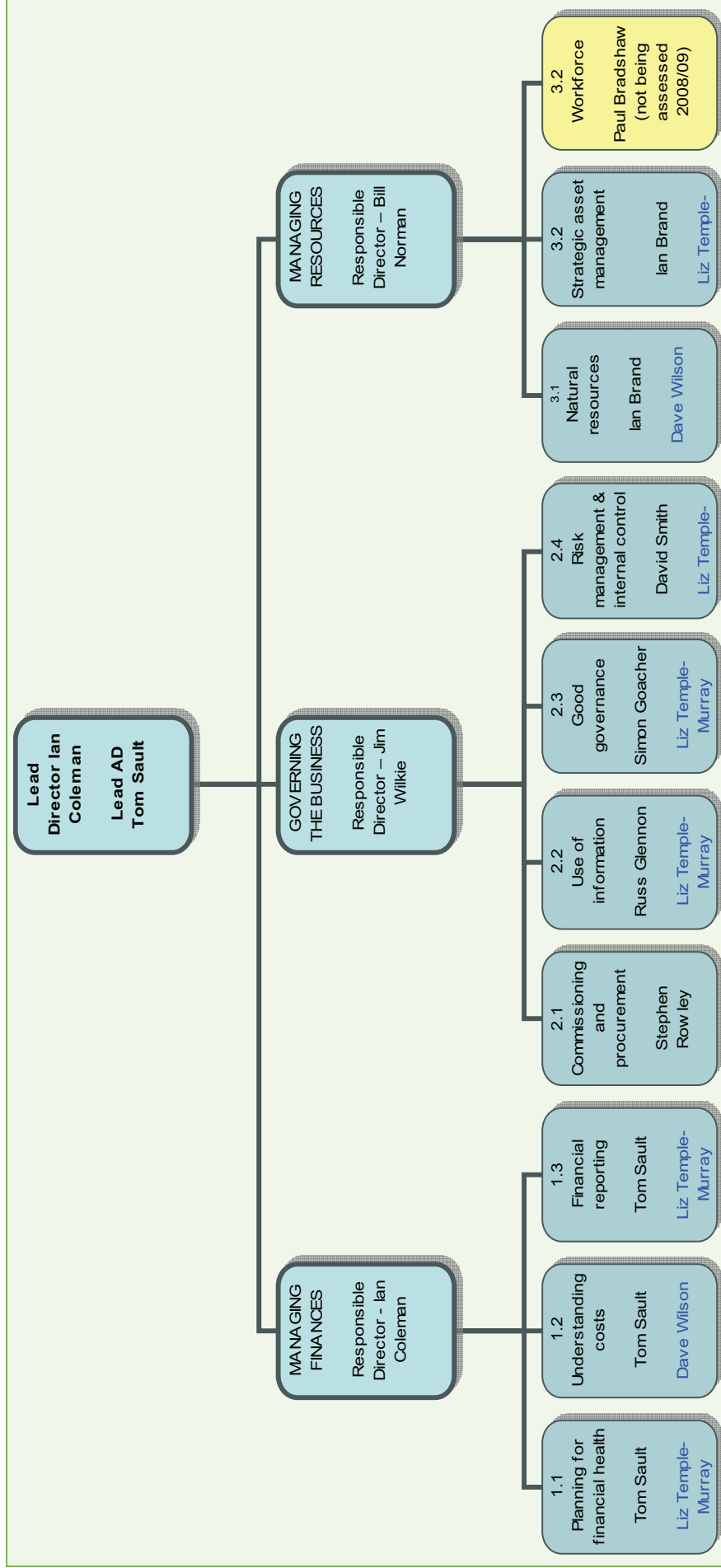
Name	Contact details
<p>Ian Coleman, Director of Finance Lead director for UoR overall Responsible director for 'Managing Finances' (KLOE 1)</p>	<p><a href="mailto:iancoleman@wirral.gov.uk">iancoleman@wirral.gov.uk</a> 0151 666 3056</p>
<p>Tom Sault, Head of Financial Services, Finance Lead contact for UoR overall Key contact for KLOEs 1.1, 1.2 and 1.3</p>	<p><a href="mailto:tomsault@wirral.gov.uk">tomsault@wirral.gov.uk</a> 0151 666 3407</p>
<p>Jim Wilkie, Deputy Chief Ex and Director Corporate Services Responsible director for 'Governing the Business' (KLOE 2)</p>	<p><a href="mailto:jimwilkie@wirral.gov.uk">jimwilkie@wirral.gov.uk</a> 0151 691 8183</p>
<p>Bill Norman, Director Law, HR and Asset Management Responsible Director for 'Managing Resources' (KLOE 3)</p>	<p><a href="mailto:billnorman@wirral.gov.uk">billnorman@wirral.gov.uk</a> 0151 691 8498</p>
<p>Stephen Rowley, Head of Support Services, Finance Key contact for KLOE 2.1</p>	<p><a href="mailto:stephenrowley@wirral.gov.uk">stephenrowley@wirral.gov.uk</a> 0151 666 3525</p>
<p>Russ Glennon, Head of Policy, Corporate Services Key contact for KLOE 2.2 [also Stephen Rowley]</p>	<p><a href="mailto:russglennon@wirral.gov.uk">russglennon@wirral.gov.uk</a> 0151 691 8152</p>
<p>Simon Goacher, Head of Legal &amp; Member Services, Dept of Law, HR &amp; Asset Mgt Key Contact for KLOE 2.3</p>	<p><a href="mailto:simongoacher@wirral.gov.uk">simongoacher@wirral.gov.uk</a> 0151 691 8569</p>
<p>David Smith, Deputy Director, Finance Key contact for KLOE 2.4</p>	<p><a href="mailto:davidsmith@wirral.gov.uk">davidsmith@wirral.gov.uk</a> 0151 666 3491</p>
<p>Ian Brand, Head of Asset Management, Dept of Law, HR &amp; Asset Mgt Key contact for KLOEs 3.1 and 3.2</p>	<p><a href="mailto:ianbrand@wirral.gov.uk">ianbrand@wirral.gov.uk</a> 0151 691 8686</p>
<p>Paul Bradshaw, Head of Human Resources, Dept of Law, HR &amp; Asset Mgt Key contact for KLOE 3.3</p>	<p><a href="mailto:paulbradshaw@wirral.gov.uk">paulbradshaw@wirral.gov.uk</a> 0151 691 8590</p>

21 This brief was agreed with the Director of Finance on 17 December 2008.

# Appendix 1 – Document request

To be agreed with key contacts. The following link to the guidance gives suggested sources of evidence for each KLOE <http://www.audit-commission.gov.uk/useofresources/2009guidance.asp>.

# Appendix 2 – Key responsibilities



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# The Audit Commission

The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.

As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.

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## WIRRAL COUNCIL

### FINANCE AND BEST VALUE OVERVIEW AND SCRUTINY COMMITTEE

24 MARCH 2009

### REPORT OF THE DIRECTOR OF FINANCE

#### CORPORATE RISK AND INSURANCE MANAGEMENT

##### 1. EXECUTIVE SUMMARY

- 1.1. This report provides information to Members on recent progress made against the objectives for these services and the anticipated developments in the coming months.

##### 2. INSURANCE MANAGEMENT PROGRESS

- 2.1. Liability claim statistics up to the end of December 2008 have been compiled and confirm the overall account performance remains relatively stable. The numbers of new claims submitted continue to reduce slightly although the savings from this reduction are being offset by claims costs inflation. Around 85% of all claims, and 90% of highway claims, are being successfully defended. No significant new claims trends have been noted.
- 2.2. Since the last report six cases have progressed to court with three successful in recovering costs, two were found in favour of the claimant and in the other, an historic abuse matter, judgement is complex and has been reserved. An appeal is envisaged in the latter case by which ever party is unsuccessful.
- 2.3. As reported in January historic abuse cases continue to require significant resources. Decision making in this area is especially difficult given the developing nature of the law, the necessary liaison between multiple insurers, the potential reputation impact, the difficulties in tracing witnesses and documentation as well as high legal costs.
- 2.4. Further to the change in apportionment of insurance costs between the Children and Young People Department and Schools each school has been advised of the new more accurate formula for calculating insurance charges and the risk survey programme which is to be implemented later this year. Initial feedback has been positive, despite the budget increases, schools appear to appreciate the position and value the service provided.
- 2.5. The tenders for the Engineering Inspection / Insurance and Motor Insurance contracts have been evaluated and recommendations made to Cabinet on 19 March 2009. This was the first exercise conducted by the newly appointed Insurance brokers, Griffiths and Armour and has resulted in a positive outcome.

- 2.6. An on site audit was conducted of Zurich Municipal, the current liability claims handlers, in January 2009. This has indicated that service levels are continuing to improve following the implementation of the new case management system with Zurich management showing a clear commitment to meet the required service level expectations.
- 2.7. The Risk and Insurance Team is liaising with the Department of Law, Human Resources and Asset Management over the information available in relation to the building portfolio having particular regard to the implications of the Strategic Asset Review.
- 2.8. The clarification of liability cover for historic periods continues. Discussions with Resolute in relation to 1988-1993 are progressing well. The insurers are likely to confirm both that cover is in force and that the Council has met its self-insured retention. Less positive is 1981-1984 when cover was underwritten by Independent insurance and, as local authorities are not protected by the Policyholders Protection Board / Financial Services Compensation Scheme, the Council will be uninsured for this period. However arrangements have been made to set-aside internal funds to cover losses from any uninsured liability periods.

### **3. CORPORATE RISK MANAGEMENT – PROGRESS**

- 3.1. Departments have provided an assessment of the critical risks facing the achievement of their aims and objectives as detailed in the Corporate Plan and the Department Services Plans for 2009/10 which were reported to Cabinet on 5 February 2009.
- 3.2. The Corporate Improvement Group undertook the quarterly review of the Corporate Risk Register on 19 January 2009. The register was updated with a new risk 'Failure to deliver the change programme' and progress reported in the Financial and Performance Monitoring report to Cabinet on 19 March 2009 which is included elsewhere on this agenda.
- 3.4. Progress made in embedding effective risk management was recognised by the Audit Commission in the Comprehensive Performance Assessment (Use of Resources) 2008. There was an improvement in the score for risk management and internal control which increased from 2 (adequate performance) to 3 (performing well). This assisted in improving the overall Council CPA score to a 3.
- 3.5. The Risk & Insurance Officer and Policy and Performance Team facilitated a comprehensive assessment of the risks to all Local Area Agreement (LAA) indicators and to the overall objectives of the Local Strategic Partnership (LSP). Wirral was the first Council in Merseyside to conduct such a comprehensive exercise. The outcome was reported to the LAA Programme Board on 18 February 2009 and the updated Risk Register will be an integral part of the LAA performance reporting arrangements.

- 3.6. Assistance has been given to the Environment and Sustainability Advisory Group to complete the sustainability appraisal of the LAA. This exercise identifies the interplay between the various LAA priorities and the degree to which success in one priority presents opportunities and risks for the others.
- 3.7. Continuing assistance is being provided to the Department of Adult Social Services over the risk management arrangements for the Design & Viability Project which is evaluating options for future service provision.
- 3.8 The new 'Introduction to Risk Management' component of the revised Corporate Induction Course featured in the sessions held on 19 January, 27 February and 16 March 2009.

#### **4. INSURANCE MANAGEMENT – ISSUES FOR NEXT PERIOD**

- 4.1. Liability claims statistics to March 2009 will be compiled and the end of year assessment and analysis completed.
- 4.2. Following the Cabinet meeting of 19 March 2009 the Engineering and Motor Insurance contracts will be awarded.
- 4.3. In terms of cases set for hearing or mediation within the next report period the most significant is a three week abuse trial scheduled for April / May involving two related claimants. As highlighted earlier in the report legal costs are high with defence costs in these two cases to exceed £150,000. However insurers have confirmed that they will be meeting these costs in full.
- 4.4. Terms for the renewal of the Liabilities, Computer and Foster Carers Legal Expenses policies effective from April 2009 will be agreed and preparations for renewal of the Property Insurance policies in June 2009 will begin.
- 4.5. In respect of Schools the specialist training to implement the second phase of school risk ranking project will commence and presentations will be made to both the Primary and Secondary Head teachers' Groups about the changes to School insurance charges.
- 4.6. The Insurance Fund accounts for 2008/09 will be completed and following this an update to the funding requirement study will be completed.

#### **5. RISK MANAGEMENT – ISSUES FOR NEXT PERIOD**

- 5.1. The Corporate Improvement Group will carry out the next quarterly review of the Corporate Risk Register to inform the Financial and Performance Monitoring report to Cabinet in July.
- 5.2. The Corporate Risk Register will also be updated and refined with information taken from Departmental Service Plans for 2009/10.
- 5.3. The Risk & Insurance Officer will undertake an audit of the quality of information on key risks in Departmental Service Plans and provide feedback to individual departments to assist with continuous improvement.

5.4. The Risk & Insurance Officer will continue to work with the Policy and Performance Team to further embed risk management arrangements in the governance of the LSP.

5.5. Working with the Environment and Sustainability Group the sustainability appraisal of the LAA priorities should be completed and the outcome reported to the LAA Programme Board.

**6. FINANCIAL IMPLICATIONS**

6.1. There are none arising directly from this report.

**7. STAFFING IMPLICATIONS**

7.1. There are none arising directly from this report.

**8. EQUAL OPPORTUNITIES IMPLICATIONS**

8.1. There are none arising directly from this report.

**9. ENVIRONMENTAL IMPACT STATEMENT**

9.1. There are none arising directly from this report.

**10. LOCAL MEMBER SUPPORT IMPLICATIONS**

10.1. There are none arising directly from this report.

**11. BACKGROUND PAPERS**

11.1. Data from the Figtree claims database

11.2. Liability claim statistics.

**12. PLANNING IMPLICATIONS**

12.1. There are none arising directly from this report.

**13. RECOMMENDATION**

13.1. That a further update be presented to the next meeting.

IAN COLEMAN  
DIRECTOR OF FINANCE

FNCE/62/09