



## Council Excellence Overview and Scrutiny Committee

<b>Date:</b>	<b>Thursday, 8 July 2010</b>
<b>Time:</b>	<b>Meeting to commence at 6.30pm or on the rising of the Call-In Meeting, whichever is the later</b>
<b>Venue:</b>	<b>Committee Room 1 - Wallasey Town Hall</b>

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### AGENDA

**1. MEMBERS' CODE OF CONDUCT - 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 17 March and 14 June 2010.

**3. APPOINTMENT OF VICE-CHAIR**

The Committee is invited to appoint a Vice-Chair for the ensuing municipal year.

**4. FINANCIAL MONITORING STATEMENT (Pages 11 - 14)**

**5. REVENUES AND BENEFITS (Pages 15 - 20)**

**6. HOUSING BENEFIT/COUNCIL TAX BENEFIT ANNUAL REPORT (Pages 21 - 28)**

7. **CUSTOMER SERVICES ANNUAL REPORT (Pages 29 - 48)**
8. **TREASURY MANAGEMENT ANNUAL REPORT 2009/2010 (Pages 49 - 64)**
9. **AUDIT COMMISSION PERFORMANCE MANAGEMENT REVIEW (Pages 65 - 86)**
10. **ANTI-FRAUD AND CORRUPTION POLICY (Pages 87 - 96)**
11. **FREEDOM OF INFORMATION REQUESTS (Pages 97 - 100)**
12. **FORWARD PLAN**

The Forward Plan for the period July to October 2010 has now been published on the Council's intranet/website. Members are invited to review the Plan prior to the meeting in order for the Council Excellence Overview and Scrutiny Committee to consider, having regard to the Committee's work programme, whether scrutiny should take place of any items contained within the Plan and, if so, how it could be done within relevant timescales and resources.

13. **REVIEW OF SCRUTINY WORK PROGRAMME (Pages 101 - 118)**
14. **OFFICE ACCOMMODATION (Pages 119 - 226)**

At its meeting held on 24 June 2010, the Cabinet referred the Office Accommodation report of the Director of Law, HR and Asset Management, together with the EC Harris Consultancy report to this Committee for consideration.

15. **EXEMPT INFORMATION - EXCLUSION OF MEMBERS OF THE PUBLIC**

The public may be excluded from the meeting during consideration of the following items of business on the grounds that they involve the likely disclosure of exempt information.

RECOMMENDED –

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 items of business, on the grounds that they involve the likely disclosure of exempt information as defined by the relevant paragraphs of Part 1 of Schedule 12A to that Act. The public interest test has been applied and favours exclusion.

16. **TENDER REPORT: INFORMATION TECHNOLOGY HARDWARE - CENTRAL PROCESSORS (Pages 227 - 232)**
17. **ANY OTHER URGENT BUSINESS APPROVED BY THE CHAIR**

## COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

Wednesday, 17 March 2010

Present: Councillor C Meaden (Chair)

Councillors C Teggins A Pritchard  
L Rowlands AER Jones  
D Elderton P Gilchrist  
G Ellis

Deputies: Councillors H Smith (In place of J George)  
A Taylor (In place of S Quinn)

### 57 MEMBERS' CODE OF CONDUCT - 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.

Councillor H Smith declared his personal interest in agenda item 6 – Freedom of Information (Fol) Requests (see minute 58 post) by virtue of him having had a request for information refused under the Act.

Councillor Mrs C Meaden declared her personal interest in agenda item 9 – 2009/2010 Third Quarter Performance Report by Exception (see minute 65 post) by virtue of her daughters employment within the Children and Young People's Department.

### 58 FREEDOM OF INFORMATION (FOI) REQUESTS

Further to minute 54 (1 February 2010), the Director of Finance presented an update to the monitoring report, which had previously been considered by the Community and Customer Engagement Overview and Scrutiny Committee at its meeting on 8 April 2009 (minute 38 refers). He reported upon the number of Freedom of Information (Fol) requests received by the Council since the introduction of the Act on 1 January 2005 and commented that whilst Central Government had seen a stabilisation of requests over the last two years, Local Government was reporting an increase year on year in general terms.

Wirral had benchmarked against a number of other local authorities and a comparison of the volume of requests since 2005 showed that Wirral had received a particularly high volume. He reported that the increasing number of FoI requests may necessitate a review of the staffing establishment. The high levels of FoI requests had also been cited by the Audit Commission as one of the reasons why the external audit fees payable by the Authority were above the scale level. He commented that the requests continued to reflect local topical issues such as the Strategic Asset Review, expenses claims, gritting of roads and allotment provision. They also reflected more global and national issues such as the use of biometrics in schools, amounts of Housing Benefits paid and adoption statistics.

The Director reported that the Council was allowed to refuse to disclose information to requestors if there was a legal exemption to do so. However, the Council refused only a small percentage of requests and the requestor was always given an explanation for a refusal. A requestor also had the right to request an internal review of how a request was handled. He commented that there was additional scope within the legislation to refuse to disclose information to requestors whose requests had become repeated or vexatious; Wirral has issued only two such refusal notices in total since the access rights came into force in 2005.

With the agreement of Members, a local resident, Mrs M Campbell, addressed the Committee and expressed concern as to how FoI requests were handled by the Council. She referred to guidance from the Information Commissioner in relation to the issue of refusal notices and to the requirements of section 17 of the Act.

Following a brief adjournment to seek clarification in relation to refusals and refusal notices, and other legal issues referred to, the Director of Law, HR and Asset Management confirmed that a Refusal Notice could be issued to requestors whose requests had become repeated or vexatious; this was done with reluctance and the Council always followed the advice of the Information Commissioners. A refusal to disclose information could be for a number of reasons, where there was a legal exemption, including requests for personal data and information which could prejudice the effective conduct of public affairs. In such circumstances, reasons for the refusal should be given, together with information as to how the requestor could pursue the matter, either by way of an internal review, or an appeal to the Office of the Information Commissioner.

In response to comments from Members, the Directors confirmed that a register was maintained of FoI requests and a breakdown could be provided to a future meeting of the Committee, although officers could not disclose the identity of persons who had made requests for information. With regard to a specific request referred to by a Member, where a response had not been received, the Director of Law, HR and Asset Management requested that it be forwarded to him direct for investigation.

**Resolved –**

- (1) That the report be noted.**
- (2) That a further detailed report be presented to the next meeting of the Committee to include a breakdown of requests made under the Freedom of Information Act during 2009/2010.**

**(3) That the officers be requested to arrange to meet with Mrs Campbell in order to consider fully the issues referred to in her statement.**

**(4) That the issue of Freedom of Information requests be included in the Committees work programme for 2010/2011.**

59 **MINUTES**

**Resolved – That the minutes of the meeting held on 1 February 2010, be approved.**

60 **FINANCIAL MONITORING STATEMENT**

The Director of Finance provided a summary in tabular format of the current position of the revenue accounts and General Fund balances as at 31 January 2010. He also circulated an updated statement of the financial position as at 28 February 2010. The monitoring statement included the composition of the original 2009/2010 budget by Department including agreed savings and policy options; monitoring against the 2009/2010 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 as at 28 February 2010, the decisions taken by the Cabinet and the overspends in Adult Social Services, Regeneration and Technical Services, if realised, would reduce the balance at 31 March 2010 by £2.9m, from £10.7m agreed by the Council on 1 March 2010 down to £7.8m. This was a significant improvement upon the projected overspend of £4.6m at 31 December 2009, due to the actions within Regeneration and Children & Young People (where spend was now anticipated to be within the budget allocated). The relevant Directors continued to look at actions to address the projected overspends.

In response to a question from a Member in relation to processes to address consistent overspends, the Director reported that the appropriate process was the Annual Budget and that it was the responsibility of Chief Officers to deliver it.

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

61 **GENERAL FINANCIAL MATTERS**

The Director of Finance reported upon 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.

As expected, the inflation figures for January 2010 increased significantly with CPI at 3.5% and RPI at 3.7%. The increases were largely due to VAT returning to its normal 17.5% level and an increase in oil prices. However, this was expected to be a temporary spike with higher inflation not expected to be an issue in the near future. He reported also that the Bank of England (BoE) base rate remained at 0.5% and was forecast to remain at this level throughout 2010. The BoE had now ceased the Quantitative Easing (QE) programme but had not ruled out using more QE in future if the economy continued to stall. He commented that the economy remained in a very

weak state and in urgent need of growth. Until it showed real signs of prolonged and stable growth the base rate would remain low.

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

**62 TREASURY MANAGEMENT AND INVESTMENT STRATEGY 2010 TO 2013**

The Director of Finance presented the Treasury Management Strategy Statement and Investment Strategy for 2010-2013, which had been approved by the Cabinet (minute 333 (22 February 2010) refers) in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Treasury Management in Public Services.

He reported that the Statement incorporated the Investment Strategy, as required under the Department for Communities and Local Government (DCLG) Investment Guidance and he set out also the CIPFA definition of Treasury Management and the main risks to Treasury Management activities.

**Resolved – That the Treasury Management Strategy Statement and Investment Strategy for 2010 to 2013, be noted.**

**63 FORWARD PLAN**

Further to minute 298 (Cabinet – 4 February 2010), the Director of Finance presented details of the Finance Department items included in the Forward Plan for the four month period 1 March to 30 June 2010.

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

**64 REACHING 'EXCELLENT' LEVEL OF THE EQUALITY FRAMEWORK FOR LOCAL GOVERNMENT**

The Head of Policy reported that since November 2009, when the Council was awarded level 3 of the Equality Standard for Local Government, the Improvement and Development Agency (IDeA) had developed a new Equality Framework for Local Government in order for Councils to be able to respond to new thinking on equality outcomes. Councils would now work towards three levels – Developing, Achieving and Excellent and he reported that Wirral Council had automatically migrated to 'Achieving' status of the new Framework. However, the Council would need to be assessed for 'Excellent' status by November 2011 or risk having 'Achieving' status removed.

A Corporate Action Plan for reaching 'Excellent' status was currently being developed by the Corporate Equality and Diversity team, who were monitoring, on a quarterly basis, the detailed milestones that were being identified by all departments. The Director referred to the role of scrutiny in reaching 'Excellent' level and commented that the Equality Framework highlighted the need for effective scrutiny in a number of areas.

**Resolved –**

- (1) That the Corporate Action Plan for reaching ‘Excellent’ level of the Equality Framework for Local Government be noted**
- (2) That the scrutiny function be further developed to incorporate the criteria of the Equality Framework for Local Government.**

**65 2009/2010 THIRD QUARTER PERFORMANCE REPORT BY EXCEPTION**

Further to minute 50 (1 February 2010), the Head of Policy presented the Council's third quarter performance for 2009/2010. Performance overall against the 2009/2010 Corporate Plan at quarter three was good with 71% or 47 of performance indicators rated as green or over-performing and 75% of projects rated as green or completed. However, the Director reported that a number of performance indicators were projected not to reach the expected or desired performance and he provided further detail in relation to those indicators that were –

- Currently red and not projected to meet their end of year target, such as Social care clients receiving self directed support (NI 130);
- amber at quarter 3 and projected to remain this way at the year end, such as all-age, all cause mortality (NI 120 a/b) and Progression by 2 levels in English between Key Stage 1 and Key Stage 2 (NI 93);
- red at quarter 3 although predicted to meet their year end target, such as time taken to process housing benefit/council tax claims (NI 181) and Council employees aged 65 and over (Local 7000).

She provided details of corrective action and indicated that the year end position would be reported in due course. He commented also that it was important to continue to highlight good performance in order to capture and share good practice and learning across the organisation. Exception reporting identified where the improvement activity should be focused and what more or what else the organisation needed to do to increase the likelihood of achieving its targets. In response to comments from Members, the Head of Policy agreed that future performance reports would include comparison data to highlight progress.

**Resolved –**

- (1) That the report be noted.**
- (2) That quarterly monitoring reports be presented to future meetings of the Committee.**

**66 OFFICE RATIONALISATION PROJECT - UPDATE**

Further to minute 53 (1 February 2010), the Director of Law, HR and Asset Management provided an update on the work being undertaken to rationalise office accommodation and he set out progress and work undertaken since the last meeting against each of the five project work streams –

- Work Stream 1 – Baseline Information
- Work Stream 2 – Building Utilisation/disposal
- Work Stream 3 – Workplace Change/Policy
- Work Stream 4 – Facilities Management
- Work Stream 5 – Implementation

He indicated that the primary focus of work in recent weeks had been, with the support of EC Harris, the development of a plan for future building use. Office rationalisation formed part of the wider corporate change programme and was being dealt with in a corporate context. The project was complex, with an appropriate formal governance structure drawing on input from all departments and from key resource areas. Consultants had been appointed to support the project and to develop a business case for the Council's future office need and whilst the vacation and disposal of some minor administrative assets was proceeding, the bulk of the rationalisation programme would follow the agreement of the business case. In the meantime, he reported that preparatory work was under way in a number of areas to ensure that, once the rationalisation programme was finalised, it could proceed as quickly as possible.

In response to questions from Members in relation to the progress of the preparation of properties for disposal, the Director indicated that staff at Esher House were expected to be relocated during the current calendar year and, at this stage, the property had not yet been marketed. Negotiations related to the sale to Wirral Partnership Homes of Bridge Court, West Kirby were proceeding and he agreed to provide a detailed update direct to Councillor Elderton.

**Resolved –**

- (1) That the report be noted.**
- (2) That the Strategic Asset Review Office Rationalisation Project form part of the Committee's work programme for 2010/2011 and regular updates be presented to future meetings of the Committee.**

**67 COMMITTEE REFERRAL - CHILDREN AND YOUNG PEOPLE OVERVIEW AND SCRUTINY COMMITTEE - 21 JANUARY 2010**

Further to minute 25 (16 September 2009), the Director of Law, HR and Asset Management reported that at its meeting held on 21 January 2010 (minute 55a refers), the Children and Young People O&S Committee considered the serious concerns expressed by the Council Excellence Committee with regard to the projected overspend in the Children and Young People's Department. The Committee had considered also comments of the Director of Children's Services and had requested that they be referred to the Council Excellence O&S Committee. The Director of Finance reported that although Children and Young People still faced demands, primarily from residential care and SEN (including transport), actions to maximise grants and control spend now meant that the Director of Children's Services was now anticipating spend to be kept within the budget allocated (see minute 60 ante)



**Resolved – That the referral from Children and Young People Overview and Scrutiny Committee (minute 55a – 21 January 2010), and the comments of the Director of Finance, be noted.**

**68 REVIEW OF SCRUTINY WORK PROGRAMME**

Further to minute 56 (1 February 2010), the Chair presented the final work programme monitoring report and was pleased to report that the Committee's targets for the current year had all been achieved. She thanked Members and officers for their ongoing support and proposed a number of additions to the work programme for 2010/2011.

**Resolved – That the following items be added to the work programme for the 2010/2011 municipal year –**

- **Strategic Asset Review – Office Rationalisation Project**
- **Freedom of Information Act**
- **Common Administrative Processes**
- **Community Cohesion**

**69 VOTE OF THANKS**

The Chair thanked both officers and Members for the work undertaken over the past year, and accorded her best wishes to Councillor Chris Teggin, who was not seeking re-election to the Council in the forthcoming election.

Members of the Committee thanked the Chair for her hard work and forbearance during the past municipal year.

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## COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

Monday, 14 June 2010

Present: Councillor P Gilchrist (Chair)

Councillors J Keeley A McArdle  
A Brighouse D McCubbin  
P Kearney S Williams  
B Kenny

Deputies: Councillors AER Jones (In place of P Davies)  
C Meaden (In place of J Stapleton)

In attendance: Councillor G Ellis

### 1 CALL-IN OF CABINET MINUTE 406 (15 APRIL 2010) - HOYLAKE LIFEBOAT STATION

At its meeting held on 15 April 2010, the Cabinet considered an exempt report of the Director of Law, HR and Asset Management in relation to offers received for the car park adjoining the original Lifeboat Station in Hoylake after the joint marketing of the site with Peel Holdings. The Cabinet resolved –

*That the offer from M Rice on the terms set out in the report be accepted and, in the event of the sale not proceeding, the offer from S Barnes be accepted.*

That decision has been called in by Councillors G Ellis, J Hale, J Green, Mrs L Rennie and T Anderson on the grounds that “The proposal runs counter to the criteria for regeneration of the area and that the proposals for use would not be consistent with this designation. The proposals would also be detrimental to The Kings Gap Conservation Area”.

### 2 CHAIR'S OPENING REMARKS

The Chair indicated that the meeting had been originally arranged to deal with the call-in of Cabinet minute 406 (15 April 2010) in relation to Hoylake Lifeboat Station, in accordance with the call-in guidelines. However, due to the unavailability of Members of the Cabinet and some Council officers who had been required to attend another meeting, it had been agreed with the party spokespersons that the call-in would be considered at a subsequent meeting of the Committee.

However, he proposed that Members could consider what information they required to be provided to them and to identify the witnesses that were to be called to assist the Committee in the determination of the call-in. He had sought background information from officers and proposed also to seek clarity from the lead call-in

signatory with regard to the criteria for regeneration. The Committee could then adjourn to a later date to formally deal with the call-in notice.

### **3 MEMBERS' CODE OF CONDUCT - 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.

Councillor A Jones declared a personal interest by virtue of having an association with the RNLI, being a member of the Management Committee of New Brighton Lifeboat Station.

### **4 SUMMARY OF REPORT CONSIDERED BY THE CABINET**

The Chair indicated that the report considered by the Cabinet at its meeting on 15 April 2010 had been an exempt report and that he had requested the officers to prepare a summary of that document, which did not contain exempt information. Accordingly, the Director of Law, HR and Asset Management presented a revised version of his earlier report, which had advised the Cabinet of the offers received for the car park adjoining the original Lifeboat Station in Hoylake, after joint marketing the site with Peel Holdings, who owned the buildings.

### **5 COMMITTEE DEBATE**

Having regard to the Chair's opening remarks (see minute 2 ante), Members expressed the view that any consideration of the issues in advance of the call-in could prejudice its determination at a later date. Consideration was given to what further information could be requested as part of a scoping exercise to deal with the call-in notice. However, Members were of the view that information in relation to the call-in should not be considered without the relevant Cabinet Member and witnesses being in attendance, or in advance of the call-in being formally considered.

**Resolved –**

- (1) That the call-in be determined at a Special Meeting of the Committee to be held at 5.30pm, prior to the scheduled meeting on 8 July 2010.**
- (2) That any request for information from officers, and the details of witnesses to be called, be provided to the Director of Law, HR and Asset Management no later than 21 June 2010.**

## WIRRAL COUNCIL

### COUNCIL EXCELLENCE OVERVIEW & SCRUTINY COMMITTEE

8 JULY 2010

#### 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 2010/11 budget by Department including agreed savings and policy options.
- Monitoring against the 2010/11 budget including the financial implications of any changes agreed through Cabinet decisions.
- Anticipated variances, changes not agreed by Cabinet, against the original budget.
- Comments providing an explanation of variances and areas identified as requiring further attention.

2.2 The Statement is produced monthly and sent to all Councillors. A formal report is submitted to each meeting of this Committee.

##### 3. LATEST FINANCIAL POSITION

3.1 The Statement presents an update of the revenue budget and General Fund balances as at 31 May 2010.

3.2 At this stage of the financial year only Children & Young People are projecting an overspend whilst the potentially volatile areas within departments are:-

3.2.1 Adult Social Services - There are continuing pressures on the community care budgets due to increasing demand; partly due to the economic climate, the income targets from residential / non-residential care charges remain challenging; and projected transport costs exceed the budget available. Whilst these have been identified at around £3 million it is not yet being identified as an overspend as the Director continues to look at ways to keep within the budget allocated.

- 3.2.2 Children & Young People - Significant pressures remain largely as a result of additional demands that have been placed on care services, primarily residential care placements and foster care costs. At this stage the Director has identified a potential overspend of £1.7 million and is looking at actions in respect of grant based activities and measures to control spending in order to enable spend to remain within the budget allocated.
- 3.2.3 Regeneration - Interim measures have been put in place for the management of the Cultural Services, Housing and Regeneration and Regulation functions but there has not been a Cabinet decision on the permanent re-allocation of the Departmental budget. For the present it will continue to be reported as previously and there remain several volatile budget areas with the major concern around maintaining income levels.
- 3.2.4 Technical Services - As with other areas the income budgets are the main areas subject to change whilst the winter maintenance budget has overspent in recent years.
- 3.2.5 Finance / Treasury Management - The economic position continues to affect housing benefit and treasury management activities with the former being the largest individual Council budget. Performance is closely monitored.
- 3.3 Decisions taken by Cabinet which have an impact upon the financial position:-
- 3.3.1 Cabinet on 18 March 2010 agreed to fund the inflationary increase in the National Minimum Fostering Allowances of £90,000 in 2010/11 from balances.
- 3.4 Whilst this update is at 31 May 2010 there are two key reports being considered by Cabinet on 24 June 2010 that will affect the financial projections for 2010/11:-
- 3.4.1 The 2009/10 Accounts are presently being completed. The final out-turn for the year will be reported to Cabinet on 24 June 2010 and the Statement of Accounts 2009/10 will be presented to Audit & Risk Management Committee on 30 June 2010.
- 3.4.2 Cabinet on 24 June 2010 also considered the implications for the Council of the Government announcement on 10 June 2010 on the 'Reductions in Grants to Local Government' which reduces the funding for local authorities in 2010/11.

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

- 4.1 As at 31 May 2010 the decision taken by Cabinet and the overspend in Children & Young People if realised, would reduce the balance at 31 March 2011 by £1.8 million (from £6.5 million down to £4.7 million). The Director continues to look at actions to address the projected overspend.

Details	£million	£million
<b>Projected General Fund balance at 31 March 2011 when setting the budget for 2010/11</b>		<b>6.5</b>
<b>Cabinet decisions</b>		
18 March – Foster care allowances	-0.1	-0.1
<b>Projected variances / potential overspends</b>		
Overspend Children & Young People	+1.7	-1.7
<b>General Fund balance at 31 March 2011 based upon the projections at 31 May 2010</b>		<b>4.7</b>

4.2 There are no staffing implications arising directly from this report.

## **5. EQUAL OPPORTUNITIES IMPLICATIONS**

5.1 There are none arising directly from this report.

## **6. HUMAN RIGHTS IMPLICATIONS**

6.1 There are none arising directly from this report.

## **7. LOCAL AGENDA 21 IMPLICATIONS**

7.1 There are none arising directly from this report.

## **8. 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/110/10

Department	ORIGINAL BUDGET			MONITORING			COMMENTS (INCLUDING Red/Amber/Green RATING)	
	Policy Option	Saving Target	Agreed Budget	Changes Agreed	Changes Not agreed	Forecast	Rate	Comments
Expenditure	£000	£000	£000	£000	£000	£000		
Adult Social Services	3,600	2,967	85,897	-	-	85,897	A	Pressures remain within community care due to increasing demand, achieving income and transport costs.
Children & Young People	100	280	78,406	+90	+1,700	80,196	A	Residential care (£0.8m) and foster care (£0.6m) costs remain the main areas projected to exceed the allocated budget.
Corporate Services	345	-	6,008	-	-	6,008	G	No issues identified.
Finance	505	1,410	26,096	-	-	26,096	G	Housing Benefit largest budget and demand continues to increase. Treasury management activities affected by financial markets.
Law, HR and Asset Mgt	66	-	8,384	-	-	8,384	G	No issues identified.
Regeneration	4,166	-	60,837	-	-	60,837	G	Income targets remain most significant challenge. Major options are year 1 (of 4) for digital infrastructure and for home insulation.
Technical Services	1,033	640	43,504	-	-	43,504	G	Income, particularly car parking, closely monitored.
Merseytravel	-	-	27,344	-	-	27,344	G	Fixed amount - no change.
Local Pay Review	-	-	1,130	-	-	1,130	G	Available to meet implementation of the Review.
Contribution from Balances	-	-	(4,223)	-	-	(4,223)	G	Before changes agreed by Cabinet.
LABGI / LAA grants	-	-	(1,600)	-	-	(1,600)	G	LABGI / LAA grants to be confirmed by Government.
<b>Budget Requirement</b>	<b>9,815</b>	<b>5,297</b>	<b>331,783</b>	<b>+90</b>	<b>+1,700</b>	<b>333,573</b>		
<b>Income</b>								
Revenue Support Grant	-	-	20,016	-	-	20,016	G	Fixed amount - no change
Area Based Grant	-	-	42,725	-	-	42,725	G	Government to confirm final allocations including Care at Home.
National Non Domestic Rate	-	-	137,844	-	-	137,844	G	Fixed amount - no change
Council Tax	-	-	131,198	-	-	131,198	G	Fixed amount - no change
<b>Total Income</b>			<b>331,783</b>	<b>-</b>	<b>-</b>	<b>331,783</b>		
<b>Statement of Balances</b>								
As at 1 April	-	-	10,723	-	-	10,723		Opening balance – forecast for 1 April 2011 is £6.5 million.
Contributions from Balances	-	-	(4,223)	-	-	(4,223)		Before changes agreed by Cabinet.
Contributions to Reserves	-	-	-	-	-	-		No changes approved by Cabinet.
Changes – Agreed Cabinet	-	-	-	+90	-	-90		Fostering +£90k (18 Mar).
Changes – Not Agreed	-	-	-	-	-1,700	-1,700		Based on the departmental projections – not approved.
<b>BALANCES</b>			<b>6,500</b>	<b>-</b>	<b>-1,700</b>	<b>4,710</b>		<b>Projected balance at start / end of year</b>



## WIRRAL COUNCIL

### COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

8 JULY 2010

#### REPORT OF THE DIRECTOR OF FINANCE

#### REVENUES AND BENEFITS

##### 1. EXECUTIVE SUMMARY

- 1.1. This report provides information on the position regarding Council Tax, National Non Domestic Rate, general debt and cash income collection and the payment of benefits.

##### 2. REVENUES COLLECTION

- 2.1. The following statement compares the amount collected for **Council Tax** in the period 1 April 2010 to 31 May 2010 with the amount collected in the same period in 2009/10.

	<b>Actual 2010/11 £</b>	<b>Actual 2009/10 £</b>
Cash to Collect	<b>124,020,000</b>	123,144,000
Cash Collected	<b>24,611,000</b>	24,295,000
% Collected	<b>19.8</b>	19.7

- 2.2. The following statement compares the amount collected for **National Non-Domestic Rates** in the period 1 April 2010 to 31 May 2010 with the amount collected in the same period in 2009-10.

	<b>Actual 2010/11 £</b>	<b>Actual 2009/10 £</b>
Total Collectable (including arrears)	<b>70,888,698</b>	75,845,824
Amount Outstanding	<b>57,851,949</b>	64,623,372
% Outstanding	<b>81.61</b>	85.20
Amount Collectable	<b>64,262,948</b>	66,949,292
Net Cash Collected	<b>12,225,233</b>	11,242,507
% Collected	<b>19.02</b>	16.79

- 2.3. The 100% level for empty Business Rates on properties above a rateable value of £15000, the revised port assessments and the current economic climate continue to have a detrimental effect on Business Rate collection levels.

- 2.4. The following statement provides information concerning collection of local taxes from 1 April 2010 to 31 May 2010.

	<b>Council Tax</b>	<b>Business Rates</b>
Reminders/Final Notices	18,765	958
Summonses	4,379	0
Liability Orders	586	0
Recovery action in progress		
Attachment of Earnings	265	
Deduction from Income Support	766	-
Accounts to Bailiff	1,340	25
Pre-Committal Warning Letters	811	-
Committal Orders Issued	0	0
Debtors Committed	0	0

Current Status of Agent Work in respect of Committals for 1 April 2010 to 31 May 2010.

Warrants of Arrest issued by Court (Bail and No Bail)	7
Warrants of Arrest (Bail) to Warrant officer	2
Warrants of Arrest (No Bail) to Warrant officer	4
Returned successful (Bail)	3
Returned successful (No Bail)	8
Returned other reasons (Bail)	2
Returned other reasons (No Bail)	1

2.5. Insolvency cases to 31 May 2010

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

Bankruptcy cases	284
Charging orders	113
Winding up orders	3

New cases from 1 April 2010 to 31 May 2010

Bankruptcy	5
Charging orders	12
Winding up orders	<u>0</u>

Status of Insolvency cases at 31 May 2010

Winding-up paid	1
Charging orders granted	72
Winding up Order	1
Supporting other petitions	3
Cases paid	88
Bankruptcy orders	104
Cases closed	106
Ongoing cases	<u>42</u>
	<u>417</u>

## 2.6. Sundry Debtors

	<b>Actual 2010/11</b>	Actual 2009/10
Amount Billed in last 12 months as at 31.05.10	<b>£84,940,722</b>	£77,783,290
Total outstanding as at 31.05.10	<b>£22,840,723</b>	£18,916,594
Net Arrears at 31.05.10	<b>£13,037,761</b>	£12,122,919
Number of invoices in arrears at 31.05.10	<b>12,713</b>	12,111
Number of reminders 01.04.10 to 31.05.10	<b>4,054</b>	5,244

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

	<b>2009/10 Budget</b>	<b>Income to 31-May-09</b>	<b>2010/11 Budget</b>	<b>Income to 31-May-10</b>
i. School Meals	£1,607,800	£185,628	£1,575,100	£277,572
ii. Sports Centres	£3,867,300	£374,027	£3,941,300	£783,069
iii. Golf Courses	£912,200	£259,402	£939,600	£262,080
iv. Burials and Cremations	£2,429,200	£214,313	£2,502,000	£249,105
v. Building Control Fees	£494,900	£117,760	£494,900	£83,068
vi. Land Charges	£358,300	£45,386	£358,300	£50,370
vii. Car Park (Pay and Display)	£2,496,900	£286,428	£2,496,900	£283,801
viii. Car Park (Penalty Notices)	£1,149,800	£150,130	£1,149,800	£82,558

2.6.2. Further explanation of the above budgets and income collection performance is provided below:

- (i) School Meals: It is expected that income will be slightly more than the budget.
- (ii) Sports Centres: This is a volatile area and income is being monitored closely. The Invigor8 income is expected to exceed budget.
- (iii) Golf Courses: It is anticipated that income will underachieve against budget by £100,000. The budget for income in Golf has not been achieved for at least the last three years.
- (iv) Burials and Cremations: Income levels are down when compared to this time last year. It is anticipated that income will underachieve against budget by around £90,000.
- (v) Building Control Fees income is declining and there was a deficit of £91,500 in 2009/10.
- (vi) Land Charges: Fee income is declining and there was a deficit of £61,500 in 2009/10.
- (vii) Car Park Income (Pay and Display Tickets). It is unlikely that the income will be achieved. The deficit in 2009/10 was £285,000.
- (viii) Car Park Income (Penalty Notices): The shortfall in 2009/10 was £217,000 and is likely to be similar in the current year.

### 3. HOUSING BENEFITS

- 3.1. 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 31 May 2010.

	2010/11	2009/10
Number of <b>Private Tenant</b> recipients	28,957	27,987
Total rent allowance expenditure	£19,014,029	
Number under the <b>Local Housing Allowance</b> scheme ( <u>included in the above</u> )	8,217 £6,922,892	5,583
Number of <b>Council Tax Benefit</b> recipients	38,821	36,941
Total Council Tax Benefit expenditure	£31,054,346	
Total expenditure on benefit to date	£50,068,375	

- 3.2. The following statement provides information concerning the breakdown according to client type as at 31 May 2010.

	Private Tenants	Owner Occupiers
Working age and in receipt of J.S.A.	15,148	1,892
Elderly and in receipt of J.S.A.	7,141	5,619
Working age and not receiving J.S.A.	5,225	1,118
Elderly and not in receipt of J.S.A.	<u>1,981</u>	<u>3,247</u>
<b>Total</b>	<b>29,495</b>	<b>11,876</b>

There are **40,948** benefit recipients in Wirral as at 31 May 2010

- 3.3. **Housing Benefit Fraud and Enquiries** **To 31 May 2010**
- |   |     |
|---|-----|
| New Cases referred to Fraud team in period                                      | 371 |
| Cases where fraud found and action taken  | 17  |
| Cases investigated, no fraud found<br>and recovery of overpayment may be sought | 101 |
| Cases under current investigation   | 294 |
| Surveillance Operations Undertaken  | 0   |
| Cases where fraud found and action taken:                                       |     |
| Administration penalty  | 0   |
| Caution issued and accepted   | 6   |
| Successful prosecution  | 8   |
| Summons issued for prosecution purposes   | 3   |

#### 3.4. Discretionary Housing Payments

- 3.4.1 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.

3.4.2 DHP is not a payment of Housing/Council Tax Benefit and is funded separately from the main scheme. The Government contribution for 2010/11 is £244,743 with an overall limit of £611,858 which the Authority must not exceed. To date I have paid £15,545.

#### **4. STAFFING IMPLICATIONS**

4.1. There are none arising from this report.

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

5.1. There are none arising directly from this report.

#### **6. HUMAN RIGHTS IMPLICATIONS**

6.1. There are none arising directly from this report.

#### **7. LOCAL AGENDA 21 IMPLICATIONS**

7.1. There are none arising directly from this report.

#### **8. 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 none arising directly from this report.

#### **11. BACKGROUND PAPERS**

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

#### **12. RECOMMENDATION**

12.1. That the report be noted.

IAN COLEMAN  
DIRECTOR OF FINANCE

FNCE/114/10

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## WIRRAL COUNCIL

### COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

8 JULY 2010

#### REPORT OF THE DIRECTOR OF FINANCE

#### HOUSING BENEFIT/COUNCIL TAX BENEFIT ANNUAL REPORT

##### 1. EXECUTIVE SUMMARY

- 1.1. This report updates Members on the progress of the Benefits Service over the last year and outlines the challenges to be faced in the coming months.

##### 2. INTRODUCTION

- 2.1. Traditionally the Benefits Service has administered around 36,500 to 37,000 live claims for Housing Benefits and Council Tax Benefits (HB/CTB). However during the past two years a significant shift in claimant activity has been evident leading to an increased (and increasing) caseload. The rate of increase escalated from January 2009 when the caseload exceeded 40,000. This trend continues and at 31 May 2010 the total live claims was 40,647.
- 2.2. The cost of the service in terms of the payment of benefits and administration has increased. Corresponding with the increasing caseload, the annual benefit bill also continues to rise. Last year I reported payments made totalled £130m compared to £122m for the previous year. For 2009/2010 the benefit bill increased substantially to a final total of £151,636,296. This had increased substantially from the initial estimate of £137,608,027. The initial estimate for 2010/2011 is £154,979, 207 but this is now expected to increase. The increase in Local Housing Allowance (LHA) claims within the caseload contributes to the increased overall spend as LHA rates are significantly more generous than Housing Benefit (HB) rent levels. This is a general trend seen nationally, and the DWP acknowledges the increased cost of LHA.
- 2.3. The year on year reduction in the Department for Work and Pensions (DWP) grant was negated to some extent by the additional grant released during 2009/2010 in recognition of the additional workload driven by the recession. For 2009/2010 the service received £3,970,957 by way of administration grant from the DWP.

- 2.4. With a current live caseload of 40,647 claims, compared to 37,026 two years ago the volumes in terms of claims, changes of circumstances and other work/post received are proportionally higher. The workload and administration is also impacted upon by the volumes of 'intentions to claim' and defective claims received, which are not reflected in the increasing live caseload but nevertheless draw on resources. This is reflective of the current economic climate.

2009/10 New claims received and total determined – 20,656

2009/10 Change of Circumstances received and actioned increased to 114,668 equivalent to 460 per day

2009/10 Post received totalled 288,632, compared to 202,615 in 2008/09 equivalent to 1,150 per day

- 2.5. The administrative operation requires close liaison with other Departments, particularly Adult Social Services, Regeneration (Housing Options Team) and Legal Services together with a range of third sector partner organisations and Government agencies, including the DWP and Pension Service, and the Police alongside landlords from both the social and private sector. It is supported by the customer service staff through the network of One Stop Shops and the Call Centre. Additionally, Benefits visiting staff equipped with mobile technology support service delivery, ensuring accessibility to those who are unable to visit the offices or otherwise avail themselves of the service whilst e-access channels are continually under development to ensure that all access channels are available and optimised through a rolling programme of development.

### 3. **PERFORMANCE**

- 3.1. Key activity areas for the service comprise claims processing and administering the many changes that occur during the life of a claim. This equates to optimising benefit take-up and maximisation for those already claiming whilst actively securing the gateway to minimise the risk of loss through fraud and error. It is disappointing that this key work is not supported by robust national performance standards. In terms of defining national standards, despite the previously reported reduction to just two key national indicators for HB/CTB from April 2009, the DWP has made further changes. With effect from April 2010 National Indicator 181 ('Right Benefit') has been removed. I now report on National Indicator 180 only, i.e. Right Time'. This it does not detrimentally impact on performance management due to the continued adoption of the former key BVPI for local management and administration monitoring purposes together with the monitoring work and associated evaluation undertaken by service managers and the Quality Assurance team.
- 3.2. Response times for new claims and change in circumstances for 2009/2010

- New claims - 22 days
- Change in circumstances - 14 days

In considering performance outcomes it is important to acknowledge the need for high levels of accuracy. Robust performance monitoring procedures focus closely on accuracy processes and quality of processes. A current average of between 94 and 95% is in keeping with historical national standards.



- 3.3 It is crucial that Wirral continues to dedicate sufficient skilled resource to the prevention and detection of fraud. The Benefits Investigation team is now well established and works closely with local partner agencies such as the DWP and Police. In doing so many positive outcomes have been secured, with several high profile and high value fraudulent claims being exposed and appropriate sanctions successfully administered. Such is the interest in this area of the service that it is likely that a Wirral case will feature on national television later this year. During 2009/2010 the Fraud and Enquiry Team:
- considered 2,178 referrals (2087 during 08/09)
  - investigated 789 cases (603 during 08/09)
  - administered 158 sanctions including 19 successful prosecutions (158 sanctions & 23 prosecutions in 08/09)
- 3.4. During 2009/2010 the team focused to a greater extent than in previous years on more investigations with a higher overpayment value, in many cases the fraud being more complex, as such whilst the prosecution rate was lower, the cases concerned in several instances were of a higher value in terms of benefit fraudulently claimed and significantly more time consuming to investigate. The DWP and Police became increasingly involved and one case in particular, which has taken in excess of two years to investigate, involves overpaid Benefit by the DWP as well as HB/CTB and amounts to £118,300.36.
- 3.5 Other key service arrears which support the overall claims administration processes include the dedicated Appeals and Debt Recovery Team, Revenues and Benefits Training, Development and PR Team, the Quality Assurance Team and Income (Subsidy/Grant) Maximisation Team. The excellent work and good practice of the Appeals team is recognised externally with their involvement in current joint working pilot initiatives.
- 3.6. Take-up and benefit maximisation work continues and is being supplemented by careful administration of the Discretionary Housing Payment fund. In turn this work supports the wider Financial Inclusion programme of work by the Authority and additionally complements the work of other agencies, such as Job Centre Plus (JC+) on initiatives such as 'Let's Get Merseyside Working'.
- 3.7. Data Sharing increasingly plays a daily role across the service; traditionally this was in the processing and fraud units but is now also seen in other areas. Earlier this year the service joined Merseyside Fire and Rescue Service (MFRS) in active support (by use of data) of their 'Operation Goldmine' which seeks to identify those at most risk of harm through fire. Similarly work with the Pension Service served to ensure that those who are not claiming are made aware of the opportunity.

#### **4. SERVICE DEVELOPMENT, CHANGE AND FUTURE CHALLENGE**

4.1. HB/CTB delivery is subject to ongoing review at national level. The wider and longer term review covers the way in which help with housing costs will be administered in future years. For example, there is potential for it to be replaced by a 'national Housing Allowance' although this would bring with it many significant issues due to local variations which a locally run scheme can address. In the shorter term the review focuses on two key areas:-

- Local Housing Allowance (LHA) – the second year of the two year review is underway. Stakeholders including private landlords together with local authorities have responded to consultation, and further guidance is anticipated. In the meantime local authorities continue to run the HB and LHA schemes concurrently. There are currently some 8,217 LHA claims within the caseload, with approximately 4% of these (329) being paid directly to the claimant by cheque as they do not have, or have not admitted to having, a bank account, or the payment is the excess amount which cannot be paid directly to the landlord. Some 15% (1,233) of LHA claims are paid directly to the landlord, either due to rent arrears or perhaps because the tenant (claimant) falls to be treated as 'vulnerable' under the LHA Safeguard Policy. The issue of vulnerability and the application of Safeguarding policy are complex in themselves and subject to challenge by landlords and other agencies.
- Supported Accommodation – The DWP continues to review this sector and whilst guidance was issued in 2008, this remains a particularly complex area of service delivery. The administration of these claims is complicated by the numerous Commissioner decisions that officers are required to consider. Decisions reached can and do impact on operational decisions by colleagues in Department of Adult Social Services and other areas of the care sector. There are cost implications to the Authority in administering these claims in terms of limited subsidy receivable from the DWP.

4.2 In general both LHA and Supported Accommodation schemes present significant challenges in terms of legislation and of delivering the service to the satisfaction of claimants, landlords and other stakeholders. Officers are currently involved in appeals to the Upper Tribunal of the Courts where the LHA legislation clearly conflicts with other orders, for example, those of the Rent Service and as such are disadvantaging certain claimant groups. Claims in respect of supported accommodation schemes continue to present both challenge and concern, primarily around high levels of rent and potential financial impact to the Authority through consequential loss of grant. Officers strive, through liaison with colleagues in Adult Social Services, Legal Services and Regeneration to bring each case to an acceptable conclusion.

- 4.3. I continue to evaluate the merits of working with the Post Office to facilitate payment to LHA tenants who do not have a bank account through the new 'Post Office Payout' scheme. Much time has been spent refining this scheme to ensure suitability to local authority needs which should see bar coded letters sent to claimants to replace cheques, with these letters to be presented at the Post Office, which will hold listings of who to expect and how much they are to receive. The Post Office verifies identification and makes the payment to the claimant or their chosen representative. I am due to report to the Cabinet when I am ready to progress this alternative.
- 4.4. It is likely that the 'Payout' solution could be adopted by other service areas, within the Revenues, Benefits and Customers Services Division such as Council Tax Refunds, and elsewhere within the Authority. This will be reviewed once Benefits is successfully live.
- 4.5. Partnership work continues as Wirral acts for the Merseyside consortium in the production of information literature and other publicity material. The service is part of a forum for working together on many aspects of service strategy and delivery.

## 5. **SUPPORTED ACCOMMODATION**

- 5.1. The Benefits service continues to deal with the matters originally brought to the attention of Cabinet in December 2007 in regard issues with a Supported Accommodation provider. Whilst the disposal of the cases concerned has rightly been referred back to the statutory process, counter appeals and application to the Upper Tribunal complicate matters. As such I continue to work closely with the Head of Legal Services and, as appropriate, Counsel.

## 6. **IMPROVING EFFICIENCY**

- 6.1. Managers monitor service delivery, ensuring that staff are equipped to offer the best standard of service delivery through a rolling programme of quality assurance checks and individual staff development strategies. The Wirral Benefit Service does this well but given the pressure from the Government and the increased service demands I have taken steps to ensure that this key management area is robust and fully explored in terms of improvement opportunities.
- 6.2. In 2009/2010 Wirral partnered the DWP 'Performance Development Team' (PDT) in a comprehensive review of the in-house training programmes. This review concluded with positive results, confirming in essence that training is efficiently delivered with a high level of effectiveness. Notwithstanding this the good work of the section will be supplemented over coming months by the adoption of a training needs analysis programme.

6.3 During 2010 the service is scheduled to work again with the PDT, this time to facilitate a forensic review of service delivery. Processes, practices and procedures will be tested, as will interactions with customer services staff with a view to reduction of any service duplication and ensure, where at all possible, that practices are optimised. The review is scheduled to start late summer although the DWP will be on site briefing staff in advance of establishing a Wirral officer project team that will lead the review through to implementation of agreed changes and improvements. This forms an element of the agreed Strategic Change Programme.

## **7. CHALLENGES FOR 2010/11**

### **7.1. Local Housing Allowance (LHA)**

7.1.1. This remains key on the reform agenda and it is likely that the current national review will result in further changes to the scheme and potentially a full caseload roll-out.

### **7.2. Job Centre Plus Reform**

7.2.1. Close working with Job Centre Plus is intrinsic to successful service delivery. Regrettably, as previously reported, the national restructure of Job Centre Plus caused certain problems both regionally and locally. Effectively a 're-launch' of the Regional Operational Boards has shown limited substantive improvement although the recently agreed national Service Level Agreement should provide an improved platform from which to work together over the coming months. However, locally on Wirral there is excellent joint working with the DWP with Authority presence at four DWP sites and DWP work at a number of One Stop Shops.

## **8. CONCLUSION**

8.1. Despite dips in performance at key holiday times where impact on processing times was minimal, the Benefits service has maintained good service standards through a further period of increasing demand, challenge and change. Improvement and enhancement programmes continue with strategies routinely reviewed to ensure the ability to respond to customer expectation and ongoing DWP reforms.

## **9. FINANCIAL IMPLICATIONS**

9.1. There are none arising out of this report.

## **10 STAFFING IMPLICATIONS**

10.1. There are none arising out of this report.

## **11. EQUAL OPPORTUNITIES IMPLICATIONS**

11.1. There are none arising form this report.

**12. HUMAN RIGHTS IMPLICATIONS**

12.1. There are none arising from this report.

**13. LOCAL AGENDA 21 IMPLICATIONS**

13.1. There are none arising from this report.

**14. COMMUNITY SAFETY IMPLICATIONS**

14.1. There are none arising from this report.

**15. PLANNING IMPLICATIONS**

15.1. There are none arising from this report.

**16. LOCAL MEMBER SUPPORT IMPLICATIONS**

16.1. There are none arising from this report.

**17. BACKGROUND PAPERS**

17.1. There were no background papers used in the preparation of this report.

**18. RECOMMENDATION**

18.1. That the report be noted.

IAN COLEMAN  
DIRECTOR OF FINANCE

FNCE/244/09

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## WIRRAL COUNCIL

### COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

8 JULY 2010

### REPORT OF THE DIRECTOR OF FINANCE

### CUSTOMER SERVICES ANNUAL REPORT

#### 1. EXECUTIVE SUMMARY

- 1.1 This report is the annual update on the work of the Customer Services teams. It highlights key areas of delivery, performance, successes and challenges and shows the breadth of the service as the corporate contact point of much of the Council. It also includes future plans for further development.

#### 2. BACKGROUND

- 2.1 Customer Services provides three main access channels, face to face, telephone and the web. Staff working within Customer Services receive a wide range of training and development. This helps to resolve enquiries on first contact with the Council, and to provide the relevant information and advice to enable informed decisions.

#### 3. CUSTOMER ACCESS STRATEGY UPDATE

- 3.1 The Customer Services Development Team works alongside departments to improve their processes; ensure that the customer facing element of the service is transparent and is easily accessed. Their remit is to support the delivery of quality and consistent service across all access channels, ensuring that individuals have a choice in how they contact the Council, in line with the Customer Access Strategy. Their objective is to work with departments to identify efficiencies.

#### 3.2 Technical Services

- 3.2.1 Work has been ongoing to maximise the number of Technical Services related enquiries delivered using the corporate customer relationship management (CRM) system. The system is used initially by Customer Services staff when a member of the public contacts the Council. Improvements have been made to enhance the customer experience, by helping staff more effectively manage customer expectations. Once a service has been requested by the customer, they are informed when the service will be delivered or what action will follow. If the Council does not provide the service, the customer is given advice on who does, which reduces unnecessary referrals to departments, thus reducing the overall cost of service delivery. Improvements have also been made for customers where there is a charge for the service as payment can be accepted at the point of contact by credit/debit card.

- 3.2.2 Improvements to the way in which household waste enquiries, fly tipping and abandoned and nuisance vehicles are recorded now means that the Call Centre can direct the call to the right place in the Technical Services Department, enabling the Department to trace and report on all enquiries. This has improved the customer experience and reduced overall administration costs.
- 3.2.4 The CRM system now integrates with the system used by the household waste contractor, Biffa. This enables Customer Services to have the most up to date information in terms of waste collections. Other benefits are as follows:
- Customers receive a speedier response as the enquiry is now directed to crews whilst on the round
  - Front-of-house staff have more current information with regard to completion of rounds and specific bins which have not been presented for collection
  - No training will be required for front-of-house staff to access the contractors system as this now fully integrates with CRM.
  - It is a step towards the vision of “customer self-service” where a customer is able to log onto the Wirral Council website, report a missed bin collection and track progress to resolution.
- 3.2.5 In total savings in excess of £30,000 have been achieved through re-engineering various waste and traffic related services using CRM.

### **3.3 Adult Social Services**

- 3.3.1 Following a restructure within the Department of Adult Social Services, the majority of the access workers on the Central Advice and Duty Team, within the Call Centre, moved to new roles in locality offices. A new Call Centre team was recruited to deliver a first level signposting and referral service relating to Social Service enquiries. The team was successfully introduced on 2 November 2009, following two weeks of intensive training. Performance to date has been very positive.
- 3.3.2 The adaptation service has been streamlined and this has reduced the cost and timescales of service delivery, by ensuring that occupational therapy needs assessments are proportionate to the service requested. This has been achieved by using a self assessment form that provides relevant information without the need for an interview or home visit.

### **3.4 Emergency Duty Team (EDT)**

- 3.4.1 A project is currently being undertaken to identify refinements for improving the DASS/CYPD out of hours service. Several options are being reviewed to determine which is the most effective and sustainable way forward for the current team to operate in the future.



### 3.5 Children and Young People

3.5.1 As already detailed the Central Advice and Duty Team within the Call Centre has recently reformed following the existing staff transfer to posts within the Department of Adult Social Services. The new team responds to telephone contact regarding children's social care issues, by initially identifying if the case is already known to the department and if so, logging and referring the call to the appropriate team. If the contact is a new case they refer it to the CYPD duty team currently situated on site. Signposting to other services is also provided by the team.

### 3.6 Corporate Systems

3.6.1 Text messaging has recently been implemented as a cost effective additional access channel for customers. This has initially been utilised in a number of pilot areas. Customers are now given the opportunity to receive a text message reminder when they book a bulky waste collection (ERIC). They can also contact the Council by text message, if they suspect somebody is committing Housing/Council Tax Benefit fraud. The School Governor Service is also using the service to remind attendees when meetings and training sessions are planned. Future plans are to roll out the service to other departments by using this as the corporate system for text messaging.

3.5.2 A method by which job applications are scanned and confirmed is being piloted at the One Stop Shops. This solution will then be used to introduce scanning to other service areas to reduce administration costs, and improve service delivery.

### 3.7 Regeneration

3.7.1 The Housing Options service has a role to ensure early intervention is undertaken for the prevention of homelessness. Initial discussions indicated that a set of questions, answers and scripts could be developed. This would enable One Stop Shop advisors to guide callers through the housing options processes and gather all the relevant details. Then, if appropriate, to book an appointment or the customer could see a specialist housing advisor. The Housing Options service was successfully implemented in all One Stop Shops earlier this year.

3.7.2 The introduction of home installation grants has resulted in the Call Centre and One Stop Shops providing a front line service for these enquiries.

## 4. PERFORMANCE

4.1 The Call Centre and One Stop Shops continue to monitor performance and key elements of this information are detailed below.

<b>Total customer numbers</b>	<b>2008/09</b>	<b>2009/10</b>
Call Centre	745,026	747,306
% of calls handled ( <i>target 90%</i> )	86%	92%
emails	10,249	11,123
One Stop Shops total visits	232,825	223,368
One Stop Shops total number of enquiries	268,154	256,444

- 4.2 The 2009/10 figure for call centre performance shows an encouraging improvement of 6% in comparison to 2008/09.
- 4.2.1 Performance was affected this year by adverse weather conditions in December 2009 and January 2010 that prompted a surge of customer enquiries to the Call Centre. This was managed by providing updated information to the customer via the telephony messaging facility.
- 4.2.2 The workforce management system implemented within the Call Centre in September 2009 has contributed to the improvement in the percentage of calls handled. This has allowed the management of staff resource more effectively when peaks in call volumes occur. In addition, the new procedure for dispatching Council Tax Benefit notification with the annual Council Tax bill has reduced the number of enquiries received in March which has enabled the Call Centre to respond to callers more effectively.
- 4.3 The One Stop Shops have seen 223,368 customers generating 256,444 enquiries during 2009/10. The electronic Interview Logging system allows accurate recording of customer volumes and multiple enquiries. The system is being further refined so that it is web based which will make it easier for changes to be introduced in the future. Further enhancements include the introduction of a post code, which will provide improved information in terms of customer insight.

- 4.4. The top ten customer requests at the One Stop Shops:

<b>Service Area</b>	<b>2008/09</b>	<b>2009/10</b>	<b>+/- %</b>
Housing Benefit	88,769	92,777	+4.5%
Wirral Homes	31,839	33,107	+4%
Council Tax	36,435	39,134	+7.5%
Adult Social Services	22,061	21,646	-1.8%
Children and Young People	12,535	11,464	-8.5%
Wirral Partnership Homes	15,514	10,083	-52.5%
Regeneration	8,602	7,823	-9.8%
Technical Services	9,002	8,164	-10.3%
Homeless	5,303	5,728	+9%
Non Council Enquiries	12,139	14,567	+20%

#### 4.4.1. Resolution rates within the One Stop Shops

Service Area	2007/08	2008/09
H.B.	68.9%	73.1%
Council Tax	86.4%	87.4%
CYPD	99.0%	99.1%
DASS	97.8%	98.0%
Wirral Homes	97.3%	98.3%
WPH	97.4%	96.6%
Regeneration	96.0%	96.0%

4.4.2 The ethos within One Stop Shops is to resolve at first point of contact. Wirral has a highly transactional service when compared to other local authorities in the Merseyside area and nationally.

4.4.3 The transactional nature of the One Stop Shops is shown through the work carried out for the Revenues and Benefits teams when One Stop Shop advisors are not directly dealing with customers. In 2009/10 the teams processed 8,537 items of Revenues and Benefits work.

#### 4.5 One Stop Shops Performance Indicators

	2008/09 Target	2008/09 Actual	2009/10 Target	2009/10 Actual	2010/11 Target
% waited 15 mins or less for interview	89%	<b>88.6%</b>	90%	<b>89.3%</b>	90%
% interviewed for 20 mins or less	82%	<b>79.5%</b>	82%	<b>79.6%</b>	79%

4.5.1 Indicators have shown that people are waiting slightly longer, but the added value of staff being able to respond to multiple enquiries in one visit has kept customer satisfaction levels high in terms of waiting times.

4.5.2 In 2010/11 there will be more services re-engineered for delivery through the One Stop Shops and the Call Centre. Therefore, performance indicators have been reviewed and adjusted in order to reflect this. New indicators are now set for 2010/11 which focuses upon the percentage of queries resolved at the first point of contact in One Stop Shops and customer satisfaction levels of the overall One Stop Shop service.

## **5. FOCUS ON CUSTOMER SERVICE**

### **5.1 Customer Care Standards**

5.1.1 A peer review exercise is currently under way to assess awareness of, and performance against, the Corporate Customer Care Standards. Should this exercise identify the need for further training and awareness initiatives, then I will review what additional supporting resources are required. It is imperative that the customer standards which are endorsed by the Council are acted upon by all staff so that members of the public can be assured of a consistent level of service.

### **5.2 Customer Surveys**

5.2.1 A customer survey was carried out in September 2009, which aimed to establish levels of satisfaction with service delivery. Satisfaction levels were generally high among those surveyed.

### **5.3 Customer Focus Group**

5.3.1 To assist in understanding customer needs and preferences, a customer focus group has recently been set up. This comprised a group of local residents and was used to explore and define what constitutes good customer service. An independent facilitator helped generate discussion and responses on subjects such as contacting the Council and preferences in doing so. The intention is to use such direct consultation, supported by customer feedback analysis, satisfaction surveys and exit interviews to provide the services customers require, at the appropriate time and using the most relevant delivery channel.

### **5.4 Mystery Shopping**

5.3.1 As part of the ongoing commitment to continuously improve service delivery, Customer Services undertook a mystery shopping exercise between June and September 2009. The exercise measured various factors relating to customer care performance delivered through the Call Centre and One Stop Shops. Overall the exercise reported a generally good or excellent service was being provided. Some areas for improvement were identified and as a result an action plan has been developed to address these outcomes within agreed timescales.

5.4.2 The outcomes from the survey, focus group and mystery shopping exercise are being developed into an action plan which will be incorporated into the Customer Access Strategy as it is imperative that feedback is provided to participants and customers about what is being implemented from the process.

## **6. ASSESSMENT OF CUSTOMER SERVICES WORK**

### **6.1 Access to Services**

6.1.1 The Audit Commission Access to Services inspection team ranked provision of services at two stars, on a scale of zero to three stars, with promising prospects for improvement. Building on this positive assessment, the Authority has continued to progress the recommendations to ensure that services are provided in ways that customers want.

### **6.2 Charter Mark**

6.2.1 An on-site review took place in January 2010 when Customer Services demonstrated continuing compliance with and commitment to the Charter Mark standard.

6.2.2 The review focussed on performance, consultation and communication. The assessor spent a considerable time visiting the Call Centre and One Stop Shops. He noted "...good examples of improved performance through an increase in services provided through the Customer Relationship Management system." Partnership working has increased in the One Stop Shops, with Wirral Partnership Homes, Job Centre Plus, Money Made Clear and Health Trainers. A new Central Advice and Duty Team has been set up for Social Services within the Call Centre. Productivity has increased in the Call Centre since the implementation of the Workforce Management System.

6.2.3 Customers whom the assessor met, felt that the information they were given at the time was good, and the process with the Advisors was easy, encouraging and reassuring. Partners stated that the partnership working 'ticked all the boxes' and provided value for money to the end user.

### **6.3 Investors in People**

6.3.1 As part of the corporate assessment for the Investors in People Standard a number of staff from the Customer Services Section were interviewed by the internal reviewers, successfully contributing to the Department and Council as a whole reaching the required standard. The Assessors confirmed in November 2009 they were "satisfied beyond any doubt that Wirral Council continues to meet the requirements of the Standard."

### **6.4 Wirral Alcohol Services Harm Reduction Team Award**

6.4.1 The One Stop Shops have been working in partnership with the Harm Reduction Team since April 2007 who in turn have trained One Stop Shop advisors to identify, screen and refer clients where necessary. The One Stop Shops won an award in October 2009 for the completion of the most alcohol audit forms during that quarter, only previously won by the NHS Healthy Hearts Team. Such joint working was a first nationally and this partnership initiative was highly commended at the Municipal Journal Awards in 2008.

## **6.5 Equality Framework for Local Government**

- 6.5.1 In November 2009, Wirral successfully achieved Level 3 of the Equality Standard Local Government (ESLG) underlining the Council commitment to embedding equality in all that it does, of which Customer Services is a key part given its role in the organisation. The assessor expressed appreciation of the learning approach, adding that Wirral did not just meet the necessary criteria, but met it with significant strength.

## **6.6 Environmental Management System (EMS)**

- 6.6.1 In November 2009 the Finance Department was recommended to have continued certification to ISO14001 following a Surveillance Audit which included a site visit to a One Stop Shop. The EMS serves as a tool to continually improve environmental performance and continued compliance demonstrates that Customer Services are fully aware of their obligation for environmental concerns and that important emphasis is placed on that factor.

## **6.7 IRRV**

- 6.7.1 The Authority has been shortlisted for the Institute of Revenues Rating and Valuation (IRRV) performance award for 'Excellence in Customer Service' which is a significant achievement given that it is a coveted national award. The Authority will be visited on 2 August 2010 to assess qualification to become a finalist.

## **7. COMPLAINTS**

- 7.1 The CRM system is used to record, progress and analyse customer feedback, excluding statutory complaints in Adult Social Services and Children's Social Care. The challenge is to consistently record and respond to feedback received across all Council departments. Departmental customer feedback co-ordinators take responsibility for ensuring contacts are recorded in the CRM, with supporting information, assigned to the relevant officer for a response and that a reply is sent out within the agreed timescale. Co-ordinators meet regularly to raise issues (escalation to Customer Services Group), share best practice and communicate departmental changes.
- 7.2 The approach to customer feedback has improved since the corporate process was implemented and the Customer Care Standards re-launched. Departments recognise a standard definition of 'what is a complaint' and commit to a standard process for dealing with these contacts. Effective comparison between service areas and departments can be undertaken, providing vital information on what customers are contacting the Council about and identifying where service improvements are required. The challenge is to maintain this consistency and drive service improvements, under the aspiration that a complaint system is about 'putting things right and learning from it'.

- 7.3 The reporting period of 2009/10 showed a 5% increase in corporate complaints received over the previous 12 months, compared to a 22% increase reported in 2008/09. A single issue again dominated 2009/10 complaint figures (as with the Strategic Asset Review in 2008/09) with the adverse weather conditions experienced in quarter 4 affecting delivery of key services such as refuse collection which recorded 359 stage 1 complaints in January 2010. The improved collation of complaints data across departments was also a contributing factor, in comparison to previous under-reporting.
- 7.4 The overall resolution rate for corporate complaints (measured against 15 working days) continued to improve from 85% in 2007/08 to 87% in 2008/09 and 90.5% in 2009/10. This is a clear indication of the effective support provided by departmental customer feedback coordinators in progress chasing complaints to ensure the complainant is responded to within the agreed timescale whenever possible.
- 7.5 Only 5% of stage 1 complainants registered their continued dissatisfaction by making a stage 2 complaint. This fell to 2% (of total complainants) for stage 3 complaints.
- 7.6 From 1 April 2009 the Finance Department took over responsibility for liaising with the Local Government Ombudsman and recorded 79 separate contacts in 2009/10, with only 4 full investigations instigated.
- 7.7 A total of 3,865 Councillor or MP contacts were recorded in 2009/10 across all services. A total of 843 compliments over all service areas were recorded in 2009/10.
- 7.8. The annual report of complaint handling was presented to Standards Committee on 21 June 2010.
- 7.9 **National Indicator – NI14- Avoidable Contact**
- 7.9.1 The approach to this indicator was to focus on monitoring key services, informed by the Customer Access Strategy. By setting the minimum requirement of data collection of capturing service type, channel and type of avoidable contact an overall rate of 28.7% avoidable contact was reported in April 2010 for Wirral, compared to 24.4% in 2008/09. The national average has yet to be reported for 2009/10 with 22% reported in 2008/09.
- 7.9.2 In April 2010, confirmation was received the Government that this indicator has been removed from the national reporting framework and there will no longer be a requirement to submit an annual figure as a national indicator. Locally the intention is to continue using the methodology developed as a tool for business analysis and identifying service re-engineering priorities. In essence a high level of avoidable contact can suggest a service is worthy of review and suitable for the implementation of more efficient processes

## 8. WORKING WITH OTHERS

- 8.1 Against the backdrop of deprivation, financial uncertainty, rising unemployment and the need to achieve efficiencies, Customer Services continue to provide innovative and excellent services to residents. The work is linked to the Corporate Plan and Vision - to build and create a more prosperous and equal Wirral, improve health and well being for all and to create an excellent Council.
- 8.2 As the Audit Commission outlined in the Access to Services report it is the cutting edge approach to working with others where customers benefit significantly. With the current economic climate and its associated pressures, the services offered by the OSS are as relevant as ever. They are based in the heart of local communities which allows staff to build up a trusted relationship with customers. This makes the sites ideal venues for complementary partnership services, allowing holistic delivery of services tailored to that individual - helping to achieve the overall aim to improve the health and well being of Wirral people and improve their prospects.
- 8.3 Currently the One Stop Shops work with:

- **Alcohol Services' Harm Reduction Team**

The Team was set up in February 2007 to address plans in the Government Alcohol Harm Reduction Strategy. Since April 2007, Customer Services have worked in conjunction with the Team, as they use the One Stop Shops as venues in which to schedule appointments to see their clients. As mentioned previously, the OSS won an award in October 2009 for the completion of the most alcohol audit forms during that quarter, only previously won by the NHS Healthy Hearts Team. Such joint working was a first nationally having been highly commended at the Municipal Journal Awards in 2008.

- **Wirral Working 4 Health (WW4H)**

WW4H is a new community based programme for people on working age related benefits (Incapacity Benefit, Income Support, Employment Support Allowance and Job Seekers Allowance) who want to get back into work, education or training, and employees on sick leave who want to get back into work. They use a range of One Stop Shops on an ad hoc surgery basis.

- **Primary Care Advice Liaison Service (PCAL)**

PCAL continues to use the One Stop Shops to see clients who have been referred to them via GP's. They hold a surgery on an appointment basis aimed at people who are suffering from a mild to moderate mental health problem. Funded by Wirral PCT, it is run by Wirral CAB in conjunction with Advocacy in Wirral, to provide specialist advice and support on issues such as debt, welfare benefits, employment, and housing and consumer advice. This has been a great success highlighted by the use of the dedicated Polish Advice worker at Rock Ferry, New Brighton and Birkenhead OSS.



- **Working Links**

Working Links is dedicated to getting the long-term unemployed back to work, and retaining their employment, by matching people looking for work with businesses with recruitment needs. They continue to use the OSS to see clients, and advisors are very proactive in referring customers onto them which has been very successful.

- **Wirral Change**

Wirral Change is a Black and Racial Minorities Outreach Service offering information, advice and guidance on jobs, education, training and self-employment, as well as signposting to other services for racial minority people on the Wirral. They use Birkenhead One Stop Shop on an appointment basis to see clients.

- **Money Made Clear**

Financial advice is provided at OSS through this A4E initiative which is backed by the Financial Services Authority and the Government. Recognising the current financial difficulties faced by a growing number of Wirral residents they use the OSS to deliver a free face to face money guidance service, with no restrictions placed on who can access the service. The surgeries provide impartial guidance on money matters that shape everyday lives such as debt, budgeting, saving and borrowing and are aimed entirely at addressing individual needs.

- **Health Action Area Teams**

Closer working with partners from NHS Wirral has seen surgeries provided by Health Trainers at a number of One Stop Shops in order to address the health inequalities found in Wirral. They offer a free lifestyle assessment to see exactly what support is needed and they can give more information about activities and courses to help people make that first step to a healthier lifestyle.

- **Smoking Cessation**

Using the One Stop Shop network the NHS provides one to one meetings with a trained member of staff. Issues that might affect quitting can be discussed and patients can decide on the best therapy to help them quit.

- **Condition Management Programme Team**

The NHS Condition Management Programme Team uses Moreton and Bebington One Stop Shops to work with customers who suffer from mental and physical conditions and provide one to one confidential support with a registered health professional in order to help them back into work.

- **Sencia**

Sencia works with customers to help clients achieve their personal goals. Including developing their skills and expertise to help secure meaningful and sustainable employment. They use Moreton OSS to provide a complementary service alongside those offered by the Jobcentre Plus, Condition Management Programme Team, and Shaw Trust. This enables each element of the particular service to link together in providing a seamless service in helping customers take steps towards moving back into the job market.

- **Shaw Trust**

Shaw Trust is a national charity which supports disabled and disadvantaged people to prepare for work, find jobs and live more independently and again they work from Moreton OSS.

- **Merseyside Police**

The Police continue to use a number of the One Stop Shops to run Community Surgeries. West Kirby One Stop Shop is used by the Police as a “Police Point” staffed by both Police and vetted Police volunteers who provide a more visible presence within the area. It has been extremely successful as it allows officers to remain in the local area rather than travelling back to the Police Station and provides a visible presence to the local community – proven by nearly 400 contacts in 2009-10.

- **Pension Service**

The Pension Service continues to use various One Stop Shops on a regular basis and it continues to be a very well used and liked service. In 2009/10 over 1,600 customers accessed the service via One Stop Shops.

- **Jobcentre Plus**

The One Stop Shops have been working successfully from within Job Centre Plus offices for a number of years and this has now been reciprocated to include Job Centre Plus staff being based in Moreton One Stop Shop with expansion planned to Birkenhead OSS.

- **Age Concern**

Age Concern continues to use a range of One Stop Shops to see clients on an appointment basis.

- **Voluntary Community Action Wirral (VCAW)**

VCAW is now based in Heswall OSS two days a week. It is anticipated that as the Council and its partners begin to develop a commissioning strategy across the whole of the public sector in Wirral, relationships with the Third Sector will be key to successful service delivery.

- **HM REVENUE AND CUSTOMS (HMRC)**

Discussions are underway as to how the One Stop Shops can link much more closely with the HMRC service. This is as part of the Government intention to have all public services more joined up, thus making it easier for people to contact organisations.

- **Wirral Partnership Homes (WPH)**

The One Stop Shops continue to respond to enquiries in relation to WPH, the areas largest social landlord, and the service level agreement was renegotiated in March 2010 to take into account value for money considerations and new charges for the services. In line with the agreement, WPH undertakes regular mystery shopping exercises. The latest feedback commented that staff demonstrated “excellent efficiency and empathy”.

- **NHS Health Trainers**

The One Stop Shops also work with NHS Wirral Health Trainers to help people start making healthier lifestyle choices and improve their own health through support and offering free lifestyle assessments. They facilitate Health Trainer surgeries at OSS situated within the Health Action Areas and proactively promote the initiative offering to make a referral to the Health trainers if an underlying health issue is identified. The One Stop Shops were also partners in two health trailer events at Rock Ferry and Eastham.

## **9. COMMUNITY NETWORKING**

9.1 Customer Services link to a variety of community networks that exist to aid the citizens of Wirral. OSS Managers have delivered a number of presentations and have attended meetings including:

- Neighbourhood Action Groups and Key Individual Network Meetings chaired by the Police
- Membership of the Wirral Advice Network which unites solicitors, statutory and voluntary agencies across Wirral to work in partnership and to provide quality, community-based advice services for all.
- Membership of the Race Hate Task Group and the ability to report into the newly formed Hate Crime MARAC
- Wirral Ethnic Help Advisory Group
- Religious Groups where presentations have been given on the work of Customer Services

## **10. CASHIERS**

10.1 Payments from One Stop Shop based drop in boxes are processed at the cash office and receipt levels have remained consistent, with an overall increase in income. The cash office receives all cash along with cheque payments from over 200 Wirral establishments. There has been a large increase in receipts being processed and banked by Cashiers.

10.2 Amounts received from Drop in Boxes from April 2008 – March 2010 are as follows:

April 2008 – March 2009	April 2009 – March 2010
£NIL in Cash	£102 in Cash
£2,354,276 in Cheques	£2,472,970 in Cheques

10.3 Amounts received from Wirral School, Leisure Centres and Theatres are as follows:

April 2008 – March 2009	April 2009 – March 2010
£3,387,310 = Income	£5,602,591 = Income
31,377 Cheques item	34,127 Cheques items

10.4 Amounts received from Counter and Postal Income are as follows:

	<b>Counter receipts</b>	<b>Income</b>	<b>Post receipts</b>	<b>Income</b>
April 2008 – March 2009	98,139	£17,494,732	38,650	£30,546,163
April 2009 – March 2010	113,591	£19,357,035	26,722	£28,108,110

10.5 The total income processed through Cashiers was:

April 08 – March 09 - £48,040,895      April 09 – March 10 - £47,465,145

10.6 The cash collection contract with G4S services is continuing to run successfully. The Banking service with NatWest is also running well. It is anticipated that Cashiers receipt levels for Counter Income and Internal Establishments will increase throughout 2010.

10.7 The service recently received an internal audit inspection and as a result was termed an excellent service.

## **11. STUDENT SUPPORT**

- 11.1 During 2009/10 4,197 student loan applications were processed. There were 2,506 online applications. The transfer strategy to the Student Loans Company by March 2011 is in place and outlines the gradual reduction in claimants and staffing. It is intended to manage this staff reduction by utilising the Council redeployment policy.
- 11.2 On a more personal level the section suffered bereavement in November 2009 which has had an impact, on a small section which is in its final year before being disbanded. It is a credit to the staff in student support that they continue to work as vigilantly as ever. I would like to take the opportunity in the annual report to thank all members of the student support team past and present for their enduring commitment to deliver their service.

## **12. BENCHMARKING**

- 12.1 Benchmarking data remains a useful tool in comparing how Wirral is performing compared to other Authorities.
- 12.2 The Call Centre is a member of 'CallNorthWest', a support organisation for Northwest Contact Centres. Staff from the Call Centre regularly attend good practice meetings which allow open discussion and the opportunity to network with other public sector organisations. This has led to beneficial relationships being formed with organisations that face similar issues.
- 12.3 Following a piece of work carried out by the National One Stop Shop Benchmarking Club with contributions from Wirral, a redesigned customer satisfaction survey has been developed. The survey not only looks at customer satisfaction levels but also focuses on what importance customers place on the various aspects of the service. The results have shown that although customers may be satisfied with certain aspects of the service, they don't always place the same level of importance on them. Customers have identified that the greatest importance is placed on the convenience, accessibility and location of sites along with staff attitude and knowledge.
- 12.4. This has informed the way in which I now recruit and train staff with a greater emphasis on the importance of Customer Service. It has also led the way in the future development of a comprehensive on line 'staff procedure manual' which will provide advisers with up to date information, working procedures and other relevant links at the touch of a button.

## **13. WEBSITE DEVELOPMENTS**

### **13.1 New Website**

13.1.1 A new website was launched on 18 May 2010. This work was a joint project between Customer Services, IT Services and Marketing. The site has a number of new and improved features, these include:

- A new design
- A simplified structure that will make it easier to find information
- Content that has been completely updated
- A 'Do it Online' section to show customers which services they can access through the website
- Accessibility tools for people who are partially sighted
- The ability to share pages on social networking sites such as Facebook
- A facility that enables users to give feedback on every page.

13.1.2 Reaction to the new site has been overwhelmingly positive, with reports from front of house advisors of reduced waiting times through speedier resolution to enquiries. Feedback has been received via the "Rate this page" function that has allowed identification of problems and fine tuning information to ensure the information published is accurate and as comprehensive as possible.

13.1.3 Content within the site is maintained by Marketing within Corporate Services, to ensure that all information is written in a consistent style, is accurate, concise and through working closely with the departments, is constantly up to date.

13.1.4 Information Technology Services and Customer Services maintain the functionality of the site. This involves ensuring the site is technically fit for purpose, developing new functionality such as online forms, Geographic Information Systems (GIS), election results, e-petitions, and accessibility and user navigation.

### **13.2 Online Forms**

13.2.1 The new website now provides a strong and usable platform to guide users to self service via extensive use of online forms. The IT infrastructure the site resides upon has been strengthened to cope with the increased demand that online forms would incur.

13.2.2 A series of forms has been developed jointly by the Customer Services Development Team and IT Services which integrate directly with the CRM system. This will allow customers to request a service and monitor its progress via the website. This will in turn generate work orders in the back office without any staff intervention, thus reducing the cost of service delivery. These forms are currently only available for the most basic level of service request, where no authentication or payment is required and are therefore currently limited to some Streetscene services. However plans are in place to extend the number of on-line forms developed in this way to include all services delivered using the CRM.

13.2.3 In addition, procurement is under way for an additional e-forms package which will facilitate service delivery across the Council and support on-line self-service. This solution will be used to develop on-line forms for service areas not currently being delivered using the CRM, and will thus promote the transfer of customer service delivery into the generic corporate channels (i.e. web, Call Centre and One Stop Shops). This will free up back office resources to focus on their areas of specialism, and will also improve efficiencies within Customer Services through economies of scale.

13.2.4 A development plan for the CRM is currently being progressed to make it more intuitive for users both internally and externally via on-line forms integration and to improve its functionality to support those staff that will not be using the CRM as their main service delivery tool. These improvements will reduce training requirements and therefore cost. The CRM is to be developed into the corporate citizen database, allowing better insight into customer requirements and demands, thus improving the customer experience and reducing the cost of service delivery.

#### **14. STAFF DEVELOPMENT**

14.1 The Customer Services training team has facilitated four Induction training sessions this year in order to equip new staff joining the Call Centre and One Stop Shops with the initial skills they require, and to ensure their understanding of their role. The team has also been crucial in the development of existing staff. They have delivered training to advisers and team leaders in Coaching and Feedback skills, new services introduced via the Customer Relationship Management System, and service related training for staff gaining career advancement. With a view to ensuring Customer Service Advisers are competent in handling stressful enquiries within the often busy working environment, 'Wellbeing for All' training has been designed and delivered to a number of staff, which will continue over the forthcoming months and form part of the regular training programme.

14.2 The Institute of Customer Service award scheme has now been completed with 100% pass rate for staff who participated. The division will replace the awards with the more nationally recognised NVQ training in future.

#### **15. FUTURE DEVELOPMENTS**

##### **15.1 Tell Us Once**

15.1.1 After being chosen as an early implementer of the 'Tell Us Once' project, the Council plans to introduce a 'Tell Us Once' bereavement service to customers of the Registrar service. This service has been piloted in a number of Local Authorities across the country, and has received very positive feedback from customers.

15.1.2 The focus is to allow people to inform central and local government just once for changes in their circumstances such as a birth or bereavement. Starting with the development of a bereavement service, customers will be offered a dedicated 'Tell Us Once' interview in conjunction with a Registrar appointment to ensure all relevant parts of the Council and partner organisations are informed in a single visit. The benefits will be reduced service delivery costs (single point of contact for all services) and the ability to disseminate important information effectively and quickly to minimise the burden placed on the customer at such an upsetting time.

15.1.3 The intention is to extend the service to births and other key changes in circumstances once the initial phase has been completed, further reducing the cost of the service whilst delivering improved resolution for the customer.

## **15.2 Payment Card Industry Compliance**

15.2.1 The Call Centre currently utilises call recording equipment which captures a record of all calls made to and from customer service advisors situated within the Cheshire Lines Building. This software is crucial in the evaluation of the service delivered and also protects advisors should a dispute arise.

15.2.2 As a number of calls involve the taking of payments for Council services, the Authority now needs to ensure compliance with the Payment Card Industry Data Security Standards (PCI DSS). PCI DSS has established a single set of standards which are designed to protect against payment card fraud or identity theft. These state that no sensitive authentication data may be stored once a transaction has been authorised.

15.2.3 This directive applies to Call Centres which use call recording equipment. Failure to be compliant could result in merchant service privileges being withdrawn and substantial fines being levied in cases of serious security breaches. I am currently in the process of identifying suppliers who can provide a system that will ensure compliance. The guidelines dictates that substantial progress towards compliance should be in evidence by July 2010.

## **15.3 Knowledge Management System**

15.3.1 One Stop Shops are in the process of developing a web based information system for use by frontline staff. This will provide a quick reference facility for staff to check information on a particular service area. This approach will improve quality and provide clarity around the depth of response required from frontline advisers and will complement the work ongoing around the performance management framework.

## **15.4 Equality and Diversity**

15.4.1 Customer Services is represented at the Corporate Equality & Inclusion Group and the Departmental Equality Group and plays a key role. Recent developments include:



- Customer Services have commissioned Voluntary Community Action Wirral (VCAW) to undertake a consultation exercise with the various groups of interest it represents. This will ensure the Customer Services Equality Impact Assessment will be scrutinised by as wide a range of people as possible to ensure it meets their needs and demonstrates commitment to providing representative and meaningful services to all of the Borough's diverse population. The consultation period ran from 1 March 2010 to 24 May 2010 with the results informing the forward planning objectives around Equality & Diversity.
- Customer Services are participating in the Government 'Home Access' initiative, a scheme to provide free computer access to low income households. Wirral has topped the North West table for take up of the scheme, thereby enabling many families to have internet access that might not otherwise have had the opportunity.
- A redesign of the customer service survey now provides E&D data across all strands. This will be further developed through the use of focus groups looking at issues identified during the surveys.
- Customer Services continues to seek out and engage with new partner organisations who can enhance the breadth of provision available to citizens from every demographic.

## 15.5 Future Web Developments

15.5.1 Teen Wirral ([www.teenwirral.com](http://www.teenwirral.com)) is the new website for 13 to 19 year olds. The site will be launching in July 2010, and will contain information about activities and advice for young people. Evidence shows that how young people spend their leisure-time really matters, and taking part in constructive leisure-time activities through teenage years has a number of benefits. It can help to improve attitudes to school; build social, emotional and communication skills; help young people avoid taking risks such as experimenting with drugs or becoming involved in gangs; and improve their confidence and self-esteem. Local authorities have a statutory duty to publicise positive activities, and a website is the most relevant way of communicating with young people.

15.5.2 The elections in May 2010 were successfully communicated via the web. IT Services developed a bespoke system to record and publish the results. The web pages allowed users to drill down through the various wards and parties to analyse each candidates voting scores. The website experienced a significant increase in visits on the night of the elections and a further leap on the Friday daytime during the local elections count. Additional resilience was in place to handle the surge of contacts and no contact difficulties were reported.

## **16. CONCLUSION**

- 16.1. This report details the significant breadth of Customer Services and the success it continues to achieve. 2010/11 will see more services move to being handled by these access channels alongside more work with partners in Government and the voluntary sector.

## **17. FINANCIAL IMPLICATIONS**

- 17.1. There are none arising directly from this report.

## **18. STAFFING IMPLICATIONS**

- 18.1. There are none arising out of this report.

## **19. EQUAL OPPORTUNITY IMPLICATIONS**

- 19.1 There are none arising directly from this report.

## **20. HUMAN RIGHTS IMPLICATIONS**

- 20.1. There are none arising directly from this report.

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

- 21.1. There are none arising directly from this report.

## **22. COMMUNITY SAFETY IMPLICATIONS**

- 22.1. There are none arising directly from this report.

## **23. PLANNING IMPLICATIONS**

- 23.1 There are none arising directly from this report.

## **24. LOCAL MEMBER SUPPORT IMPLICATIONS**

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

## **25. BACKGROUND PAPERS**

- 25.1. No background papers were used in the preparation of this report.

## **26. RECOMMENDATION**

- 26.1. That the report be noted.

IAN COLEMAN  
DIRECTOR OF FINANCE

FN/115/10

## WIRRAL COUNCIL

### COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

8 JULY 2010

#### REPORT OF THE DIRECTOR OF FINANCE

##### TREASURY MANAGEMENT ANNUAL REPORT 2009/10

### 1. EXECUTIVE SUMMARY

1.1 This report presents a review of Treasury Management activities in 2009/10 and confirms compliance with treasury limits and prudential indicators. It has been prepared in accordance with the revised CIPFA Treasury Management Code and the revised Prudential Code.

### 2. BACKGROUND

2.1 Treasury Management in Local Government is governed by the CIPFA Code of Practice on Treasury Management in the Public Services and in this context is the “management of the Council’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks”.

2.2 In November 2009 CIPFA released the revised Code of Practice for Treasury Management in the Public Services and accompanying Guidance Notes and the revised Prudential Code for Capital Finance in Local Authorities. The Department for Communities and Local Government (DCLG) also issued revised Guidance on Local Authority Investments for English local authorities. The revised Codes/Guidance re-emphasise an appropriate approach to risk management, particularly in relation to the security and liquidity of invested funds.

2.3 The Treasury Management Code requires public sector authorities to determine an annual Treasury Management Strategy and as a minimum, formally report on their treasury activities and arrangements to full Council mid-year and after the year-end. These reports enable those tasked with implementing policies and undertaking transactions to demonstrate that they have properly fulfilled their responsibilities, and enable those with responsibility/governance of the treasury management function to scrutinise and assess its effectiveness and compliance with policies and objectives.

- 2.4 Cabinet approves the Treasury Management Strategy at the start of each financial year. This identifies how it is proposed to finance capital expenditure, borrow and invest in the light of capital spending requirements, the interest rate forecasts and the expected economic conditions. At the end of each financial year Cabinet receives this Annual Report which details performance against the Strategy. The Council Excellence Overview & Scrutiny Committee has received quarterly monitoring reports in 2009/10 as part of the General Financial matters report. From 2010/11 there will be a separate quarterly Treasury Management report to Cabinet.
- 2.5 The Council has adopted the Treasury Management Code of Practice and has revised its treasury policy and practices documentation to take account of the requirements and changes in the revised Codes and Guidance.

### **3. ECONOMIC OUTLOOK FOR 2009/10**

- 3.1 At the time of determining the Treasury Strategy Statement for 2009/10, in February 2009, the outlook for the economy and interest rates was as follows:
- 3.2 The UK, Eurozone and US economies were contracting; globally economies faced a prolonged recession or period of weakness following the financial market meltdown in the autumn of 2008. Availability of credit was restricted as banks undertook to repair their balance sheets. This exacerbated the slowdown as finance for small businesses effectively came to a standstill.
- 3.3 Asset values were falling and were forecast to drop further, particularly those which related to commodities and housing. The increase in food and energy inflation which impacted on real incomes in 2008 was, however, expected to fade in 2009. Wage inflation was forecast to remain low and the labour market to remain weak with the threat of unemployment likely to influence consumers to scale back spending and save instead.
- 3.4 The UK Bank Rate had been cut to 0.5% and in March 2010 the Bank of England announced its initial £75 billion of Quantitative Easing (QE). There remained a sizeable gap between short-dated LIBOR rates (i.e. the rates at which banks are willing to borrow from other banks) and the Bank Rate with this gap forecast to narrow. Gilts were expected to benefit from QE, resulting in lower yields.

### **4. THE ECONOMY AND EVENTS IN 2009/10**

- 4.1 The economic recession and downturn in growth extended into 2009. The Bank of England forecast UK growth to fall by 3.9% in 2009, whilst inflation was forecast to be heading lower and staying lower for longer. The depth of the recession was borne out by the 5.9% year-on-year fall in Gross Domestic Product (GDP) recorded in the second quarter of 2009. The service sector - the dominant element of the UK economy - stalled despite optimistic surveys to the contrary. The recovery began in the final quarter of 2009 with growth registering 0.4%.

- 4.2 In order to stimulate growth, the Bank of England maintained the Bank Rate at 0.5% throughout the year. The Bank also took extreme measures on an extraordinary scale to revive the economy through its Quantitative Easing (QE) programme. Financed by the issuance of central bank reserves QE, which was initially announced at £75 billion was extended in stages to £200 billion.
- 4.3 The Bank appears to have successfully staved off the real risk of deflation. The increased supply of money in the system due to QE did not, however, translate into an increase in the movement of money in the system as banks were still unwilling to lend, and consumers were unwilling to borrow at pre-crisis levels. The housing market showed some signs of stability but increases in house prices were modest with house prices nationally registering a year on year growth of 9% at the end of March 2010.
- 4.4 Consumer Price Inflation, having hit a high of 5.2% in September 2008, began the year at 3.2% (February 2009), fell to a low of 1.1% in September 2009 as oil, commodity, utility and food prices (the main drivers of high inflation in 2008) fell out of the year-on-year statistical calculations. Thereafter, inflation pushed higher with rising oil and transport costs and VAT reverting to 17.5%. CPI at year end was 3.0% (February 2010).
- 4.5 Companies and households on the whole reduced rather than increased their levels of debt. Credit remained scarce and at a premium compared to that of two years earlier. As businesses retrenched, rather than hiring workers, unemployment rose to just under 2.5 million and wage growth was muted.
- 4.6 The November 2009 Budget was primarily about public debt. The Chancellor's forecast for net public sector borrowing in 2009/10 was £175 billion or 12.4% of GDP. Gross gilt issuance was expected to hit £220 billion in 2009/10. The credit rating agency, Standard & Poor's responded to the debt that the UK Government was building up and lack of a credible plan to reduce the debt by changing the UK rating outlook from stable to negative.
- 4.7 The outlook for 2010 was, therefore, for a period of slow and patchy growth in the economy accompanied by high unemployment. The UK fiscal deficit remained acute. Cuts in public spending and tax increases were becoming inevitable and a credible plan to reduce the deficit was urgently required after the May General Election.
- 4.8 LIBOR and LIBID rates (i.e. the rates at which banks are willing to borrow from and lend to other banks) which had been high in early 2009, slowly moved down towards the Bank Rate of 0.5%. UK Government Gilts were the main beneficiary of the economic downturn (it is an asset class that responds positively to poor economic news); they also formed the significant bulk of the QE purchases and are thought to have pushed gilt yields, and consequently the cost of borrowing, lower by 0.5%.

4.9 A summary of the changes that have occurred in the various Interest Rates are in Appendix A.

## **5. BORROWING: STRATEGY AND OUTTURN**

5.1 The Council borrowing requirement for 2009/10 and that of two succeeding financial years was estimated at £79 million of which Unsupported Borrowing amounted to £61 million.

5.2 Capital expenditure levels, market conditions and interest rate levels were monitored during the year in order to minimise borrowing costs over the medium-to-longer term without compromising the longer-term stability of the loan portfolio. The Council had sufficient scope within its debt maturity profile to undertake borrowing in the most appropriate maturity periods.

5.3 During the first half of the year, the rate of return from investments was low and the perceived risk of investments was relatively high making it more appropriate to reduce the level of investment. By not reinvesting as investments matured the Council was able to use this money to fund capital expenditure. This, temporarily, reduced the need to undertake new long term borrowing and also alleviated the difficulty and risk in finding a safe counterparty to invest with. This approach also helped generate savings as borrowing money long term to fund the capital programme would have incurred an interest rate of approximately 4.5% while investments were only earning approximately 0.5%. It is recognised that utilising investments in lieu of borrowing clearly has a finite duration; investments are not permanent surplus money but, rather, money set aside for a specific future reason. Future borrowing would be required to support capital expenditure.

5.4 During the second half of the year borrowing conditions improved. PWLB borrowing rates were relatively “steep” (rates for short-dated maturity loans were much lower than for longer-dated maturities) reflecting sharply lower official interest rates of just 0.5% and the reasonably optimistic expectations for inflation. The demand for gilts generated by QE more than offset the supply of new gilts issued to reduce the deficit; resulted in lowering gilt yields by around 0.7% and, therefore, lowered borrowing costs. However, it was expected that QE would be withdrawn over time and, coupled with the prospect of a downgrade to the sovereign rating from the increasing burden of the fiscal deficit, the risk of higher interest rates could not be ruled out. Against this outlook, the Treasury Management Team viewed long term rates of 4% or below to be prudent and affordable borrowing opportunities. Equal Instalments of Principal (EIP) loans also reflected the steepness exhibited in the borrowing curve. EIP loan principal is repaid evenly over the life of the loan and thus avoids adding to specific peaks in the maturity profile of debt.

5.6 Considering all these factors the Council undertook the following long term borrowing in 2009/10:

Date	Lender	Amount £000	Fixed/ Variable	Rate (%)	Final Maturity	Terms
10 Feb 10	PWLB	5,000	Fixed	3.04	19 Dec 2019	EIP
03 Mar 10	PWLB	5,000	Fixed	2.94	19 Dec 2019	EIP

5.7 In 2009/10 two PWLB long term loans matured and were repaid:

Date	Lender	Principal £000	Rate %
15 Jun 09	PWLB	10,000	4.160
15 Mar 10	PWLB	4,000	8.625

5.8 The opening and closing external borrowing portfolio (excluding PFI):-

	Balance at 01/4/09 £000	%	Maturing loans £000	New Borrowing £000	Balance at 31/3/10 £000	%
<u>Long-term Borrowing</u>						
Fixed rate loans - PWLB	110,529	37	(14,000)	10,000	106,529	38
Fixed rate loans – Market	173,600	59	0	0	173,600	62
<u>Other Public Bodies</u>	283	0	(36)	0	247	0
<u>Temporary Borrowing</u>	11,800	0	(11,800)	0	0	0
<b>TOTAL EXTERNAL DEBT</b>	<b>296,212</b>		<b>(25,836)</b>	<b>10,000</b>	<b>280,376</b>	

5.9 The average rate of interest payable on the Council debt portfolio remains at 5.9%. The average remaining life of the debt within the portfolio is 18 years.

5.10 Following consideration of the Capital Programme against the stringent definitions of what constitutes capital expenditure Cabinet on 14 January 2010 approved the transfer of £3.96 million of capital schemes to departmental revenue budgets. This reduction in the previously planned Capital Programme together with the savings generated from the revised borrowing strategy enabled the funding to be transferred from the Treasury Management capital financing budget to meet the costs that were now within the departmental revenue budgets.

- 5.11 The actual borrowing costs of £10.8 million were in line with the revised budget. The need to borrow in accordance with Council requirements will be kept under review in 2010/11.

## **6. DEBT RESCHEDULING ACTIVITY**

- 6.1 The main objectives of debt rescheduling are to reduce the overall exposure to the risk of interest rate movements, to lower the long-term interest charges paid on debt, to smooth the maturity profile without compromising the overall longer-term stability or to alter the volatility profile (i.e. exposure to variable rate debt).
- 6.2 Debt rescheduling has become more challenging and places greater emphasis on the timing and type of new borrowing. No debt rescheduling took place in 2009/10.
- 6.3 The portfolio continues to be reviewed by the Treasury Management Team and our advisors, Arlingclose, for debt rescheduling opportunities.

## **7. INVESTMENTS: STRATEGY AND OUTTURN**

- 7.1 The Council held average cash balances of £102 million during the year. These represent general working cash balances / capital receipts as well as the reserves and provisions which are maintained for specific purposes.
- 7.2 The DCLG Guidance on Investments, revised during 2009/10, reiterated security and liquidity as the primary objectives of a prudent investment policy. Although the Guidance became operative on 1 April 2010, the principal recommendations are similar to the credit risk management requirements in the revised Treasury Management Code. In the revised Guidance, Specified Investments are those made with a body or scheme of "high credit quality". Both the Guidance and the revised Code emphasise that counterparty credit criteria should not rely on credit ratings alone but should include a wider range of indicators. The revised Code nonetheless requires that ratings assigned by all three rating agencies – Fitch, Moody's and Standard & Poor's – be taken into account and the lowest rating be used.
- 7.3 In determining suitable investment counterparties, the Council was already taking into consideration economic and financial information as well as evaluating alternative assessments of credit strength. For example, potential sovereign support, sovereign strength as evidenced by the ratings and GDP, sovereign and counterparty credit default swaps.
- 7.4 Managing counterparty risk continued to be the overwhelming investment priority. Financial markets remained unstable, particularly at the beginning of 2009/10, and against this background investments were placed with a small, select list of counterparties.



- 7.5 'Specified' and 'non-specified' investments were determined for use having assessed their risks and benefits, risk threshold and investment objectives (see Appendix B). New investments were restricted to the Debt Management Office (DMO), AAA-rated Money Market Funds, Gilts, AAA-rated supranational bonds, investments with banks and building societies which were Eligible Institutions under the UK Government 2008 Credit Guarantee Scheme and with a long-term AA- (AA minus) rating. The reduced investment return from investing with highly rated counterparties was viewed as an acceptable risk-reward trade-off.
- 7.6 The UK Bank Rate was maintained at 0.5% from March 2009 onwards. Money market rates soon fell to, and remained at, historic lows. Whilst existing investments provided some insulation against falling rates, new investments could only be made at the prevailing lower rates of interest and an adjustment was made in the 2009/10 Budget to reflect this impact.
- 7.7 The investment income for the year was £2.4 million which compared favourably with the budget of £1.2 million. The variance is principally due to:-
- Average investment balances during the year being £12 million higher than originally budgeted which was mainly due to slippage in capital expenditure.
  - Historically held unit trust investments were sold at the year-end which generated a one off profit of approximately £0.4 million.
  - Continuing proactive daily cash flow management by the Treasury Management Team.
- 7.8 The opening and closing investment portfolio is summarised below.

	Balance at 01/4/09 £000	%	Balance at 31/3/10 £000	%
<b>INVESTMENTS</b>				
<u>Current Assets (Short Term)</u>				
Loans and Receivables – Specified	49,550	58	91,300	86
Available for sale financial assets – Specified	24,231	29	6,000	6
Available for sale financial assets – Non- Specified	466	0	0	0
<u>Long-term investments</u>				
Loans and Receivables – Non Specified	10,000	12	0	0
Available for sale financial assets – Non Specified	919	1	8,477	8
<b>TOTAL INVESTMENTS</b>	<b>85,166</b>		<b>105,777</b>	

- 7.9 The average return on investments for 2009/10 was 1.34%. To place this figure in context, in 2009/10 the average Bank of England base rate was 0.5% and the average three month interbank lending rate (LIBOR) was 0.91%.
- 7.10 All investments made during the year complied with the agreed Treasury Management Strategy, Prudential Indicators, Treasury Management Practices and prescribed limits. Maturing investments were repaid in full and in a timely manner.
- 7.11 In terms of Icelandic investments the Council had £2 million deposited with Heritable Bank and Members have received regular updates regarding the circumstances and the latest situation. In March 2009 an Audit Commission report confirmed that Wirral Council had acted, and continues to act, prudently and properly in all its investment activities.
- 7.12 The latest information from the Administrator projects a base case return to creditors of between 79-85p in the £ and the final recovery could be higher. To date £0.7 million has been received with further payments due in 2010/11. If Heritable Bank is unable to repay in full I have also made a pre-emptive claim against Landsbanki Islands HF for the difference. When the original investment was made it was with Landsbanki Islands HF providing a guarantee to reimburse the Council should Heritable be unable to repay. It should be noted that Landsbanki Islands HF is also in administration.

## **8. MINIMUM REVENUE PROVISION (MRP)**

- 8.1 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 (SI 2008/414) place a duty on local authorities to make a prudent provision for debt redemption. The four MRP options available are:  
Option 1: Regulatory Method  
Option 2: CFR Method  
Option 3: Asset Life Method  
Option 4: Depreciation Method
- 8.2 Options 1 and 2 can be used on all capital expenditure incurred before 1 April 2008 and on Supported Capital Expenditure on or after that date. Options 3 and 4 are considered prudent options for Unsupported Capital Expenditure on or after 1 April 2008 and can also be used for Supported Capital Expenditure whenever incurred.
- 8.3 The MRP policy for 2009/10 was approved by Cabinet on 21 March 2009 when it was agreed that Option 1 would be adopted for Supported Borrowing and Option 3 for Unsupported Borrowing.

8.4 Under Option 3, the asset life method, the funding of an asset with a life greater than 25 years a default asset life of 25 years is used in keeping with the Regulations. MRP in respect of Private Finance Initiative (PFI) and leases which are now on the Balance Sheet will, in accordance with International Financial Reporting Standards and the 2009 Statement of Recommended Practice, also be calculated using Option 3.

## **9. COMPLIANCE WITH TREASURY LIMITS AND TREASURY-RELATED PRUDENTIAL CODE INDICATORS**

9.1 The Treasury Management Strategy is within the limits and parameters set in the Treasury Policy Statement and Prudential Indicators against the prevailing market opportunities.

9.2 Cabinet on 21 March 2009 approved the recommended Prudential Indicators for 2009/10. (See Appendix C).

### **(a) Authorised Limit for External Debt**

This is the maximum amount of external debt that can be outstanding at one time during the financial year. The limit, which is expressed gross of investments, is consistent with the existing commitments, proposals for capital expenditure and financing and with the approved treasury policy and strategy and also provides headroom over and above for unusual cash movements. This limit was set at £475 million for 2009/10.

### **(b) Operational Boundary for External Debt**

This limit is set to reflect the best view of the most likely prudent (i.e. not worst case) levels of borrowing activity and is based on the Authorised Limit excluding the headroom for unusual cash movements. For 2009/10 the limit was set at £460 million.

The levels of debt are measured on an ongoing basis during the year for compliance with the Authorised Limit and the Operational Boundary. Total external borrowing and other long-term liabilities were within both limits.

### **(c) Upper Limits for Interest Rate Exposure**

These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates. The exposures are calculated on a net basis, i.e. fixed rate debt net of fixed rate investments. The upper limit for variable rate exposure allows for the use of variable rate debt to offset exposure to changes in short-term rates on investments.

	Estimated %	Actual %
Upper Limit for Fixed Rate exposure	100	159
Upper Limit for Variable Rate exposure	100	-59

The negative percentage for variable rate exposure demonstrates that there were more variable rate investments than variable rate debt in 2009/10.

**(d) Maturity Structure of Fixed Rate borrowing**

This indicator is to limit large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates. It is calculated as the amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate.

	Upper limit %	Lower limit %	Actual Borrowing at 31/3/10 £m	Percentage of total at 31/3/10 %
under 12 months	100	0	16	5.7
12 months and within 24 months	100	0	14	5.0
24 months and within 5 years	100	0	57	20.4
5 years and within 10 years	100	0	28	10.0
10 years and above	100	0	165	58.9

The limits were set to ensure there were no restrictions on the length of borrowing that could be undertaken thereby providing maximum flexibility to capitalise on beneficial opportunities that may arise during a period of financial uncertainty. The actual maturity structure reflects a balanced maturity structure.

**(e) Total principal sums invested for periods longer than 364 days**

This indicator is set in order to manage the risk inherent in investments longer than 364 days. For 2009/10 this limit was set at £30 million and at their peak, these investments totalled £12 million.

**10. OTHER ITEMS**

- 10.1 During the year Internal Audit carried out a review of the efficiency and effectiveness of the Treasury Management system controls. The Treasury Management control environment was assessed as being 'excellent'.

**11. FINANCIAL IMPLICATIONS**

- 11.1 In the financial year 2009/10 the treasury management activities resulted in £1.2 million of additional receipts from investment income and this sum has been returned to balances in 2009/10.

**12. STAFFING IMPLICATIONS**

- 12.1 There are none arising out of this report.

**13. EQUAL OPPORTUNITIES IMPLICATIONS**

- 13.1 There are none arising out of this report.

**14. COMMUNITY SAFETY IMPLICATIONS**

14.1 There are none arising out of this report.

**15. LOCAL AGENDA 21 IMPLICATIONS**

15.1 There are none arising out of this report.

**16. PLANNING IMPLICATIONS**

16.1 There are none arising out of this report.

**17. ANTI-POVERTY IMPLICATIONS**

17.1 There are none arising out of this report.

**18. SOCIAL INCLUSION IMPLICATIONS**

18.1 There are none arising out of this report.

**19. LOCAL MEMBER SUPPORT IMPLICATIONS**

19.1 There are none arising out of this report

**20. BACKGROUND PAPERS**

20.1 Code of Practice for Treasury Management in Public Services – CIPFA 2009.  
Prudential Code for Capital Finance in Local Authorities – CIPFA 2009.

**21. RECOMMENDATIONS**

21.1 That the Treasury Management Annual Report be noted.

21.2 That it be noted that the additional investment income of £1.2 million in 2009/10 has been transferred to the General Fund balance.

IAN COLEMAN  
DIRECTOR OF FINANCE

FNCE/119/10

## APPENDIX A

### INTEREST RATE COMPARISONS 2009/10

#### PWLB Borrowing rates %

	1 year	4½-5 years	10-10½ years	19½-20 years	29½-30 Years	39½-40 years	49½-50 years
Low	0.68	2.47	3.30	4.01	4.10	4.13	4.17
<b>Average</b>	<b>0.90</b>	<b>2.89</b>	<b>3.93</b>	<b>4.45</b>	<b>4.50</b>	<b>4.52</b>	<b>4.52</b>
High	1.23	3.29	4.42	4.84	4.80	4.83	4.84

#### PWLB Repayment rates %

	1 year	4½-5 years	10-10½ years	19½-20 years	29½-30 years	39½-40 years	49½-50 years
Low	0.43	1.83	2.93	3.74	3.84	3.79	3.73
<b>Average</b>	<b>0.65</b>	<b>2.47</b>	<b>3.68</b>	<b>4.19</b>	<b>4.24</b>	<b>4.15</b>	<b>4.07</b>
High	0.98	2.88	4.17	4.59	4.55	4.47	4.40

#### Bank Rate, Money Market rates

	Bank Rate	O/N LIBID	7-day LIBID	1-month LIBID	3-month LIBID	6-month LIBID	12-month LIBID	2-year SWAP Bid	3-year SWAP Bid	5-year SWAP Bid
Minimum	0.50	0.200	0.250	0.250	0.350	0.490	0.830	1.517	2.050	2.808
<b>Average</b>	<b>0.50</b>	<b>0.368</b>	<b>0.390</b>	<b>0.470</b>	<b>0.695</b>	<b>0.928</b>	<b>1.283</b>	<b>1.914</b>	<b>2.540</b>	<b>3.254</b>
Maximum	0.50	0.750	0.520	1.050	1.500	1.800	2.150	2.447	3.117	3.770
Spread		0.550	0.270	0.800	1.150	1.310	1.320	0.930	1.068	0.963

## APPENDIX B

### SPECIFIED AND NON-SPECIFIED INVESTMENTS DETERMINED FOR USE BY THE COUNCIL

1. Specified Investments (these will have a maximum maturity of 1 year)
  - Deposits in the Debt Management Office Account Deposit Facility
  - Deposits with UK local authorities
  - Deposits with banks and building societies
    - \* Certificates of deposit with banks and building societies
    - \* Gilts: (bonds issued by the UK government)
    - \* Bonds issued by multilateral development banks
  - Money Market Funds, i.e. 'AAA' liquidity funds with a 60-day Weighted Average Maturity (WAM)
  - Other Money Market Funds – i.e. credit rated funds which meet the definition of a collective investment scheme as defined in SI 2004 No 534
  
2. Non-Specified Investments

	Maximum maturity	Max % or limit (£) of portfolio	Capital expenditure?
<ul style="list-style-type: none"> <li>▪ Deposits with banks and building societies</li> <li>▪ Certificates of deposit with banks and building societies</li> </ul>	<i>5 years</i>	<i>40%</i> in aggregate	No
Gilts and bonds <ul style="list-style-type: none"> <li>▪ Gilts</li> <li>▪ Bonds issued by multilateral development banks</li> <li>▪ Bonds issued by financial institutions guaranteed by the UK Government</li> <li>▪ Sterling denominated bonds by non-UK sovereign governments</li> </ul>	<i>10 years</i>	<i>40%</i> in aggregate	No
Money Market Funds and Collective Investment Schemes (pooled funds which meet the definition of a collective investment scheme as defined in SI 2004 No 534 and SI 2007 No 573) but which are not credit rated	These funds do not have a defined maturity date	<i>50%</i>	No
<ul style="list-style-type: none"> <li>-Government guaranteed bonds and debt instruments (e.g. floating rate notes) issued by corporate bodies</li> <li>-Non-guaranteed bonds and debt instruments (e.g. floating rate notes) issued by corporate bodies</li> <li>-Collective Investment Schemes (Pooled funds) which do not meet the definition of collective investment schemes in SI 2004 No 534 or SI 2007 No 573</li> </ul>	<i>10 years</i>  <i>10 years</i>  These funds do not have a defined maturity date	<i>£10M</i>	Yes

## COMPLIANCE WITH PRUDENTIAL INDICATORS 2009/10

### 1 Estimated and Actual Capital Expenditure

This indicator is set to ensure that the level of proposed investment in capital assets remains within sustainable limits and, in particular, to consider the impact on the Council Tax.

<b>Prudential Indicator</b>	2009/10	<b>2009/10</b>
	Estimated £m	<b>Outturn £m</b>
Capital Expenditure	80	<b>64</b>

### 2 Estimated and Actual Ratio of Financing Costs to Net Revenue Stream

This is an indicator of affordability and demonstrates the revenue implications of capital investment decisions by highlighting the proportion of the revenue budget required to meet the borrowing costs associated with capital spending. The financing costs include existing and proposed capital commitments.

<b>Prudential Indicator</b>	2009/10	<b>2009/10</b>
	Estimated %	<b>Outturn %</b>
Ratio of Financing Costs to Net Revenue Stream	7.04	<b>5.43</b>

### 3 Capital Financing Requirement

The Capital Financing Requirement (CFR) measures the underlying need to borrow for a capital purpose. In order to ensure that over the medium term net borrowing will only be for a capital purpose, the Council ensures that net external borrowing does not, except in the short-term, exceed the CFR in the preceding year plus the estimates of any additional CFR for the current and next two financial years. The Authority had no difficulty meeting this requirement in 2009/10 and no difficulties are envisaged for future years. This view takes into account current commitments, existing plans and the proposals in the approved budget.

### 4 Affordable Borrowing Limit, Authorised Limit and Operational Boundary for External Debt

The Council has an integrated Treasury Management Strategy and manages its treasury position in accordance with its approved Strategy and practice. Overall borrowing will therefore arise as a consequence of all the financial transactions of the Council and not just those arising from capital spending reflected in the CFR.



**Authorised Limit:** This is the maximum amount of external debt that can be outstanding at one time during the financial year. The limit, which is expressed gross of investments, is consistent with existing commitments, proposals for capital expenditure and financing and with the approved treasury policy and strategy and also provides headroom over and above for unusual cash movements. This limit was set at £475 million for 2009/10.

**Operational Boundary:** This is limit is set to reflect the best view of the most likely prudent (i.e. not worst case) levels of borrowing activity and was set at £460 million for the financial year.

The levels of debt are measured on an ongoing basis during the year for compliance with the Authorised Limit and the Operational Boundary. The Council maintained its total external borrowing and other long-term liabilities within both limits.

## 5 Incremental Impact of Capital Investment Decisions

This is an indicator of affordability that shows the impact of approved capital investment decisions on Council Tax when the budget for the year was set.

Prudential Indicator	2009/10 £
<b>Incremental Impact of Capital Investment Decisions</b>	
Increase in Band D Council tax	24.87

There is no variation to Council Tax once it has been set prior to the commencement of the financial year.

## 6 Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure

These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates. The exposures are calculated on a net basis, i.e. fixed rate debt net of fixed rate investments. The upper limit for variable rate exposure allows for the use of variable rate debt to offset exposure to changes in short-term rates on our portfolio of investments.

<b>Interest Rate Exposure</b>	<b>Fixed Rate of Interest</b>	<b>Variable Rate of Interest</b>	<b>Total</b>
<b>Borrowings</b>	£280 m	£0 m	<b>£280 m</b>
Proportion of Borrowings	100%	0%	<b>100%</b>
Upper Limit	100%	50%	
<b>Investments</b>	£4 m	£102 m	<b>£106 m</b>
Proportion of Investments	4%	96%	<b>100%</b>
Upper Limit	100%	100%	
<b>Net Borrowing</b>	<b>£276 m</b>	<b>£-102 m</b>	<b>£174 m</b>
Proportion of Total Net Borrowing	159%	-59%	<b>100%</b>

## 7 Maturity Structure of Fixed Rate borrowing

This indicator is to limit large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates and is designed to protect against excessive exposures to interest rate changes in any one period, in particular in the course of the next ten years.

It is calculated as the amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate.

	Upper limit %	Lower limit %	Actual Borrowing at 31/3/10 £m	Percentage of total at 31/3/10 %
under 12 months	100	0	16	5.7
12 months and within 24 months	100	0	14	5.0
24 months and within 5 years	100	0	57	20.4
5 years and within 10 years	100	0	28	10.0
10 years and above	100	0	165	58.9

## 8 Total principal sums invested for periods longer than 364 days

This indicator is set in order to manage the risk inherent in investments longer than 364 days. For 2009/10 this limit was set at £30 million and at their peak, these investments totalled £12 million.

## 9 Adoption of the CIPFA Treasury Management Code

The Council confirms its adoption of the CIPFA Code of Practice for Treasury Management in Public Services.

WIRRAL COUNCIL

COUNCIL EXCELLENCE - 8 JULY 2010

REPORT OF THE DEPUTY CHIEF EXECUTIVE/DIRECTOR OF CORPORATE SERVICES

## **AUDIT COMMISSION – PERFORMANCE MANAGEMENT REVIEW**

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### **1. Executive summary**

- 1.1 Wirral Council has made some significant steps to improve performance management in recent years. In April 2009, the Audit Commission began a review of the Council's performance management arrangements, in order to work with the authority to deliver further improvements.
- 1.2 This report provides the Audit Commission's final report on the findings of the review with an action plan attached at appendix 1. Full copies of the Audit Commission's reports for each stage of the review have been placed in the electronic library on Wirral Council's website. The areas for focus emerging from the review are as follows:
- Further develop the Council's management information arrangements to help services monitor and manage improvements.
  - Review arrangements to ensure that key strategic documents intended to support the delivery of the Corporate Plan are fully aligned to both the Corporate Plan and each other.
  - Strengthen arrangements to promote shared learning, both internally and externally.
  - Review the way that the Corporate Improvement Group (CIG) and Performance Management Group (PMG) function and contribute to the improvement of corporate performance management arrangements.
- 1.3 Much work has already been put into place to address these areas for focus, prompted by the Council's recognition and understanding of what needs to be done to improve its performance management arrangements. However, the review has been a useful catalyst to drive further improvements and an action plan has been developed in response to the Audit Commission findings and is attached as part of appendix 1. The plan has been developed by the Council's Performance Management and Corporate Improvement Groups with approval by the Chief Officers Management Team.

### **2. Background**

- 2.1 Wirral Council has significantly strengthened its approach to performance management and this can be evidenced through the following developments:
- The production of Wirral's sustainable community strategy which sets out a 2025 vision and a three year local area agreement (LAA) to deliver improvements in

partnership priorities. The partnership's approach to performance management has been frequently praised by external bodies including Government Office for the North West during the annual review of Wirral's local strategic partnership / LAA in January 2010.

- The launch of Wirral's 2008/11 Corporate Plan in April 2008 which sets out 5 clear strategic corporate objectives, medium term aims and annual priorities for improvement.
- The development and adoption of a consistent format for departmental business planning to fully reflect the contribution which departments will make towards the Corporate Plan.
- Revisions to both the format and timetable of reports to elected members to combine financial, performance and risk information to enable effective decision making.
- The launch of a revised data quality policy in 2009 and roll-out of data quality training workshops.
- A robust approach to target setting implemented across the Council which has been strengthened through the Council's involvement in benchmarking clubs.
- A range of innovative activity within departments to drive improvements in service delivery including robust project planning, a variety of benchmarking activity and staff engagement through development days.

2.2 The Audit Commission's review was intended to test these developments. The review was divided into a number of stages, the first of which involved an online survey with a range of managers across the Council, and a baseline questionnaire exercise to obtain an initial picture of performance management arrangements within departments. The second stage consisted of a detailed review of arrangements within two Council departments, and a series of focus groups with managers and elected members to seek a wider range of views. The third and final stage of the review culminated with a workshop to identify actions to further improve the Council's performance management arrangements.

### **3. Findings from Stage One**

- 3.1 The online survey was distributed to a sample of 705 staff comprising chief officers and senior, middle and first line managers. 442 responses were received, giving an excellent response rate of just under 63%.
- 3.2 The findings reflect the significant improvements Wirral Council has made in performance management, with the overwhelming majority of the 442 respondents consistently agreeing or strongly agreeing with nearly all of the questions in the online survey which probe the corporate direction, the shared vision, the approach to managing service performance, improving services, improving performance management and improving people management.
- 3.3 Specific findings of the survey which the Audit Commission draw out in their review include the following:
- The sustainable community strategy and corporate plan are generally recognised as strategic drivers (91.9% of respondents either agreed or strongly agreed that there are clear Council-wide strategic objectives, aims and improvement priorities which set out an overall direction for the Council. Also, 85.3% either agreed or

strongly agreed that there are clear departmental and corporate targets for performance and 87.6% of the 442 respondents agreed or strongly agreed that there are clear objectives, standards and targets for their service.)

- The Key Issues Exchanges (KIE) are clearly given high priority throughout the Council and provide an effective means of promoting ownership of corporate and partnership priorities. (81% of respondents either agreed or strongly agreed that they understand how the work they do contributes to delivering our vision and shared priorities. Also, 79.5% either agreed or strongly agreed that they have personal objectives which are linked to service objectives, targets and standards and 79.9% of respondents either agreed or strongly agreed that there is a service / team plan which sets out how service objectives will be achieved).
- Departments are working in a wide range of partnerships and delivering many national and regional imperatives. (71.6% of respondents agreed or strongly agreed that the Council works constructively with its partners to deliver on its vision and shared priorities).
- The Council has a generally strong approach to people management. (94.1% of respondents either agreed or strongly agreed that they understand their role and responsibilities for managing employees in their service, and 80.4% either agreed or strongly agreed that they are familiar with and understand the Council's HR policy frameworks, procedures and processes for managing people).

#### **4. Findings from Stage Two**

##### Departmental tracers

4.1 The Audit Commission visited the Technical Services and Children's Services departments to undertake a detailed review of their performance management arrangements. The Audit Commission provided positive feedback regarding the robustness of the arrangements and the enthusiasm displayed by officers in the departments.

4.2 Details of the Audit Commission findings are provided below.

- Departments have established clear priorities which are being delivered through regular monitoring of action plans. The project planning methodology was considered to be well embedded within Technical Services with elected members actively involved.
- Leadership capacity and development is clearly an important factor in the department's performance management arrangements. Technical Services have developed a management charter which is a commitment to the style of leadership and behaviour of managers. The department also has a commitment to allocate managers a series of benchmarking days to learn from other authorities. This approach to benchmarking has now been rolled out across the organisation. Children's Services also give leadership a high priority ensuring that there is clear leadership at all levels of the department.

- Partnership working is considered to be critical to both departments with benefits identified as; increased capacity, joint decision making and working with partners towards consistent priorities. Children's Services highlighted a focus on improved outcomes through partnership working, with integrated services being developed with dedicated resources.
- Engagement with staff is given a high priority including communicating information on departmental priorities.
- Support from corporate services including Finance, Human Resources and the Corporate Performance Team were cited as essential for consistent working across departments. The Council's Performance Management Group was highlighted as an important mechanism for cross-department discussion and decision making.
- Some issues were identified regarding IT support, with limitations cited regarding the functionality of the Council's performance management system.

#### Focus groups

- 4.3 Focus groups were held with first line, middle and senior managers and elected members. The purpose of the sessions was to probe the initial survey findings further.
- 4.4 The following **strengths in performance management** were identified by the focus groups held with first line, middle and senior managers:
- Council and partnership performance and planning frameworks described as a "golden thread", meaning that there are clear objectives in place with action planning at all levels and ownership of plans. Partnership working is considered to be a real strength in the organisation.
  - Customer focus was considered to be a key strength within the organisation and a clear commitment to equality is demonstrated by the Council.
  - Staff are engaged and involved in business planning and delivery with increased engagement with members.
  - Improved approach to performance reporting with links between performance and finance. Reports are clear for staff to identify opportunities for improvement and take ownership of issues.
  - There is a more visual approach to performance reporting in some services which makes it easier for staff to make links between finance and performance, take ownership of issues and identify opportunities for improvement. Data quality training has been rolled out across the Council and partners.
  - The corporate role of Chief Officers and the corporate groups established to facilitate the sharing of best practice between departments was identified as a strength.
  - Management and leadership development are considered to be strengths within the organisation

4.5 The following **opportunities for improvement in performance management** where identified by the focus groups held with first line, middle and senior managers:

- A greater understanding is needed of the Council's priorities amongst all staff including front line services.
- A clearer alignment between business plans and the corporate plan was identified as a further opportunity for improvement including alignment of the workforce strategy with the corporate plan, although it was acknowledged that there has been progress in this area.
- Further opportunities should be considered for cross-working across Council departments.
- Value for money was considered to be an opportunity for improvement with further opportunities to be explored across Wirral's strategic partnership. A greater confidence about decommissioning services was also raised.
- Capacity issues were highlighted and further training for new managers and budget holders was requested.
- IT infrastructure issues were identified with a request for more integrated systems.
- Celebrating success was identified as an area which the Council needs to promote further. There is a lot of good practice in the services that are delivered and there is a need to raise its profile and celebrate achievements.

4.6 **Elected members** provided the following feedback to the Audit Commission at the focus group:

- There is a good understanding of personal contribution to corporate objectives and Cabinet members receive regular briefings on areas of responsibility. Action plans required where areas of under-performance are identified.
- The financial performance summary was considered useful with elected members advising that investment has been made in under-performing areas however the impact of this in some cases is yet to be felt.
- A strong process was put into place for determining Wirral's local area agreement priorities.
- Scrutiny committees have developed their own work programmes and are setting up working parties. This arrangement was considered to be working well.
- There is a clearer distinction now being made between reports for information and for decision-making with information items placed in a virtual library, this has enabled committee meetings to be more focused.
- The Council has subscribed to the PricewaterhouseCoopers benchmarking club which will help the Council benchmark performance and ensure that targets are sufficiently challenging.

## **5 Findings from Stage Three**

5.1 The final stage of the review was a workshop session involving Chief Officers, Corporate Improvement and Performance Management Groups, and a range of middle managers across the Council. The workshop was designed to consider the findings from the previous two stages of the review to identify actions for improvement. The feedback from the workshop session was extremely positive by the attendees advising

that the workshop had provided an improved understanding of the challenges faced both corporately, and in departments. Attendees felt that the shared learning aspect of the workshop really helped them to discover about methods used in other departments, which can assist them to improve in their own area of work.

- 5.2 Key elements of performance management which were identified as learning areas by attendees included realising the importance of accurate and relevant data. The group also provided positive feedback on the opportunity to understand more about the good practice that is carried out across the Council and its partners. Overall, the participants felt they gained a greater understanding of performance within different departments, and that they received evidence of improvements within performance management across the whole Council.

## **6 Financial implications**

- 6.1 There are no immediate financial implications for Wirral resulting from this report

## **7 Staffing implications.**

- 7.1 There are no staffing implications for Wirral resulting from this report.

## **8 Equal Opportunities implications / Equality Impact Assessment**

- 8.1 There are no equal opportunities implications for Wirral resulting from this report

## **9 Health Impact Assessment**

- 9.1 There are no health implications for Wirral resulting from this report

## **10 Community Safety implications**

- 10.1 There are no community safety implications for Wirral resulting from this report.

## **11 Local Agenda 21**

- 11.1 There are no environmental implications for Wirral resulting from this report.

## **12 Planning implications**

- 12.1 There are no planning implications for Wirral resulting from this report.

## **13 Anti-poverty implications**

- 13.1 There are no implications for people from deprived communities in Wirral resulting from this report.

## **14 Social inclusion implications**



14.1 There are no implications that will potentially exclude individuals or groups from accessing services resulting from this report

#### **15 Local Member Support implications**

15.1 There are no local member support implications arising from this report.

#### **16 Background Papers**

16.1 Council Excellence Committee – Performance Review Stage 1 report. 16<sup>th</sup> September 2009

#### **17 Recommendations**

17.1 Council Excellence Committee note the findings of the review outlined within this report.

17.2 Committee members note the Audit Commission's final report and action plan attached at appendix 1.

#### **J. WILKIE**

Deputy Chief Executive/Director of Corporate Services

This report was prepared by Lucy Beed, who can be contacted on 0151 691 8006.

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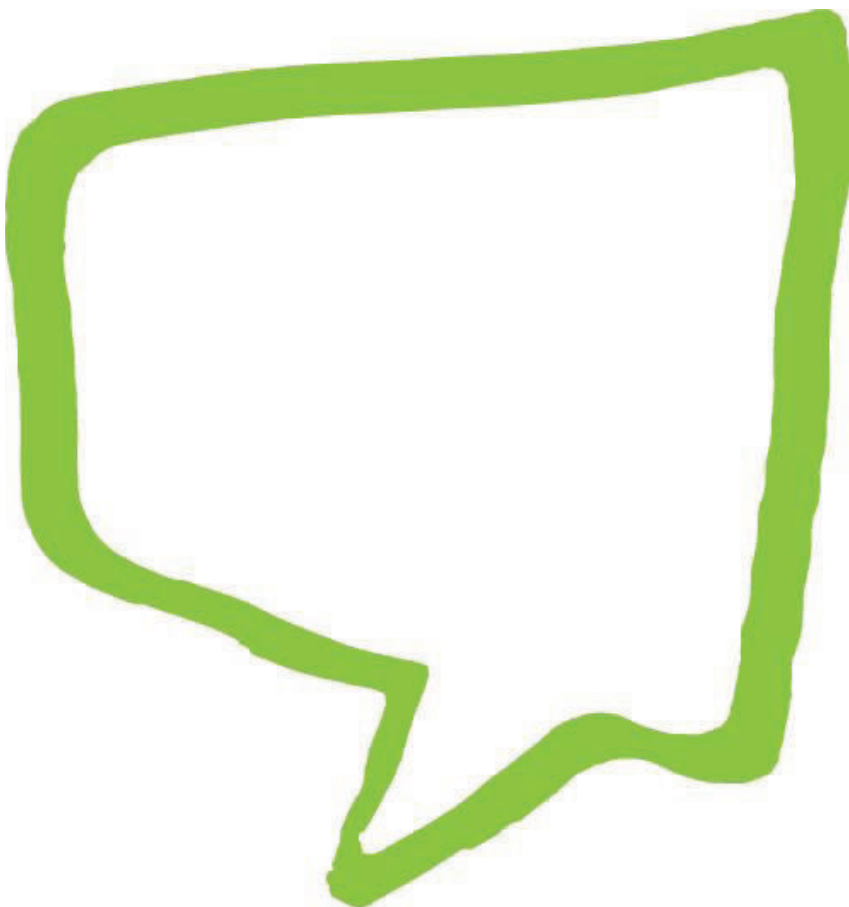
# Performance Management

## Summary Report

Wirral Metropolitan Borough Council

Audit 2009/10

May 2010



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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 Organisations with effective performance management arrangements know what they need to do and how to do it. Therefore, they are more likely to be able to improve services to local people. Managing performance involves more than just setting up a system. Organisations need the right leadership and culture in place, and must focus on what matters most. In most councils, effective performance management arrangements are part of a wider change agenda. This means they aim for continuous improvement in both service delivery, and service user and resident views.
- 2 A performance management system is an extensive range of interlinked processes and arrangements. These start with setting its overall strategic direction, implementing methods of tracking progress against these priorities and linking this to an individuals' performance. The organisation's specific cultural 'make up' determines the extent of its success in carrying out its arrangements.

# Background

- 3 Since its corporate assessment in 2005, the Council has taken some important steps to improve the way it manages performance. It has refreshed the Corporate Plan, changed reports to cover both financial and performance information and put in place a coherent framework for planning and delivering local improvements. It has also worked with partners to make better use of intelligence and adopt a robust and systematic approach to identify local priorities.
- 4 Nevertheless, the Council has recognised that it needs to build on this and do more work to further strengthen performance management arrangements across the organisation.
- 5 We agreed to work collaboratively with the Council to assess the extent to which performance management arrangements have become embedded into core management processes and whether they are driving improvement.

# Audit approach

- 6 This work was designed to both examine progress and support the Council as it further develops its performance management arrangements. Our work focussed on specific elements of the whole performance management system and:
- examined the extent to which performance management is customer focussed;
  - provided a reality check on the Council's progress in embedding its current performance management framework to a consistent level across the organisation;
  - identified the key barriers to the effective implementation of the Council's current performance management arrangements;
  - identified the main drivers in those areas where performance management arrangements are most effective; and
  - helped the Council improve its performance management arrangements as it seeks to achieve its ambitions.
- 7 Our approach focused on three distinct organisational levels:
- the role of the corporate centre in setting up and embedding a culture of performance management;
  - how performance management is made real at service group level; and
  - the practical implementation of performance management arrangements by service managers, including cascade of targets and objectives to individuals.
- 8 The review took place throughout 2009 and benefited from strong commitment and support from the Council. We have collated and shared the output from each phase with the Council in a format that it can continue to use following completion of the review. The key outputs are as follows.
- **Baseline data pack.** We collated the completed baseline questionnaires and provided them to the Council. These provide information on performance management arrangements within specific services. They include current developments, areas for improvement already identified by managers and information on target setting.
  - **Interactive spreadsheet.** This contained the full results from the manager survey. It enables the user to compare results from individual services against the overall Council results. The user can also filter results by first line, middle or senior managers to identify key messages at different levels within the organisation.
  - **Performance management stage 1 report.** This contains the main messages from the baselining exercises and highlights some of the issues we would consider throughout the rest of the review. It also includes the numerical results from the survey. This report informed our 2008/09 value for money conclusion and use of resources assessment.

- **Performance management stage 2 report.** This contains the information used in the focus groups and the output from the various sessions which we used to structure the action planning workshop.
- **Performance management stage 3 report.** This contains the information used in the action planning workshop and the output from the sessions.
- **This report** draws together the messages from the various stages of the review and identifies 4 areas of focus to further improve performance management arrangements. This report, along with the stage 2 and stage 3 reports will inform our 2009/10 value for money conclusion and use of resources assessment.



## Areas for focus

- 9 The Council has taken positive steps to strengthen its performance management arrangements. We have highlighted four areas where further action will improve the overall effectiveness of these arrangements as follows.
- Further develop the Council's management information arrangements to help services monitor and manage improvements.
  - Review arrangements to ensure that key strategic documents intended to support the delivery of the Corporate Plan are fully aligned to both the Corporate Plan and each other.
  - Strengthen arrangements to promote shared learning, both internally and externally.
  - Review the way that the Corporate Improvement Group (CIG) and Performance Management Group (PMG) function and contribute to the improvement of corporate performance management arrangements.

# Main conclusions

- 10** The overall conclusion is that the Council has sound systems and processes to manage its performance effectively. But these arrangements are not yet being consistently implemented across the organisation.

## Management information

- 11** The Council is improving its capacity and capability for performance management in terms of both management information and skills. However departments are still at different stages in developing their own arrangements for overseeing, managing and challenging service performance using robust data.
- 12** Information technology (IT) is not always effectively supporting performance management at departmental level. Operational managers report some difficulties in accessing IT and that there are sometimes problems over system compatibility when working with partners. At the same time, they reported concerns that the level and timeliness of IT support at the Council is not always good.

### Area for focus

Further develop the Council's information management arrangements to help services monitor and manage improvements.

## Consistent plans

- 13** Corporate priorities are clear and are consistent with wider priorities agreed with external partners. This provides clarity over what improvements the Council is setting out to achieve and a focus for service and team plans. Managers regard this clear vision and sense of direction as being one of the Council's most significant improvements in its performance management arrangements since its corporate assessment.
- 14** However, other organisational plans and strategies which sit underneath the Corporate Plan are not always consistent with each other, and some performance targets do not align well to the budget. Budget setting and business planning processes are not yet completely aligned, and some strategic documents such as the budget and workforce strategy are not always clearly linked to the Corporate Plan. This makes it difficult for the Council to ensure that all of its resources are being properly targeted to support the delivery of its corporate priorities.

## Main conclusions

### Area for focus

Review arrangements to ensure that key strategic documents intended to support the delivery of the Corporate Plan are fully aligned to both the Corporate Plan and each other.

### Shared learning

- 15 The Council has a positive attitude towards developing performance management skills within the organisation. When asked, nearly three quarters of managers said that they had received appropriate training and development to help them achieve personal objectives. The Council has provided training on data quality for relevant staff, and has recently joined the PWC Benchmarking Club to promote greater use of comparative information across the organisation.
- 16 However, the Council is not yet maximising opportunities to share learning within the organisation. As previously referenced, departments are at different stages in terms of developing their own arrangements for performance management, and some examples of good practice are emerging. These include a review of processes in the Council's Licensing Section to make them more efficient using an internationally recognised approach ('Lean'), Technical Services' approach to clarity of purpose and Adult Services' use of performance surgeries and a balanced scorecard. These developments are not always being picked up at a more corporate level and shared across the organisation.
- 17 More work also needs to be done to make optimal use of opportunities for learning from other organisations. All directorates are involved in both formal and informal networks with providers of similar services, but it is not always clear how this external contact is resulting in changes within the Council or improved outcomes for users.

### Area for focus

Strengthen arrangements to promote shared learning, both internally and externally.

### Corporate performance arrangements

- 18 The Council has set up sound arrangements to coordinate performance management across the organisation. CIG and PMG provide opportunities for corporate performance staff and service department colleagues to discuss issues. Good use is also being made of the key issues exchange to cascade information through the organisation. The Council therefore has structures in place to communicate performance management issues across, up and down the organisation.

- 19** However, the benefits of these arrangements are not yet being fully realised. In particular, the potential of CIG and PMG for promoting learning within the organisation is not yet being harnessed. As a result good practice in individual services does not become 'repackaged' for the benefit of the Council as a whole.

**Area for focus**

Review the way that the Corporate Improvement Group (CIG) and Performance Management Group (PMG) function and contribute to the improvement of corporate performance management arrangements.

# Appendix 1 – Action Plan

Page no.	Area of focus	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
8	Develop the Council's information management arrangements to help services monitor and manage improvements	3	Head of ICT	Yes	Continue to develop integrated information systems to support managers. There are key projects within Council's Strategic Change Programme built around enhanced technology (including HR, payroll, procurement). Additionally the programme includes a strategic review to ensure the Council's IT systems remain fit for purpose in supporting the business. These will deliver improved information about people management costs for the organisation and for managers.	In place for April 2011
			Head of Policy	Yes	Procure a performance management system to include performance indicators, risks and projects.	Summer 2010
			Corporate Improvement Group	Yes	Building on best practice which already exists within the organisation, develop mechanisms for ensuring that innovative developments in performance management are shared and distributed across departments.	

Page no.	Area of focus	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
9	Review arrangements to ensure consistency of key strategic documents intended to support the delivery of the Corporate Plan to ensure that they are fully aligned to both the Corporate Plan and each other.	3	Corporate Improvement Group	Yes	The area focus comments pre-date the work that has been completed to align the 2008-11 corporate plan with workforce development strategy, risk management, asset management and financial plans. The Corporate planning framework was also approved by Cabinet prior to the 2010/11 budget setting process and plans now clearly link projects and activity with resources.	Completed - 2010/11 Corporate Plan refresh
				Yes	Review best practice authorities to improve arrangements further.	In place for April 2011
9	Develop arrangements to promote shared learning, both internally and externally	3	Head of HR/OD	Yes	Develop manager shared learning/innovation workshops to consider and share best practice within departments and promote innovative working	Summer 2010
			Head of Policy	Yes	Intranet shared area to promote best practice	Summer 2010
			Head of Policy	Yes	Implement benchmarking approach to allow service managers dedicated time to review priority areas and identify best practice authorities using benchmarking tools to improve services	Summer 2010
			Head of HR/OD	Yes	Develop a manager's toolkit to provide a consistent approach to learning and development opportunities	Summer 2010
			Head of Policy	Yes	Standard agenda item on PMG and CIG meetings to share best practice	Complete
			Head of Legal and Democratic Services	Yes	Review overview and scrutiny arrangements to introduce a clear strategy and development programme of change and improvement	

## Appendix 1 - Action Plan

Page no.	Area of focus	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
10	Review the way that the Corporate Improvement Group (CIG) and Performance Management Group (PMG) function and contribute to the establishment of corporate performance management arrangements.	3	CIG/PMG	Yes	Promote the sharing best practice in accordance with the comments above	

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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

### COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

8 JULY 2010

#### REPORT OF DIRECTOR OF FINANCE

##### ANTI-FRAUD AND CORRUPTION POLICY

###### 1. EXECUTIVE SUMMARY

- 1.1. This report summarises a review of the Anti Fraud and Corruption Policy. Having such policies documented, up to date and drawn to the attention of all stakeholders is a fundamental requirement of one of the six core principles of the CIPFA/SOLACE Delivering Good Governance in Local Government Framework.
- 1.2. The revised Anti-Fraud and Corruption Policy was endorsed by Cabinet on 15 April 2010. The meeting of this Committee on 1 February 2010 requested that the revised policy be submitted to a future meeting.

###### 2. BACKGROUND

- 2.1. CIPFA and the Society of Local Authority Chief Executives (SOLACE) have produced the "Delivering Good Governance in Local Government Framework". The purpose is to enable local authorities to maintain a code of governance and to discharge accountability for the proper conduct of public business, through the publication of an annual governance statement that will make the adopted practice open and explicit.
- 2.2. Effective local government relies on public confidence in Councillors and officials. Good corporate governance underpins credibility but the processes involved must be transparent to all stakeholders to be effective and to give a lead in community governance e.g. making potential partners in the public, private and voluntary sectors, as well as local citizens, aware of the concept.
- 2.3. The fundamental principles of governance must be reflected in the core activities of Council business. These are defined in the framework as
  - i. Focussing on the purpose of the Authority and on the outcomes for the community and creating and implementing a vision for the local area.
  - ii. Members and officers working together to achieve a common purpose with clearly defined functions and roles.
  - iii. Promoting values for the Authority and demonstrating the values and good governance through upholding high standards of conduct and behaviour.
  - iv. Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.

- v. Developing the capacity and capability of Members and officers to be effective.
  - vi. Engaging with local people and other stakeholders to ensure robust accountability.
- 2.4. With regard to the third principle, the Council should have in place formal codes of conduct and protocols defining the standards of personal behaviour to which individual Members, officers and agents of the Authority are required to follow and appropriate systems to ensure they are implemented. Consequently, it is necessary that there is an up to date documented Anti-Fraud and Corruption Policy.

### **3. FINDINGS**

- 3.1. The Anti Fraud Policy and Corruption Policy has been reviewed by Internal Audit to confirm that it complies with current best practice and CIPFA/SOLACE guidance during an exercise undertaken to assess the effectiveness of the overall arrangements for managing the risk of fraud. This involved undertaking a detailed exercise to examine the counter fraud policies that the Council has in place and an evaluation against current best practice contained in the 'Managing the Risk of Fraud – Actions to Counter Fraud and Corruption' publication produced by CIPFA. A report on this was presented to the Audit and Risk Management Committee on 18 January 2010.
- 3.2. The policy was found to be in need of updating to be compliant with all available best practice and guidance. An updated Anti Fraud and Corruption Policy has been prepared and attached at Appendix A.
- 3.3. It is essential that the Policy is embedded within the culture of the organisation and pro-actively drawn to the attention of all members of staff, officers and Members of the Council. To facilitate this, the Policy will be made available on the Council Intranet and Internet and will be drawn to the attention of all Chief Officers via all available Council communication channels. Awareness training is also scheduled for later in the year including targeted sessions with relevant members of staff and the utilisation of on line training packages.

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

- 4.1. There are none arising from this report.

### **5. LOCAL MEMBER SUPPORT IMPLICATIONS**

- 5.1 There are no particular local Member support implications for any particular wards but the Policy is of relevance to all Members.

### **6. LOCAL AGENDA 21 IMPLICATIONS**

- 6.1. There are none arising from this report.

**7. PLANNING IMPLICATIONS**

7.1. There are none arising from this report.

**8. EQUAL OPPORTUNITIES IMPLICATIONS**

8.1. There are none arising from this report.

**9. COMMUNITY SAFETY IMPLICATIONS**

9.1. There are none arising from this report.

**10. HUMAN RIGHT IMPLICATIONS**

10.1. There are none arising from this report.

**11. BACKGROUND PAPERS**

11.1. CIPFA/SOLACE - Delivering Good Governance in Local Government – 2007.

11.2. CIPFA - Managing the Risk of Fraud – Actions to Counter Fraud and Corruption

**12. RECOMMENDATIONS**

12.1. That the Anti-Fraud and Corruption Policy be endorsed.

12.2. That the Anti-Fraud and Corruption Policy be made available to all Members, officers, and citizens by being included on the Council Internet site and that awareness training be scheduled to promote compliance across the Council.

IAN COLEMAN  
DIRECTOR OF FINANCE.

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## **ANTI FRAUD AND CORRUPTION POLICY**

### **1. Introduction**

- 1.1. Wirral Council employs 12,500 staff and spends many millions of pounds of public money every year delivering services to Wirral residents, Wirral businesses and visitors to Wirral. In addition the Council commissions work from other service providers.
- 1.2. The size and nature of Council services mean that there is an ever present risk of loss due to Fraud and Corruption, from both internal and external sources. Fraud and Corruption undermine standards of service and reduce the resources available for the good of the whole community.
- 1.3. This document, which has the full backing of Cabinet, sets out the Council's policy in relation to countering Fraud and Corruption across all Council services except Housing Benefit. The Council has a separate policy which specifically deals with Housing Benefit fraud, which can be viewed here

<http://www.wirral.gov.uk/LGCL/100001/200008/726/ProsecutionPolicy.pdf>

### **2. Zero Tolerance**

- 2.1. Wirral Council has a zero tolerance policy to all fraud whether perpetrated by Councillors, employees, suppliers, contractors or service users. The Council is committed to the eradication of fraud and corruption and to the promotion of the highest standards of integrity. The Council will not be afraid to tackle difficult or uncomfortable cases and will take a robust line and seek maximum appropriate sanctions and redress.

The Council is committed to delivering the corporate plan and states;

**'Our vision is of a more prosperous and equal Wirral, enabling all communities and people to thrive and achieve their full potential.'**

- 2.2. To do so it is essential that the resources available to the Council are maximised. Reducing fraud and the misappropriation of Council funds to an absolute minimum will ensure that Wirral will maximise resources available.
- 2.3. This policy should be read in conjunction with the range of interrelated policies and procedures of the Council that provide a corporate framework to counter fraud and corruption (Appendix 1).

### **3. Definitions**

- 3.1. The Fraud Act 2006 came into force on 15 January 2007. The Act repeals the deception offences enshrined in the 1968 and 1978 Theft Acts and replaces them with a single act of Fraud which can be committed in three separate ways:
- False representation
  - Failure to disclose Information where there is a legal duty to do so
  - Abuse of Position
- 3.2. Corruption can be defined as the giving or acceptance of inducements designed to influence official action. The law relating to Corruption is set out in the Public Bodies Corrupt Practices act 1889, the 1905 and 1916 Prevention of Corruption acts and the Local Government act 1972. In essence it is a criminal offence under the 1905-1916 legislation to corruptly receive directly or indirectly (or give) any gift, loan, fee, reward or advantage as an inducement to do or not do anything as an officer of a Local Authority. Under the 1972 Act it is an offence for an officer to accept any fee or reward other than proper remuneration under course of his her office of employment.

### **4. A Holistic Approach**

- 4.1. The Council has adopted an integrated and holistic approach to countering fraud and corruption. The approach is built upon the key areas of deterrence, prevention, detection, investigation, sanctions and redress.

### **5. Deterrence - Maintaining an Anti Fraud Culture**

- 5.1. The most preferable way of minimising fraud is to ensure that fraudsters and potential fraudsters are deterred from even trying to perpetrate fraud. The most effective fraud deterrent is peer group pressure, within a culture where the idea of fraud is unacceptable and in which would-be fraudsters incur the disapproval of others.
- 5.2. The Council expects all elected Members and employees to carry out their duties in accordance with appropriate legal requirements, professional codes, internal codes, rules and procedures and to act at all times with honesty and probity in the discharge of their functions. Codes of Conduct for Members and employees are based on the Nolan Principles of standards in Public Life and for Members, the Local Authorities (model Code of Conduct) order 2007.

- 5.3. A programme of fraud awareness training will ensure that all employees are aware of their roles and responsibilities with regard to fraud. The awareness campaign will reinforce the anti fraud culture within the Council.
- 5.4. Wirral Council acknowledges the hostility of the honest majority of employees, Members, residents and suppliers to the dishonest few and will take every opportunity to reinforce this view through maximising the publicity and communication of the Council's strong fraud prevention, detection, investigation, sanction and redress processes.
- 5.5. The Council also expects that all outside individuals and organisations, including suppliers and contractors will act towards them with honesty and integrity.

## **6. Prevention**

- 6.1. If it is not possible to deter fraudsters, then the next most preferable course of action is to prevent fraud from succeeding before there is any loss to Wirral Council funds. This can be achieved by developing systems with administrative or technical features which make them less vulnerable to fraud. These are referred to as Internal Controls.
- 6.2. It is management's responsibility to establish and maintain systems of internal control and to ensure that the Council's resources are applied appropriately. Internal Audit operates as an aid to management to give assurance as to the effectiveness of Internal Control and to make recommendations for improvement. Management should strive to design the potential for fraud out of all new policies and procedures.
- 6.3. It is recognised that in organisations in which fraud occurs, frauds are often perpetrated by employees who familiarise themselves with controls in order that they can circumvent these controls for personal gain. The honesty and integrity of staff is therefore paramount. It is management's responsibility to ensure that in line with the Council's Recruitment Policy appropriate pre employment screening is operated diligently to prevent unsuitable candidates from securing positions within the Council. (This includes agency staff)

## **7. Detection**

- 7.1. All staff and Members should be aware of the possibility of fraud and corruption. The Council operates a Confidential Reporting (whistle-blowing) system in accordance with the Public Interest Disclosure Act 1998. Through this all employees can make referrals about suspected fraud without fear of recrimination. Once reported, suspected fraud will be investigated in line with the Council's Investigation Procedures (see 8. below).

- 7.2. The Council is committed to data exchange with external parties such as other local authorities and other public bodies which is aimed at detecting fraud. In line with the requirements of the Data Protection Act the Council has in place fair processing notices to facilitate this data exchange. Wirral Council fully participates in the Audit Commission's National Fraud Initiative (NFI); a biennial data matching exercise aimed at detecting fraud.
- 7.3. All Internal Audit reviews will have regard to the possibility of fraud. In Addition, a series of pro-active anti fraud audits are undertaken annually in areas of known fraud risk.

## **8. Investigation**

- 8.1. In accordance with Financial Regulation 4.4.6 all Chief Officers must ensure that all suspected Irregularities and Financial Improprieties are reported to the Director of Finance. This should be done via the Anti Fraud team in the Internal Audit section.

This is essential to our approach to fraud and corruption and ensures:

- Consistent treatment of information regarding fraud and corruption,
  - Proper investigation by professionally trained investigators, where necessary,
  - A channel is established through which fraud Intelligence can be quickly disseminated around the Authority where necessary.
- 8.2. Information regarding the alleged fraud will be logged in the Internal Audit section and the severity of the alleged misdemeanor will be assessed. In consultation with the Director of the relevant Department the Chief Internal Auditor will decide whether a full investigation by Internal Audit Anti Fraud staff is required or whether the matter would be better dealt with by a trained departmental Investigating Officer (in accordance with the Disciplinary Procedure).
- 8.3. At the conclusion of the investigation, the disciplinary hearing will be heard by the departmental Nominated Officer. Investigating officers may be called upon to give oral as well as written evidence at the disciplinary hearing. At the conclusion of the hearing the outcome should be notified to the Internal Audit Anti Fraud team. The report and all evidence should be retained in accordance with the Council's Retention Policy.
- 8.4. Larger Frauds will always be investigated by professionally trained Fraud Investigators in the Internal Audit Anti Fraud team. Such investigations will be carried out in accordance with all relevant legislation including the Data Protection Act, the Police and Criminal



Evidence Act, the Proceeds of Crime Act and the Regulation of Investigatory Powers Act to ensure that any evidence obtained is fully admissible in court.

8.5. There is a duty for all staff to assist the Council with any matter under investigation. Failure to assist with an investigation may be seen as a breach of trust or failure to comply with Financial Regulations. This could lead to disciplinary action being taken.

8.6. All Investigators must

- Comply with the Investigating Officers Code of Ethics
- Deal promptly with the matter in accordance with a standardised time frame
- Record all evidence received appropriately
- Ensure the security and confidentiality of all evidence
- Work closely with senior managers, HR officers, the Police (where necessary) and the Courts (where appropriate)
- Ensure that maximum recoveries are made where possible on behalf of the Council

## **9. Sanctions and Redress**

9.1. The Council will seek the strongest sanctions against staff who commit fraud against the Council. This may include any combination of the following:

- Disciplinary action in accordance with the Council's Disciplinary Procedure. An employee found guilty at a disciplinary hearing of fraud, theft or financial malpractice against the Council, may be summarily dismissed.
- Criminal prosecution – Investigations by Internal Audit are conducted to criminal standards The Council aims to prosecute anyone who commits fraud against the Council as this will act as a deterrent to other fraudsters.
- Civil proceedings to recover all amounts due to the Council.

## **10. Summary**

10.1. The Council is committed to creating a real anti fraud and corruption and zero tolerance culture. The Council has a framework of interrelated policies and procedures which combine with this Anti Fraud and Corruption Policy to deter fraud. However, where fraud is suspected against the Council there are arrangements in place to ensure that robust investigations are conducted and where fraud is proven, all possible sanctions are considered.

## **Appendix 1**

### **Corporate Framework to Counter Fraud and Corruption**

- Codes of Conduct for Members and officers.
- Financial Procedure Rules.
- Accounting procedures and records.
- Sound Internal Control systems.
- Effective Internal Audit which is annually reviewed by the External Auditor. The Internal Audit Section includes officers specifically trained in fraud investigation
- Effective Recruitment and Selection procedures.
- Disciplinary Procedure.
- Fraud Investigation Protocol
- Housing Benefits and Council Tax Policy.
- Benefits Fraud Investigation Team with trained investigators.
- Risk Management Policy.
- Confidential Reporting (Whistleblowing) Policy.
- Participation in the Audit Commission's National Fraud Initiative.
- Procedures for the Declaration of Conflict of Interests, Gifts and Hospitality and Pecuniary Interests.
- Money Laundering Policy

## WIRRAL COUNCIL

### COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

8 JULY 2010

#### REPORT OF THE DIRECTOR OF FINANCE

#### FREEDOM OF INFORMATION (FOI) REQUESTS

##### 1. EXECUTIVE SUMMARY

- 1.1. Following the report presented to Council Excellence on 17 March 2010, it was agreed that a further report should be produced with a breakdown of Freedom of Information (FOI) requests that were received in 2009.
- 1.2. This report analyses the FOI requests which are recorded on a central register and held in calendar year format.

##### 2. BACKGROUND

- 2.1. Since the introduction of the legislation which gives a general right of access to all types of recorded information held by public authorities, Wirral Council has received a higher than average number of FOI requests. Requests reflect both local topical issues and also national media stories.
- 2.2. Requests must be in a written format, and 95% of those received at Wirral are received by email. The new web pages allow for a Service Request button to be used to generate an FOI from the public. The Information Manager receives the requests and liaises with the most appropriate officers in the various Departments of the Council to obtain the information.
- 2.3. A recent two year study by the Government Constitution Unit has produced a report on Freedom of Information Legislation. One of the key findings for local government is that the number of requests has not stabilised; as has been the case for Central Government, but remains on the increase.
- 2.4. As email addresses often do not identify requestors, it is, therefore, difficult to know who all the requestors are or what demographic category they belong to. Studies have shown that areas that have an older population are prone to have higher numbers of FOI requests. For requests that do identify individuals clearly, it has been noted that there is a higher percentage of men, rather than women who make requests using FOI.

2.5. The volume of requests for 2009 was 903; by Department this shows:

Departments	No. Requests
Finance	365
Technical Services	127
Law,HR,Assets	102
Regeneration	77
CYPD Education	70
CYPD Social Care	46
Adult Social Services	50
Corporate Services	45
Across all Directorates	21

The Finance Department figure includes requests facilitated by the Information Manager.

2.6. A percentage of requests are miscellaneous in their subject matter but a more detailed breakdown of the requests received in 2009 is given in the table below:

Category	No Requests
Requests made by Media	106
Whatdotheyknow Website	180
Repeated Vexatious Requestor	104
Education Related	70
Financial Enquiries	58
Adult Social Care	50
Child Social Care	46
Parliamentary Researchers	36
Highways and Traffic	28
Strategic Asset Review	25
Waste and Recycling	22
Leisure	16
Parking	16
Expenses and Away Days	15
Pensions	15
ICT	15
Salaries	14
Council Tax	14
Planning	11
Business Rates	11
Tranmere Rovers Sponsorship	10
Housing Benefit	10

**NB:** Any categories with less than 10 requests have been omitted

2.7 Out of the 903 requests received, the Council was unable to supply information for various reasons. Requestors were still contacted and the reasons their request were refused was explained to them.

Requests that did not come under the definition of an FOI request	3
Requests that would take over the 18.5 person hours limit to fulfil	22
Requests that were part of a repeated and vexatious notice	53
Requests where the Council did not hold the information in question	55
Section 40 Exemption, contains Personal Data	5
Section 21 Exemption, information accessible via an alternative means	6
Section 22 Exemption, information to be published at a later date	11
Section 43 Exemption, information with Commercial interests	13

TOTAL 168

2.8. 53 were refused as they formed part of a repeated and vexatious notice that had been served on an individual member of the public. The Council was therefore under no obligation to answer any requests which came under the terms of the notice. The Council did contact the individual on several occasions to remind him of the terms of the notice served, but the requests still continued.

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

3.1. It was noted in earlier reports to Members that due to the increasing numbers of requests staffing numbers may have to be reviewed.

### **4. EQUAL OPPORTUNITIES IMPLICATIONS**

4.1. There are none arising directly out of this report.

### **5. PLANNING IMPLICATIONS**

5.1. There are no planning implications in this report.

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

6.1. There are no community safety implications in this report.

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

7.1. There are none arising directly out of this report.

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

8.1. There are none arising directly out of this report.

### **9. MEMBER SUPPORT IMPLICATIONS**

9.1. There are no particular implications for any Member or ward.

### **10. BACKGROUND PAPERS**

10.1. Freedom of Information requests.

**11. RECOMMENDATION**

11.1. That the report be noted.

IAN COLEMAN  
DIRECTOR OF FINANCE

FNCE/92/10

## WIRRAL BOROUGH COUNCIL

### COUNCIL EXCELLENCE SCRUTINY COMMITTEE – 8<sup>TH</sup> JULY 2010

#### WORK PROGRAMME FOR THE 2010 / 11 MUNICIPAL YEAR

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#### EXECUTIVE SUMMARY

This report provides an update on the current status of the Council Excellence Scrutiny Committee's Work Programme for the previous municipal year (2009 / 10) and invites suggestions from members regarding the work programme for the new municipal year (2010 / 11).

#### 1. Background

1.1 The Council Excellence Scrutiny Committee was introduced in May 2009 as part of a re-structuring of the Scrutiny Committee arrangements in Wirral. Among the functions of the Council Excellence Committee is to scrutinise the work of the following portfolio holders:

- Community and Customer Engagement;
- Corporate Resources;
- Finance and Best Value.

1.2 It is expected that members of the Council Excellence Scrutiny Committee will generate their own work programme which takes the functions listed in paragraph 1.1 into account. The Council Excellence work programme for the previous municipal year (2009 / 10) is attached, as Appendix 1, to familiarise members with the previous and ongoing work.

1.3 It is anticipated that group Spokespersons will meet to discuss suggested items for the work programme for the forthcoming municipal year.

#### 2. Selection of Topics for Scrutiny Review

2.1 Topics selected for further scrutiny can be handled in different ways. Some may be best dealt with by departmental officer reports or presentations. Positive scrutiny is most likely if scrutiny committees are agreeing recommendations which can be sent to the Cabinet (rather than simply agreeing "reports to be noted"). Some topics may warrant an in-depth scrutiny review where a small panel of members gather detailed evidence and subsequently produce a report which is discussed by the committee.

2.2 A topic chosen for an in-depth review must have the potential to make a difference and should therefore be carefully chosen with reference to objective criteria. The review must also be conducted methodically and efficiently.

When selecting a topic, a set of criteria can be used to assess the key elements of the topic under the following headings:-

- **Public Interest** – members' representative roles are an essential feature of Overview and Scrutiny. Being the eyes and ears of the public, members can ensure that policies, practices and services delivered to residents, by both the Council and other external organisations, are meeting the local needs and are to an acceptable standard. Consultations and other surveys are also extremely important and can provide useful information.
- **Impact** – not all issues of concern will have an equal impact on the well being of the community, which should be considered when selecting a topic for review.
- **Council Performance** – scrutiny is about improving performance and ensuring that the community is well served. Members will need good quality and timely information to identify how the Council and other external organisations' performance can improve.
- **Keeping in context** – to avoid duplication or wasted effort. Members should take into account what else is happening in the areas being considered. Is the service about to be inspected by an external body? Are there any major legislative or policy initiatives already resulting in change about to impact on the service? If these circumstances exist, members may decide to link up with other processes, defer a decision until the outcomes are known or conclude that the issue will be addressed as part of other work.

### 3. Sources of ideas for topics

The following sources may help members to identify suitable topics for detailed scrutiny:

- The issue is identified as being important to the public (through area forums, members' surgeries and other contact with constituents)
- Poor performing service (evidence from performance indicators / benchmarking)
- Service ranked as important by Council's community
- High level of user/general public dissatisfaction with services (for example, through surveys, area forums, complaints)
- Public interest issue covered in the local media
- High level of budgetary commitment
- Regular patterns of budgetary overspends
- Council corporate priority area



- Central government priority area
- Issues raised in external audit reports
- New government guidance or legislation
- Issues identified in the Council's Forward Plan

#### **4. Reasons for rejection of suggested topics**

Discussions on proposals may reveal that the topic is not a priority for scrutiny. Potential criteria for rejecting a topic might include:

- Issue being examined by an officer group and changes are imminent, that is, changes are planned to take place within the next six months.
- New legislation or guidance expected within the next year

#### **5 Financial implications**

Scrutiny reviews should be managed from within existing resources.

#### **6 Staffing implications**

See paragraph 5 above.

#### **7 Equal Opportunities implications**

None

#### **8 Community Safety implications**

None

#### **9 Local Agenda 21 implications**

None

#### **10 Planning implications**

None

#### **11 Anti-poverty implications**

None

#### **12 Human Rights implications**

None

#### **13 Social Inclusion implications**

None

#### **14 Local Member Support implications**

None

#### **15 Background Papers**

None

## **RECOMMENDATIONS**

- (1) That the Council Excellence Committee develop a work programme for the new municipal year.

# **THIS REPORT PROVIDES AN UPDATE OF THE WORK PROGRAMME AT THE END OF THE 2009/10 MUNICIPAL YEAR**

## **Council Excellence**

**UPDATES FROM THE 17<sup>th</sup> MARCH MEETING ARE IN RED**

### **AGREED WORK PROGRAMME**

This was a new, cross cutting committee. In order to bring all the elements together, it was suggested that the work programme was designed around the four themes of the Comprehensive Area Assessment, which is how Council Excellence will be judged in future. This is a much broader inspection regime than the CPA, and looks at all the public sector in Wirral and how it is contributing to the well being of Wirral Residents.

#### **There are four key themes:**

1. Sustainability, (which is not just environmental but social and economic as well.)
2. Tackling inequality, disadvantage and discrimination.
3. People whose circumstances make them vulnerable
4. Value for money.

#### **The three key questions the inspectors will ask are:**

- How well do local priorities express community needs and aspirations
- How well are outcomes and improvements being delivered?
- What are the prospects for improvement?

They will use (sparingly) a red and green flag system to flag up where we are doing well and where we have real problems that need attention.

It was suggested that the work programme is approached like this:

1. Ask the Audit Commission for an explanation of how the Comprehensive Area Assessment will work, and in particular what they understand each key theme to mean, any immediate problems they are aware of, and what work they believe it would be useful for the committee to do in monitoring progress. Also ask for any examples of best practice the committee could look at.
2. Ask the officers to do a SWOT analysis on each theme (Strengths, weaknesses, opportunities and threats – these reports may lead to further reports and perhaps some subcommittee working.)
3. Ask for a presentation from key partners on their contribution to the Comprehensive Area Assessment and the way in which they would like to be working with the Council.
4. Arrange visit/s to other authorities to learn from best practice.
5. In the last meeting of the year, assess progress against each theme, highlighting any problems that need to be tackled, or any major successes or gains that with a bit of a push could gain excellence for the people of Wirral.

# Report

UPDATED REPORT FOR THE SCUTINY BOARD WHICH INCLUDES PROGRESS MADE AT MEETING 17<sup>th</sup> MARCH – UPDATES ARE IN RED.

## MONITORING REPORT FOR COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE WORK PROGRAMME 2009/2010

Date of New item	Topic Description	How the topic will be dealt with	Comments on Progress	Complete?
<b>JULY</b>	<ol style="list-style-type: none"> <li>1. <b><u>Equality session</u></b></li> <li>2. <b><u>Comprehensive Area Assessment Members to agree work programme based on four themes</u></b> <ol style="list-style-type: none"> <li>a) Sustainability</li> <li>b) Tackling inequality, disadvantage and discrimination</li> <li>c) People whose circumstances make them vulnerable</li> <li>d) Value for Money</li> </ol> </li> </ol>	<p>Circulation of LGIU briefing.</p> <p>Presentation by Audit Commission covering key themes, key questions and any suggestion for areas to be considered by committee.</p>	<p><b>LGIU briefing distributed.</b></p>	
<b>16<sup>TH</sup> SEPT</b>	<ol style="list-style-type: none"> <li>1. <b><u>Presentation by Audit Commission</u></b> Covering key themes, key questions and any suggestion for areas to be considered by committee.</li> </ol>	<p><b>Sustainability</b> Bill Norman (Sustainability Unit) Jim Wilkie (Social and Economic sustainability)</p> <p><b>Tackling inequality, disadvantage and discrimination.</b> (Choose officer following first meetings presentation/training etc.)</p> <p><b>People whose circumstances make them vulnerable</b> (John Webb/Alan Stennard?)</p> <p><b>Value for Money</b> – Ian Coleman</p>	<p><b><u>Presentation on the Comprehensive Area Assessment by Peter Forrester of the Audit Commission</u></b></p> <p style="text-align: center;"><b><u>Minutes:</u></b></p> <p>Mr P Forrester of the Audit Commission gave a presentation on the Comprehensive Area Assessment (CAA), which was the new way of assessing how well people were being served by their local public services.</p> <p>It would look at how public services worked together and would focus on local, as well as national priorities, to provide a robust, but proportionate assessment of local services that would be reported directly to the public in</p>	

2. **SWOT analysis of each of the four CAA themes.**

Officers to report on a Strengths, Weaknesses, Opportunities and Threats analysis of each theme and identify further work that could be undertaken by the committee or specialist subcommittees to improve the council's performance

Members to decide on further areas of work arising from above.

straightforward language. It was intended that improved accountability would strengthen local democracy and a two way relationship would assist in the scrutiny function.

He outlined the factors that contributed to the area and organisational assessments, which were now in progress and commented that the final assessments would be shared with local partners in September/October 2009. Any remaining reviews would be resolved in early November and on 10 December 2009 a new website, 'oneplace', would be operational with the first set of CAA reports published in straightforward, jargon-free language.

**Resolved –**

1. **That the presentation be noted.**
  2. **That the presentation be circulated to members of the Committee.**
- 

**SWOT Minutes:**

Further to minute 12 (1 July 2009), the Deputy Chief Executive/Director of Corporate Services reported that officers had considered how best to develop the Committee's work programme and were at present undertaking a piece of work in relation to a **SWOT analysis** on each theme of the CAA assessment, which it was proposed to present to the next meeting of the Committee.

**Resolved – That a further more detailed report be presented to the next meeting.**

**1. Joint or individual presentation from partners on their contribution to CAA, their relationship with the Council and any joint working to improve results.**

(Through Local Strategic Partnership or LAA Board?)

**2. Members to decide on areas to monitor and ways to improve joint working and possible connections with other Scrutiny Committees.**

Partner members to report on their contribution to CAA. Possibly include LAA targets at this point? Information for members on what to monitor and how to improve joint working.

The Deputy Chief Executive/Director of Corporate Services gave a presentation in relation to an Evaluation of the four underpinning themes in Comprehensive Area Assessment (CAA), which were included in the scrutiny work programme of the Council Excellence Overview and Scrutiny Committee:

- Sustainability
- Tackling Inequality
- Protecting the vulnerable
- Value for Money

The CAA placed a focus on self-assessment for the Council and the Partnership and he outlined what had been learned from the evaluation exercise, including the need to –

- Ensure the capture of local knowledge;
- Ensure that the voice of the community is represented in plans and in feedback to the public;
- Improve communication of partnership successes;
- Ensure a proactive approach to sharing learning on joint commissioning across the partnership;
- Continue to improve performance management of shared partnership objectives and targets.

<b>19<sup>th</sup> NOV</b>			<p>He proposed that the outcomes of CAA would be reported to Council Excellence on 1 February 2010, together with an action plan to address CAA area outcomes and findings of partnership evaluation. The delivery of the activity could be the subject of scrutiny by Council Excellence, with a particular focus on the underpinning themes agreed as part of the work programme. In response to comments from Members in relation to the availability of the full version of the Council's self assessment, the Director agreed to consider how best to disseminate information to Members in advance of it being made available publicly on the Audit Commission website. He agreed also to investigate the information contained within press releases copied to Members.</p> <p><b>Resolved – That the presentation be noted.</b></p>	
<b>FEB</b>	<p><b>3. Review progress on each theme, highlighting successes and problems.</b></p> <p><b>This should be set against the earlier SWOT analysis to demonstrate tangible results</b></p>	<p>Each officer to report on their own theme, highlighting progress made, key achievements, problems still to be tackled.</p>		
	<p><b><u>Throughout the year visit/s to be arranged to examples of best practice</u></b></p>	<p><b>Facilitator Ian Coleman</b></p>		

1<sup>st</sup>  
FEB  
2010

**General Financial matters**

(Including underachieved income from golf courses)

Officer Report

The Director of Finance provided 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.

**Resolved –**

- (1) That the report be noted.
- (2) That the concerns of the Committee in relation to underachieved income from golf courses for the last three years be brought to the attention of the Cabinet.

**Performance Monitoring Report (Q3)**

Officer Report

The Deputy Chief Executive/Director of Corporate Services gave a detailed presentation to highlight the key achievements and performance issues which had been identified in the 2009/2010 third quarter monitoring period.

**Resolved –**

**That a Year End Report be presented to the next meeting of the Committee upon those projects/indicators in the Red sector of the Performance Summary, where critical milestones have been missed or there is serious slippage.**

**Office Accommodation Update – Strategic Asset review**

At the Council Excellence Scrutiny Committee, held on 19 November 2009, members requested a progress report on the Office Accommodation element of the Strategic asset Review.

Officer Report

The Director of Law, HR and Asset Management provided a detailed update on the work being undertaken in accordance with the Strategic Asset Review (SAR) to rationalise office accommodation to achieve at least a 20% (£1m) reduction in accommodation costs by 2011.



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**Community Cohesion - Update**

Officer report

**Resolved –**

- (1) That the report be noted.
- (2) That a further update be presented to the next meeting of the Committee.

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The Head of Policy and Performance provided an update in relation to how the Council continued to work towards improved community cohesion.

**Resolved –**

- (1) That the update be noted.
- (2) That the frequency of more detailed updates in relation to community cohesion be considered as part of the work programme at the next meeting of the Committee.
- (3) That the Corporate Policy Team Briefing Note be circulated to all Members of the Committee.

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The Chair presented an update to the agreed work programme.

**Resolved –**

**That a Work Programme for the 2010/2011 municipal year be considered at the next meeting of the Committee and any issues to be included within it be notified to the Chair direct.**

Freedom of Information Request

Officer Report

The Director of Finance presented an update report on the number of Freedom of Information requests received by the Council since the introduction of the Act in 2005. The meeting was also addressed by a member of the public.

**Resolved –**

**(1) That the report be noted.**

**(2) That a further detailed report be presented to the next meeting of the Committee to include a breakdown of requests made under the Freedom of Information Act during 2009/2010.**

**(3) That the officers be requested to arrange to meet with Mrs Campbell in order to consider fully the issues referred to in her statement.**

**(4) That the issue of Freedom of Information requests be included in the Committees work programme for 2010/2011.**

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Reaching 'Excellent' Level of the Equality Framework for Local Government

Officer Report

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The Head of Policy reported that since November 2009, when the Council was awarded level 3 of the Equality Standard for Local Government, the Improvement and Development Agency (IDeA) had developed a new Equality Framework for Local Government in order for Councils to be able to respond to new thinking on equality outcomes.

Office Rationalisation project

Officer Report

**Resolved –**

- (1) That the Corporate Action Plan for reaching ‘Excellent’ level of the Equality Framework for Local Government be noted**
- (2) That the scrutiny function be further developed to incorporate the criteria of the Equality Framework for Local Government.**

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The Director of Law, HR and Asset Management provided an update on the work being undertaken to rationalise office accommodation and he set out progress and work undertaken since the last meeting against each of the five project work streams –

- Baseline Information
- Building Utilisation/disposal
- Workplace Change/Policy
- Facilities Management
- Implementation

**Resolved –**

- (1) That the report be noted.**
- (2) That the Strategic Asset Review Office Rationalisation Project form part of the Committee’s work programme for 2010/2011 and regular updates be presented to future meetings of the Committee.**

**Review of Scrutiny Work Programme**

The Chair presented an update to the agreed work programme.

**Resolved –**

**That the following items be added to the work programme for the 2010/2011 municipal year –**

- **Strategic Asset Review – Office Rationalisation Project**
- **Freedom of Information Act**
- **Common Administrative Processes**
- **Community Cohesion**

<p><b>JULY</b></p>	<p><b><u>TRAINING</u></b></p>	<p>Facilitator - Jacqui Cross (Equality and Diversity Officer), Ged Smyth (NRAC Auditor) and Steve Talbot (Staff Development Manager)</p> <hr/>	<p><b><u>TRAINING</u></b></p> <p><b><u>Equality Impact Assessments</u></b></p> <p>Recognising People's Different Needs through the Use of Equality Impact Assessments</p> <hr/>	
<p><b>SEPT</b></p>		<p>Facilitator Ian Coleman</p> <hr/>	<p><b><u>Finance Training</u></b></p> <p><b>Minutes:</b></p> <p>The Chair referred to Finance training that had been arranged by the Director of Finance on <b><u>30 September and 7 October 2009</u></b>. Although all members of the Council had been invited, the training was of particular relevance to members of this Committee and she urged members to attend if it was possible for them to do so.</p> <hr/>	
<p><b>NOV</b></p>		<p>Corporate Equality and Cohesion Manager</p>	<p>Community Cohesion</p> <p>The presentation focused on "what must happen in all communities to enable different groups of people to get on well and live well together".</p>	

## Report 2

### SUGGESTIONS FOR ADDITIONS TO WORK PROGRAMME FOR COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE WORK PROGRAMME 2009/10

Topic Description	Topic suggested by	How the topic will be dealt with	Estimated Completion Date
Office Accommodation element of the Strategic Asset Review	Council Excellence Scrutiny Committee on 19/11/09.	Officer report to Council Excellence meeting on 01/02/10.  Further report requested for meeting on 17/03/10.  <i>To be considered for inclusion on the 2010/11 Work Programme.</i>	
Freedom of Information Act	<i>Council Excellence Scrutiny Committee on 17/03/10.</i>	Item deferred from 01/02/10 until 17/03/10  <i>To be considered for inclusion on the 2010/11 Work Programme.</i>	
Performance Monitoring –  Year End Report on those projects/indicators in the Red sector of the Performance Summary, where critical milestones have been missed or there is serious slippage.	Council Excellence Scrutiny Committee on 01/02/10.	Report requested for meeting on 17/03/10.  <i>Further update reports to be produced on a quarterly basis.</i>	

<p>Community Cohesion –</p> <p>The frequency of more detailed updates in relation to community cohesion be considered as part of the work programme at the next meeting of the Committee.</p>	<p>Council Excellence Scrutiny Committee on 01/02/10.</p>	<p>To be considered for inclusion on the 2010/11 Work Programme.</p>	
<p>The Draft Work Programme for the 2010/2011 municipal year.</p>	<p>Council Excellence Scrutiny Committee on 01/02/10.</p>	<p>To be discussed at the Council Excellence meeting on 17/03/10</p>	
<p>Common Administrative Processes</p>	<p>Council Excellence Scrutiny Committee on 17/03/10.</p>	<p>To be considered for inclusion on the 2010/11 Work Programme.</p>	

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## WIRRAL COUNCIL

CABINET - 24 JUNE 2010

### REPORT OF THE DIRECTOR OF LAW, HR & ASSET MANAGEMENT

#### OFFICE ACCOMMODATION

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#### 1. EXECUTIVE SUMMARY

1.1 This report presents the business case produced by EC Harris for the rationalisation of the Council's office accommodation. It identifies related issues that require further consideration and seeks guidance from members on the preferred way forward.

#### 2.0 BACKGROUND

2.1 On 9 July 2008 Cabinet considered a report of the Chief Executive setting out an approach to a strategic review of the Council's assets. Administrative accommodation was to be included within that review. The Council's current Asset Management Plan aims to reduce its ownership and occupation of office and administrative accommodation, but the report recognised that further progress needs to be made. At that date the report identified 42 administrative buildings across the Borough.

2.2 Cabinet agreed the proposed approach and required that the review of administrative buildings begin immediately. As part of the agreed approach there was to be an exploration of how the introduction of agile working could help reduce the total amount of space required in administrative buildings. Consideration was also to be given to whether a business case exists to replace existing office accommodation with a new purpose built facility.

2.3 An update on the Strategic Asset Review (SAR) was given to Cabinet on 16 October 2008, when it was noted that the future options for the Council's administrative accommodation would have the potential for synergy with existing or proposed larger regeneration schemes in the Borough.

2.4 On 27 November 2008 Cabinet considered a report of the Chief Executive entitled Transforming Wirral – Strategic Asset Review. The report proposed that the Council could – subject to certain conditions being satisfied - achieve at least a 20 per cent reduction in its own accommodation costs by 2011. It made clear that this would mean fewer office buildings which would be achieved through greater use of open plan accommodation; a reduced average floor space per employee; increased desk sharing; and more flexible working (which is also likely to reduce absence levels and thereby further improve efficiency and value for money). The intention was through these measures to save over £1 million a year by the 2011/12 budget.

- 2.5 A process of public consultation and Council scrutiny of the SAR proposals followed. Cabinet at its meeting on 15 January 2009 then resolved that the office accommodation aspects of the Strategic Asset Review be implemented and officers be asked to accelerate the process of making savings from the rationalisation of the Council's office accommodation.
- 2.6 Subsequent reports to Council Excellence Overview & Scrutiny Committee have provided an update on progress and on 17 March 2010 the committee resolved that the Strategic Asset Review - Office Rationalisation Project form part of the Committee's work programme for 2010/2011.

### **3.0 APPROACH TAKEN TO RATIONALISATION**

- 3.1 Following the final decisions on the SAR, a co-ordinated approach to office rationalisation was implemented in line with corporate project management principles. The office rationalisation project was integrated into the Council's Strategic Change Programme and is monitored by the Strategic Change Programme Board.
- 3.2 EC Harris were appointed by competitive tender as external specialists to support the office rationalisation project. One of their key roles (referred to in paragraph 4.1 below) was option appraisal and the delivery of a business case for future office need, with a recommended way forward. Work undertaken within the project using baseline data showed that some buildings would be more straightforward to vacate and demolish than others, thus realising quicker savings. However, in the event of a business case for a multi-site approach to meet future need, those same buildings may offer greater flexibility in use than others. Agreement of a business case for the Council's future office need will clarify which existing buildings are to be emptied and sold and over what timescale.
- 3.3 Whilst the business case has been in development, work has continued on the review, vacation and disposal of a range of buildings identified in the original list of 42 administrative assets but which have been agreed to be outside the scope of the business case.
- 3.4 The business case is now presented for members' consideration, and is attached to this report.

### **4.0 REPORT AND BUSINESS CASE**

- 4.1 EC Harris were engaged to support the office rationalisation programme by providing strategic advice. They were required to:
- Identify and examine options for future office provision
  - Identify and examine delivery options
  - Deliver a business case to meet the Council's future office needs and, in particular, answer the question as to whether a business case exists to replace existing offices with a new purpose built facility.
  - Recommend a way forward

- 4.2 There is a wide range of potential options, but six options are considered in detail, covering a range of possible solutions. At one extreme a 'do minimum' option would see the retention of all existing stock. At the other extreme would be the vacation of all existing facilities and their replacement with a complete new build. Between these extremes the four remaining options all retain some existing buildings.
- 4.3 The report reaches the following conclusions
- Any of the 5 options beyond 'do minimum' will deliver savings and operational efficiencies.
  - Continuing as we currently operate ('do minimum') is not recommended
  - The savings achievable are based on stated assumptions within the report and will vary as inputs and assumptions are varied. The timing of savings also varies depending on the option chosen.
  - The recommended option (Option 3) produces discounted annual revenue savings to the Council in excess of £800,000 p.a. over the model period of 25 years. It should be noted that EC Harris have adopted a modelling assumption of a 10% reduction in staff numbers over the 25 year period under consideration. Additional but at this stage unquantified savings are also identified. Figure 6.2 within the report illustrates the timing of savings over the modelling period.
- 4.4 The report considers the configuration of future office provision rather than the location (i.e. the quantity and form of future provision, not where new provision will be built).
- 4.5 It should be noted that the report is relatively 'high level'. It is intended that the detail will be developed as the project moves forward through a gateway review process and into delivery.
- 4.6 All options were appraised from the twin perspectives of the cost savings and qualitative benefits they would deliver to arrive at the most economically advantageous solution. The qualitative benefits are those which have been judged to best achieve corporate and organisational priorities. Option 6 (total new build) shows the lowest cost but for reasons set out in the report it is judged to present higher risks and be less acceptable than solutions mixing new build and refurbishment of core retained assets. It may potentially be less flexible and less responsive to future needs than a mixed solution. When its qualitative score is added to the financial score it ranks fourth of the six options.
- 4.7 A limited group of people has been involved in the qualitative scoring, and EC Harris's view is that the choice between options 3, 4 and 5 is finely balanced. Whilst Option 3 is the favoured option they believe that further work is required to consider all the information in order to arrive at the correct decision as between options 3, 4 and 5. If further work is not done their view is that the Council would be undertaking a very important decision on the basis of a fine margin.

## 5.0 ISSUES RAISED AND FURTHER COMMENTS

- 5.1 Office rationalisation is not undertaken in isolation but sits within the broader corporate Change Programme. It is interlinked with other strands and to radically reduce buildings stock we need to change ways of working. The range of options between the two extremes allows for flexibility in future as the Council and its requirements for accommodation change. On this basis – and subject to being satisfied with the business case – the Council can move forward whilst uncertainties remain.
- 5.2 EC Harris approached all LSP partners as part of their study but no major shared accommodation opportunities were identified at this stage. However locality based working is developing strongly across the borough, and the potential impact of this on a central requirement will be taken into account as a preferred option is developed.
- 5.3 A principal driver in developing the business case has been on delivering minimum savings of £1m per annum. This will only happen with the modernisation of the working environment and working practices. Re-design and investment in the workplace will be required to deliver the key metrics around space use. Within the wider rationalisation project the Council's policy framework to support agile working has been reviewed. Revised policies have been shared with Trades Unions and will be the subject of further discussion with them.
- 5.4 Whilst the business case focuses on back office functions some one stop shops are in buildings affected by the options. Change at these points links to the Customer Contact Strategy in the Change Programme. There may be opportunities here to review existing asset provision with a neighbourhood focus in line with a 'Total Place' approach.
- 5.5 The report identifies the potential for savings in facilities management (FM) costs. As part of the overall office rationalisation project work is under way to define the potential scope of this. FM for offices forms part of a wider FM service across the Council, and the greatest opportunity for savings will come from reviewing services across the authority. This has begun and will be the subject of a further report. There may also be opportunities to develop a shared services approach with partners, and these will be explored.
- 5.6 Cabinet received a report on 18 March 2010 from the Director of Finance on future arrangements for the Council's data centres. It resolved that a further report be presented to Cabinet following the outcome of the current review of office accommodation. The Council's two existing data centres need upgrading or replacement. Both are in buildings that are identified for vacation in all the options presented by EC Harris except for "Do minimum". Re-provision of accommodation (but not for hardware, software and data migration) has been included in the financial model for the main data centre. A review of the consultant's recommendations for future data centre provision will be required in the light of the chosen option for future administrative accommodation.

- 5.7 The “Do minimum” option gives a baseline against which the benefits of the other options can be compared, and assumes continued occupation of the existing buildings in the current manner. A variety of further options could be modelled which, without a new build element, would intensify the use of the most flexible of the current buildings and seek to free up space in others. Possible options on this basis are not recommended by EC Harris and have not been appraised, as they are considered to be less supportive of transformation and organisational improvement. Such options would continue the existing incremental approach to rationalisation.
- 5.8 Where accommodation is vacated in options 2 to 6 it is assumed that the Council will dispose of it, and no assumptions are made as to alternative uses. It should be noted that Birkenhead Town Hall, Wallasey Town Hall and the Conway Centre are listed buildings.
- 5.9 EC Harris identify the opportunity for the Council to use a requirement for a new office development to ‘kick-start’ a wider regeneration scheme within the Borough. Depending upon its location it could also support the regeneration of the wider Birkenhead Town Centre. If the preferred option includes a new-build element then the location and delivery mechanism for this will be the subject of further more detailed evaluation. Negative impacts from withdrawal from existing buildings are considered to be low, but no formal evaluation of these has been undertaken
- 5.10 Upgraded ICT provision will be essential to support new ways of working. Cabinet has separately considered and approved reports that are preparing for necessary changes. In addition to the future of the Council’s data centres, to which reference is made above, Cabinet on 14 January 2010 approved actions to revise the approach to infrastructure and desktop equipment provision. In addition, Cabinet on 27 May 2010 agreed to enter into a new contract for the provision of a replacement telecommunications network. Arrangements have therefore been put in place to move forward with appropriate IT to support rationalisation.
- 5.11 There are some building specific issues which need to be addressed whichever option is chosen for future office provision. These are summarised below:
- 5.12 Cheshire Lines – There is vacant accommodation next to the Council’s existing offices which may be suitable for expansion. It is recommended that discussions be held with the Council’s landlord to explore opportunities this may offer in the context of a future strategy.
- 5.13 Acre Lane – The report identifies the need for a separate review of this facility. It is recommended that this be undertaken and that options for future provision should include consideration of potential links to partners’ proposals and other opportunities for further and higher education provision in the Borough.
- 5.14 Birkenhead Town Hall – Option 4 allows for the re-use of the former town hall. Cabinet approval has previously been given to support the Hamilton Partnership in the development of their proposals for transfer of the building. Discussions have been taking place with the Partnership and it is intended to report back to Cabinet

in July on the outcome of their work. A revised proposal was received from the Partnership on 15 June 2010 and is now being considered.

5.15 Westminster House – options 1 to 5 in the business case propose the continued occupation of this building. If retention of Westminster House is agreed a scheme and estimate report will be brought to a future Cabinet meeting seeking approval of proposals to refurbish the building and modernise the internal environment to allow for intensification of its use.

## 6.0 RISKS

6.1 The rationalisation of the Council's offices will form a major programme linked to other aspects of the corporate change programme. A comprehensive approach to risk management will be developed within the delivery programme. The EC Harris report includes an initial 'High Level' identification of risks and is reproduced below:

<b>Risk</b>	<b>Description</b>
Project not progressed for internal reasons	Persist with do minimum option incurring steep maintenance costs with no benefits
Organisational design not developed to support the preferred asset configuration	New asset and refurbished accommodation not used to the optimum to provide minimum amount of space
7:10 workspace to staff ratio not achieved	Inability to use the space efficiently
Suitable site not identified	Need to reconfigure the preferred solution or incur additional cost in site acquisition
Preferred option becomes unaffordable	2011 settlement makes the capital investment a higher risk
Flexible working methodology not agreed	Outputs from Work stream 3 not adopted
IT support to agile working not adopted across the portfolio	Lack of efficiency across the service functions and unable to derive full benefit from the building; improvised use of space
Headcount does not reduce by 10%	Additional costs incurred as identified in the sensitivity model
Planning permission not obtained for the preferred site	Alternative site options to be considered or delay to address planning conditions
Business continuity risks emerge during the transitional period	Risks particularly apparent during the transfer and decanting period
Strategy delayed because of individual service issues	It is important to look at the whole picture rather than risk allowing individual components to determine the strategy.

## 7.0 CONCLUSIONS

7.1 The business case now received advises that the provision of the Council's administrative accommodation in the present estate with the current level of expenditure is unsustainable. It recommends that the Council should pursue Option 3 for future provision which would retain a small number of core assets and provide the balance of accommodation in a new development the location of which has yet to be determined. Option 3 is recommended as being the most economically advantageous solution.

7.2 This option would deliver discounted average revenue savings to the Council (compared with 'do minimum') in excess of £800,000 per annum over the model period of 25 years, plus further as yet unquantified savings. These savings are

dependent upon stated assumptions in the report, including a 10% reduction in staff numbers.

- 7.3 EC Harris recommend that, because three of the modelled options are so closely ranked, further work should be done to confirm Option 3 as the agreed way forward, and this recommendation is endorsed.
- 7.4 Once a preferred option is confirmed further detailed work would be undertaken to develop a final business case as the project moves forward. Separate detailed work is also required to address the related and building-specific issues outlined above so that the maximum advantage is taken of opportunities arising from the rationalisation project.
- 7.5 Following confirmation of the preferred option the existing project structure and project management arrangements will be revised to ensure that the agreed rationalisation programme is delivered.

## 8.0 FINANCIAL IMPLICATIONS

- 8.1 The business case has used current revenue expenditure budgets on the buildings in-scope together with the Council’s own property condition data to model the various options.
- 8.2 The buildings that have been reviewed have an identified maintenance backlog of £8.9m, plus a further identified life cycle maintenance requirement of £8.3m.
- 8.3 Potential savings from 6 options are modelled. The business case shows an average saving for the preferred Option 3 of in excess of £800,000 per annum over the model period of 25 years, plus further as yet unquantified savings. These savings are dependent upon stated assumptions in the report. The business case includes sensitivity analysis across all the modelled options and identifies consequent variations in the estimated savings.
- 8.4 The business case also identifies additional but currently unquantified savings that the project can realise (for example savings on mileage costs). Significant non-financial benefits are also important drivers of the business case, for example organisational efficiencies through co-locating directorates and reducing the current dispersed operating model; reduced staff turnover and absenteeism; improved services to customers; reduced carbon emissions.
- 8.5 A summary of items included and excluded from the financial model is given in the table at figure 6.5 within the business case. This is reproduced below.

Included	Excluded
Capital cost of new build (incorporating construction, fees and contingencies with allowance for BREEAM excellent)	Any demolition of surplus buildings
Refurbishment of retained accommodation	VAT (assumed recoverable)
All maintenance costs for retained buildings (including backlog)	Information Technology (“IT”) (budgeted separately)

Included	Excluded
Facilities Management ("FM")	Dispersal costs (ie staff allowances for change of location) (assumed neutral)
Utilities	HR savings
Business Rates	FM efficiency savings
Income currently generated by the existing building portfolio	Car Park income
Ongoing life costs of new building	Re-provision of One Stop Shops additionally to the replacement of the OSS at Conway Centre
Building Insurance	Property sales and other capital receipts
Car parking allowance for new build	Acre Lane modifications
Replacement of OSS at Conway Centre	Removals
Data centre (in separate location)	Decanting costs
Service Charges	Mileage savings (fuel and time)
Security costs for empty Town Halls	Storage
	Site acquisition costs

#### 8.6 Other key assumptions used for financial modelling are as follows:

- A 2 year construction period has been modelled for the new build element in options 2-5 and a 3 year construction period for the substantially larger option 6.
- All new build construction costs have been prudentially borrowed, with a payback period of 10 years from the 1<sup>st</sup> year of construction.
- Inflation for construction costs has been projected to the 2<sup>nd</sup> year of construction.
- New build areas have been worked out on the area required to accommodate staff that haven't been housed in the retained/refurbished buildings. 6.5 m2 has been allocated to each desk and a ratio of 10 people to 7 desks has been used on average.
- Refurbishment of Westminster House has been taken to be funded by Wirral BC and is not prudentially borrowed.
- All refurbishment (inc Westminster House and refurbishment involved in options 2 & 4) have been split over a 2 year period.
- Backlog maintenance and ongoing repairs for both existing estate and new build, have been prudentially borrowed with a 10 year payback.
- All costs are assumed to increase in line with inflation at 2.5%
- Cheshire Lines has been assumed to be occupied and continued to rent over the 25 year period for options 1-5. Option 6 continues to rent until the end of the lease but is not occupied.
- Rate of increase in rent has been taken to be in line with inflation.
- Existing buildings have been modelled to keep their existing car parking with zero cost.
- Car parking costs have been split over a 2 year construction period and have been assumed to be financed by Wirral BC.
- All new builds are to receive new furniture.
- Where existing buildings are reconfigured, they have received new furniture.
- For energy consumption an increase of 7% has been made to the capital cost to cover the cost of building in sustainability.
- This is modelled to produce savings of 30% compared to current costs.



- 8.7 Investment in IT and telephony has not been costed into the option appraisal on the basis that the Council has identified separate funding for this. IT will be a substantial cost in reconfiguring administrative accommodation and will need to be modelled in detail.
- 8.8 As noted above the SAR sought to achieve a revenue saving of over £1m per annum from administrative accommodation by 2011. Whilst indications from the business case are that overall savings on this scale are achievable it is clear that they will not be realised by that date. Once a preferred option for future accommodation is agreed a revised analysis of achievable savings will be reported to Cabinet.

## **9.0 STAFFING IMPLICATIONS**

- 9.1 All administrative staff will potentially be affected by the rationalisation of the Council's administrative estate and the implementation of new ways of working.
- 9.2 The design of new and refurbished offices together with new working arrangements will improve the quality of the workplace for staff.
- 9.3 Effective communication and staff engagement are key to successful large scale workplace change, and a comprehensive communication strategy will be developed for the project. Communication about the overall office rationalisation project will be dealt with in the wider context of the Change Programme through the Strategic Change Programme Board. For team and service office redesigns and relocations, a more detailed communications plan is being developed.
- 9.4 Full engagement will take place with trades unions, and discussions have already begun on revised policies to support agile working.

## **10.0 EQUAL OPPORTUNITIES IMPLICATIONS**

- 10.1 An equality Impact Assessment has been completed for the overall rationalisation project, and a copy is attached to this report. More detailed assessments will be undertaken as workplace changes are implemented.
- 10.2 Refurbishment of existing accommodation and new build will allow the development of more accessible environments than exist in current accommodation.

## **11.0 COMMUNITY SAFETY IMPLICATIONS**

- 11.1 None arising directly from this report.

## **12.0 LOCAL AGENDA 21 IMPLICATIONS**

- 12.1 Refurbishment of existing accommodation and new build will allow the creation of a more sustainable administrative estate with lower environmental impact. Other benefits will be realised through new working arrangements, for example a

reduction in business mileage and CO2 emissions due to the consolidation of offices and an increase in agile working.

### **13.0 PLANNING IMPLICATIONS**

13.1 None arising directly from this report, although it should be noted that within the business case options Birkenhead Town Hall, Wallasey Town Hall and the Conway Centre are listed buildings.

### **14.0 ANTI POVERTY IMPLICATIONS**

14.1 None arising directly from this report.

### **15.0 HUMAN RIGHTS IMPLICATIONS**

15.1 None arising directly from this report.

### **16.0 SOCIAL INCLUSION IMPLICATIONS**

16.1 None arising directly from this report.

### **17.0 LOCAL MEMBER SUPPORT IMPLICATIONS**

17.1 This report will be of interest to all members.

### **18.0 BACKGROUND PAPERS**

Cabinet 9 July 2008	Strategic Asset Review
Cabinet 16 October 2008	Transforming Wirral-Strategic Asset Review
Cabinet 27 November 2008	Transforming Wirral-Strategic Asset Review
Cabinet 15 January 2009	Transforming Wirral-Strategic Asset Review
Council Excellence Overview & Scrutiny Committee 17 March 2010 – Office Rationalisation Project Update	

### **19.0 RECOMMENDATIONS**

It is recommended that:

19.1 The report be noted.

19.2 Cabinet identifies its preferred approach to the provision of the Council's administrative accommodation in the future, having regard to the business case prepared by EC Harris.

19.3 The Director of Law, HR & Asset Management be instructed to carry out further work on the related and building specific issues identified in the report and to report further on these to Cabinet as appropriate.

19.4 The Director of Law, HR & Asset Management reports to a future meeting of Cabinet on the revised project structure required to deliver the preferred solution

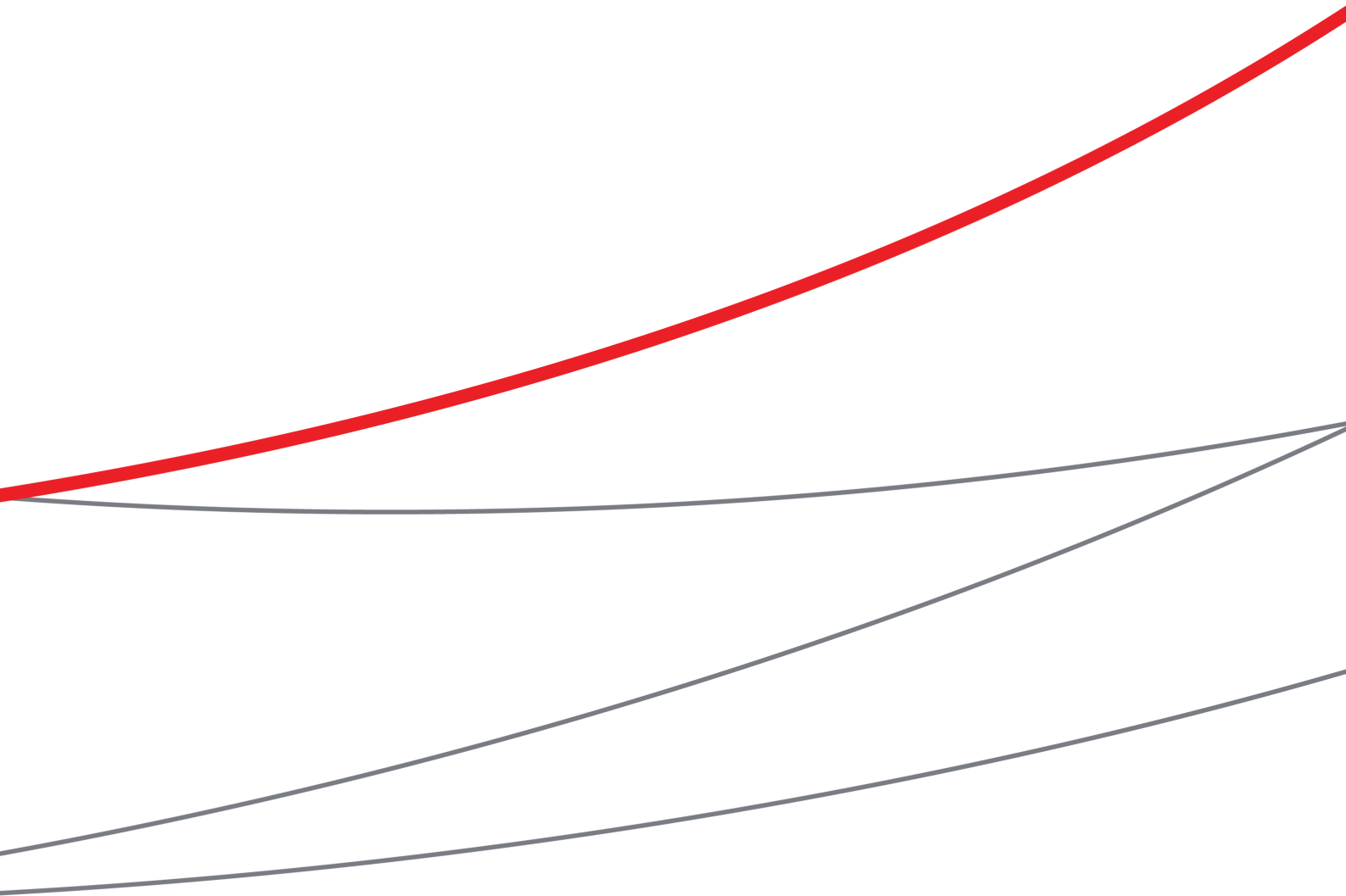
for future accommodation and the revised amounts and timing of savings that it will produce.

Bill Norman  
Director of Law, HR and Asset Management

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# Wirral Borough Council Strategic Asset Review: Office Accommodation

March 2010



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## Appendix

**Appendix A Glossary of Terms**

**Appendix B Financial Model (included as a separate cd)**

**Appendix C Offices Location Map**

**Appendix D Indicative Project Timetable for Delivery**

**Appendix E Cheshire Lines (commercial in confidence – not included)**

### Version Control

<b>Version and date</b>	<b>Author(s)</b>	<b>Reviewed (4 eyes)</b>
Draft 0.3 12.03.10	David Revell, Catherine Harvatt	Peter Hogg
Draft 0.6	David Revell, Catherine Harvatt	(Construction Model Inputs) M Getgood
Draft 10	David Revell, Catherine Harvatt	Peter Hogg
Final draft (12a) for WBC Head of Asset Management	David Revell, Catherine Harvatt	Dan Gregory



# Wirral Borough Council Strategic Asset Review: Office Accommodation

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## 1. Executive Summary

Wirral Borough Council has recognised a ‘once in a generation’ opportunity to use its office accommodation and a 21st Century working environment within it, as a catalyst for long – term cost efficiency and delivery of services to citizens. To maximise this opportunity, the Council has commissioned EC Harris to undertake a structured 16 week review to explore the opportunity and to define the best possible outcome. The exercise has brought together the Council’s existing change activity, its front line service departments and the back office functions of Finance, Human Resources (“HR”), Information Technology (“IT”) and Asset Management to produce a consolidated view on the accommodation model that will best support Wirral’s vision and strategy in the short, medium and long term. The exercise has defined and examined the Council’s office accommodation options, analysing their relative merits, savings and investment required. This Business Case sets out the options, including analysis of the financial aspects of each and the benefits arising from them.

The exercise has been conducted on the Council’s behalf by International Built Asset Consultancy, EC Harris. The exercise involved wide and thorough engagement with Officers throughout the Council, meetings with lead Members of each of the three political groups represented on the Council and engagement with other third parties with a potential stakeholder interest in this project. EC Harris has enjoyed excellent co-operation and assistance from everyone in the Council with whom it has come into contact and, in particular, Ian Brand, Phil Ashley and the staff of the Asset Management Division. The exercise established:

- An understanding of how the Council is organised, how it wishes to utilise its space and the steps it is taking to deliver its vision and strategy.
- How much physical space this may demand, based on experience of best practice, and what direct accommodation cost savings can be made.
- How the space can most effectively be delivered to create an efficient working environment.
- What opportunities for broader cost saving and service delivery improvement accommodation can enable and what the financial value of this will be.
- What specific options exist for Wirral implementing the model and how these support the Council’s regeneration agenda.

# Wirral Borough Council Strategic Asset Review: Office Accommodation

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Wirral Borough Council has embarked on a Strategic Asset Review which includes all the built assets of the Council. The project to deliver strategic recommendations for the future of the office accommodation sits within the Strategic Asset Review.

The current configuration of the Council's office portfolio has evolved over time and no longer offers an efficient money saving solution to their current needs and ambition to create an excellent Authority. The Council has identified a total of 42 buildings which house some form of back office function. Of these, 22 have significant numbers of staff with the remainder catering for the needs of small numbers of staff and a variety of other agencies and functions. It was agreed that this study should focus on the portfolio of 22 with significant occupation and potential to deliver savings.

Functions are widely dispersed across this portfolio and although much of the corporate estate is described as being in satisfactory condition, substantial sums of money would be required to be spent to deal with the maintenance backlog and planned maintenance thereafter to ensure the estate is fit for purpose for the next 25 years. No benefits from improving the utilisation of space would result from this approach and the opportunity for creating efficiency savings from the estate would be very limited. The number of office buildings and the dispersal of staff in itself suggest a more concentrated model could deliver greater operational efficiency. Current spending on the office portfolio has been historically low, but sufficient to ensure the buildings continue to function adequately. This position, however, cannot be sustained into the future.

A range of options have been investigated to provide a long term solution. The options present a variety of configurations with differing new build area requirements attached to them. The Option which delivers the best combination of benefits and cost and is therefore the most economically advantageous solution is described in this Business Case as Option 3, although other options appear almost as good. In the light of this outcome, it is recommended that Wirral Borough Council undertakes a further piece of detailed analysis to affirm the benefits of Option 3 compared with other closely ranked Options. Option 3 retains Wallasey Town Hall, but disposes of the North and South Annexes to the Town Hall. This Option also retains Solar Campus (which it is proposed is more intensively used), Cheshire Lines (which currently has 14 years of lease remaining), Acre Lane and a refurbished Westminster House. The remainder of the accommodation is provided in a new build. Option 3 delivers discounted average revenue savings to the Council (compared with do minimum) in excess of £800,000 per annum over the model period of 25 years. A central assumption of an overall reduction in staff of 10% has been modelled from the outset.

# Wirral Borough Council Strategic Asset Review: Office Accommodation

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The new build will deliver significant economies in operating costs, much better use of space as a result of intelligent and efficient design, the Council's emerging agile working policies and greater efficiency around energy use. Facilities Management services costs are also reduced as a result of working from a smaller overall amount of space. The efficient working methods will be enabled by a significant investment in IT which is managed as a separate work programme within the overall transformation agenda.

In arriving at these savings, for reasons of reasonable caution, a number of potential areas of saving have been excluded from the model. These are:

- FM efficiency savings (as opposed to savings arising from a smaller area);
- HR savings from lower absence and less recruitment costs;
- Savings in business rates from demolition of surplus areas at Acre Lane;
- Reduced staff travel and expenses arising from fewer inter building journeys
- Car park income
- Potential property sale receipts (eg North and South Annexes of Wallasey Town Hall)

Acre Lane is retained under each Option, but the long term future of the building is uneconomic. Re-provision of the asset should be examined by way of a separate option appraisal, possibly as a second phase development following delivery of the reconfigured office accommodation.

Wirral Borough Council is progressing rent review discussions with the landlords of the Cheshire Lines building. There may be an opportunity to extend the Council's interest at this location.

This Business Case is not intended to settle the debate about where any potential new building might be located. However, the advantages and disadvantages of a range of options are examined. There is a clear opportunity in this debate to connect the office accommodation project with the Council's regeneration aspirations for the area.

# Wirral Borough Council Strategic Asset Review: Office Accommodation

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## 2. Introduction

### 2.1 Purpose of the Document

The purpose of this Business Case is to analyse the options available to Wirral Borough Council (“WBC”) to rationalise and modernise its use of administrative accommodation and to make recommendations on the configuration (but not the location) of that accommodation based on that analysis. Possible locations are identified separately in Chapter 7 with some advantages and disadvantages of each to begin to inform a structured debate.

The rationalisation and modernisation of administrative accommodation is set in the context of a wider Strategic Asset Review (“SAR”) that the Council is undertaking which in turn is designed to make a major impact on the Council’s Corporate Objective 5; ‘To Create an Excellent Authority.’ The SAR will contribute to Corporate Objective 5 by improving the Council’s use of land and assets. The modernisation and rationalisation of the administrative estate can make a significant impact on bringing this improvement about. This Business Case demonstrates how this can be achieved. This Business Case focuses on the back office functions, but there are linkages to front of house services which are frequently delivered from buildings or locations which also deliver back office functions: these include One Stop Shops. Re-provision of One Stop Shop accommodation is incorporated into the recommendations for overall re-provision where appropriate. The Business Case also includes proposals in respect of Acre Lane Professional Excellence Centre and Solar Campus, which deliver training and educational services as well as some back office functions.

The Business Case provides a robust audit trail for future investment decisions that the Council will make to achieve its overall goals. In order to do this, the Business Case is compliant with the approach of the Treasury Green Book and follows the process identified as best practice by the Office of Government Commerce (“OGC”.) Accordingly, the Business Case follows the 5 case model. Much of the analysis and the conclusions in this Business Case have been prepared and agreed through contact and interface with Council Officers. It’s purpose is to contain no surprises and offer an affordable and deliverable solution that all those who own and are affected by the preferred solution can sign up to and identify with. The five case model is:

1. Strategic Case
2. Economic Case
3. Financial Case
4. Commercial Case

# Wirral Borough Council Strategic Asset Review: Office Accommodation

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## 5. Management Case

### **Strategic Case**

The strategic case establishes what is driving the proposal, why there is a need for change and why the current operating model is in need of review and change. A key focus is the needs of WBC and the consequent benefits that are deliverable to its citizens. It also takes account of WBC priorities for regeneration and considers the possible regeneration benefits that could be secured by the development of a new administrative office strategy. The output from the strategic case will be a set of SMART (specific, measurable, achievable and agreed, realistic and timetabled) objectives that define the project. This will capture the drivers for the strategy and the impact of the change

### **Economic case**

The economic case explores the different options for meeting the project objectives, including the do minimum option and also investigates a list of options for change and how value for money can be achieved. In summary the purpose of the economic case is to:

- Define the objectives to be met and benefits being sought;
- Generate the options for meeting those objectives;
- Measure the benefits of each option;
- Determine the costs of each option;
- Assess the key project risks.

By bringing together the information in these steps, it is possible to determine which option best balances cost and benefits based on the information to hand.

### **Financial case**

The financial case illustrates the revenue savings achieved by each option.

### **Commercial Case**

The commercial case details the various delivery options for the project and recommends a route to establishing the preferred approach. All options are considered together with their advantages and disadvantages. The benefits of the recommended delivery solution should be viewed in the light of the local economy, the risk profile of the preferred option, the relationship of capital investment and revenue saving and the perceived timescales.

# Wirral Borough Council Strategic Asset Review: Office Accommodation

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The following commercial options are considered:

- Internally generated cash flows supported by Prudential Borrowing as required;
- Strategic Partnering and the Integrator Solution; (this is totally distinct from the Construction Employment Integrator which is a WBC initiative);
- Solution which introduces Council assets into a delivery vehicle;
- Private Finance or form of Public Private Partnership;
- Developer led opportunity

The Business Case model is constructed on the assumption of a Prudential Borrowing (“PB”) route. Other potential delivery routes require some other form of public/private partnership arrangement and it is recommended that they are assessed against the benchmark of PB and only employed if better value for money and regeneration benefits can be clearly demonstrated.

## **Management Case**

The management case seeks to determine how the project will be managed and who will be involved with this. Those involved will include both those in and outside WBC, including employees, and other stakeholders.

A successfully well managed project requires the following inputs in accordance with the principles of PRINCE2 (“Projects in Controlled Environments Version 2”):

- A clear project structure that includes wide-ranging and appropriate council and cross-organisational input;
- Identification and provision of the resources necessary to support the project;
- A benefits plan;
- A plan for post project evaluation, to determine that the required benefits have been achieved;
- A timetable for the whole project, up to and including post project evaluation.

A number of these areas are ably supported through parallel work streams within the overall SAR and a willingness of the Council to ensure best practice is followed, for example by enquiring into the benefits obtained through the Office of Government Commerce (“OGC”) Gateway Review Process.

# Wirral Borough Council Strategic Asset Review: Office Accommodation

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## 2.2 Methodology

The methodology employed for the study was in three stages over 16 weeks. The first stage involved a intensive period of fact finding and data gathering, including a series of focus interviews with, political leaders, the Chief Executive, Deputy Chief Executive, Executive Directors and key Heads of Service. These interviews were complemented by a data gathering exercise on the existing buildings, their use and functions. This stage culminated in a stakeholder workshop held on 5 February. The details of this workshop are provided at Chapter 4. The Members and Officers met in focus interviews were as follows:

*Fig 2.1 Focus Interviews*

<b>Interviewee</b>	<b>Role</b>
Cllr S Foulkes	Leader of the Council and the Labour Group
Cllr S Holbrook	Deputy Leader of the Council, Leader of the Liberal Democrat Group and Portfolio Holder for Corporate Resources
Cllr J Green	Leader of the Conservative Group
Steve Maddox	Chief Executive
Jim Wilkie and Corporate Services Management Team	Head of Corporate Services and Deputy Chief Executive
Ian Coleman with Tom Sault	Director of Finance with Head of Service for Accounting and Research
Howard Cooper with David Armstrong	Director Children's and Young Peoples Directorate with Head of Branch
David Green and Management Team	Director Technical Services
Bill Norman with Ian Brand	Director Law, HR and Asset Management with Head of Asset Management
Alan Stennard and Management Team	Director Regeneration
John Webb with Mike Fowler	Director Adult Social Services Directorate with Head of Branch – Finance and Performance
David Ball	Head of Housing and Regeneration
Chris Hyams	Head of Human Resources
Jacqui Roberts	Head of Transformational Change
John Carruthers with IT Management Team	Assistant Director Finance Directorate

# Wirral Borough Council Strategic Asset Review: Office Accommodation

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Stage 2 of the process concentrated on developing a set of options that would deliver the project objectives that emerged at the focus interviews and were ranked and weighted by the 5 February workshop. These options are identified at Section 4.4.

The final stage in the process is the delivery of this Business Case.



# Wirral Borough Council Strategic Asset Review: Office Accommodation

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## 3. Strategic Business Case for Change

### 3.1 Economic and Financial Context

The overall economic context in which this business is presented significantly reinforces the case for an improved and more efficient configuration of corporate office accommodation in Wirral. The government targets for efficiency savings across the public sector as a whole have been most recently articulated in the Comprehensive Spending Review (“CSR”) of 2007 and HM Treasury’s Operational Efficiency Programme (“OEP”) which identified a further £14.8bn of public sector savings by 2011. The drive towards greater operational efficiency is given greater urgency as a consequence of the rapid increase in public sector borrowing (estimated to rise to £180bn) to mitigate the worst effect of the recent recession. Most analysts accept that repayment of this debt will begin to have a marked impact on Council budgets from 2011. This, therefore, is an excellent time for Wirral to create operational efficiencies through better use of its corporate estate in order to protect and enhance front line services. The overall economic context also introduces an urgency and necessity to address the issue of the corporate estate. It is therefore important that the momentum of the project is maintained following the delivery of this Business Case.

### 3.2 Wirral Borough Council

The Wirral peninsular covers 60.35 sq miles between the estuaries of the Mersey and the Dee. The area is one of contrasts. The industrial and business centre is concentrated in the eastern part of the borough facing the Mersey and Liverpool and the more residential rural aspects are found to the west of the M53. The accessibility of Liverpool with shopping and leisure attractions has resulted in a progressive decline of Birkenhead as a main retail and leisure attraction. This is now being addressed vigorously by a regeneration outline study for Birkenhead and Wirral Waters.

Wirral is home to 312,293 people recorded in the 2001 census with a total electorate of 248,043. 30.4 percent of Wirral’s population is under the age of 25 and 18 percent is over 65.

Wirral Borough Council was created in the 1974 local government reorganisation when it became part of Merseyside. The 1974 reorganisation merged 5 former District Councils into a single Council. WBC is the third largest metropolitan authority in the North West of England. The Council employs approximately 12,500 staff including teachers and is the largest single employer in the area. The Council has

# Wirral Borough Council Strategic Asset Review: Office Accommodation

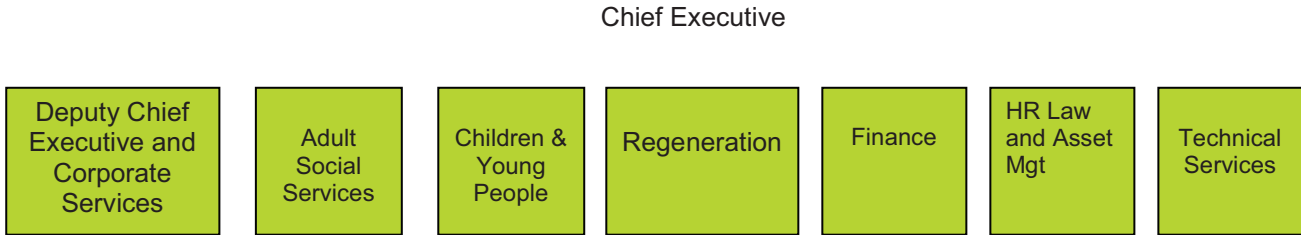
an annual budget of circa £336m and administers the Pension Fund for the Mersey Authorities with a value of £3bn.

The Corporate Plan for 2008-2011 identifies an efficiency investment budget to generate savings and continue to provide services that represent value for money to Council Tax payers.

The 2009 Comprehensive Area Assessment (“CAA”) for WBC produced an overall score of 2 out of 4 (performing adequately) for Managing Performance and Use of Resources. In relation to WBC Objective 5 (To Create an Excellent Council) the Audit Commission noted: “The Council has made reasonable progress to strengthen its capacity to improve services....The Council has reasonable financial capacity and has achieved savings of £37m in the past three years. It is running several large projects which aim to improve efficiency and make extra savings. The Council also places greater emphasis on value for money from its services, and aims to better understand how much its services cost compared to (sic) others so it can take action where its costs are higher.”

The Council is organised currently into the following directorates, each headed by a Chief Officer. It is noted that the Director of Regeneration retires on 31 March 2010 and it is not intended to replace him. Interim arrangements will be put in place for the management of that Department’s services pending a review of the organisational structure.

Fig 3.1: Departmental Organisation



### 3.3 Strategic Asset Review

The Council has recently undertaken a Strategic Asset Review (“SAR”). Decisions on the way forward with various types of assets were reported to Cabinet on 15 January 2008. That meeting resolved that the office accommodation aspects of the SAR should move forward to implementation and that the process of making savings from the rationalisation of the Council’s office accommodation should be progressed. The overall SAR has resulted in a substantial change programme with a

# Wirral Borough Council Strategic Asset Review: Office Accommodation

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number of interrelated projects. The Office Rationalisation Programme is one of these and is itself divided into the following work streams:

## **Work Stream 1**

Work Stream 1 has determined the costs, income and usage of the existing accommodation to inform the current operating model and provide information for the analysis in this Business Case.

## **Work Stream 2**

The terms of reference of this Work Stream are to:

- Develop a plan for future building use, focussing on physical requirements, and providing for the maximum use and efficiency of retained buildings and confirm the demolition and disposal programme;
- Engage with partners to explore opportunities for co-location and rationalisation;
- Establish an appropriate framework for managing the performance of the administrative estate

The original project for the review of office accommodation within the SAR contained two key elements. As a basis for future actions, a long term strategy for the future of the corporate office estate is required, and this Business Case addresses that. Secondly, a project was being developed for the refurbishment of Westminster House to support building rationalisation and agile working. Plans were previously drawn up as part of the overall EC Harris exercise to demonstrate that 500 staff could be accommodated in the refurbished space. The SAR Project Board meeting on 14 January 2010 decided that the Westminster House refurbishment element of the project would be put on hold pending recommendations on the strategic direction.

This Business Case operates within the remit of Work Stream 2.

## **Work Stream 3**

This Work Stream is developing WBC's approach to agile working and is providing a framework for implementation of the working practices consistent with a modern working environment. The Work Stream is identifying, in collaboration with Human Resources ("HR") and Information Technology ("IT") colleagues how and where agile working will be used. This Work Stream is tasked with leading and facilitating workplace change and developing and managing a communications plan for the whole project.

# Wirral Borough Council Strategic Asset Review: Office Accommodation

### Work Stream 4

This Work Stream is examining the Facilities Management (“FM”) arrangements; identifying options for delivering savings and recommending a way forward.

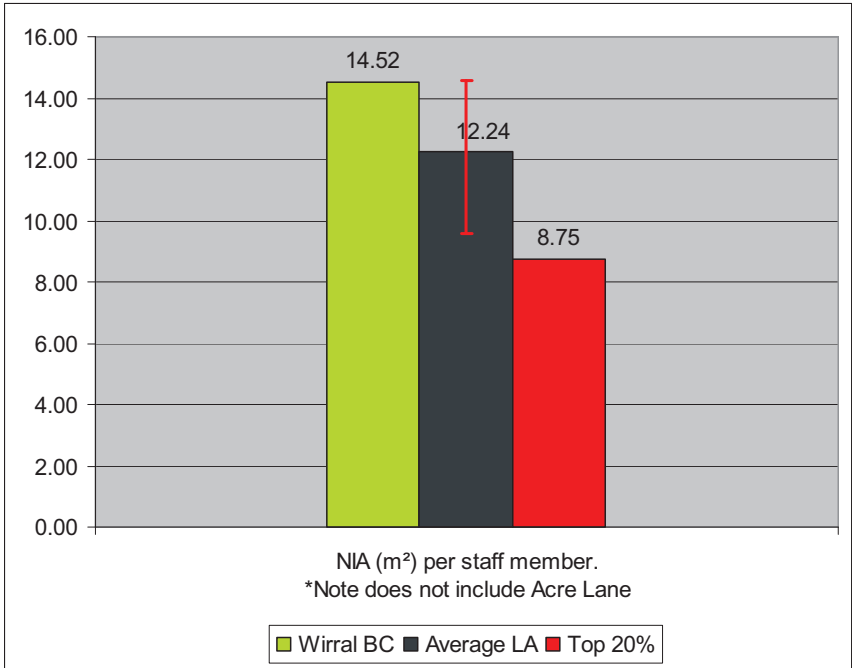
### Work Stream 5

This Work Stream is responsible for managing the implementation of the agreed rationalisation. It will deal with the re-location of staff and all that is entailed from the project schedule of building closures, disposals and demolitions.

### 3.4 The Current Office Accommodation Operating Model

The chart below shows the Net Internal Area (“NIA”) per staff member in administrative functions for WBC compared with a sample of representative Councils drawn from across England. This exhibit also shows the performance of the top 20% of those Councils. The bar shows the range of the upper and lower quartiles from which the average is obtained. Wirral BC performance is almost in the lowest quartile when set against these benchmarks.

Fig 3.2: NIA per Staff Member

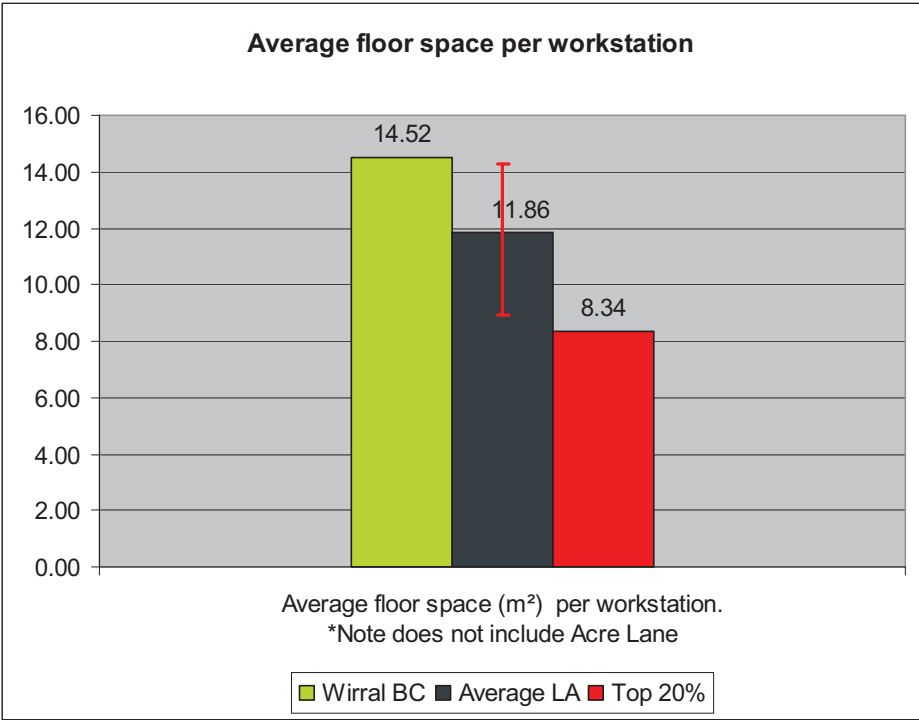


The current model works broadly on the basis of one desk per employee which means that the average floor space per workstation is the same as that for each

# Wirral Borough Council Strategic Asset Review: Office Accommodation

employee in the administrative estate. The allocation of individual offices in Wirral has developed as a result of the constraints of individual buildings and through custom and practice. The chart below shows the position of WBC compared with the same group of Councils some of which operate on a more efficient desk to staff ratio.

Fig 3.3: Average floor space per workstation



The following table shows the performance of individual buildings and includes building locations to additionally illustrate the dispersal of the current operational administrative portfolio. The dispersal is also illustrated in a map format at Appendix D.

Fig. 3.4 Building Location and Occupancy

Building	Location	Staff numbers	GIA(Note1)	NIA(Note2)	NIA m2 per staff member
Bebington Town Hall	Bebington	112	1542	1213	10.83
Bebington Town Hall Annexe	Bebington	63	836	707	11.22
Birkenhead Town	Hamilton Square,	19	4979	2385(est)	125.53

## Wirral Borough Council Strategic Asset Review: Office Accommodation

Building	Location	Staff numbers	GIA(Note1)	NIA(Note2)	NIA m2 per staff member
Hall	Birkenhead				(Note 3)
Bedford Road	Rock Ferry	18	175	140	7.78
Cheshire Lines	Birkenhead	447	6894	3367	7.53
Conway Centre	Birkenhead	171	4037	2952	17.26
Devon Gardens	Rock Ferry	4	279	223	55.75
Finance Municipal Building	Birkenhead	292	3838	2645	9.06
Hamilton Building	Birkenhead	227	3775	2881	12.69
Liscard Municipal Building	Wallasey	73	2106	1516	20.77
Moreton Municipal Building	Moreton	60	977	791	13.18
Pennant House	Bebington	11	636	431	39.18
Professional Excellence Centre, Acre Lane	Bromborough	158	8083	6010	38.03 (Note 4)
Rock Ferry Centre	Rock Ferry	56	1936	1549	27.66
Solar Campus	Wallasey	115	5598	4199	36.51 (Note 4)
The Old Courthouse	Wallasey	54	1800	1191	22.06
Treasury Building	Birkenhead	185	4586	2709	14.64
Wallasey Town Hall	Wallasey	190	7809	3741	19.69
Wallasey Town Hall North Annex	Wallasey	143	2061	1445	10.10
Wallasey Town Hall South Annex	Wallasey	138	2211	1493	10.82
Westminster House	Birkenhead	347	4733	3600	10.37
Willowtree	Moreton	56	1494	1195	21.34
<b>Total</b>		<b>2939</b>	<b>70385</b>	<b>46383</b>	<b>15.78</b>

# Wirral Borough Council Strategic Asset Review: Office Accommodation

Building	Location	Staff numbers	GIA(Note1)	NIA(Note2)	NIA m2 per staff member
<b>Total (excluding Acre Lane Professional Excellence Centre)</b>		<b>2781</b>	<b>62302</b>	<b>40373</b>	<b>14.52</b>

Notes:

- (1) Gross internal area of the buildings
- (2) Net internal area of the buildings
- (3) Birkenhead Town Hall was previously vacated in preparation for disposal. The Registrars remain as the sole occupants.
- (4) Includes educational or training facilities.
- (5) Accommodation occupied by the Merseyside Pension Fund is excluded

*Fig 3.5: Building Functions*

Building	Directorate	Wirral BC Function	Other Occupiers
Bebington Town Hall	CYPD  HR, Law and Asset Management	Various Educational Support Services  Buildings Supervisor	
Bebington Town Hall Annexe	CYPD DASS UNISON	Social Care Locality Teams Union office	Co-located with NHS Teams
Birkenhead Town Hall	Law, HR and Asset Management	Registrars	
Bedford Road	CYPD	Lifelong Learning Service	
Cheshire Lines	Technical Services HR, Law and Asset Management Finance  DASS CYPD	Headquarters Asset Management (planned move on 1/7/2010) Wirral Archive Call Centre Call Centre Community Patrol HQ	(24 hour operation)
Conway Centre	CYPD DASS	Social Workers Welfare Benefits Homeless and Housing Options Team	Connexions

# Wirral Borough Council Strategic Asset Review: Office Accommodation

Building	Directorate	Wirral BC Function	Other Occupiers
	Regeneration & Finance	One Stop Shop	
Devon Gardens	CYPD	Social Care	
Finance Municipal Building	Finance	Benefits, Revenue, Misc Income, administration, information management,	
Hamilton Building	CYPD Finance	Headquarters Data Centre	
Liscard Municipal Building	CYPD DASS	Social Care Care Management	Connexions
Moreton Municipal	CYPD Finance	Social Care One Stop Shop	
Pennant House	Finance	One Stop Shop	
Professional Excellence Centre, Acre Lane	CYPD	Professional Training Specialist Education Support	Also used by Edge Hill University, PCT and other bodies.
Rock Ferry Centre (257 Old Chester Road)	CYPD Finance	Social Care  One Stop Shop  (Also houses public library. <b>Note 1.</b> )	Wirral Partnership Homes
Solar Campus	CYPD	Youth Services (Exclusions, Youth Offending,) Anti Social Behaviour	
The Old Courthouse	Regeneration	Community Safety	Police
Treasury Building	Finance	IT, Financial Services, Internal Audit, Print Unit, Change Team, Main Data Centre	Occupational Health Service
Wallasey Town Hall	Chief Executive Corporate Services	Policy Members and Democratic Services Council Chamber Committee Rooms Civic Hall and Ceremonial	



# Wirral Borough Council Strategic Asset Review: Office Accommodation

Building	Directorate	Wirral BC Function	Other Occupiers
	HR, Law and Asset Management Finance Regeneration	Space Support Services Law Team One Stop Shop Trading Standards Environmental Health Licensing	
Wallasey Town Hall North Annex	Corporate Services  Regeneration	Communications, Tourism and Marketing Teams and Strategic Development Storage  Housing and Regeneration	
Wallasey Town Hall South Annex	HR, Law and Asset Management  Regeneration	Conveyancing HR Training facility Asset Management Team (planned move to Cheshire Lines on 1/7/2010) Strategy and Implementation	
Westminster House	DASS  Regeneration	Headquarters Social Care Cultural Services	NHS Wirral
Willowtree	CYPD	Social Care Resource Centre	

**Note 1.** The purpose of this Business Case is to make recommendations in respect of office accommodation. It is assumed that the Rock Ferry Centre public library is unaffected by any proposal.

The Council currently has some form of presence in 42 buildings from which administrative, technical or back office functions are undertaken. A number of these buildings also have public facing services or One Stop Shops and are part of Wirral's initiative to continue to develop efficient and accessible services to its citizens. Of the 42 buildings, EC Harris was asked to focus attention on 22 buildings identified in Fig 3.4 where there is significant Council occupancy. The remaining 20 buildings are recorded as accommodating just 47 office staff and a variety of other occupants. Under the current model, every Directorate, with the exception of Technical Services, has a core administrative function spread across at least 2 of

# Wirral Borough Council Strategic Asset Review: Office Accommodation

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the 22 buildings in the study. Our study did not look at the organisational detail, but compared with other Councils, services seem unduly dispersed. This will have a bearing on travel costs, efficient working and communications.

A capital budget of £1.5m per annum over 4 years has been identified to upgrade the Council's IT systems to provide a key enabler for agile working and support a modern working environment in a reduced office portfolio. There is also a separate revenue budget of £750,000 per annum for desk top equipment.

## 3.5 Project Objectives, Assumptions and Constraints

The SAR report to Cabinet in January 2009 which gave approval for the office accommodation project to proceed identified the need to make recurrent savings of £1m from the future level of recurrent operating costs of the existing portfolio. The aim is now to treat this as a minimum figure. This objective, therefore, was established as a principal driver for the project from the outset, and the options which have been generated as a result of this exercise are designed to show how this could be achieved with a combination of modelled and potential additional savings.

**Crucially, the change programme, of which the SAR is a component, has not yet determined the future staff numbers or the organisation of functions within a rationalised portfolio. It is considered very important that the organisational drivers and the future operating model for the Council are clarified. These are an integral part of the physical accommodation aspects, as they will impact not only on the consideration of the merits of the options but the real benefits that will be delivered from occupation.**

In order to legislate at a very general level for the overall size of the organisation going forward the core assumption of an overall reduction of 10% in staff to be accommodated has been made. This has regard to the current economic climate and potential expenditure constraints in future years. The sensitivity analysis in Section 5.6 shows the financial impact on the options of re-providing office accommodation for existing staff numbers and a 20% reduction. These are illustrations only and are not intended to be prescient in terms of any way in which the Council may organise its resources in the future.

As explained in Section 3.4 (The Current Office Accommodation Operating Model) the present general arrangement (with a few isolated exceptions) is for each person to have a desk, irrespective of whether the working pattern of the individual is desk or client or site based. The focus interviews and the stakeholder workshop of 5

# Wirral Borough Council Strategic Asset Review: Office Accommodation

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February 2010 achieved a consensus that the Council should be considerably more ambitious than that and, accordingly, an average provision of 7 desks for every 10 employees has been targeted in this exercise. This is fully comparable with other councils that have adopted similar office accommodation strategies.

Similarly, the SAR report to Cabinet identified a future requirement of 10sqm per workspace. Initial work for the Westminster House project and experience of EC Harris working with other councils has demonstrated the feasibility of creating excellent working environments comprising an average of 6.5sqm for each workspace (including local, but not general circulation space.) This average takes into account, for example, the needs of mobile staff who need touch down space and technical staff who may have specialist requirements. Accordingly, these metrics determined the requirements of the project brief.

A number of the focus interviews discussed the advantages and disadvantages of leased as opposed to owned property for the services currently delivered from the portfolio. The broad consensus was that the Council would be prepared to own or lease any new accommodation, or acquire accommodation as part of a developer agreement. The key requirement was stated to be a compelling business case that clearly showed the financial advantage of the recommended approach.

In particular, a business case which advocated new build would need to demonstrate clearly the merits of the proposed solution that could be explained through an effective communications strategy, not least to the wider public, that clearly articulated the value for money and other benefits to local people.

As part of this exercise, contact was made with each of the partners in the Strategic Assembly Partnership to ascertain any views on the office accommodation project. A summary of the responses is provided at Chapter 4 of this Business Case. There is a high level of enthusiasm within the Council to take advantage of any opportunities there might be to link with other local providers to deliver more joined up services and greater efficiency. This is happening on the ground. For example, both CYPD and DASS employ joint working through shared accommodation. Therefore, any business solution to the office project should fulfil the needs of WBC, ensure that proper provision is made for the existing joint working and seek to extend Total Place type initiatives wherever there is common ground and a mutual willingness to do so.

## 3.6 Project Scope

# Wirral Borough Council Strategic Asset Review: Office Accommodation

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The scope of this Business Case includes accommodation where front office and back office functions exist side by side for operational and efficiency reasons. The approach to these elements in this Business Case is as follows:

## **One Stop Shops**

The in scope buildings that currently incorporate WBC led one stop shops are:

- Conway Centre;
- Moreton Municipal Building;
- Pennant House;
- Rock Ferry Centre;
- Wallasey Town Hall.

This Business Case makes no specific recommendations with respect to the location of One Stop Shops, although re-provision of a One Stop Shop is included in the financial model. However, in the event of a disposal programme which includes any of the buildings currently housing the One Stop Shops a fuller analysis will be needed. This analysis should include:

- Footfall in current locations;
- Most appropriate future location for services taking the asset vacating programme into account;
- The opportunities for joint agency working
- Alternative, better ways, of the public accessing Council services, for example, using IT connections

This exercise has the potential to deliver further savings opportunities.

## **Offices used by administrative personnel and mobile employees**

An over-arching position has been reached in consultation with Directors in the focus meetings and ratified by the stakeholder workshop that an overall average space allocation of 6.5 sq metres per workstation and an average ratio of 7 workstations per 10 employees would be applied to any potential new build. It is anticipated that existing refurbished accommodation may not achieve this level of efficiency. However, overall it will accommodate the needs of services which consist of desk based and mobile workers. Our overall approach is based on the experience of a number of other councils and the metrics that we have used assume that Wirral can replicate the best of class. A targeted desk utilisation study would help to inform that these assumptions are robust.

# Wirral Borough Council Strategic Asset Review: Office Accommodation

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## **Buildings with specialist services and have public access.**

This arrangement applies particularly to the Acre Lane Professional Excellence Centre and the Solar Campus. It is proposed to exclude the Acre Lane Professional Excellence Centre from any potential new build solution. Proposals on a longer term way forward for Acre Lane as part of the SAR are at Section 4.4.

Solar Campus fulfils two distinct needs of an education and training centre for vulnerable young people and a focal point for CYPD Youth Services. This Business Case does not attempt to provide any recommendations in respect of the School on the Campus, but it is proposed that improved use could be made of the space in the St Marys building. This is described more fully in Chapter 4.

## **Outsourcing**

The brief for the Business Case did not include any assumptions on variations which incorporated outsourcing of support or Facilities Management (“FM”) services, although WBC is prepared to consider leasing options on future office accommodation.

### 3.7 Interfaces

#### **Data Centre Upgrade**

WBC has commissioned a study, which has reported, into the risks present with the existing data centres located in Treasury Building and in the Hamilton Building. Decisions on any recommendations which involve significant outlay to address lower grade risks are pending decisions on recommendations in this Business Case. Under the options for change identified in this Business Case, both current data centres will require re-locating. The cost of re-providing the buildings to house these is incorporated in the modelling.

#### **Wirral Archive**

The Wirral Archive has been situated in the Cheshire Lines Building since 2008. It provides the archive for the Council and also public records. There is also a public on line research facility. Planning for the future capacity of the Archive in line with forecast demand pressures is underway. It is noted that the current internal usage of the Archive varies significantly between Directorates (both in terms of items lodged and volume of churn of documents.) It is possible that a consistently applied policy on document storage would deliver a different conclusion about the capacity of the Archive. Also, the option of outsourcing the storage of older retained items may relieve capacity issues in the short to medium term.

# Wirral Borough Council Strategic Asset Review: Office Accommodation

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## 4. Option Appraisal

### 4.1 Benefits Ranked and Weighted

The key objectives for the office accommodation project set out at the beginning of the exercise were to establish a Business Case to:

- Optimise value for money and efficiency in the use of administrative accommodation;
- Realise savings of at least £1m from the revenue budget from 31 March 2011;
- Modernise working environments that deliver better efficiency and a greater degree of agile working.

During the focus interviews with Directors and Heads of Service these objectives were discussed and a more detailed list of project objectives analysed. A stakeholder group was then formed which took part in a workshop held on 5 February 2010. The workshop was tasked with deciding the ranking and weighting of the project objectives to determine which benefits were most important when choosing a final solution. The starting point for this analysis was the individual assessments of project objectives provided by leading Members, Executive Directors and Heads of Service at the Focus Interviews held during January. The workshop attendees were as follows:

*Fig: 4.1 Workshop Members*

Name	Position	Voting
Kevin Adderley	Head of Strategic Development	Yes
David Armstrong	Head of Branch, CYPDD	Yes
Phil Ashley	Asset & Support Services Manager	Yes
David Ball	Head of Housing & Regeneration	Yes
Ian Brand	Head of Asset Management	Yes
Gill Foden	Organisational Development Manager	Yes
Jayne Marshall	Principal Manager, DASS	Yes
Jacqui Roberts	Head of Corporate Change	Yes
David Taylor-Smith	Deputy Director of Finance	Yes
Jack Holroyd	EC Harris	No
David Revell	EC Harris	No

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Below are the outcomes from the workshop:

*Fig. 4.2 Ranked and Weighted Benefits*

Objectives	Rankings	Weighting*
Employ the minimal use of space, save money and deliver greater efficiency in fit for purpose working environments	1	29
Bring about improved services to customers and value for money to Council Tax payers	2	27
Achieve a recurrent saving of at least £1m in office accommodation property operating costs	3=	14
Act as a catalyst for regeneration activity in Wirral (support the regeneration agenda)	3=	14
Promote shared services within Wirral BC and with other local service providers	5	8
Co-locating Directorates to achieve efficiencies	6	5
Reduce the Council's carbon footprint	7	3
		<b>100</b>

The detailed requirements of the above benefits are as follows:

**Employ the minimal use of space, save money and deliver greater efficiency in fit for purpose working environments**

This objective reflects that this project is not just about the building, but, more importantly, about achieving better economy, efficiency and productivity through working environments. It also sits at the core of the way in which the Council wishes to deliver its services in the future, using built assets as an enabler rather than a constraint to flexible working and better value.

**Bring about improved services to customers and value for money for Council Tax payers**

Improved customer service is recognised as being at the heart of the service transformation. This is created by reducing overheads, better co-operative working within the council and the IT which enables the mobile working, providing quicker more efficient responses to customer needs.

This was seen as important for the following reasons:



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- Demonstrating good value for Council Tax payers;
- Showing a clear intention to engage in an open and visible process for key decisions that effect public services;
- A willingness to learn lessons from previous projects and other Councils that have undertaken similar exercises.

## **Achieve a recurrent saving of at least £1m in office accommodation property operating costs**

The total expenditure on the existing corporate office portfolio within scope in 2008/09 was £4.091m. This figure excludes £8.9m accumulated backlog maintenance and an additional £8.25m identified as a maintenance requirement over the next 10 years. The approval of the SAR by Cabinet in January 2009 set out a savings target of £1million of property operating costs by 31 March 2011. This minimum target is incorporated into the overall savings programme within the Council's Change Programme and is thus an important feature of the office accommodation strategy.

## **Act as a catalyst for regeneration activity in Wirral (support the regeneration agenda)**

The SAR is concurrent with a number of specific regeneration projects. There is therefore an excellent opportunity to re-provide civic accommodation which will act as a catalyst for area regeneration. The covenant of WBC in the overall investment strategy is capable of attracting complementary investment and leveraging funding into the office accommodation project itself, depending on the preferred funding route for any potential new development. Savings obtained through the accommodation project also potentially could be used to support regeneration.

Current major regeneration projects in varying stages of planning or physical development are:

- Wirral Waters;
- Birkenhead town centre;
- Woodside;
- New Brighton.

The regeneration planning of Wirral Waters and Birkenhead town centre creates a wide range of investment opportunities within which a civic campus could integrate.

## **Promote shared services within Wirral BC and with other local service providers**

There was a high level of consensus from focus interviews and the workshop event that in undertaking this review, the Council should present every opportunity to other

# Wirral Borough Council Strategic Asset Review: Office Accommodation

local providers to co-locate services or share facilities. Initial contact was made with all Strategic Assembly Partners and no immediate opportunities were identified. However, it is important that the ongoing debate facilitates continuing dialogue with all potential partners to develop continued efficiencies and in support of the Total Place initiative.

This was seen as important for the following reasons:

- Demonstrating good value for Council Tax payers;
- Showing a clear intention to engage in an open and visible process for key decisions that effect public services;
- A willingness to learn lessons from previous projects and other Councils that have undertaken similar exercises.

### Co-locating Directorates to achieve efficiencies

The current operating model disperses the core back office functions of the Directorates as follows:

*Fig 4.3: Dispersed Current Model*

Directorate	In Scope Buildings occupied
Adult Social Services (DASS) 3 buildings	Bebington Town Hall Conway Centre Westminster House
Children and Young People (CYPD) 10 buildings	Acre Lane Bedford House Conway Centre Devon Gardens Hamilton Building Liscard Municipal Building Moreton Municipal Building Rock Ferry Centre Solar Campus Willowtree
Corporate Services 2 buildings	Wallasey Town Hall Wallasey Town Hall North Annex
Finance 9 buildings (including One Stop Shops)	Cheshire Lines Conway Centre (One Stop Shop) Finance Municipal Building Hamilton Building Moreton Municipal Building (One Stop Shop)

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Directorate	In Scope Buildings occupied
	Pennant House (One Stop Shop) Rock Ferry Centre (One Stop Shop) Treasury Building Wallasey Town Hall (One Stop Shop)
Law, HR and Asset Management 4 buildings	Cheshire Lines (planned move in July 2010) Wallasey Town Hall Wallasey Town Hall South Annex Birkenhead Town Hall (Registrars)
Regeneration 6 buildings	Conway Centre The Old Courthouse Wallasey Town Hall Wallasey Town Hall North Annex Wallasey Town Hall South Annex Westminster House
Technical Services 1 building	Cheshire Lines

Reducing the number of buildings to co-locate Directorates was seen as delivering the following efficiencies:

- Saving on corporate overheads;
- Better communication on cross Directorate issues;
- Improved access to corporate and common support functions; and,
- More effective collaborative working

**Reduce the carbon footprint for the Council**

In anticipation of future standards for public buildings, any new building which may be occupied as a consequence of this business case should have a BREEAM rating of ‘Excellent’ and good practice would determine that it should also meet Sustainable Operations of the Government Estate (“SOGE”) targets. As a result of the government’s targets to reduce carbon emissions by 12.5% by 2010 and 30% by 2020, any move to a different building (either new or refurbished) also reinforces the need to anticipate the future requirement of a BREEAM rating of ‘Excellent’. Achieving a BREEAM Excellent standard will require an approximate 7% increase in capital cost of the build compared to BREEAM very good standard. However, this can deliver up to 30% in energy efficiency savings over the life of the building. These factors are assumed in our modelling.

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Reducing the amount of travelling between buildings will be achieved as a consequence of operating from fewer assets. This will not only save time and expense, but also reduce the overall carbon footprint for the Council.

## **Other Benefits**

Directors additionally wished to take the following benefits into account:

- Improvement in HR costs, including reduced recruitment costs and lower staff absences which have been demonstrated to be delivered as a result of improved and modern working environments;
- A solution which minimised business disruption during the transitional period, which indicates that double decanting should be avoided wherever possible.

## 4.2 Approach to the Options Study

The options and their qualitative and financial evaluation which follow are designed to address two fundamental issues. First, it assesses the comparative advantage of taking steps to rationalise the portfolio as opposed to continuing to manage in the existing environment or undergoing piecemeal change. Second, the options offer varying degrees of new build as a practical and cost effective solution to the office accommodation strategy. The process does not attempt to define the location of any new or revised accommodation solution. Chapter 7 examines currently known sites and addresses the pros and cons of each in order to inform the subsequent debate on location.

This Business Case does not propose alternative uses for any of the buildings within its scope which may become surplus to requirements. It is assumed, however, that all such unused buildings will be disposed of and proposals for any potential disposals will be brought forward at the appropriate time

## 4.3 Cheshire Lines

Currently WBC leases 3367 sq m (NIA) of accommodation in the Cheshire Lines Building. The building accommodates the Technical Services Directorate headquarters, Call Centres, the Wirral Archive and (from 1 July 2010) the Asset Management Team. WBC leases this accommodation for £410,000 per annum (currently under review.) There is a further 14 years remaining on the lease which will expire in 2024. The accommodation in Cheshire Lines is recently refurbished and achieves an economy of 7.75 sq m per workstation. The working environment is of generally fair to good standard, although lacking in natural light. There may be the opportunity for the Council to extend its interest at this location.

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Each of the following options includes the retention of Cheshire Lines under the current lease agreement, as the outcome of the review is not currently known.

## Acre Lane Professional Excellence Centre

The Acre Lane Professional Excellence Centre managed by CYPD is generally recognised as providing a stimulating learning environment bringing clear benefits and involving a number of agencies working alongside WBC. The facility itself, however, is not economical to run. It has an annual energy cost of £97,578 (rated as F); the total outstanding maintenance requirement (current and planned) amounts to £2,488,000 and the carbon emissions from a large and rambling building are 617 tonnes per year. Further, the building itself is located remotely from the rest of the corporate office estate and accessibility is not ideal for the functions of the Centre.

Each of the options in the following Section 4.4 (excluding Option 6 – the complete new build option) include the retention of the existing Acre Lane facility. However, in anticipation of delivering further economies from integrated working, the site options also identify the sites that would possibly accommodate a new Centre as part of a second phase development. In this event, it is recommended that all of the agencies that currently use the Centre are involved in the consultation and invited to contribute to the capital cost of the development. Any proposal to re-provide the Centre should also be based on a separate business case to determine its long term business objectives and revenue targets.

In the interim, it is recommended that the gymnasium, hall and associated accommodation amounting to 850sq m (which are empty and in need of repair) are demolished. This will achieve an immediate estimated annual saving of £6,435 on the uniform business rate. Furthermore, any internal works that are intended to generate additional capacity are similarly subject to a business case appraisal to demonstrate that they will deliver genuine value for money.

## 4.4 The Options

The following configuration options were arrived at as a result of the process of

- An initial viewing of the current in scope buildings;
- The underlying geographical distribution of the buildings;
- The need to offer the opportunity to make continued use of either Wallasey or Birkenhead Town Halls, assuming that the latter is not sold as part of the current marketing initiative, (Options 5 and 6 demonstrate the cost of utilising neither);

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- The metrics of 6.5 sq m per workstation (average) and an overall staff to desk ratio of 7:10 for the new build;
- The views expressed at the Focus Interviews, the 5 February 2010 Stakeholder Workshop and discussions with the Head of Asset Management.

The future numbers of staff and the organisation of services in respect of these options are not yet decided. The national spending cuts anticipated to affect local government from 2011 are expected to generate the need for efficiencies in back office functions. Accordingly, the central assumption of a 10% across the board staffing reduction has been made and informs the staff numbers in the following options. The impact of retaining staffing levels and a reduction of 20% are included as sensitivities at Section 5.6.

## **Option 1: Do minimum option, including addressing backlog maintenance within the next 5 years**

The immediate backlog maintenance on the existing office portfolio for the 22 in scope buildings is £8.9m or £128 per sq m compared with the existing expenditure of £12 per sq m. A further £8.25m has been identified as being required to prevent further degeneration of the assets and to secure their future over the next 25 years. The net present value of Prudential Borrowing over 10 years to maintain the existing estate is £39,899,281 with no benefits arising from this investment. The impact of delay in addressing this backlog in maintenance expenditure would be to increase the liability in real terms in future years. This would be due to deterioration in the building fabric, further deterioration in the energy efficiency rating across the estate and rapidly deteriorating conditions for staff. Health and Safety issues could also be expected to arise.

## **Option 2: Retain Wallasey Town Hall, Cheshire Lines, Acre Lane, retain the North and South Annexes with refurbishment, improved utilisation of Solar Campus and refurbishment of Westminster House. Provide the balance of the required accommodation in new build**

This option retains Wallasey Town Hall with existing levels of occupancy. It therefore incurs the current maintenance expenditure and backlog maintenance associated with this building. The existing Council Chambers and Members' offices would also continue to be used under this option. This option also assumes that the existing lease on the Cheshire Lines Building will run its natural course and WBC will continue to pay rental under the current agreement. Acre Lane Professional Excellence Centre is retained in its existing location, but it is proposed that possible synergies and economies of scale that will result from a second phase development on the new build site are fully investigated.

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Both North and South Annexes of Wallasey Town Hall are refurbished under this Option. Together the Annexes are modelled to be capable of accommodating 458 staff in their refurbished state (compared with their current loading of 281.) This option effectively retains the Wallasey Campus centred on the Town Hall.

Solar Campus currently provides important services for young people, but, in relation to the remainder of the corporate estate, is considerably under-utilised. Without a structure plan to build a functional utilisation model it is difficult to anticipate what a future optimum usage might be. However, a staffing complement of 200 is envisaged as necessary to justify the retention of the building in terms of its efficiency for office accommodation purposes, in support of its primary function to provide special educational and training support for young people. (This equates to an average of 9.56 sq m per workstation. It is believed that this level of economy should be possible with only minor modifications to the St Mary's building.)

The Westminster House refurbishment project, as it was originally conceived as part of the overall strategy, is included in this option. It will deliver a good quality economical environment for DASS and other Departments to engage in modern working practices.

The total number of staff remaining to be accommodated in new build under this option is 692.

### **Option 3: Retain Wallasey Town Hall, Cheshire Lines, Acre Lane, better use of Solar Campus, refurbish Westminster House. Provide the balance of the required accommodation in new build.**

This option repeats the main features of Option 2, but envisages the disposal of the North and South Annexes to Wallasey Town Hall. These annexes are not within the existing areas of housing restraint and any future potential housing development would be able to make use of the waterfront location and be designed around the feature of the Town Hall as a focal point.

This option will require 1150 staff to be accommodated in the new build.

### **Option 4: Retain Cheshire Lines, Acre Lane, make better use of Solar Campus and refurbish Westminster House. Re-provide democratic and corporate functions currently in Wallasey Town Hall in Birkenhead Town Hall. Provide the balance of the accommodation in new build.**

The legacy buildings of the former District Councils include two former Town Halls at Birkenhead and Wallasey. The options for alternative use of these buildings are extremely limited, particularly in the current economic climate. In the event that Birkenhead Town Hall is not disposed of, this option provides for its re-use as an

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alternative to Wallasey. It is possible that some future use could be devised for Wallasey Town Hall in the event that the North and South Annexes are disposed of.

This option therefore configures services identically to Option 3, but moves the democratic heart of the Council from Wallasey to Birkenhead. This would provide a better civic campus feel to Birkenhead in the event that the new build was sited in the Wirral Waters or Birkenhead Town Centre regeneration study areas.

This option requires a new build capable of accommodating 1223 staff using the same metrics as before.

**Option 5: As option 4 but assumes that Birkenhead Town Hall is disposed of and its staff are housed in a new build. This option would therefore involve re-providing the Council Chamber, civic space and Member accommodation in the new build.**

This option would create a more efficient new building, but would be more capital intensive and probably challenging in terms of public acceptability. The abandonment of both Wallasey and Birkenhead Town Halls in favour of a larger new build would be difficult from a presentational point of view. The perceptible improvement in public services in return for the investment may be similarly hard to justify.

The total number of staff to be accommodated in a new build under this option is 1540, together with additional accommodation modelled at 500sqm for new Council chamber and Member accommodation.

## **Option 6: complete new build solution**

**This option models the effect of a total new build solution for all the buildings in scope.**

- This option would commit the Council to a substantial capital development. A single large building would not provide the flexibility to respond to funding cuts or future ways of working that may require a greater degree of flexible or home working;
- The solution would require a new building of 20,650 sq m which would not provide the most economically advantageous solution;
- A full new build would mean abandoning both Wallasey and Birkenhead Town Halls, but WBC would retain a contingent liability for each;
- It would mean providing a new Council Chamber and Member offices or devising some other arrangement for Council meetings;
- The Council would retain liability for the lease on Cheshire Lines;



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- Acre Lane Professional Excellence Centre and Solar Campus would be replaced contributing to a very large and high risk project;
- It is unlikely, in view of the above, to be capable of attracting support from the Council, stakeholders or the wider public.

## 4.5 Assessment of the Options against the Qualitative Benefits

The above accommodation options have been scored against the objectives in terms of how well they meet them by giving them a qualitative score. This score has then been multiplied by the agreed weighting. The results are shown as follows:

*Fig 4.4: Assessment of Benefits of Each Option*

Project Objectives	Options					
	1	2	3	4	5	6
	Score from 1-10 weighted to reflect relative importance of the objective (see Fig: 4.2)					
Employ the minimal use of space, save money and deliver greater efficiency in fit for purpose working environments	28	145	185	185	228	181
Bring about improved services to customers and value for money to Council Tax payers	0	169	176	172	166	192
Achieve a saving of at least £1m in office accommodation property operating costs	0	126	126	112	84	26
Catalyse regeneration activity in Wirral (support the regeneration agenda)	0	58	84	96	98	107
Promote shared services within Wirral BC and with other local service providers	14	41	56	56	55	50
Co-locating Directorates to achieve efficiencies	16	24	33	35	35	44
Reduce the carbon footprint	0	17	21	21	24	21

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for the Council						
<b>Total weighted score for each option</b>	<b>58</b>	<b>580</b>	<b>681</b>	<b>677</b>	<b>690</b>	<b>621</b>

### 4.6 Rationale

The weighted benefit scores awarded to each option determine the extent to which that option meets the project criteria agreed by Directors in focus interviews and ratified by the Workshop of 5 February 2010.

#### The Do Minimum Option

The do minimum option scores poorly against every benefit criterion. It scores some points in respect of the working environment in recognition of the fact that the IT investment to provide the technical backbone for agile working is budgeted for separately and will deliver the ability for people to work in a more agile manner, to a degree, irrespective of the buildings. Some co-location will be possible under the central assumption of a 10% reduction in staff numbers. There is no opportunity to catalyse regeneration activity and no identified opportunity to generate revenue savings.

The above paragraph describes one approach to a do minimum option. It is possible to develop other variants on this theme which would progressively economise on space over time. This could be described as a Do Minimum Plus approach. However, irrespective of the way in which a do minimum option is configured, this type of intervention will tend to be characterised by an opportunistic and unplanned approach where asset use will be driven by circumstances rather than the key objective of creating planned sustainable savings from asset use.

#### Minimise the use of space and save money

In respect of the options proposing an element of new build, the greater amount of new build produces a higher score for securing a modern fit for purpose working environment. It is assumed that retained buildings even if refurbished will not provide the same degree of flexibility of use of space due to the constraints of the existing buildings. It is estimated that the North and South Annexes can be refurbished to provide an average of 7 sq m per workspace. A complete new build solution would achieve good space efficiency but the extent of the new build would limit flexibility.

#### Improved Services to Customers and Value for Money to Council Tax payers

Improved customer services are achieved broadly across all remaining options. The transfer of the Registrars in Options 4 and 5 reduces the scores slightly for these options. The full new build solution provides little or no flexibility to respond to future

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customer needs and the additional cost will detract from the ability to channel funds into improving customer services.

## **Achieve Annualised Savings of at least £1m**

The extent and the timing of savings differ for each of the Options. The additional savings opportunities (identified at Section 6.2) are excluded from this part of the analysis. The variation in the scores reflects the timing of the savings and the degree of risk inherent in delivering the savings under each option.

## **Catalyse Regeneration**

The ability to use the covenant and the physical presence of the Council to support the areas of regeneration study vary as a function of the extent of the new build and its location. The option to retain Birkenhead Town Hall (in preference to Wallasey) is viewed as slightly better in this particular respect and abandoning both Birkenhead and Wallasey Town Halls as in Options 5 and 6 could have a negative impact.

## **Shared Services**

The ability to attract services shared across other service providers is not considered to be directly related to a particular building configuration, but a civic campus in the Birkenhead area (possibly, but not necessarily, centred on the Town Hall) may create a better strategic relationship with the accommodation needs of potential partners.

## **Co-locating Directorates**

The larger single building will provide better opportunities for collaborative working in the Council and create efficiencies of common and support functions.

## **Carbon Footprint**

The carbon footprint is derived from the burning of fossil fuels (coal, petroleum products and natural gas) in proportion to their carbon content. Replacing the least energy efficient assets and constructing to BREEAM excellent standards will produce the greatest relative savings in operating costs. The clustering of back office buildings will reduce travel between premises and consequently carbon emissions generated by car travel.

## 4.7 The New Build Model

A model to assemble the new build has been made in order to develop the costs of the new build in the financial model in the following Chapter: The new build model incorporates the following features:

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Fig 4.5: Building Model Characteristics

Model feature	Characteristic
The numbers of staff to be accommodated in new build	Determined on the basis of a central assumption of 10% fewer staff by the time the new build is operational. Sensitivities in Section 5.6 identify the impact of steady state staffing and a 20% reduction
Allocation per workspace	6.5sq m average, taking into account smart design for mobile workers and a limited capacity for cellular offices
Workspace to staff ratio	7 workspaces for 10 staff as an average
Area breakdown	The design model allocates space on the following metrics of the NIA: workstations 62%, meeting rooms / reception 12%, staff facilities 5%, data centre, communications hubs and facilities management (“FM”) space 3%. This is considered sufficient to accommodate the data centre in the new build (for example, 3 communications hubs plus one data centre of approximately 100 sq m)
Grossing up factor	The model produces a grossing up factor of 18% to arrive at the GIA.
Car parking	One car park space for 40 sq m is allowed for
One Stop Shop	No allowance made for a number of One Stop Shops that might need to be re-provided greater than 1, pending detailed service delivery solution and agreed location for the build. Construction cost of a One Stop Shop designed and constructed similarly to the existing Conway Centre facility would require approximately £937,125 capital and this requirement is incorporated into the financial model.
Energy efficiency	A 7% increase in capital is modelled to achieve BREEAM excellent and 30% revenue savings on energy for each new build option compared to the buildings it replaces.

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## 5. Economic and Financial Case

### 5.1 Introduction

This Chapter of the Business Case provides the net present values (“NPV”) of each option, against a range of modelled assumptions for each option. The NPV enables a judgment to be made on the value of the benefit at any given time – the time value of the money which is then aggregated over the evaluation period to provide the relative benefits of each of the Options considered. The Chapter then relates the net present values of these options to their benefit score in the previous Chapter to arrive at the most economically advantageous option. Full discounted cash flows that apply to each option and further detail on the modelling assumptions are included at Appendix B. All the input data (other than general benchmarking data) in this Business Case was supplied by WBC and this information and the figures provided are relied upon to form the basis of the financial model.

Each option is modelled over a 25 year period, which takes into account the scale of the investment and savings to be generated, and, excludes all VAT. The repayment period for Prudential Borrowing has been agreed with the Finance Directorate of WBC and is modelled over 10 years.

It is prudent to illustrate the effect of any allowance for optimism bias which may enter into the model. This reflects the human characteristic of under-estimating costs at the planning stage. Accordingly, the impact of a 10% upward movement in construction prices is analysed at Section 5.5. The sensitivity of steady state staffing and a 20% staffing reduction is included at Section 5.6.

The financial model is constructed prudently to identify the capital outlay of the options and the savings arising from vacating the relevant buildings under each option. Chapter 6 additionally identifies a series of additional savings opportunities which will arise over and above the modelled savings, but are either not customarily captured within the model savings analysis or the input data is estimated from benchmarks rather than Wirral specific information. Therefore these savings are **not included in the financial model**. It is recommended that these benefits are noted here as potentially deliverable and assessed more closely going forward. They are:

- The estimated FM efficiency savings;
- The potential value obtained from property receipts
- HR administration savings arising from lower sickness absence and reduced turnover proven to result from improved working environments;

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- Savings arising from demolition of Acre Lane surplus accommodation
- Savings in staff travel, expenses and time resulting from reduced inter site travel
- Car park income resulting from any possible future arrangement to introduce a car parking charging regime for staff as part of the strategy

Section 5.7 examines the key variant of the cost benefit of the Westminster House refurbishment project;

Section 5.8 examines risk.

## 5.2 Do minimum Option

The do minimum option is included as a benchmark against which all other options are assessed. This option assumes that the existing portfolio of 22 in scope administrative buildings is retained without refurbishment and with no change to the current density of use. All backlog and outstanding maintenance is tackled over the next 5 years under this option and funded through Prudential Borrowing at Public Works Loan Board (“PWLB”) rates over 10 years. This option does not confer any quality benefits whatsoever and the maintenance liability of the existing portfolio would inevitably increase over time.

The impact of not planning for this hike in maintenance costs now would be to increase the liability in real terms in future years. This would be due to deterioration in the building fabric, further deterioration in the energy efficiency rating across the estate and rapidly deteriorating conditions for staff. The costs associated with this option must recognise, as they do, the consequences of retaining these buildings for a further 25 years.

The immediate accumulated backlog maintenance on the existing office portfolio for the 22 in scope buildings is £8.9m or £128 per sq m compared with the existing expenditure of £12 per sq m. A further £8.3m has been identified plus on going planned maintenance as being required to prevent further degeneration of the assets and to secure their future over the next 25 years with no benefits arising from this investment. On the assumption that these costs relate to labour and materials costs only, they would be need to be enhanced by the cost of professional fees. For the purposes of this Business Case we have used the figures on maintenance costs provided by WBC.

The impact of the maintenance spend of the combined £8.9m and £8.3m for the do minimum option is shown in the graph below:

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Fig 5.1: Maintenance Spend – Do Minimum

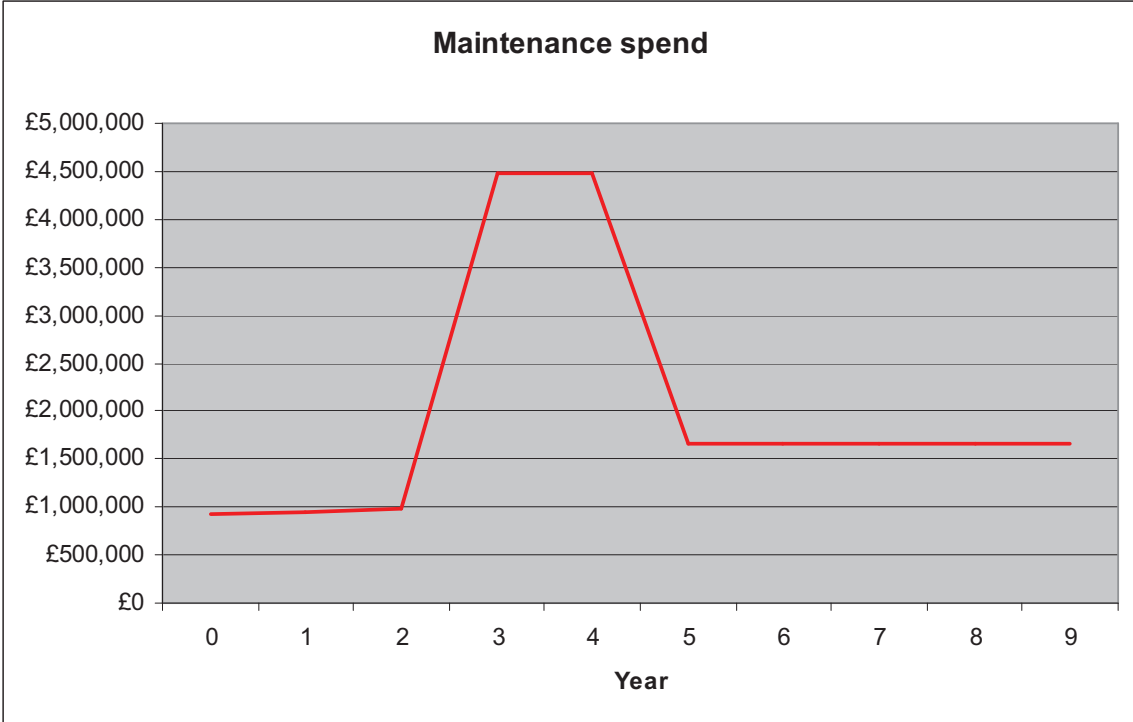


Fig 5.2: Do minimum NPV

Option	Net Present Value (£)
1. Do minimum	106,277,212

The do minimum option presents the highest NPV of all of the options. It would therefore not be advantageous to progress this route as it the most costly and would receive no other benefits.

### 5.3 Quantitative Evaluation of the Remaining Options

**Option 2: Retain Wallasey Town Hall, Cheshire Lines, Acre Lane, retain the North and South Annexes with some refurbishment, improved utilisation of Solar Campus and refurbishment of Westminster House. Provide the balance of the required accommodation in new build**

This option requires a new build area of 5,819 sq m and refurbishment of 4,272 sq m in addition to some betterment of Solar Campus. The Prudential Borrowing to carry out these works is assumed to be repaid over 10 years. The refurbishment of

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Westminster House is modelled by means of capital allocation and consequently does not attract interest. Backlog maintenance and planned programmed maintenance (Prudentially Borrowed) is modelled to be carried out over the next 5 years. Surface level car parking for the new build is calculated at 1 space per 40 sq m. This would provide an average of 1 space per 5.4 staff.

Retained accommodation attracts maintenance costs as in the do-minimum option. This is replaced with refurbishment costs and an appropriate level of on-going life cycle cost for the refurbished buildings.

Fig 5.3: Option 2 NPV

Option 2	Net Present Value (£)
Wallasey TH, N&S Annexes (refurbishment,) CL (existing lease), AL, SC, WH (refurbishment) plus new build	84,366,929

**Option 3: Retain Wallasey Town Hall, Cheshire Lines, Acre Lane, improved utilisation of Solar Campus, refurbish Westminster House. Provide the balance of the required accommodation in new build.**

This option increases the new build element as a replacement for Wallasey Town Hall North and South Annexes. The new build element therefore increases to 9,178 sq m and the impact of swapping new build for refurbishment increases the NPV of the PB over a 10 year repayment profile. Modelling for Westminster House and car parking provision at the new build is as option 2.

Fig 5.4: NPV Option 3

Option 3	Net Present Value (£)
Wallasey TH, CL (existing lease), AL, SC, WH (refurbishment) plus new build	85,177,197

**Option 4: Retain Cheshire Lines, Acre Lane, improved utilisation of Solar Campus and refurbish Westminster House. Re-provide democratic and corporate functions currently in Wallasey Town Hall in Birkenhead Town Hall. Provide the balance of the accommodation in new build.**

This option reflects the lower amount of usable space in Birkenhead Town Hall as opposed to Wallasey. The new build requirement is therefore increased to 9,716 sq m. All other modelled assumptions are as for previous options. This Option incurs the cost of re-providing existing functions in Wallasey Town Hall to Birkenhead.



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Fig 5.5: NPV Option 4

Option 4	Net Present Value (£)
Birkenhead TH, CL (existing lease), AL, SC, WH (refurbishment) plus new build	87,678,151

**Option 5: As option 4 but this option assumes the successful disposal of Birkenhead Town Hall. This option would therefore involve re-providing a more space efficient Council Chamber and Member accommodation in the new build.**

This option assumes that neither Birkenhead nor Wallasey Town Halls are re-used. The staff who would occupy Birkenhead Town Hall under Option 4 are accommodated in new build. New, smaller and fit for purpose Member accommodation and Council Chamber is also incorporated in the new build solution under this Option. This therefore requires new build of 12,540 sq m. Other modelled assumptions are as for other options.

Fig 5.6: NPV Option 5

Option 5	Net Present Value (£)
CL (existing lease), AL, SC, WH (refurbishment) plus new build	87,332,775

**Option 6: This option is included to show the cost of a total new build solution.**

The new build replaces everything included in the 22 in scope buildings, including Acre Lane Professional Excellence Centre and Solar Campus. The entire new build, which is assumed to incorporate the new build efficiencies across the board, requires 20,650 sq m of office space including new Member accommodation and Council Chamber.

Fig 5.7: NPV Option 6

Option 6	Net Present Value (£)
Total new build solution	83,814,426

## 5.4 Benefits and Quantitative Summary

In order to understand the relationship between the financial analysis and the benefits delivered by each of the options a value point score has been calculated for each option. This methodology, which is widely used in this type of analysis is derived by dividing the benefit score by the NPV of each option. This produces the following result.

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Fig 5.7: Value Point Analysis

Option	Do minimum 1.	Option 2	Option 3	Option 4	Option 5	Option 6
Benefit Score	58	580	681	677	690	621
Cost in NPV terms (£m)	106.3	84.4	85.2	87.7	87.3	83.8
Value points	0.55	6.87	7.99	7.72	7.90	7.41
Value ranking	6	5	1	3	2	4

Fig 5.8: Option Ranking

Option	Value points	Ranking
3	7.99	1
5	7.90	2
4	7.72	3
6	7.41	4
2	6.87	5
1	0.55	6

The value points per option (particularly for Options 3 and 5) are closely grouped, with Options 3, 5, 4 and 6 ranging from 7.99 to 7.41. In considering which Option to carry forwards, the sensitivities, variants and savings are important considerations. It is also very important to note the additional capital cost associated with Option 4 which involves vacating Wallasey Town Hall, and Option 5 which involves vacating both Wallasey and Birkenhead Town Halls.

### 5.5 Optimism bias

#### Construction costs

It reflects best practice to allow for an element of optimism bias in the calculations at an early stage of the project. We believe that all our assumptions in this Business

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case are reasonable and prudent; the costs reflect a basket of indices over the projected construction period and only savings which can be fully modelled are included in the analysis. However, to follow the best practice requirement the table below shows the impact of a 10% increase in construction costs.

Fig: 5.9: Impact of 10% increase in construction costs

Option	NPV (£)
1	106,277,212
2	85,561,890
3	86,541,804
4	89,507,141
5	89,197,279
6	86,824,567

## 5.6 Sensitivity Analysis

### Change in staffing levels

Staffing sensitivities impact on the NPV of the options as follows:

Fig 5.10: Staffing Change Impact

Option	NPV (£) -20%	NPV (£) Steady State
1	106,277,212	106,277,212
2	80,063,550	88,670,307
3	80,873,819	89,480,576
4	83,375,184	91,981,530
5	83,031,345	91,636,153
6	79,573,975	88,052,957

## 5.7 Variants

### Westminster House

The refurbishment of Westminster House was included as a discrete project in the overall office accommodation strategy. The NPV of the cost of this project compared with a 'no refurbishment' option is shown below. This cost comparison does not take account of the savings and efficiencies generated by this development which are rolled into the overall savings for each of the options; for example the ability to

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empty the South Annex as a result of the Westminster House refurbishment saving all utility and FM costs associated with that building.

Fig 5.11: Westminster House Refurbishment

	NPV Cost over 25 years
Refurbishment of Westminster House	10,194,684
No Refurbishment	8,220,848

### One Stop Shop (“OSS”)

The effect of replacing the Conway Centre One Stop Shop is included in the financial model. Based on the areas of the existing One Stop Shops, if it is necessary to replace an OSS facility (additionally to Conway Centre) an area of 638 sq m is estimated to be required per facility producing an additional build cost (including externals, fees and an allowance for contingencies) of £937,125.

### 5.8 Risk

Risk will develop organically with the project. The risk matrix below identifies a series of strategic risks appropriate to this stage of the project. It is envisaged that the strategic risks identified below will be developed in terms of their impact and likelihood by the stakeholder workshop as part of the wider dissemination of the conclusions and recommendations in this Business Case. At the delivery stage of the project, the risks can be sub-divided into internal organisational risks around approvals and governance, design development risks, procurement risks and operational risks. At that stage it will be possible to cost the risks into the analysis using this Business Case model and the cost of sensitivities and optimism bias as a barometer for absorbing the cost of risk into the project.

Fig 5.12 Risk

Risk	Description
Project not progressed for internal reasons	Persist with do minimum option incurring steep maintenance costs with no benefits
Organisational design not developed to support the preferred asset configuration	New asset and refurbished accommodation not used to the optimum to provide minimum amount of space

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7:10 workspace to staff ratio not achieved	Inability to use the space efficiently
Suitable site not identified	Need to reconfigure the preferred solution or incur additional cost in site acquisition
Preferred option becomes unaffordable	2011 settlement makes the capital investment a higher risk
Flexible working methodology not agreed	Outputs from Work stream 3 not adopted
IT support to agile working not adopted across the portfolio	Lack of efficiency across the service functions and unable to derive full benefit from the building; improvised use of space
Headcount does not reduce by 10%	Additional costs incurred as identified in the sensitivity model
Planning permission not obtained for the preferred site	Alternative site options to be considered or delay to address planning conditions
Business continuity risks emerge during the transitional period	Risks particularly apparent during the transfer and decanting period
Strategy delayed because of individual service issues	It is important to look at the whole picture rather than risk allowing individual components to determine the strategy.

### 5.9 Conclusion

The cost benefit analysis identifies Option 3 as the most economically advantageous offer, providing the best combination of costs and benefits, but the advantage is not great compared with Options 4, 5 and 6. Chapter 6, Affordability and Savings, examines the savings attributable to each of the Options.

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## 6. Affordability and Savings

### 6.1 Affordability of the Preferred Solution

The overall financial position of WBC is reported as sustainable, notwithstanding any further financial pressures that will emerge in government decisions on allocations to Local Authorities over the coming period. The Audit Commission has complimented the Council in its 2009 Comprehensive Area Assessment on the savings that it has accumulated over recent years. The office accommodation project and other projects within the overall change programme (for example the IT initiatives) have demonstrated a willingness to engage in invest to save approaches in support of delivering business objectives.

The annual recurrent savings target for the office accommodation project was set at a minimum level of £1m. The table following identifies the average modelled savings for each Option.

Fig 6.1: Average Savings

Option	Average Saving per Year (£) (Note 1)
1	n/a
2	876,411
3	844,001
4	743,962
5	757,778
6	898,511

Note 1: NPV of savings averaged over 25 years

On the face of the analysis Option 6 delivers the highest level of savings overall. However, the reasons why we believe this project to carry unacceptably high delivery risks are given in previous Chapters. The savings would also take longer to materialise. Option 2 similarly, does not, on the current analysis, deliver the same extent of project benefits sought in the SAR strategy compared with Option 3. The savings derived from Option 3 relative to the do minimum Option 1 are illustrated in the graph below.

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Fig 6.2: Option 3 Yearly Savings relative to Option 1

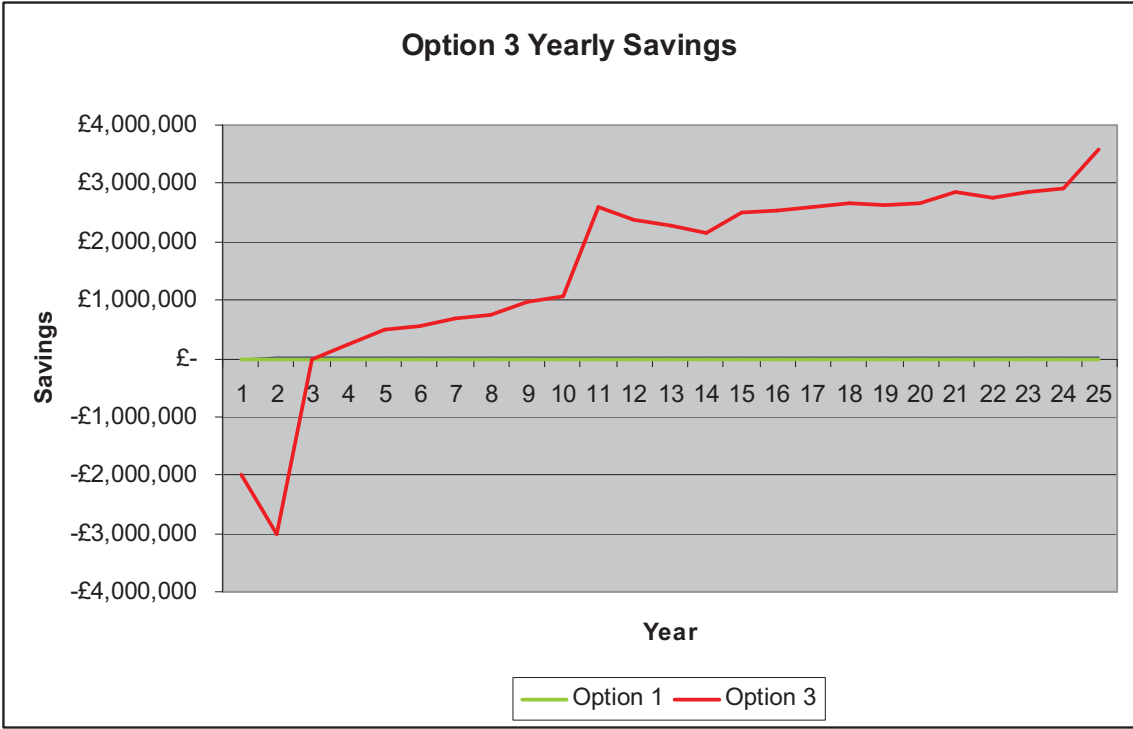
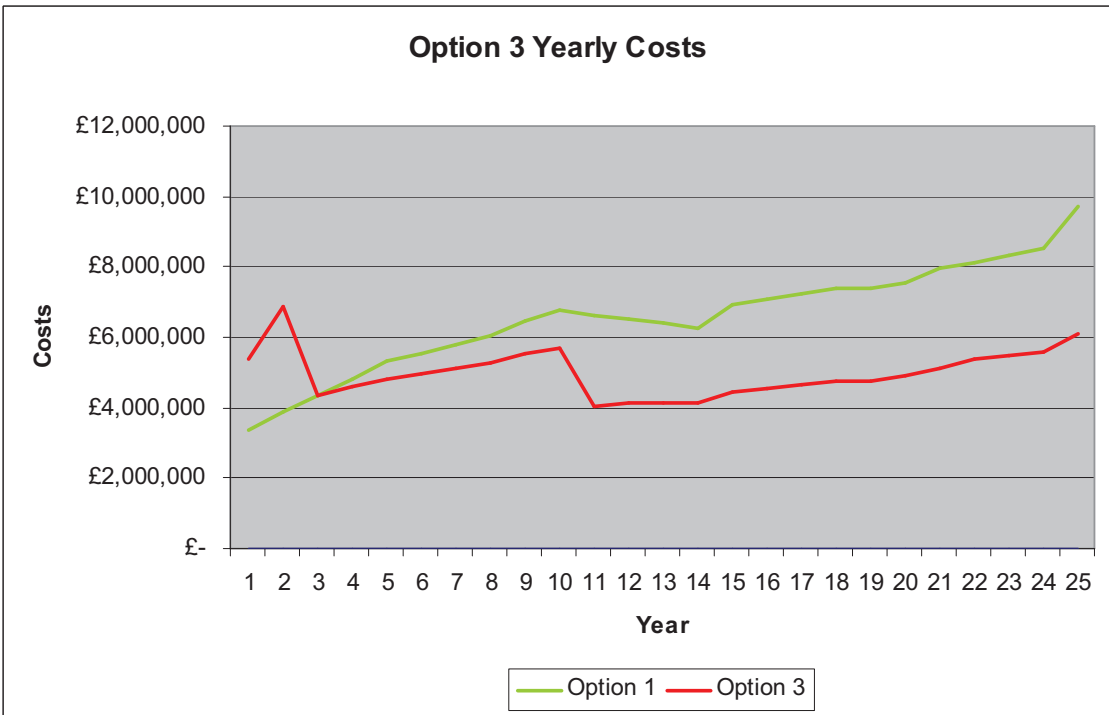


Fig 6.3: Option 3 Costs Compared with Option 1



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If a 20% staff reduction were to take place then the following average savings could be achieved. This shows average savings in excess of £1m delivered under Options 2, 3 and 6.

*Fig 6.4: Average Savings (20% staff reduction)*

Option	Average Saving per Year (£) (Note 1)
1	n/a
2	1,048,546
3	1,016,136
4	916,081
5	929,835
6	1,068,130

The following table identifies the included and excluded items in the above analysis.

*Fig 6.5: Model Inclusions and Exclusions*

Included	Excluded
Capital cost of new build (incorporating construction, fees and contingencies with allowance for BREEAM excellent)	Any demolition of surplus buildings
Refurbishment of retained accommodation	VAT (assumed recoverable)
All maintenance costs for retained buildings (including backlog)	Information Technology ("IT") (budgeted separately)
Facilities Management ("FM")	Dispersal costs (ie staff allowances for change of location) (assumed neutral)
Utilities	HR savings
Business Rates	FM efficiency savings
Income currently generated by the existing building portfolio	Car Park income
Ongoing life costs of new building	Re-provision of One Stop Shops additionally to the replacement of the OSS at Conway Centre
Building Insurance	Property sales and other capital receipts
Car parking allowance for new build	Acre Lane modifications
Replacement of OSS at Conway Centre	Removals
Data centre (in separate location)	Decanting costs
Service Charges	Mileage savings (fuel and time)
Security costs for empty Town Halls	Storage



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Included	Excluded
	Site acquisition costs

## 6.2 Additional Savings Opportunities

### Facilities Management

Identified annual FM spend on the existing office accommodation portfolio is £536,300 or £8.19 per sq m. The financial model makes appropriate allowances for providing FM services over a smaller space, but does not currently assume any FM efficiencies arising from new building design or redesigned refurbished space. The Asset Management Division is due to receive greater responsibility for FM across buildings previously managed by principal occupiers. The Division will take the opportunity to identify any savings which may be presented by this rationalisation.

### Property Sale Receipts

The sale of the North and South Annexes to Wallasey Town Hall under options 3, 4, 5 and 6 may attract a substantial capital receipt in due course. This receipt could be further enhanced by planning permission for housing in support of the wider regeneration objectives. Clearly, market expectations have changed in the 5 years since the most recent valuation and the market currently may not be receptive to the offer. This may change in future. Furthermore, the release of these properties to the market as part of the office accommodation re-provision programme also offers the prospect of a developer partner agreement which may offer better value overall.

*The sale of the North and South Annexes is identified as an additional (ie not modelled) receipt because it is a differentiator between option 2 and all other options (apart from do minimum.)* No other capital receipts are referenced, although clearly, there is an opportunity to dispose of these assets when the market is suitable for realising appropriate value.

### HR

The Audit Commission Comprehensive Area Assessment (“CAA”) for Wirral for 2009 commented that attendance levels needed to be improved and staff sickness was high. The detail of these costs in WBC has not been provided as part of this Business Case, but benchmarked savings from other Councils and comparable organisations shows a saving of up to 39% is achieved in sickness absence and related HR costs as a consequence of moving to new, fit for purpose accommodation within an environment supported by IT enabled agile working. It is recommended that current costs are established and a savings target identified for the new facility.

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## **Acre Lane Surplus Accommodation**

Demolition of the gym and sports hall and associated accommodation at Acre Lane will produce an immediate business rate saving of approximately £6,435 or £219,788 over the 25 year period. There will be 'one off' cost of demolition circa £70,000. Demolition costs can vary considerably however and it would be advisable to obtain specific quotations to verify this estimate.

## **Car Park Income**

No allowance has been made for income from car park charges. Experience elsewhere shows that charges for use of car parks adjacent to offices are deliverable as an additional income stream. Other public bodies that have introduced car parking charges that we have sampled (including Councils) set charges ranging from £2 to £9.77 per week and budget for an income stream of between £45,000 and £100,000 per annum.

## 6.3 Conclusion

The NPV of the average savings of Option 3 is £844,001. This base line saving could be expected to be improved upon by delivering the additional savings identified above and/or by achieving an overall staffing reduction greater than the 10% in the central assumption.

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## 7. Site Options

### 7.1 Identification of Site Options

It is not the purpose of this Business Case to make firm recommendations on the location of any solution which may involve a move to a new site. However, part of the study involved an examination of possible sites and this Chapter reports on these with the advantages and disadvantages identified in terms of their suitability and performance against the benefits criteria identified in Chapter 4 in order to inform a structured debate to aid a final solution.

### 7.2 Evaluation of Site Options against Project Objectives

In evaluating the various potential sites for their suitability, it is recommended that, as a minimum, the following search criteria are applied:

- The amount of land available; (the present building metrics for option 3 indicate a minimum of 3 acres.) A further 3 acres for a possible second phase Acre Lane project which may or may not sit alongside the new office building. These measures are to be confirmed going forward with the design brief and detailed site characteristics etc;
- Good accessibility by public transport and sustainable transport links. This approach has been endorsed by Mersey Travel;
- Within the footprint of the regeneration study area;
- An assessment of ease of obtaining planning permission in relation to the Local Development Framework (“LDF”)

The site options identified as part of this study are set out in the following table.

*Fig 7.1: Site Evaluation*

Ref No	Site	Comments
1	Wirral Waters	The regeneration of Wirral Waters is a strategic priority for the Council. The study area covers a wide area which may contain a number of opportunities for locating a potential new build. The further work which may be undertaken to create specific preferences for new build should include an examination of the detailed opportunities in the Wirral Waters regeneration study area. (Please also see ref no. 4 below.)

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Ref No	Site	Comments
2	Birkenhead, Beaufort Road	The total site occupies approximately 5.9 acres. There is one owner occupier remaining on what is otherwise a clean site. Merseyside Police Authority is purchasing the adjacent site to create a new Police HQ. Merseyside Police Authority has also expressed an interest in acquiring approximately 5 acres of the site for a co-located Area Command Centre. In the event that this application succeeds, the remaining space would be insufficient for a new building under any of the Options. There remains the possibility of locating a second data centre as a stand alone facility adjacent or linked to the Police Communications Centre for circa £147,000 build cost, based on an area of circa 100 sq m and a rate of £1,470/sq m.
3	Birkenhead, Europa Boulevard	The site currently in WBC ownership is subject to a development agreement with Europa Plaza Developments for a hotel and conference centre. The development agreement runs until 2014. The location is good for Birkenhead transport links and amenities. The site is approximately 3 acres which would be sufficient for the new building, but options 5 and 6 may result in constrained car parking availability and non-achievement of 1 space per 40sq metres used in the modelling tool. It would also provide insufficient capacity if a decision was made to incorporate the existing Acre Lane facility as a second phase. This second phase development if progressed would require an additional approximately 3 acres plus a car parking allocation.
4	Sites to be identified on regeneration study area in council ownership	GVA Grimley is commissioned by WBC to undertake an integrated regeneration study for Wirral Waters and Birkenhead Town Centre. It is recommended that all Council owned land in the study area is reviewed for suitability against the search criteria.
5	Cheshire Lines	There may be an opportunity for the Council to extend its interest at this location.
6	Birkenhead, Woodside	The Woodside Development Area may offer specific opportunities to introduce Council office accommodation to act as a catalyst for the progress of the Master Plan for Birkenhead Woodside. A Master Plan was produced in 2005 by the Building Design Partnership ("BDP") and Keppie Massie which is currently being refreshed. The Master Plan identifies various sites as having suitable potential for office development. The sites are in a variety of ownerships; for example, Secretary of State, Wichford (Birkenhead) and

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Ref No	Site	Comments
		private ownership (immediately adjacent to the development area.) The Plan for Woodside Business Park to the north of the study area in the ownership of Peel Holdings plc could also be considered. The area is adjacent to the existing listed Birkenhead Town Hall and therefore would create a campus configuration around democratic and civic functions at the town hall under option 4 which proposes the retention and re-use of Birkenhead Town Hall.
7	Birkenhead, Queensgate	The new development is not in Council ownership. Managing agents (Knight Frank) advise that this property is currently under offer. One of the offers is reported as enabling re-letting. The terms of this are unclear at present. The property may make suitable accommodation in the event that a temporary decant is required.
8	Bromborough, vacant sites on Wirral International Business Park	Vacant sites are available of up to 15.62 acres which would accommodate any option. The most land hungry options 5 and 6 can be expected to use in excess of 3 acres including 1 car park space for every 40 sq metres when the building is stacked over 5 floors. Public transport links are not as strong in the Bromborough area; dispersal costs could be expected to arise and additional car parking may need to be identified for the site.
9	Wallasey, Dock Road Depot, Dock Road	Leased by WBC to WPH and Colas who are vacating the site. The site is approximately 4.1 acres. This area is considered suitable for any new build option assuming a floor plate of between 1,500 sq m and 2,080 sq m and 1 car park space per 40 sq m. Access by public transport is limited at present, particularly by rail. However, road access is generally good.

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## 8. Commercial Case

### 8.1 Delivery Options Introduction

This Business Case assumes that the capital costs of the project will be funded entirely from Prudential Borrowing (“PB”) with the cost of the loan amortised over 10 years. However, the preferred procurement route for delivering the office accommodation strategy in its entirety will depend ultimately on a variety of factors. For example, the risk adjusted value of the portfolio, the opportunity for planning gain, the cash flow required by the project and the Council’s appetite for risk and approach to the risk management process. The experience of WBC in managing various forms of contractual relationship is also a consideration. In short, there is not a one size fits all type solution. The most successful councils arrive at a procurement choice through careful analysis of project requirements. Doing otherwise can be costly and counter-productive. Bearing in mind the character of the local property market as we understand it and the prevailing economic climate, the Prudential Borrowing route appears to offer the best prospects of delivery of the new office accommodation. But, WBC may wish to consider the feasibility of introducing opportunities presented by the wider regeneration plans

Separate legal and financial advice is also recommended in the case of implementation of any of the other structures described, to ensure that the Council is at all times acting within its legal powers. Members should also be aware of any potential conflicts of interest arising from membership of specially formed companies or Joint Ventures (JVs.)

This section of the report identifies the procurement and financing options generally and considers the pros and cons of each. This is intended to assist WBC in coming to a view. The following routes are considered:

- Prudential Borrowing
- Strategic Partnering Agreement
- Integrator Model (which is not the same as the Construction Integrator operated by WBC)
- Local Asset Backed Vehicle (“LABV”)
- Private Finance Initiative (“PFI”)

While generally historically better value for money can be obtained from putting a number of properties into a single vehicle, the procurement options are not totally mutually exclusive and some combination of the above may suit the needs of this

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particular programme. For example, a discrete spend to save scheme may repay interest on Prudentially Borrowed capital on an element of the strategy with a guaranteed income stream (eg car parking) leaving projects with a different risk profile to a solution incorporating an element of private finance.

The information in this section also assumes that WBC wishes to act as a single entity. Any of the options described can be applied to an arrangement whereby services are shared or jointly delivered with another public service, but the public sector risk profile may differ for individual public sector entities in these scenarios. For example, a shared service centre delivered in conjunction with NHS Wirral might be delivered by a Local Investment Finance Trust (“LIFT”) Co which may lever in additional public funding. Each of the following options will require some form of competitive process to identify the strategic partner or contractor that the Council identifies as providing the most economically advantageous proposition.

## 8.2 Prudential Borrowing

Capital investment decisions funded through PB should take full account of affordability, value for money, the implications of external borrowing and all relevant strategic planning objectives including the SAR. All these features should be taken into account when setting the prudential indicators.

The system operates under the following key principles:

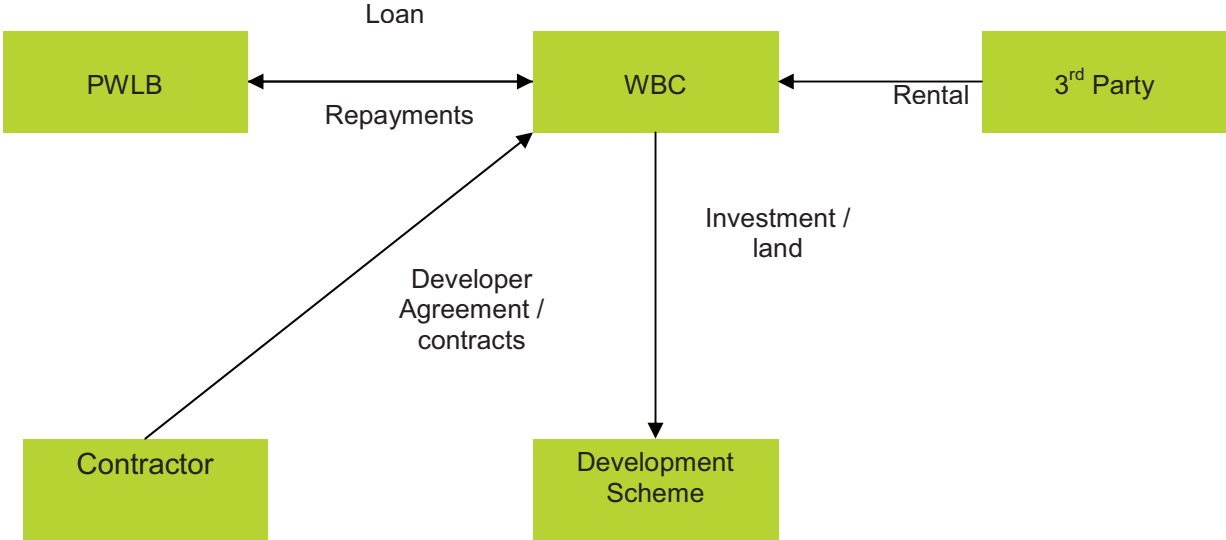
- The impact of the borrowing must be reflected in revenue budgets over the repayment period. This is a particularly relevant condition since risk is not transferred to a private sector partner under this option over and above that which is secured in a building contract. WBC must therefore ensure the sustainability of revenue to meet risk adjusted costs arising from construction, ownership and asset maintenance;
- The council must maintain a balanced budget;
- A set of Prudential Indicators are used to provide performance measurement in managing and controlling the impact of the investment decision.

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Fig 8.1: Prudential Borrowing

Strengths	Weaknesses
Prima facie economical funding method Council retains control May be combined with a framework agreement for project delivery, thus avoiding a separate competitive dialogue process May be combined with other funding options within the portfolio solution	Council retains project risks and benefits realisation risk stays with the council Prudential indicators may rule it out as an option The council should retain provision in its budget to meet contingencies throughout the asset life cycle.

Fig 8.2: Prudential Borrowing Model



### 8.3 Strategic Partnering Agreement

This form of agreement could range from a consultancy based service to an agreement to outsource various functions (either core or non core) and support services. The extent of the strategic partnering is dependent, among other things, on the scope of the project, the policy of WBC to outsourcing and the level of resources and skills in house to manage the consequences of the programme. These agreements are, however, typically characterised by not transferring delivery risk to the private sector partner, although payment can be linked to success or benefits realisation via a previously agreed mechanism. The above does not describe a full solution and neither would this option, on its own, have the capacity to raise project finance. A strategic partnering arrangement could, however, have the potential to



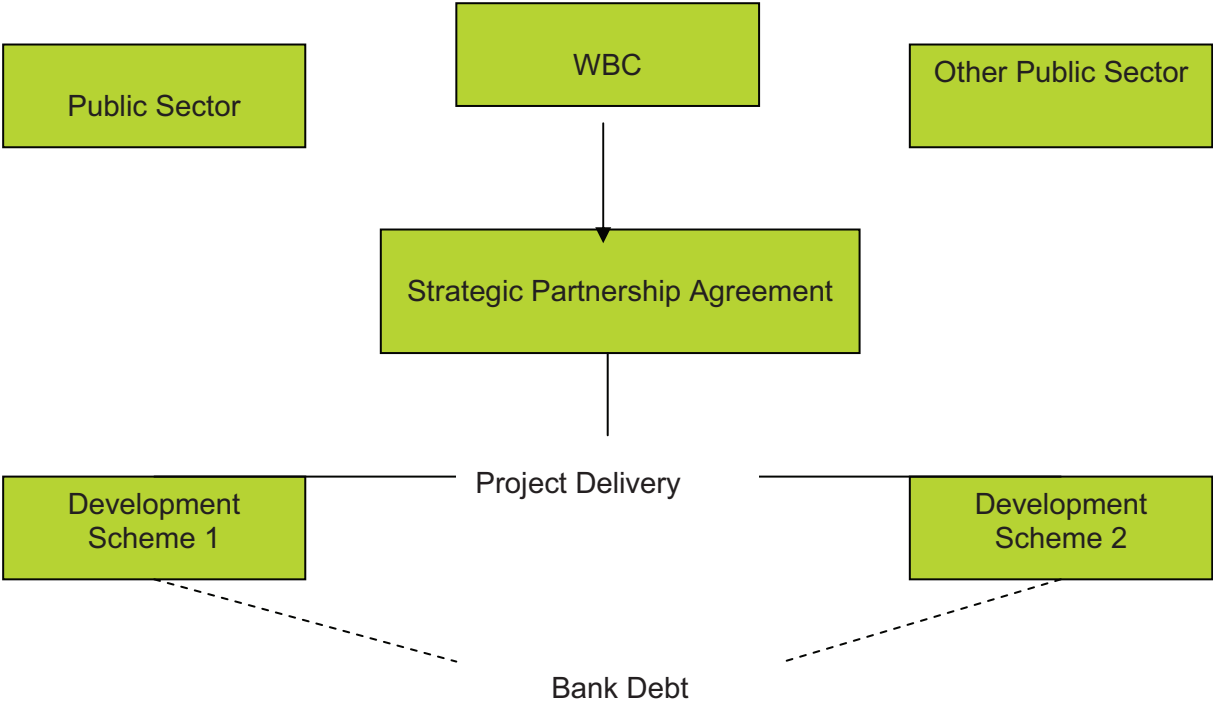
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crystallise into a Joint Venture (“JV”) type arrangement by mutual consent of the parties to the agreement.

Fig 8.3: Strategic Partnering

Strengths	Weaknesses
<p>Creates flexibility</p> <p>Enables partnering without a formal JV structure</p> <p>Can be applied to a property portfolio with some flexibility within each discrete scheme</p> <p>Encourages participation from property consultancies and management companies, giving access to relevant expertise</p> <p>Council does not feel dominated by a separate legal entity</p>	<p>May attract a variety of partners offering a different combination of skills and motivations</p> <p>Council will need to define its requirements carefully to ensure that the partner is relevant and suitable in the medium to long term</p> <p>May not offer a complete solution to the council’s needs</p>

Fig 8.4: Strategic Partnering Model



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## 8.4 Integrator Model

This model is a development on from the strategic partner model, and is particularly applicable where the programme can be cascaded into current and future phases; for example, any option which re-provided Acre Lane Professional Excellence Centre as a second phase. The contractor takes construction risk and property risk on the initial phase, using the interest in sites known to become surplus to lever in capital for the initial phase of works. The value of the surplus sites is underwritten. The Council is protected from downside risk on property values and surpluses generated are shared between the client and the contractor. Under this model, the contractor would carry out a competitive tender for any subsequent phases, thus ensuring that the Council can continue to demonstrate best value on each individual transaction.

This model would be challenging to implement in the current economic climate where property values are likely to be depressed.

*Fig 8.3: The Integrator Model*

Strengths	Weaknesses
<p>It is not necessary for the Council to undertake a procurement exercise for each individual scheme</p> <p>The ability to lever in capital for the initial development is underwritten by the contractor, thus avoiding cash flow problems associated with the initial tranche of office decant and relocation</p> <p>Gain share and risk share between partners</p>	<p>Site value may only be optimised by planning consent which could be difficult or costly to obtain</p> <p>Council locked into a medium or long term commercial agreement</p>

## 8.5 Local Asset Backed Vehicle (“LABV”)

LABV describes the arrangement whereby property assets are transferred to a newly created structure in return for a receipt paid to WBC which can be used to fund capital expenditure or reduce underlying borrowings. The covenant of the Council may be used to source cheap debt to fund the new build or refurbishment works. The newly created structure manages or disposes of properties as required by the strategy and can create a separate entity for each category.

There are a range of structural options available to deliver a LABV, including the use of Limited Liability Partnerships (“LLP”) which protect the council from unlimited

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liability. The relative tax efficiency of the structure will also be an important factor in determining the optimum structure for the delivery vehicle. If WBC was considering this route, separate tax advice would be required at the appropriate time.

Similarly to the integrator model, this model would be challenging to implement in the current economic climate where property values are likely to be depressed.

Fig 8.4: LABV

Strengths	Weaknesses
Funding institutions may be involved at an early stage, adding additional confidence in the deal through financial due diligence Project remains firmly focussed because of profitability objectives Council will receive up front cash advance on the covenant of its property to fund the transformation programme	Structures to deliver can be complex and lead to delay in start up Only works effectively for portfolio transactions with a critical mass of land and property Current uncertainty in elements of the property market may add further delay and possibly dilute the deal for the council Profit maximisation may subsume the softer project objectives, such as optimised services, staff satisfaction or an ideal service configuration

## 8.6 Private Finance Initiative (“PFI”)

PFI projects transfer construction and various degrees of operational risk to the private sector which the public sector pays for through a revenue charge for the life of the contract. The commercial terms of PFI are well understood in the market place. However, PFI requires a high degree of co-ordination and certainty of scope, particularly where multiple site projects are concerned. A PFI contract will need to be sustained for a period of 25 to 30 years and variations after the initial construction period may not be justifiable on value for money grounds alone. PFI contracts typically include outsourcing of support services (particularly those related to asset maintenance) and this may not fit with WBC’s strategic plans.

PFI agreements in the local government sector have traditionally relied on PFI credits to offset interest payments and financing charges. PFI credits are not currently available for property based projects; the government view being that these projects should be self financing and not require PFI credit support. The complexity and financing of PFI makes it generally unsuitable for projects of less than £50m capital cost.

Other forms of Public Private Partnership (PPP) which do not involve external finance from the banks or bond markets, but which nevertheless capture some

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essential PFI contract principles (for example, payment related to performance) may be an acceptable alternative to conventional PFI.

Fig 8.5: PFI

Strengths	Weaknesses
<p>Standardised approach well understood in the market place</p> <p>Designed to create strong long term partnerships</p> <p>Private sector will accept construction risk and varying degrees of operational risk in return for revenue payment linked to performance</p>	<p>Risks involved in refurbishment projects generally too costly for the public sector</p> <p>Unsuitable for smaller scale projects because of the financing costs and complex contract structures</p> <p>Council must provide certainty of scope and affordability to engage potential partners</p>

### 8.7 Conclusion

The developing accommodation strategy should identify, via a risk analysis and financial model, the most appropriate route for implementation from those outlined in this Chapter. It is very important to make the right decision. It is recommended that any alternative delivery models are matched against the Prudential Borrowing model set out in this Business Case and any alternative only pursued if it demonstrates better value or can be packaged into a regeneration delivery vehicle and delivered to the agreed timescale. This is considered important, bearing in mind the sharp increase in maintenance costs in the immediate future consequent on proceeding with the existing portfolio. A process of soft market testing will identify the market appetite for partnership working to deliver the facility. Any prospective approaches can be benchmarked against the PB route at the appropriate time.

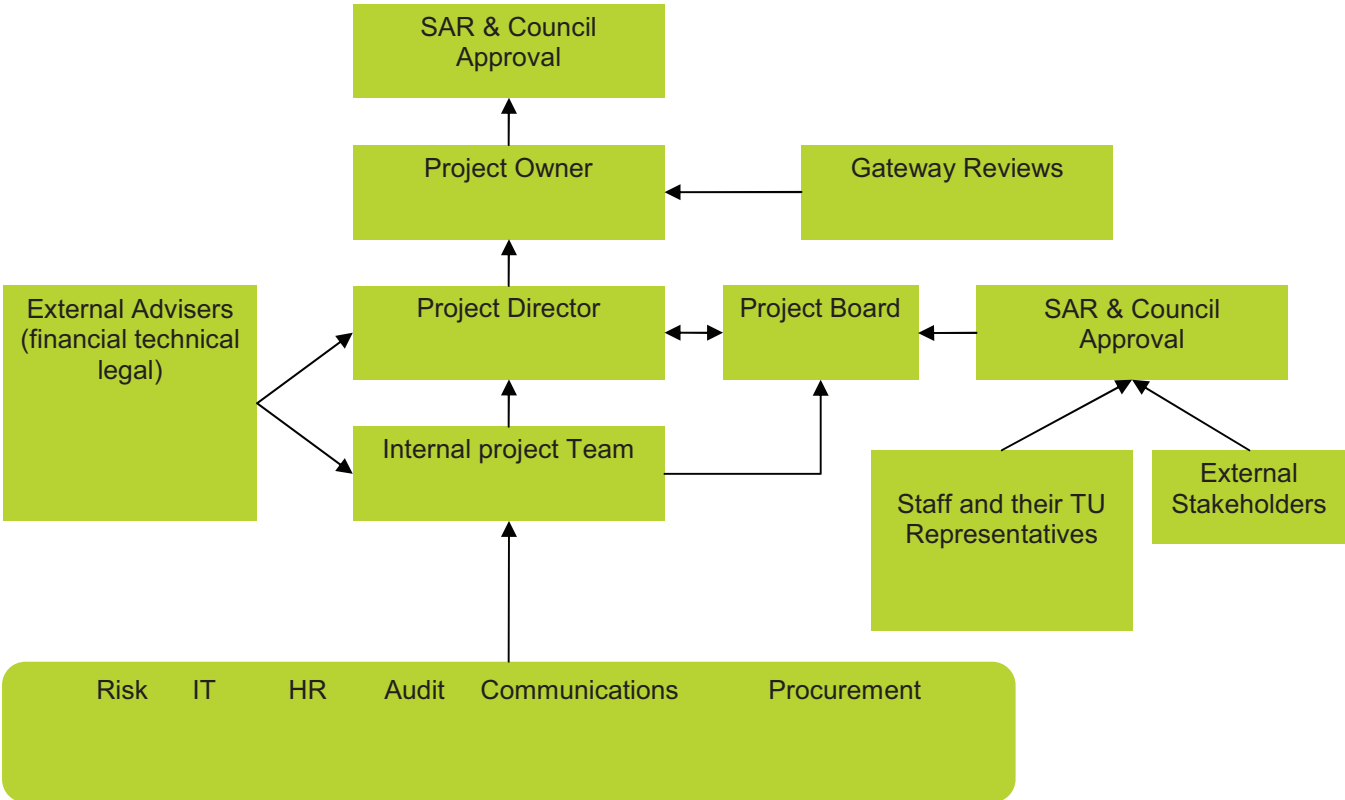
# Wirral Borough Council Strategic Asset Review: Office Accommodation

## 9. Project Management and Organisation

### 9.1 Project Management and Governance

For the delivery of the office accommodation strategy, it is assumed that WBC will wish to continue to manage the delivery of the project with a methodology consistent with PRINCE 2 principles. This will involve appropriate governance structure and scrutiny as recommended by Local Partnerships (“LP”) and illustrated in the exhibit below.

Fig 9.1: Project Management and Governance



The Project Board is the operational group responsible for the completion and delivery of the project to the Council approval body. The Project Board is also responsible for risk management, stakeholder engagement and reporting to the project owner and Strategic Asset Review Board. It is envisaged that the Project Board will have the following responsibilities in relation to the Project:

# Wirral Borough Council Strategic Asset Review: Office Accommodation

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- Oversight of the functions of the Project Team
- Strategic guidance and direction;
- Recommendations to SAR Board and Cabinet on advisor team, service configuration, site selection and organisation, procurement route and contractor selection and value for money
- Integration of the office accommodation project with the overall SAR.

## 9.2 Risk Management

High level risks are to be reviewed through the development of the project to procurement and delivery. This will help ensure that the risks are owned by the organisation throughout the project life.

## 9.3 Project Plan

The indicative key milestones and corresponding dates to be agreed as part of the project plan are set out in the table following and in the time line chart at Appendix D. This should be taken as an indication only and mirrors the timetable assumptions in the financial model.

*Fig9.3: Indicative Project Plan*

<b>Activity</b>	<b>End date</b>
EC Harris deliver business case in final draft	31 March 2010
Workshop Group to review assumptions and metrics	16 April 2010
Finalise business case for Council Officers	21 May 2010
Business Case included on Cabinet Agenda	24 June 2010
Detailed analysis on Option 3 (viz a viz Options 4,5 and 6)	16 August 2010
Preferred Option included on Cabinet Agenda	2 September 2010
<b>Indicative dates for implementation</b>	
Procurement and funding route agreed	2 September 2010
Confirm Site Location and Commence Planning Application	27 September 2010
RIBA Stages A – C complete	29 October 2010
Achieve Planning Consent	27 June 2011
Select preferred contractor	25 July 2011
Complete Final Business Case	8 August 2011
Contract completion	5 September 2011
Other strategic moves in refurbished estate complete at this point	November 2011
Completion of construction	September 2013
Completion of decanting and commissioning	November 2013
Completion of Benefits Realisation	April 2014

# Wirral Borough Council Strategic Asset Review: Office Accommodation

The project plan sets out a deliverable time frame for the approval processes for the business cases, development of the project brief, supplier negotiations and construction.

## 9.4 Benefits Realisation

A Benefits Realisation Plan is good practice for all significant public sector projects. This is designed to establish that the project can be delivered not only to time and cost, but also will deliver tangible benefits to the organisation on implementation. The Benefits Realisation Plan for this project also incorporates indirect benefits which have been facilitated, if not directly caused, by the outcome of the accommodation strategy.

*Fig 9.4: Benefits Realisation*

<b>Benefit type</b>	<b>Benefit descriptor</b>	<b>Why benefit will arise</b>
Direct	Real terms savings on maintenance costs	A key project objective is to reduce overall maintenance costs. The model shows the high impact of maintenance on the existing estate in the do minimum option.
Direct	Operational savings of £1m per annum on the corporate office estate	More efficient buildings on a smaller footprint leading to reduced backlog maintenance and utility costs
Indirect	Efficiencies generated by co-location of directorates	Service and asset configurations coherently organised around the new portfolio
Direct	Savings on staff travel to meetings	Directorates in single or adjacent buildings
Direct	Savings on corporate overheads	Savings on recruitment, sickness absences and staff turnover
Direct	Reduced carbon emissions	More energy efficient building and travel
Direct	Reduced business rate liability	Smaller footplate
Indirect	More effective communications between departments: less down time	General liaison will improve as a consequence of long term working in fewer locations; in particular IT problems will be resolved more efficiently by on the spot application
Indirect	Increased knowledge sharing and smarter project delivery	The layout of the new offices will encourage team working and provide working environments to support this ethos, negotiations with current suppliers are progressing opportunities for this in the existing environment
Indirect	Reduced risk to business continuity and efficiency	Better response co-ordination at times of emergency or peak pressure
Indirect	Greater staff satisfaction and productivity	Research has shown that staff respond positively to better working conditions and this results in lower turnover and higher satisfaction ratings in staff surveys

# Wirral Borough Council Strategic Asset Review: Office Accommodation

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Indirect	Bring about improved services to customers	Customer surveys to judge improved responsiveness
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## 9.5 Post Project Evaluation

The purpose of undertaking a post project evaluation is to assess how well the scheme has met its objectives and detailed criteria, and whether they have been achieved to time, cost and quality. In accordance with current guidance and good practice the project should be evaluated in the following key stages:

### Stage 1: Procurement Process Evaluation

A review of the option appraisal, evaluation and selection process will be undertaken on signing the contract to assess the effectiveness of the business case process in meeting project objectives contained in the contract for new development. This part of the review will identify any issues and lessons learned to be disseminated for future major projects. This stage will also enable the project board and any other WBC staff involved in the process to review their own performance to aid in up-skilling staff. This part of the review will also include structured knowledge transfer from the external advisers.

### Stage 2: Monitoring project delivery from lease signature to occupation

At this stage the actual project outputs achieved will be reviewed and assessed against requirements, to ensure that they match the outputs initially identified and all objectives on occupying the new accommodation are delivered.

### Stage 3: Initial post project evaluation of the service outcomes

This will be undertaken 6 months after full commissioning. The objective will be to determine the success of the process, and what lessons may be learned from it to apply to WBC major project delivery and across other Councils contemplating similar projects.

### Stage 4: Follow up post project evaluation

A full follow up will be undertaken 2 years into the operational phase to assess, in a structured way, the long term service outcomes, and ensure that the project's objectives continue to be met. It is envisaged that a similar methodology for this stage will apply to each lease renewal option stage after 5 and 10 years operation.

In each stage the following questions will be addressed:

To what extent have relevant project objectives been achieved and what were the reasons for any shortfall or gains?

To what extent did the project proceed as planned?



# Wirral Borough Council Strategic Asset Review: Office Accommodation

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Where any element of the plan was not followed, why this happened?

How future plans should be adjusted if required?

# Wirral Borough Council Strategic Asset Review: Office Accommodation

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## 10. Conclusion and Recommendations

### 10.1 Conclusion

This Business Case set out to demonstrate:

- The project to reconfigure the office accommodation portfolio for the Council is necessary and timely: continuing in the present estate with the current level of expenditure is unsustainable. Therefore the do minimum option creates the prospect of spending significant amounts of capital to maintain the estate as fit for purpose over the next 25 years with no or minimal efficiency or other savings arising;
- The most economically advantageous configuration solution, combining the delivery of Council objectives for excellence with the ability to deliver savings targets.

In considering the nature of the solution, various estates options were assessed combining the best use of existing accommodation with new build for the balance of the requirement. The end point of this analysis is that, from the information available and based on the set of assumptions set out in this Business Case Option 3 provides the best combination of assets for the new configuration. In summary this is because:

- The do minimum option is unsustainable over 25 years;
- Option 3 enjoys an advantage over the other Options due to its ability to deliver a greater range of benefits while delivering a savings profile. It also has the potential to capitalise on receipts from the sale of the North and South Annexes to Wallasey Town Hall while preserving the Town Hall itself in its current form. This option creates a new build requirement of 8440 sq m.

The NPV of the modelled revenue savings delivered by this option averaged over 25 years is £844,001 compared with the do minimum option. This excludes the windfall capital receipt of £1,032,000 from the sale of the North and South Annexes based on the most recent EUV (in common with all other Options apart from do minimum and Option 2) and a basket of other un-modelled savings.

### 10.2 Recommendations

# Wirral Borough Council Strategic Asset Review: Office Accommodation

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**10.2.1 Option 3 is identified as the strategic direction for the office accommodation needs of the Council. This option retains Wallasey Town Hall, makes better use of Solar Campus, retains Cheshire Lines, refurbishes Westminster House and provides the balance of accommodation in a new build. However, the benefit delivered by this option is only marginally better than other options considered. In view of this, it is recommended that a further detailed analysis is carried out to confirm the benefits of this option viz a viz Options 3,4 and 5.**

The following recommendations are also made:

- 10.2.2 Westminster House to be refurbished to accommodate 500 staff, increased from its present complement of 347. This will allow 153 staff to be moved from South Annex to Wallasey Town Hall within 2 years with a consequent saving on utility and FM costs.
- 10.2.3 Acre Lane Professional Excellence Centre to remain on its present site while the office accommodation is developed: the synergies and economies from co-location on an alternative site (possibly alongside the new office building) to be analysed with a view to re-providing the Centre as a phase 2 development.
- 10.2.4 Any further capital expenditure for development or refurbishment at Acre Lane to be the subject of a separate business case that shows that the cost will be recovered with profit derived from additional income over the next 5 years.
- 10.2.5 The gym and hall and associated accommodation at Acre Lane to be demolished realising an immediate business rate saving in year 0 of £6,435 and providing a discounted saving over 25 years of £219,788.
- 10.2.6 Discussions are initiated with the multi agency users of Acre Lane to invite them to make provision for a contribution to the capital cost of the new development.
- 10.2.7 A plan is developed to integrate the activities of the Office Accommodation work streams into the future organisational and staffing model for the Council in order to maximise the opportunities for savings and efficiencies in the new accommodation configuration.
- 10.2.8 Work is undertaken to establish the savings attributable to a reduction in HR overheads applying benchmarked savings from other projects. This should be established as a target for the new development.

# Wirral Borough Council Strategic Asset Review: Office Accommodation

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10.2.9 A decision is made concerning the location of the new build based on the information contained in this Business Case and any additional site opportunities that may come to light. Any site analysis should be assessed against the criteria identified in Chapter 7.

# Wirral Borough Council Strategic Asset Review: Office Accommodation

## Appendix A

### Glossary of Terms

Acronym	In full
BDP	Building Design Partnership
BREEAM	Building Research Establishment Environmental Assessment Method
CAA	Comprehensive Area Assessment
CSR	Comprehensive Spending Review (2007)
CYPD	Children's and Young Persons Directorate (WBC)
DASS	Directorate of Adult Social Services (WBC)
DWP	Department for Work and Pensions
FM	Facilities Management
FTE	Full Time Equivalent
GIA	Gross Internal Area
HR	Human Resources
IT	Information Technology
JV	Joint Venture
LABV	Local Asset Backed Vehicle
LDF	Local Development Framework
LIFT Co	Local Investment Finance Trust Company
LLP	Limited Liability Partnerships
LP	Local Partnerships
NIA	Net Internal Area
NPV	Net Present Value
OGC	Office of Government Commerce
OEP	Operational Efficiency Programme (of HM Treasury)
PB	Prudential Borrowing
PFI	Private Finance Initiative
PID	Project Initiation Document
PRINCE2	Projects in Controlled Environments (Version 2)
PWLB	Public Works Loan Board
RPI	Retail Prices Index
RSL	Registered Social Landlord
SAR	Strategic Asset Review
SOGE	Sustainable Operation of the Government Estate
SMART	Smart' objectives are Specific, Measurable, Achievable, Realistic and Timetabled
VAT	Value Added Tax
WBC	Wirral Borough Council
WPH	Wirral Partnership Homes

# Wirral Borough Council Strategic Asset Review: Office Accommodation

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## Appendix B

Financial Model (see separate cd)

# Wirral Borough Council Strategic Asset Review: Office Accommodation

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## Appendix C

Office location map (see separate file)

# Wirral Borough Council Strategic Asset Review: Office Accommodation

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## Appendix D

Timelines (see separate file)



# Wirral Borough Council Strategic Asset Review: Office Accommodation

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## Appendix E: Commercial In Confidence

Cheshire Lines: Not included

## Contacts

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David Revell

EC Harris LLP

1 Park Lane

Leeds LS3 1EP

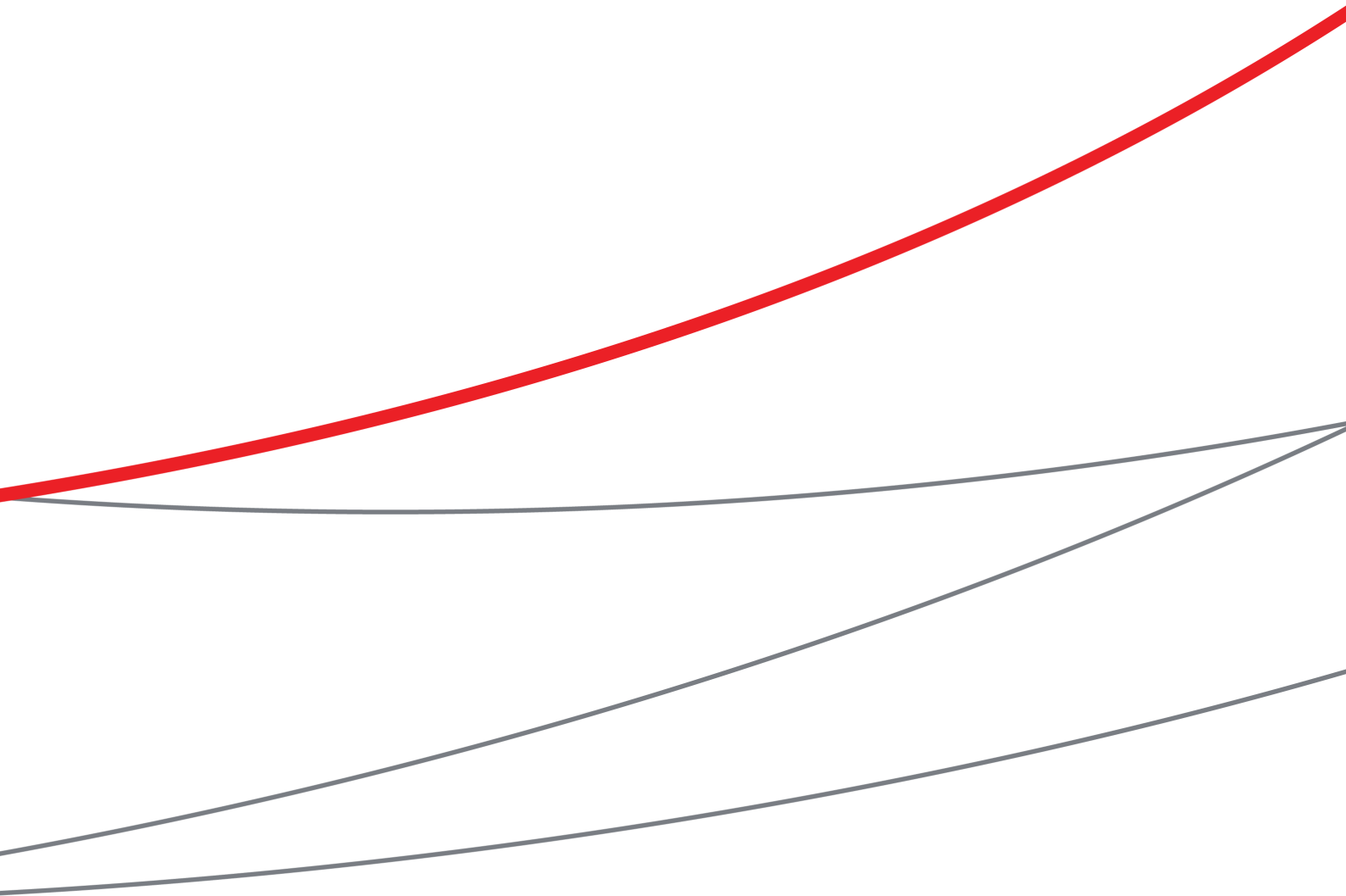
United Kingdom

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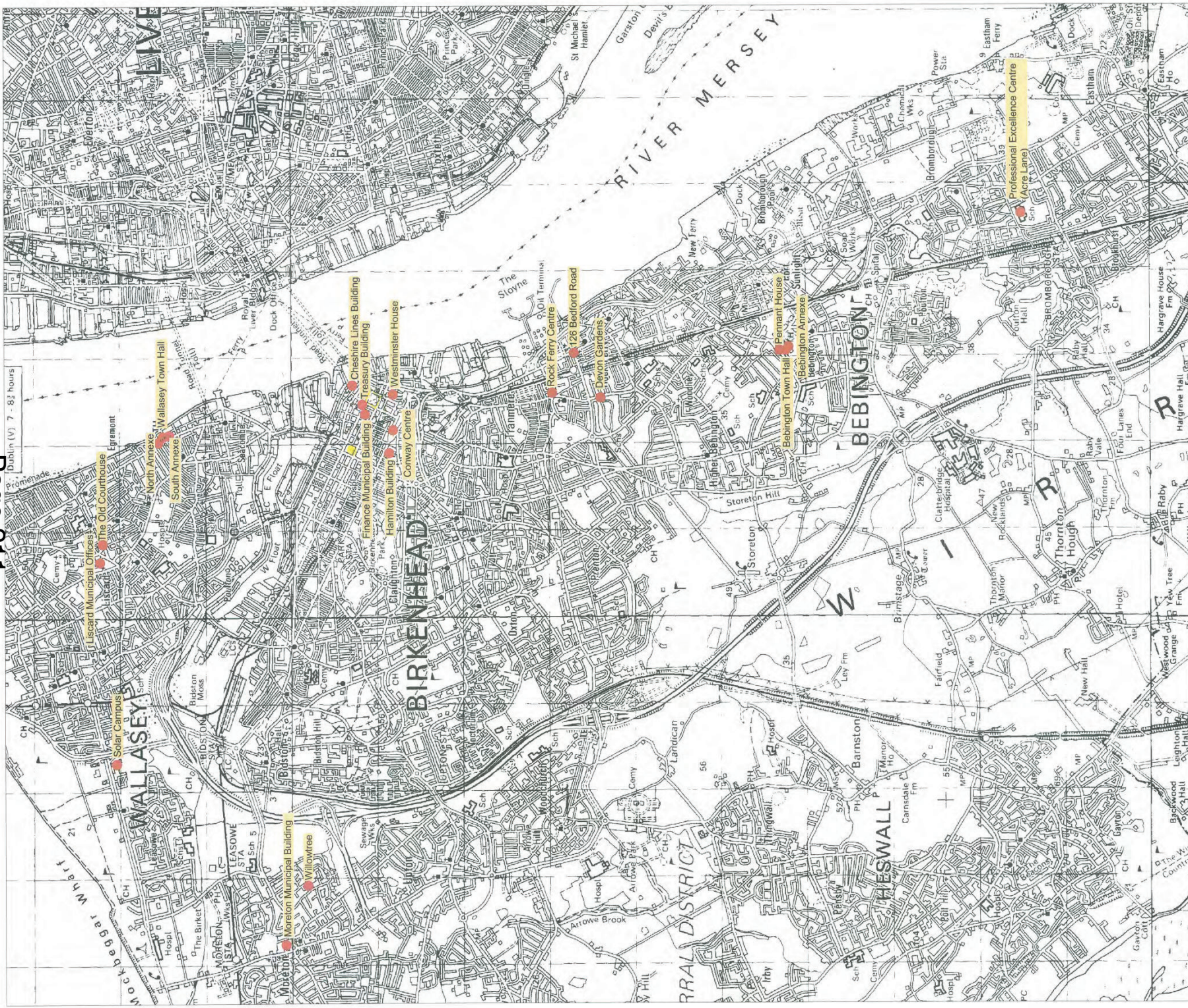
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**WIRRAL**  
Wirral Council  
 Planning and Development Department  
 Wirral Council Offices, Wirral, Merseyside, L43 7EJ

**Office Accommodation Strategy**

Scale: 1:20,000  
 Date: 15/01/2015  
 Drawn: CHM/RED  
 Checked: CHM/RED  
 Project: Office Accommodation Strategy  
 File: 0011210001

North Arrow

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# Appendix D

Wirral Borough Council – Office Accommodation Strategy Indicative Timeline	
Business Case included on Cabinet Agenda	24/06/2010 ♦
Cabinet Decision of Corporate Property Solution	02/09/2010 ♦
Delivery Programme and Procurement Route	02/09/2010 ♦
Location and Site Analysis	24/06/2010 ● 27/09/2010 ●
Concept Design (Strategic Stages RIBA A-C)	02/09/2010 ● 31/03/2011 ● 27/09/2010 ● 27/06/2011 ●
Planning Consent	01/07/2011 ●
Construction Period	01/09/2013 ●
Completion of Strategic Moves in Refurbished Accommodation	30/11/2011 ♦
Westminster House Project	02/09/2010 ● 05/01/2012 ●

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# **Equality Impact Assessment (EIA)**

**For Lead Person's Reference:**

**Office Rationalisation Project**

**Jacqui Cross (Equality & Diversity Co-ordinator)  
Corporate Services, Corporate Policy**

**(Final Version) 8 February 2008**

<b>Contents</b>	<b>Page</b>
What is an Equality Impact Assessment?	3
Why complete an Equality Impact Assessment?	3
A corporate overview of the process	4
Initial Equality Impact Assessment template	5-10
Full Equality Impact Assessment template	5-13
User reference guide	14

# Equality Impact Assessment

## What is it?

It is a self-assessment tool to help our council departments and services look at the likely positive and negative impact of their work on staff, members, service users / customers, partnerships, individuals and communities with regards to equality of opportunity in employment and service delivery.

The aim is to identify both positive and negative outcomes, and to take appropriate action to minimise or remove the negative outcomes.

## Why do we need to do it?

The council is committed to ensuring that it delivers all of its services in a fair and equal way. It also pledges to develop an inclusive and recruitment and selection procedure aimed at creating a strong and diverse workforce. This two-pronged approach ensures that we work towards removing barriers to our services and actively promote and support diversity.

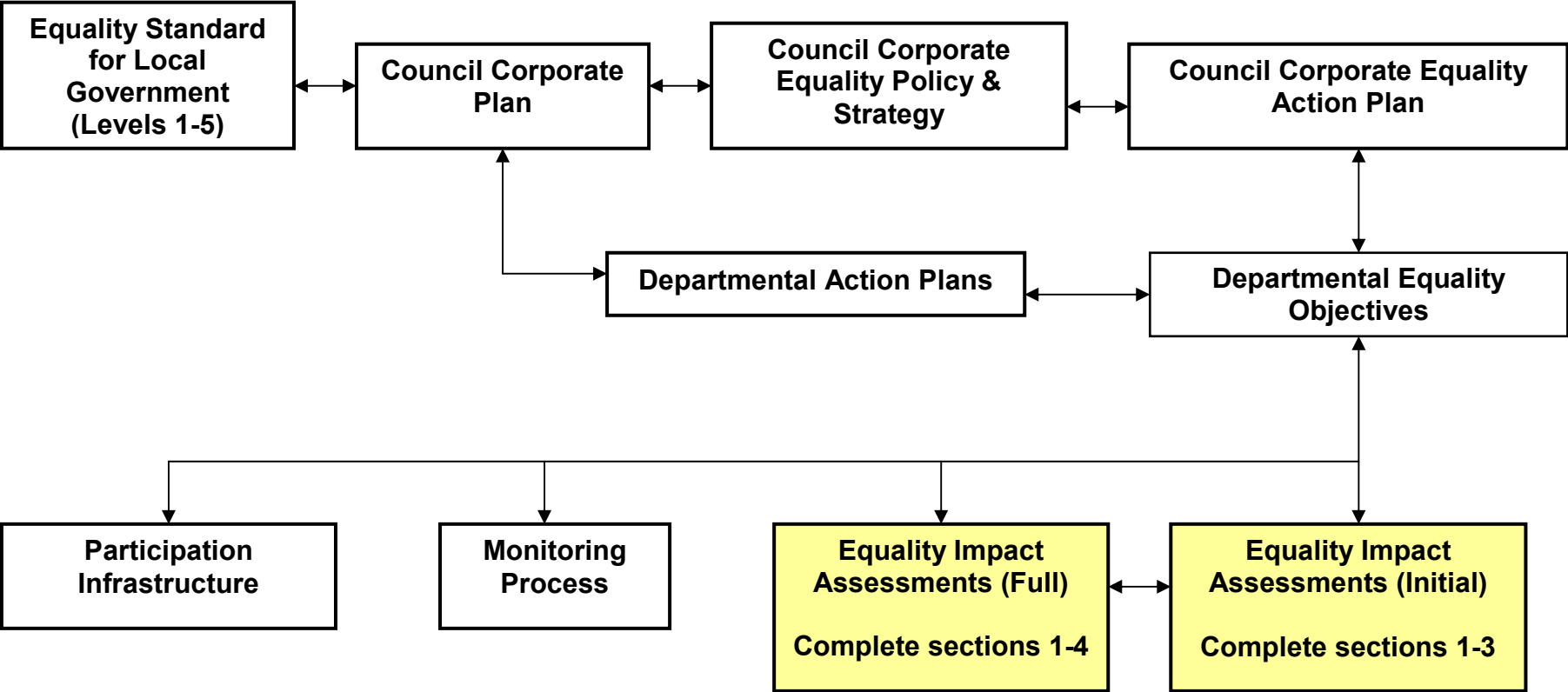
There have been some recent legislative changes in this area, including the requirement to create a gender equality scheme and increased expectations in tackling discrimination on the grounds of religion and faith, disability, age and sexual orientation. The legislation has also brought in the requirement to not only tackle discrimination but to actively promote diversity. This is a significant change to our responsibilities and one that will require us to act in different ways.

The council's equality and diversity policy draws together in one document the legislative process, the council's service delivery commitments, employment commitments and policy statements in relation to the six pillars of the equality standard, which are:

- Age
- Disability
- Race
- Religion or Belief
- Gender
- Sexual Orientation

The Equality Standard for Local Government helps us to measure progress towards promoting diversity. The standard has five levels and Wirral council is currently at level two. In order to meet the requirements of the standard we need to ensure we carry out Equality Impact Assessments on all council functions, services, projects, strategies and policies.

**Corporate overview of the process**



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## Equality Impact Assessment

### Section 1: Your details

(1.1) Department: Law, HR and Asset Management

(1.2) Division: Asset Management

(1.3) Assessment Lead: Phil Ashley

(1.4) Telephone: 0151 691 8480

(1.5) Email: [philashley@wirral.gov.uk](mailto:philashley@wirral.gov.uk)

(1.6) Who else will be involved in the process? (see guidance note 1)

**Ian Brand, Chief Executive, Chief Officers, Members,  
Snr Management Working Group,  
Local Strategic Partners, EC Harris Consultancy, Trade Unions,  
Human resources, Representative Staff Group & Line Managers.**

(1.7) Please sign & date this form .....Phil Ashley.... (signed) ...3<sup>rd</sup> June 2010 (date)

### Guidance Note 1:

**For Initial EIA's it is best practice to involve the service / function manager, equality and diversity lead(s) and relevant frontline staff.**

**For Full EIA's it is best practice to involve the service / function manager, equality and diversity lead(s), relevant frontline staff, customers, appropriate external agencies, and the voluntary and community sector**

**Section 2: What is to be assessed?**

(2.1) Name of service / function / **project** / strategy / policy to be assessed (see guidance note 2)

**Office rationalisation Project**

(2.2) Is this a new or existing service / function / project /strategy / policy? (please state)

**New – Part of Strategic Asset Review**

(2.3) Which equality impact assessment are you completing?

Initial            or             Full

**Guidance Note 2:**

**Service = your department / service area and its employees**

**Functions = your department / service area's activities**

**Projects = your department / service area's work programmes**

**Strategy = a plan of action intended to accomplish a specific goal**

**Policy = a plan of action to influence and determine decisions, actions and other matters**

**Procedure = a series of steps taken to implement a policy**

### Section 3: Let's do the Initial Equality Impact Assessment

3.1 Could a particular group of people be affected differently in either a negative or positive way by the service / function / project / strategy / policy?

<b>Equality Group</b>	<b>Positive Impact (benefits)</b>  <b>Please number each one</b>	<b>Negative Impact (disadvantage)</b>  <b>Please number each one</b>	<b>Please rate each negative impact 'low', 'medium' or 'high'</b>
Disabled People	1. Any new building will be DDA compliant  2. Where possible refurbished buildings will be DDA compliant  In both instances offering considerable improvement on current environments.	Individual needs will need to be specifically addressed i.e.those with an Access to Work Assessment	Low
Lesbian, Gay & Bisexual People	None	None	N/A
Women	None	None	N/A
Men	None	None	N/A
Transgendered People	None	None	N/A

Black & Racial Minority People (please state which group)	New environments will, where practicable address differing cultural needs.	None	N/A
Older People (60+)	None	None	N/A
Younger People (17-25) and Children  Please state male or female	None	None	N/A
Religious / Faith Groups	New environments will where practicable address the needs across the religious & faith spectrum	None	N/A
Other excluded groups (please state)	None	None	N/A

**Note: If you have rated any negative impact(s) as ‘High’ please go straight to Section 4 to complete a full assessment.**

**Note: If you have rated any negative impact as ‘Low’ or ‘Medium please complete the rest of this section on pages 9 and 10.**

**Guidance Note 3: How to assess negative impacts**

**Low = It is not discriminatory according to current legislation. However, it might not be seen as being in line with best practice.**

**Medium = It is not discriminatory according to current legislation. However, it is not in line with the council’s Corporate Equality Policy and/or Strategy**

**High = It is discriminatory according to current anti-discrimination legislation (i.e. it is unlawful), and therefore contravenes the council’s Equality Policy**



**3.2 Please list below any actions that you plan to take as a result of any negative impact**

<b>Low or medium negative impact</b>	<b>Action required to remove or minimise the impact</b>	<b>Lead person</b>	<b>Timescale</b>	<b>Resource implications</b>	<b>Any other comments</b>
Individual needs will be specifically addressed i.e. those with an Access to Work Assessment	Line Managers to undertake a review of individuals specific needs and report findings to Asset Mgt.	Phil Ashley	3-5 years	Asset Management  Members of staff with specific issues & their Line Managers	

**3.3 Could you improve the positive impact(s)? Please explain how**

Staff awareness and willingness to participate is key to ensuring that any improved environment / working practises enhance the work experience & outcomes for Users of Services.

**3.4 If you have identified no negative impact, then please explain how you reached that decision**

.

**Thank you for completing the initial assessment (please email a copy of this report to [jacquicross@wirral.gov.uk](mailto:jacquicross@wirral.gov.uk))**

**Please note that the lead assessment person is responsible for ensuring the actions on pages 9 and 10 are incorporated into your departmental plan.**

## User Reference Guide

### Legislation

There are currently 6 strands to the framework of UK equality legislation:

1. Gender: Sex Discrimination Act 1975, Gender Recognition Act 2004
2. Race: Race Relations Act 1976
3. Disability: Disability Discrimination Act 1995
4. Sexual Orientation: Employment Equality [Sexual Orientation] Regulations 2003
5. Religion & Belief: Employment Equality [Religion or Belief] Regulations 2003
6. Age: Employment Equality [Age] Regulations 2006

For further information and to view amendments to the above Acts please visit [www.equalityhumanrights.com](http://www.equalityhumanrights.com) (Equality & Human Rights Commission).

### Equality Standard for Local Government

Improvement & Development Agency	<a href="http://www.idea.gov.uk">www.idea.gov.uk</a>
Local Government Association	<a href="http://www.lga.gov.uk">www.lga.gov.uk</a>
Audit Commission	<a href="http://www.audit-commission.gov.uk">www.audit-commission.gov.uk</a>
Government Equalities Unit	<a href="http://www.womenandequalityunit.gov.uk">www.womenandequalityunit.gov.uk</a>

### Useful Websites

Age Concern	<a href="http://www.ageconcern.org.uk">www.ageconcern.org.uk</a>
Breakthrough UK	<a href="http://www.breakthrough-uk.com">www.breakthrough-uk.com</a>
Communities & Local Government	<a href="http://www.communities.gov.uk">www.communities.gov.uk</a>
Disability Now	<a href="http://www.disabilitynow.org.uk">www.disabilitynow.org.uk</a>
Discrimination at Work Issues	<a href="http://www.direct.gov.uk">www.direct.gov.uk</a>
Sexual Orientation Issues	<a href="http://www.lgf.org.uk">www.lgf.org.uk</a>
Women's Issues	<a href="http://www.womenandequalityunit.gov.uk">www.womenandequalityunit.gov.uk</a>
Trans People's Issues	<a href="http://www.pfc.org.uk">www.pfc.org.uk</a>
Race Issues	<a href="http://www.runnymedetrust.org">www.runnymedetrust.org</a>
Younger People's Issues	<a href="http://www.nya.org.uk">www.nya.org.uk</a>

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

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