



Council

Town Hall
Wallasey

18 February 2011

Dear Councillor

You are hereby summoned to attend a meeting of the Council to be held at **6.15 pm on Tuesday, 1 March 2011** in the Council Chamber, within the Town Hall, Wallasey, to take into consideration and determine upon the following subjects : -

Contact Officer: Brian Ellis
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AGENDA

1. MAYOR'S COMMUNICATIONS

To receive the Mayor's announcements and any apologies for absence.

2. DECLARATIONS OF INTEREST

The members of the Council are invited to consider whether they have a personal or prejudicial interest, or statutory restriction on voting*, in connection with any matter to be debated or determined at this meeting and, if so, to declare it and state the nature of such interest or restriction.

* A letter from the Director of Law, HR and Asset Management explaining the restrictions imposed by section 106 of the Local Government Finance Act 1992 has been circulated to all Members of the Council.

3. PETITIONS

To receive petitions submitted in accordance with Standing Order 21.

4. MINUTES (Pages 1 - 38)

To receive as a correct record the minutes of the meeting of the Council held on 14 February 2011.

5. MATTERS REQUIRING APPROVAL BY THE COUNCIL (Pages 39 - 130)

On a motion by the Leader of the Council, to approve recommendations from the Cabinet meeting held on 21 February 2011 (to follow), subject to consideration of any amendments received in accordance with Standing Order 7(2) or Standing Order 13 (Budget Council Procedure) - see item 6 below.

If the proposed budget is amended, wholly or partly, that will be regarded as an in-principle decision, which will automatically come into effect five working days from the date of that decision, unless the Leader of the Council informs the Director of Law, H.R. and Asset Management in writing within that time that he objects to the decision becoming effective and provides reasons why. In that case, the Director of Law, H.R. and Asset Management will call another meeting of the Council within a further five days (for which a reserve date has been set, namely 9 March). The Council will then be required to reconsider its decision, and the Leader's written submission. At that second meeting the Council can:

- (i) accept the Cabinet's recommendation, without amendment or objection; or
- (ii) approve a different decision which does not accord with the recommendation of the Cabinet

by a simple majority of votes cast at the meeting.

The minutes of the Cabinet meeting on 21 February will be circulated separately. The following reports to Cabinet are attached;

- (i) Council Budget Report 2011-12.
- (ii) Schools Budget 2011-12.
- (iii) Treasury Management and Investment Strategy 2011-12
- (iv) Capital Programme and Capital Financing
- (v) Interim Carbon Budget 2011-12

6. MATTERS FOR DEBATE (Pages 131 - 136)

Pursuant to Standing Order 5(1)(m), and in accordance with Standing Order 5(3), to consider any objections or amendments to minutes

submitted under Standing Orders 7(2) and 13.

The Cabinet has been asked to agree a procedure for the Council meeting that envisages one debate on the Budget.

7. VACANCIES

To receive nominations, in accordance with Standing Order 25(5), in respect of any proposed changes in the membership of the Cabinet and committees, and to approve nominations for appointments to outside organisations.

8. ANY OTHER BUSINESS

To consider any other items of business that the Mayor accepts as being urgent.

A handwritten signature in black ink, appearing to be 'B. M.', followed by a long horizontal flourish.

Director of Law, HR and Asset Management

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Public Document Pack Agenda Item 4

COUNCIL

Monday, 14 February 2011

Present: The Mayor (Councillor Alan Jennings) in the Chair
Deputy Mayor (Councillor Moira McLaughlin)

Councillors	T Anderson	K Hayes	C Povall
	C Blakeley	P Hayes	A Pritchard
	E Boulton	A Hodson	D Realey
	A Bridson	S Holbrook	P Reisdorf
	A Brighthouse	P Johnson	L Rennie
	S Clarke	M Johnston	D Roberts
	W Clements	AER Jones	L Rowlands
	J Crabtree	P Kearney	J Salter
	G Davies	J Keeley	H Smith
	P Davies	S Kelly	W Smith
	WJ Davies	B Kenny	J Stapleton
	D Dodd	D Knowles	S Taylor
	D Elderton	I Lewis	G Watt
	G Ellis	A McArdle	S Whittingham
	S Foulkes	D McCubbin	R Wilkins
	G Gardiner	AR McLachlan	I Williams
	P Gilchrist	C Meaden	KJ Williams
	P Glasman	D Mitchell	P Williams
	JE Green	R Moon	S Williams
	J Hale	S Mountney	K Wood
	T Harney	S Niblock	

Apologies Councillors RL Abbey T Smith

78 MAYOR'S COMMUNICATIONS

Councillor Denis Knowles referred to the decision of the Standards Hearing Panel on 22 November, 2010 that he should make a verbal apology to the next appropriate meeting of the Council for waiving his fist at the Council meeting on 13 July, 2009. Councillor Knowles apologised to the Council for his misdemeanour and asked for his apology to be accepted in the spirit in which it was given.

Councillor Andrew Hodson, Cabinet Member Regeneration and Planning Strategy, presented a gift to the Mayor received from a high profile Chinese investment delegation to the Borough. He reported that the Chinese delegation was impressed by its visit to the Northwest and the potential investment opportunities.

79 DECLARATIONS OF INTEREST

The members of the Council were invited to consider whether they had a personal or prejudicial interest in connection with any matter to be debated or determined at the

meeting and, if so, to declare it and state the nature of such interest. The following declarations were made:

All councillors who have registered any interests in any voluntary, community or faith organisations declared a personal interest in motion 8 (Working with Wirral's Voluntary, Community and Faith Organisations).

All councillors who have been appointed to serve as governors on school and college sixth form governing bodies declared a personal interest in motion 12 (Pupil Premium).

All Labour Group members who are members of Merseyside Pension Fund declared a personal interest in motion 9 (Merseyside Pension Fund: Shareholder Votes on Executive Pay).

Councillor S Whittingham declared a personal interest in respect of minute 285 (Cabinet – 13/1/2011) Local Transport Plan by virtue of his employment.

Councillor A Brighouse declared a personal interest in respect of motion 9 (Merseyside Pension Fund: Shareholder Votes on Executive Pay) by virtue of his wife's employment.

Councillor M Johnston declared a personal interest in respect of motion 9 (Merseyside Pension Fund: Shareholder Votes on Executive Pay) by virtue of his wife's employment.

Councillor P Williams declared a personal interest in respect of motion 9 (Merseyside Pension Fund: Shareholder Votes on Executive Pay) by virtue of her husband being in receipt of a pension from MPF.

Councillor S Williams declared a personal interest in respect of agenda item 3 (B) (Petition –The Lyndale School, Eastham) by virtue of him being a governor of Foxfield School, Moreton.

Councillor P Hayes declared a prejudicial interest in respect of motion 5 (Youth Unemployment) (and left the meeting during the consideration of this matter).

Councillor Karen Hayes declared a prejudicial interest in respect of motion 1 (The Future of Burton's and the Local Economy) by virtue of her employment (and left the meeting during the consideration of this matter) by virtue of her employment.

Councillor D Knowles declared a prejudicial interest in respect of motion 6 (Educational Maintenance Allowance) by virtue of a member of his family being in receipt of EMA (and left the meeting during the consideration of this matter).

Councillor D Knowles declared a personal interest in respect of motion 9 (Merseyside Pension Fund: Shareholder Votes on Executive Pay) by virtue of his wife's employment.

Councillor G Watt declared a prejudicial interest in respect of motion 6 (Educational Maintenance Allowance) by virtue of his daughter being in receipt of EMA (and left the meeting during the consideration of this matter).

Councillor I Lewis declared a personal interest in respect of motion 10 (High Voltage Direct Current) by virtue of him being a member of North Wirral Coastal Park.

Councillor L Rennie declared a personal interest in respect of agenda item 3 (B) (Petition –The Lyndale School, Eastham) by virtue of her being a governor of Elleray Park School, Wallasey.

Councillor I Rennie declared a personal interest in respect of motion 10 (High Voltage Direct Current) by virtue of her being a member of North Wirral Coastal Park.

Councillor S Kelly declared a personal interest in respect of motion 9 (Merseyside Pension Fund: Shareholder Votes on Executive Pay) by virtue of his wife's employment.

Councillor M Johnston declared a personal interest in respect of motion 9 (Merseyside Pension Fund: Shareholder Votes on Executive Pay) by virtue of a relative being a member of Merseyside Pension Fund.

80 **PETITIONS**

- (A) In accordance with standing order 21, the Mayor received petitions submitted by:
- (i) Councillor J Williams on behalf of 397 signatories opposing any move of the One Stop Shop at Pennant House to any other site.
 - (ii) Councillor D Realey on behalf of 153 signatories requesting immediate repairs and upgrading of the children's playground in Prenton Dell.
 - (iii) Councillor P Reisdorf on behalf of 21 signatories requesting improved parking provision in Glenwood Drive near the school entrance adjacent to the junction with Coombe Road to improve problems of congestion in the area.
 - (iv) Councillor D McCubbin on behalf of 26 signatories requesting immediate action to prevent the construction company Mansell from using the Thingwall Road East entrance onto land at the Warrens.
 - (v) Councillor C Povall on behalf of 192 signatories requesting yellow lines at the Allport Road end of Marfords Avenue, Bromborough to stop hazardous parking on the 'S' bend.
 - (vi) Councillor C Povall on behalf of 192 signatories requesting the resurfacing of Marfords Avenue, Bromborough.
 - (vii) Councillor S Clarke on behalf of 48 signatories requesting the resurfacing of Higher Bebington Road.

- (B) In accordance with the Petition Scheme (when petitions with a threshold of 1,500 signatures will trigger a Council Debate) the Council received a petition of 1874 signatures submitted by the Mayor and Councillor T Harney, Chair of Governors, The Lyndale School, Eastham, asking the Council to develop, as a matter of urgency, a consistent and coherent policy for children with profound and multiple learning difficulties.

In accordance with Standing Order No. 5 (m) it was moved by the Mayor and seconded by the Deputy Mayor that the contents of the petition from the Lyndale School, Eastham, asking the Council to develop a policy for children with profound and multiple learning difficulties be noted.

Nicola Griffiths addressed the Council on behalf of the petitioners.

Councillor Sheila Clarke, Cabinet Member Children's Services and Lifelong Learning, thanked the parents, staff, and governors for their contribution to the Lyndale School and its achievements.

On a motion by Councillor Green seconded by Councillor Foulkes it was:

Resolved (63:0) – That the Council initiates, as a matter of urgency, a thorough review of the current provision for children and young people with profound and multiple learning difficulties (PMLD) on Wirral. The review will produce a comprehensive policy regarding the best ways to educate, support and care for these children and young people including transition from and provision during life beyond school. Parents will be fully involved in the planning and writing of this policy.

This review will be presented to Cabinet by the end of 2011.

81 MINUTES

The minutes of the meetings of the Council held on 13 December, 2010, had been circulated to members and it was –

Resolved – That the minutes be approved and adopted as a correct record.

82 MATTERS REQUIRING APPROVAL BY THE COUNCIL

In accordance with Standing Order 7(1) a number of matters were submitted for approval by the Council.

On a motion by Councillor Green, seconded by Councillor Rennie it was –

Resolved – That the following matters be approved:

- (i) **Minute 282 (Cabinet - 13/1/2011) Local Development Framework – Sites of Biological Importance**

- (ii) **Minute 284 (Cabinet - 13/1/2011) Joint Merseyside Waste Development Plan**
- (iii) **Minute 285 (Cabinet - 13/1/2011) Local Transport Plan – Capital Programme.**
- (iv) **Minute 306 (Cabinet - 3/2/2011) Discretionary Rate Relief for Non Profit Making Organisations**
- (v) **Minute 34 (Licensing, Health and Safety and General Purposes Committee - 10/01/2011) - Local Government (Miscellaneous Provisions) Act 1982.**

83 **MATTERS FOR NOTING**

On a motion by Councillor Green, seconded by Councillor Rennie, it was -

Resolved –

- (1) **That the petition to help improve Birkenhead Dog Kennels be noted.**
- (2) **That the following matters be noted:**

Minute 312 (Cabinet - 3/2/2011) Tender Report – New Co-located Pensby Primary and Stanley Schools (waiving of call-in).

Minute 321 (Cabinet - 3/2/2011) Implementation for Health and Wellbeing Boards (waiving of call-in).

84 **QUESTIONS**

- (A) Mr R J Jones, having given the appropriate notice in accordance with Standing Order 11, submitted the following question relating to problems with flooding in Birkenhead Park:

Birkenhead Park has had £11.5 million spent on it and is now a beautiful park and a genuine gem for all taxpayers of Wirral.

Since 2006 I have raised and given photographic evidence to the Cultural Services Department concerning the problems with flooding... However after clearing drains it is quite obvious that the problem is with the Main Culvert and as such we should call into question the contractor or Cultural Services for not maintaining the drainage properly.

My three Claughton Ward Councillors have all been extremely helpful but now I feel frustrated and feel that I have hit a brick wall and as a Council Tax payer I ask Wirral Borough Council to address this serious problem as in my lifetime I

do not see any further monies coming from English Heritage, Lottery Grant or any other organisation.

Councillor David Elderton, Cabinet Member for Culture, Tourism and Leisure, responded as follows:

Thank you for this question – which relates to Birkenhead Park, our valuable, much loved, unique cultural asset. Most of the flooding problems in the park originally identified by Mr Jones in 2006 have now been resolved. The problems that do remain are the result of surface water from external adjacent streets overflowing into the park. One particular section of the carriage side drain near the grand entrance - which is at the lowest part of the park - still does not drain as quickly as it should do or needs to.

However, the historic main culvert running the length of the park is running well and the problem is with the culverts and drains connecting to the roadside gulleys.

During March this year, whilst we have drainage contractors on site carrying out improvements to the cricket fields, we will undertake further investigations to identify the location of any bottlenecks and remove them. Work continues with Streetscene to resolve the external problems relating to excess surface water discharge from adjacent roads.

- (B) Mr P Brightmore, having given the appropriate notice in accordance with Standing Order 11, submitted the following question regarding the Educational Maintenance Allowance:

The introduction of Educational Maintenance Allowance by Labour was of vital importance to families on moderate and low incomes, ensuring all young people have equal access to education.

Youth unemployment is worryingly high, and as a result of the Conservative/Lib Dem coalition policy to abolish EMA there is real fear the situation could be further exacerbated. Students from poorer families may not be able to afford to attend further education and obtain the skills they need to find a job.

In response to the scrapping of EMA, can the Cabinet Member for Children and Young People explain what provision, if any, Wirral Council will be making for students who, prior to the cuts, were entitled to EMA, so ensuring youth unemployment does not increase and the local economy suffer as a result.?

Councillor Sheila Clarke, Cabinet Member for Children's Services and Lifelong Learning, responded as follows:

In the 2011/12 academic year Education Maintenance Allowance (EMA) will be replaced by an enhanced learner support fund which will be managed directly by local schools, colleges and training providers. (The methodology for allocating funds has not been announced by the Department for Education to date).

The Coalition Government is increasing the funds paid for young people that live in the most deprived areas of England and those who are disadvantaged by other circumstances. An additional £150 million is being made available nationally in the 2011/12 academic year.

The Young Peoples Learning Agency (YPLA) state that funds will be redirected using the disadvantage uplift and Additional Learner Support elements of the funding formula (YPLA, 2010). The Department for Education (DfE) and YPLA are currently talking to representatives from the sector, and others (such as the NUS, Centrepoin, YWCA), on the detail of the new arrangements.

The YPLA plan to allocate the enhanced funding in line with the timetable for overall 2011/12 funding allocations. This means that the additional funding will be announced to schools, colleges and private training providers by the end of March 2011.

It is expected that decisions will be made on the basis of a local assessment of the personal circumstances of individual students, and that funding can be more closely targeted to those in the greatest need.

Further information regarding 16-19 funding can be accessed via the YPLA website at: <http://www.ypla.gov.uk>

Mr Mayor, the Cabinet is committed to doing everything possible to reduce the number of young people not in education, employment or training and to encourage more young people from low income families to attend university.

Mr Brightmore then asked a supplementary question to which Councillor Clarke responded accordingly.

- (C) Councillor Peter Reisdorf, having given the appropriate notice in accordance with Standing Order 11, submitted the following question regarding the future of the Pacific Road Theatre and Tramway:

"What is the future of f the Pacific Road Theatre and Tramway following the recent decision by the Merseytravel Board, taken against officer advice following lengthy negotiation, to block the transfer of these facilities to Merseytravel?"

Councillor Simon Holbrook, Cabinet Member for Corporate Resources, responded as follows:

Following Merseytravel's decision Council officers are reviewing options for the future of Pacific Road, the Transport Museum and tramway, and a report on these options will be brought to Cabinet for consideration in due course. In the meantime both facilities remain open for 'business as usual'. In particular, activities and performances were programmed through 2011 at Pacific Road and interest in the venue remained high. He also gave an assurance that sufficient money would be included in the Budget to ensure both facilities could remain fully operational throughout the next financial year.

- (D) Councillor Phil Gilchrist, having given the appropriate notice in accordance with Standing Order 11, submitted the following question regarding the backlog of works to United Utilities' sunken manhole covers:

"Based on the Council's unanimous support, in April 2010, for work to ensure that United Utilities tackle the backlog of works to their sunken manhole covers, what steps have been taken, and what steps are in hand to get this long running problem resolved?"

Councillor Lesley Rennie, Cabinet Member for Streetscene and Transport Services, responded as follows:

Following the Notice of Motion received earlier this year and approved by the Council, the Director of Technical Services met with the Chief Executive of United Utilities to review the situation and discuss a way forward. The current position is as follows:

We estimate that there are approximately 47,000 U.U. manholes located in the highway network in Wirral.

Since the beginning of June 2010 we have reported 190 defective manholes to U.U. and they have issued orders to their contractors to repair 134 which is approximately 70%. The cost of lifting and resetting manhole covers and frames in the reported locations we consider to be in the region of £11,000 not including the costs of any necessary signing and coning which on principal routes would be considerable. Adding traffic management costs would increase the figure to more than £30,000.

Since David Green and myself met representatives of UU in November 2009 to discuss the problems with their apparatus and agree a possible service level agreement the network manager who attended the meeting has now retired from U.U. He was aware at that time that he would be leaving but they have only recently appointed a successor.

At that meeting UU agreed to deal with 30 manholes per month which they considered to be a reasonable number to repair within the resources available to them and this is the figure we report to them monthly with our estimated timescale for repair depending on our assessment of the impact of the defect to the highway network.

I have spoken to Scott Green the new Network Manager and advised him of the agreed monthly total and our requirements for a measurable SLA, he is now discussing this with his colleagues and I will be meeting him on 3 March 2011 to hopefully formalise the arrangements.

I also reminded him of the commitment made by their Chief Executive to David Green in writing to undertake any necessary repairs reported to them by the Council to defective apparatus owned by them within the limits of the highway.

I will also ask for Scott Green to report back to the Flood Working Group meetings with updates of their performance in line with our SLA requirements.

85 **PROCEDURE**

On a motion by Councillor A Jones seconded by Councillor Green it was:

Resolved – That SO 7(8) be applied from 9.30 pm.

86 **MATTERS FOR DEBATE**

The matters listed for debate in accordance with Standing Order 5(2)(m) were dealt with as indicated in minutes 87 to 98 below.

87 **THE FUTURE OF BURTON'S AND THE LOCAL ECONOMY**

Proposed by Councillor Andrew Hodson

Seconded by Councillor Steve Williams

- (1) Council regrets the proposal by Burton's Foods to cease operations at the factory in Moreton, after more than 60 years production at the site.
- (2) Council welcomes the meetings held, at the Leader's request, with managers from Burton's Foods before Christmas when the Supply Chain Review was revealed, and the meetings held since with union representatives.
- (3) Council also welcomes the action by the Members of Parliament for Wallasey and Birkenhead to raise this issue in the House of Commons.
- (4) Council urges the company to reconsider this proposal and to take into account:
 - (a) The commitment, skills and flexibility of the employees, over many years, through periods of economic recession and recovery
 - (b) Investment by the taxpayer, not least by Wirral Borough Council, to secure jobs and improve the site's viability
 - (c) The current economic climate and the impact possible closure will have on families dependent on the company for their income
- (5) Council also restates its policy that the Burton's Foods site, along with the site used by Typhoo Tea and Manor Bakeries is for industrial and manufacturing purposes and not residential development.
- (6) Council instructs the interim Chief Executive and interim Director of Corporate Services to continue discussions with Burton's Foods for the duration of their consultation and to offer support to the company, as available, to maintain operations at the Moreton site.

Amendment submitted in accordance with Standing Order 7(2).

Proposed by Councillor Ann McArdle

Seconded by Councillor Steve Foulkes

At the end of paragraph 3 delete full stop and insert:

“including the action from the Wallasey MP Angela Eagle in securing an adjournment debate on the closure in the House of Commons and the support from Birkenhead MP Frank Field during that debate.”

At end of the motion insert new paragraphs:

- (7) Council recognises that this factory has only been saved in the past when the workforce and their representatives, the national Government, North West Regional Development Agency, the Council and the local MP have worked together to ensure that the future of manufacturing on the site can be safeguarded. Council pledges to continue with this approach.
- (8) Council further welcomes the launch by the Moreton workforce of a petition to save the factory and urges all Wirral residents to show their support by signing it.
- (9) Council also calls on the national Government in general and the Business Department in particular to ensure that it engages with the campaign to save biscuit manufacturing on the Moreton site and to that end ensure that, as a minimum, it makes available resources to match any which the Scottish Executive may make available to the company to facilitate its plans to move some of these jobs from Moreton to Scotland.

The amendment was accepted as a friendly amendment by the mover of the motion without a vote.

The motion as amended was put to the vote and carried (63:0)

Resolved (63:0) –

- (1) Council regrets the proposal by Burton’s Foods to cease operations at the factory in Moreton, after more than 60 years production at the site.**
- (2) Council welcomes the meetings held, at the Leader’s request, with managers from Burton’s Foods before Christmas when the Supply Chain Review was revealed, and the meetings held since with union representatives.**
- (3) Council also welcomes the action by the Members of Parliament for Wallasey and Birkenhead to raise this issue in the House of Commons including the action from the Wallasey MP Angela Eagle in securing an adjournment debate on the closure in the House of Commons and the support from Birkenhead MP Frank Field during that debate.”**
- (4) Council urges the company to reconsider this proposal and to take into account:**
 - (a) The commitment, skills and flexibility of the employees, over many years, through periods of economic recession and recovery**

- (b) **Investment by the taxpayer, not least by Wirral Borough Council, to secure jobs and improve the site's viability**
 - (c) **The current economic climate and the impact possible closure will have on families dependent on the company for their income**
- (5) **Council also restates its policy that the Burton's Foods site, along with the site used by Typhoo Tea and Manor Bakeries is for industrial and manufacturing purposes and not residential development.**
 - (6) **Council instructs the interim Chief Executive and interim Director of Corporate Services to continue discussions with Burton's Foods for the duration of their consultation and to offer support to the company, as available, to maintain operations at the Moreton site.**
 - (7) **Council recognises that this factory has only been saved in the past when the workforce and their representatives, the national Government, North West Regional Development Agency, the Council and the local MP have worked together to ensure that the future of manufacturing on the site can be safeguarded. Council pledges to continue with this approach.**
 - (8) **Council further welcomes the launch by the Moreton workforce of a petition to save the factory and urges all Wirral residents to show their support by signing it.**
 - (9) **Council also calls on the national Government in general and the Business Department in particular to ensure that it engages with the campaign to save biscuit manufacturing on the Moreton site and to that end ensure that, as a minimum, it makes available resources to match any which the Scottish Executive may make available to the company to facilitate its plans to move some of these jobs from Moreton to Scotland.**

88 **CUTS IN COUNCIL SERVICES**

Proposed by Councillor Steve Foulkes

Seconded by Councillor Phil Davies

- (1) This Council condemns the massive cuts in services cavalierly proposed by the Conservative-LibDem led administration without any regard for its consequences.
- (2) Council believes that the loss of £48m from Wirral's budget in 2011/12 and over 1300 posts, which now includes a further 220 jobs as a result of decisions taken in December, will inflict lasting damage on services for local residents which will take years to repair.
- (3) Furthermore Council believes that the loss of 1300 jobs from one of Wirral's largest employers, while jobs are also being shed in the private sector, will have a damaging effect on the economy of Wirral as a whole.

- (4) Council contrasts the rightful concern expressed by the Leader of the Council over the consequences of 342 jobs being lost at Burton's in Moreton with his total disregard for the consequences of his own decision to slash over 1300 jobs from the Council and condemns the double standards this exposes.
- (5) Council cannot accept the ideological Tory, and now Tory/Lib Dem, view that public sector workers, who do not work for profit, are in some way second class citizens, who are unproductive, who do not have families, who do not suffer consequences, who do not contribute to the economy, and who can be dispensed with in a way that would create total uproar if they were a major private employer on Wirral.
- (6) Furthermore, Council does not accept the administration's ill founded view that none of these cuts will affect front-line services. The list of posts being deleted includes care workers, librarians, youth workers, staff from children's centres, teachers, and community patrol officers and many others. Any reasonable person would define these posts as 'front line' posts, making a major contribution to the well being of our communities.
- (7) Council also condemns the utter incompetence with which the administration has managed these cuts:
 - They carried out a flawed consultation exercise which involved only 1.8% of the population of Wirral and, in spite of the time and expense used to undertake it, yielded only £691,000 out of the £48m of cuts.
 - This consultation had no impact on the largest and most damaging element of the cuts, i.e. the redundancies which accounted for some £24m, yet this administration continues to hide behind it claiming public approval for their actions.
 - They failed to take action early in the year and delayed inviting staff to apply for EVR and voluntary severance until October 2010, when it was too late to manage large scale redundancies in a sensible and measured way, minimising any potential consequences.
 - As a result of this failure, in a desperate attempt to achieve a huge savings target, staff have been allowed to leave the Council's employment without a proper assessment of the impact on services, without any agreed restructuring in place, and with no knowledge of the financial implications of any restructurings necessary to protect services.
 - To add insult to injury, as a cheap threat to drive staff into taking EVRs, this administration cut the value of any future redundancy package for staff who did not choose to leave now, or who were not allowed to leave, while awarding substantial pay rises to a small number of senior staff.
- (8) Council is further appalled and outraged at the grossly insensitive way in which some of the cuts are being driven through at break neck speed. The failure to consult properly with families and carers of elderly people who use the five care homes which are being closed is totally unacceptable and the Cabinet Member for Adult Social Services should apologise to the residents and their families.
- (9) Council believes that the Cabinet's decision to extend contracts with the voluntary, community and faith organisations which are due to end in March 2011 by three months pending a 'review' is a cynical political move to avoid

making cuts in the funding for these organisations until after the May local elections.

- (10) Council condemns the total failure of the Leader of the Council to criticise the Government for decimating local government funding in general and Wirral Council's budget in particular. Council cannot believe he has remained silent in the face of over £50million in cuts for this year alone. Council also notes that, by cravenly supporting and actively participating in these draconian cuts, the Deputy Leader of the Council has once again surrendered any claim by the Liberal Democrats to be a progressive party.
- (11) Finally, Council condemns the decision of the administration to suspend the Council's constitution at the Council meeting on the 13th December in order to avoid having to refer cuts which did not have all party agreement to the relevant scrutiny committees for further consideration. This attempt to silence opposition to the cuts, or prevent any moves to reduce their impact, will not succeed and Council recognises the right of the Labour opposition to represent the views of growing numbers of Wirral residents who wish to see an end to the policies of the Tory-LibDem coalition both nationally and locally.

Amendment submitted in accordance with Standing Order 7(2).

Proposed by Councillor Simon Holbrook (7 minutes)

Seconded by Councillor Phil Gilchrist (3 minutes)

Delete all after 'This Council' and replace with:

- (1) Recognises that the previous Labour Government led by Gordon Brown left the country with the worst national debt since the Second World War and that in their last year of office, Labour borrowed a quarter of everything they spent, a staggering £160 billion.
- (2) Council notes that arising from Labour's legacy of debt and failure, the Coalition has made deficit reduction a priority to restore the finances of the Nation, and that this in turn has resulted in a difficult financial settlement for local government.
- (3) Council notes that the projected deficit in Wirral's finances has risen from around £70 million over three years when Labour were in Government, to around £115 million over four years under the Coalition, but is greatly concerned at the front loading of these budget reductions and recognises that this has created severe and unnecessary difficulties for all local authorities in planning the required changes to their services. Council supports the work of the LGA in seeking further resources to support the vital services provided by local government.
- (4) Council commends the approach to this challenge taken by the Council's Cabinet:
 - by engaging with the public to establish the people's priorities, through the 'Wirral's Future – be a part of it' consultation;
 - through the rescue and re-invigoration of the Change Programme; and

- the timely action to offer generous early retirement and voluntary severance packages.
- (5) Council notes that these strands came together in the Cabinet resolution of 9th December, which was supported by Council on 13th December to deliver £48m of budget savings, whilst protecting front line services and without compulsory redundancies.
 - (6) Council contrasts this with the approach advocated by the Labour Party, which has at the same time accused the Cabinet of both being too slow and too hasty in implementing change.
 - (7) Council condemns the dismissive approach of the Labour Group to consultation, and their arrogant 'Decide – Announce – Defend' approach to decision making.

The amendment was put and carried (41:22).

The motion as amended was put and carried (41:22).

Resolved (41:22) -

- (1) This Council recognises that the previous Labour Government led by Gordon Brown left the country with the worst national debt since the Second World War and that in their last year of office, Labour borrowed a quarter of everything they spent, a staggering £160 billion.**
- (2) Council notes that arising from Labour's legacy of debt and failure, the Coalition has made deficit reduction a priority to restore the finances of the Nation, and that this in turn has resulted in a difficult financial settlement for local government.**
- (3) Council notes that the projected deficit in Wirral's finances has risen from around £70 million over three years when Labour were in Government, to around £115 million over four years under the Coalition, but is greatly concerned at the front loading of these budget reductions and recognises that this has created severe and unnecessary difficulties for all local authorities in planning the required changes to their services. Council supports the work of the LGA in seeking further resources to support the vital services provided by local government.**
- (4) Council commends the approach to this challenge taken by the Council's Cabinet:**
 - **by engaging with the public to establish the people's priorities, through the 'Wirral's Future – be a part of it' consultation;**
 - **through the rescue and re-invigoration of the Change Programme; and**
 - **the timely action to offer generous early retirement and voluntary severance packages.**

- (5) Council notes that these strands came together in the Cabinet resolution of 9th December, which was supported by Council on 13th December to deliver £48m of budget savings, whilst protecting front line services and without compulsory redundancies.
- (6) Council contrasts this with the approach advocated by the Labour Party, which has at the same time accused the Cabinet of both being too slow and too hasty in implementing change.
- (7) Council condemns the dismissive approach of the Labour Group to consultation, and their arrogant 'Decide – Announce – Defend' approach to decision making.

89 DEMOCRATIC REFORM AND LOCALISM

Proposed by Councillor Simon Holbrook

Seconded by Councillor Gill Gardiner

- (1) Council welcomes the measures in the Localism and Decentralisation Bill, published 13th December 2010 that will:
 - Involve people more closely in the workings of their communities
 - Diversify the way services are provided
 - Reduce the interference of central government in local and community matters
- (2) Council particularly welcomes the amendment of Pt 2 of the Local Government Act 2000, giving the flexibility for local authorities to propose their own preferred governance structures.
- (3) Council notes that the partnership agreement between the Conservative and Liberal Democrat Groups commits the current administration to consideration of how a committee system might be re-introduced and to enhancing the role of all elected members of the Council and seeking mechanisms that will allow the delegation of significant amounts of executive authority to members.
- (4) Council also notes the commitment of the current Conservative and Liberal Democrat administration to embedding processes which engage the public in the Council's decision making.
- (5) Council further notes the establishment and work of the Council's Localism Commission under the leadership of Councillor Kelly, preparing the way for a substantial devolution of functions and budgets to local neighbourhoods.
- (6) Council believes that steps should be taken now to prepare for a move towards a modernised committee structure, creating a more democratic council with the opportunity for all Councillors to be involved in making real decisions on matters that affect their residents, and being held accountable for them.

- (7) Therefore, in anticipation of the Localism Bill being given Royal Assent, Council instructs the Director of Law HR and Asset Management to immediately begin holding and facilitating discussions between the three party leaders to develop a new governance model for Wirral, within existing resources, to be ready to come into operation at the earliest opportunity within the 2011/12 municipal year once the relevant legislation is in place.

Amendment submitted in accordance with Standing Order 7(2).

Proposed by Councillor Steve Foulkes

Seconded by Councillor Phil Davies

Delete all after 'Council welcomes' and insert:

- (1) The choice being given to local councils to establish a form of governance which best suits them.
- (2) However, Council is aware that this is a matter which fundamentally affects the democracy and effective running of the organisation and which therefore deserves serious consideration before any decisions are taken.
- (3) Council has noted with dismay that in the past year the Cabinet and Scrutiny system has been seriously weakened by the blatant disregard of the leadership for the strategic role of Cabinet, taking decisions without prior referral or reports to Cabinet, and by the repeated avoidance of any real opportunity for Scrutiny, particularly on budget issues where the opportunity for Scrutiny is required by the Constitution.
- (4) Council is concerned that any hasty changes to the current form of governance could in fact lead to a form of elective dictatorship where the real decisions are taken by the leadership and a small cabal of members without any wider strategic debate and without any opportunity for scrutiny of those decisions.
- (5) Council recognises that there are flaws in the current system which need addressing, including the ability for all councillors to participate more fully in decision making, but that there are also new statutory requirements for Scrutiny of some outside bodies which need to be met.
- (6) Council therefore recommends that the whole matter be investigated thoroughly, with the opportunity for all members to participate in a debate which fundamentally affects their role as councillors, and that no changes are made to the governance system until after Annual Council in May 2012.
- (7) Council also recommends that any changes are subject to a pilot period followed by a review of that pilot.

The amendment was put and lost (22:41)

The motion was put and carried (41:22)

Resolved (41:22) –

- (1) Council welcomes the measures in the Localism and Decentralisation Bill, published 13th December 2010 that will:
 - Involve people more closely in the workings of their communities
 - Diversify the way services are provided
 - Reduce the interference of central government in local and community matters
- (2) Council particularly welcomes the amendment of Pt 2 of the Local Government Act 2000, giving the flexibility for local authorities to propose their own preferred governance structures.
- (3) Council notes that the partnership agreement between the Conservative and Liberal Democrat Groups commits the current administration to consideration of how a committee system might be re-introduced and to enhancing the role of all elected members of the Council and seeking mechanisms that will allow the delegation of significant amounts of executive authority to members.
- (4) Council also notes the commitment of the current Conservative and Liberal Democrat administration to embedding processes which engage the public in the Council's decision making.
- (5) Council further notes the establishment and work of the Council's Localism Commission under the leadership of Councillor Kelly, preparing the way for a substantial devolution of functions and budgets to local neighbourhoods.
- (6) Council believes that steps should be taken now to prepare for a move towards a modernised committee structure, creating a more democratic council with the opportunity for all Councillors to be involved in making real decisions on matters that affect their residents, and being held accountable for them.
- (7) Therefore, in anticipation of the Localism Bill being given Royal Assent, Council instructs the Director of Law HR and Asset Management to immediately begin holding and facilitating discussions between the three party leaders to develop a new governance model for Wirral, within existing resources, to be ready to come into operation at the earliest opportunity within the 2011/12 municipal year once the relevant legislation is in place.

90 **WORKING WITH WIRRAL'S VOLUNTARY, COMMUNITY AND FAITH ORGANISATIONS**

Proposed by Councillor Peter Kearney
Seconded by Councillor Jeff Green

- (1) Council believes that Wirral's voluntary, community and faith-based organisations are invaluable partners in the delivery of services, support for the most vulnerable and engaging with communities.
- (2) Council believes that the innovation and enthusiasm of civil society is essential in tackling the social, economic and political challenges that Wirral faces.
- (3) Council will take action to support and encourage social responsibility, volunteering and philanthropy, and make it easier for people to come together to improve their communities and help one another.
- (4) Council welcomes 'Big Society' projects such as the Oxton Gateway project by Wirral Christian Centre and the new community centre being constructed at Christ Church, Kings Road in Bebington.
- (5) Council notes the creation of a Big Society Unit within the Authority to build relations with Wirral's many community, voluntary and faith organisations and, specifically:
 - (a) Bring together and coordinate the available support for voluntary, community and faith groups to make their access to this support easy and quick
 - (b) To improve the promotion of such support to ensure that current and new groups are informed about the available support
 - (c) Review and create innovative new ways to engage volunteers, community groups and faith based organisations in the service delivery of this Council.

Amendment submitted in accordance with Standing Order 7(2).

Proposed by Councillor Jean Stapleton

Seconded by Councillor Denise Roberts

Delete all after paragraph 1 and insert:

- (2) Council believes that the development of the much trumpeted "Big Society" is being seriously undermined by the dramatic cuts in local authority funding across the country and the impact this is having on Voluntary Groups who are dependent on local authority funding for a high proportion of their activities.
- (3) Council notes the comments of Dame Elizabeth Hoodless, the outgoing head of Community Service Volunteers, who said that "massive cuts" were leading to a slump in volunteering opportunities.
- (4) Council notes that the Government's Big Society Tsar, Lord Wei, has promoted the idea of Council staff working fewer hours and volunteering instead, at a time when huge additional pressures are being placed on Council staff as a result of massive cuts in staffing.
- (5) Council further notes that Lord Wei has just announced that he is to work fewer hours as the Big Society Tsar because, without a private income, he cannot afford to give high levels of time to unpaid work, ironically summing up one of

the main contradictions in the idea of the Big Society, which appears, without proper funding, to depend on the good will of unpaid volunteers.

- (6) Council recognises that Liverpool has now withdrawn from its position as one of the four authorities running a Big Society pilot, because the impact of local government cuts on the voluntary sector is making it impossible to deliver.
- (7) Council also notes that the leadership on Wirral is resorting to re-badging ongoing projects, like the community centre at Christchurch, Bebington, in order to bolster the concept of the Big Society.
- (8) Council believes that the extension until June of Voluntary Sector contracts on Wirral, pending a review of the commissioning of services from the Voluntary Sector, with no further guarantees, is a cynical manoeuvre to postpone the impact of cuts until after the May elections.
- (9) Council therefore believes that setting up a Big Society Unit to increase access and support for voluntary, community and faith groups, at a time when the funds available are dramatically diminishing, is a cynical exercise, promoting the Big Society to disguise the impact on services of cuts in local government funding, at the very point when the voluntary sector is most exposed and at risk.

The amendment was put and lost (22:41).

Amendment submitted in accordance with Standing Order 7(2).

Proposed by Councillor Simon Holbrook

Seconded by Councillor Stuart Kelly

Add to the end of paragraph (5):

- (d) Work being overseen by the Interim Director of Corporate Services to support the development, capacity and business planning skills of social and community enterprises.

The amendment was put and carried (41:22).

The motion as amended was put and carried (41:22).

Resolved (41:22) –

- (1) Council believes that Wirral's voluntary, community and faith-based organisations are invaluable partners in the delivery of services, support for the most vulnerable and engaging with communities.**
- (2) Council believes that the innovation and enthusiasm of civil society is essential in tackling the social, economic and political challenges that Wirral faces.**
- (3) Council will take action to support and encourage social responsibility, volunteering and philanthropy, and make it easier for people to come together to improve their communities and help one another.**

- (4) Council welcomes 'Big Society' projects such as the Oxton Gateway project by Wirral Christian Centre and the new community centre being constructed at Christ Church, Kings Road in Bebington.
- (5) Council notes the creation of a Big Society Unit within the Authority to build relations with Wirral's many community, voluntary and faith organisations and, specifically:
 - (a) Bring together and coordinate the available support for voluntary, community and faith groups to make their access to this support easy and quick
 - (b) To improve the promotion of such support to ensure that current and new groups are informed about the available support
 - (c) Review and create innovative new ways to engage volunteers, community groups and faith based organisations in the service delivery of this Council.
 - (d) Work being overseen by the Interim Director of Corporate Services to support the development, capacity and business planning skills of social and community enterprises.

91 YOUTH UNEMPLOYMENT

(Councillor P Hayes, having declared a prejudicial interest, left the chamber during the vote on this item)

Proposed by Councillor Chris Meaden
Seconded by Councillor Walter Smith

- (1) This Council registers its extreme concern about the increase in youth unemployment announced recently. The Office of National Statistics revealed that one in five 16 to 24-year olds are now out of work, after a rise of 32,000 saw the figure reach 951,000 – the highest level since records began.
- (2) Council notes that areas like Wirral, with high levels of urban deprivation, already have higher than average unemployment figures and higher numbers of young people not in education, employment or training.
- (3) Council believes that the abolition of the Educational Maintenance Allowance and the tripling of tuition fees for studying at university will make it more difficult for young people to obtain the qualifications they require to obtain jobs.
- (4) Council further believes that the abolition of national programmes aimed at helping young unemployed people, such as the Future Jobs Fund, is also a retrograde step
- (5) Council calls on the Tory-LibDem Government to reverse these disastrous policies and provide proper support for our young people.

Amendment submitted in accordance with Standing Order 7(2).

Proposed by Councillor Andrew Hodson

Seconded by Councillor Tom Anderson

Delete all after '(1) This Council' and replace with:

notes that the latest figures for the number of 18-24 year olds in Wirral claiming Jobseekers Allowance has fallen from 3,090 in February 2010 to 2,585. This includes, for example, a reduction in Bebington Ward from 110 young people in February 2010 to 80 today.

- (2) While Council welcomes this reduction, it states its concern that, in spite of massive spending by the previous Government, many communities in Wirral are still blighted by large numbers of people not in work, education or training.
- (3) Council notes that 250,000 young people are growing up in homes where no-one has ever worked and that 600,000 people aged under 24 have never worked since leaving school.
- (4) Council further notes that 22,000 people in Wirral have no qualifications and that too many young people are leaving school without the skills employers need.
- (5) Council welcomes the decision by Cabinet that have created 300 places on the Wirral Apprentice Scheme. Council therefore instructs the interim Director of Corporate Resources and the Interim Director of Children's Services to ensure:
 1. Maximum enrolment to the Wirral Apprenticeship Programme and welcomes the doubling of the number of places available to Wirral's young people by the Cabinet
 2. Students are encouraged to take part in the Government's new Work Experience Programme which will allow them to undertake work experience for up to eight weeks so they can get a "meaningful" stint in a business environment and improving their CV.
 3. That schools in Wirral identify those students who would benefit most from the new targeted support to stay in further education
 4. People are made aware of the new support available to help start their own business, including the New Enterprise Allowance Scheme and Enterprise Clubs
 5. Full participation in the new Work Programme, replacing the failed New Deal and other programmes

The amendment was put and carried (40:22)

Amendment submitted in accordance with Standing Order 7(2).

Proposed by Councillor Stuart Kelly

Seconded by Councillor Dave Mitchell

Delete paragraphs (3) to (5) and insert:

- (3) Council expresses its wish that the replacement for EMA should be an adequately funded enhanced learner support fund, managed locally and

targeted to support more closely those young people facing the most significant financial barriers to participation.

- (4) Council believes that, following the cessation of national programmes such as the future jobs fund, the government urgently needs to develop effective new proposals to tackle youth unemployment.
- (5) Council welcomes the £1.4BN funding for National Apprenticeships, which has been promised by the coalition Government for 2011/12, increasing the National Apprenticeship Service budget by £222M.

Insert new paragraphs as follows:

- (6) Council further welcomes the additional 146 'Wirral Apprentice' places agreed by Cabinet on 3 February 2011, bringing the total number of places being provided by the council to 325.
- (7) Finally, Council commends the Cabinet for listening to the results of the 'Wirral's Future – be a part of it' consultation and recommending funding to regeneration budgets of £2.1M, agreed by Council on 13 December 2010, to support job creation and local growth.

The amendment was put and carried (40:22)

The motion as amended was put and carried (40:22)

Resolved (40:22) –

- (1) This Council' notes that the latest figures for the number of 18-24 year olds in Wirral claiming Jobseekers Allowance has fallen from 3,090 in February 2010 to 2,585. This includes, for example, a reduction in Bebington Ward from 110 young people in February 2010 to 80 today.**
- (2) While Council welcomes this reduction, it states its concern that, in spite of massive spending by the previous Government, many communities in Wirral are still blighted by large numbers of people not in work, education or training.**
- (3) Council notes that 250,000 young people are growing up in homes where no-one has ever worked and that 600,000 people aged under 24 have never worked since leaving school.**
- (4) Council further notes that 22,000 people in Wirral have no qualifications and that too many young people are leaving school without the skills employers need.**
- (5) Council welcomes the decision by Cabinet that have created 300 places on the Wirral Apprentice Scheme.**

Council therefore instructs the interim Director of Corporate Resources and the Interim Director of Children's Services to ensure:

- (i) **Maximum enrolment to the Wirral Apprenticeship Programme and welcomes the doubling of the number of places available to Wirral's young people by the Cabinet**
 - (ii) **Students are encouraged to take part in the Government's new Work Experience Programme which will allow them to undertake work experience for up to eight weeks so they can get a "meaningful" stint in a business environment and improving their CV.**
 - (iii) **That schools in Wirral identify those students who would benefit most from the new targeted support to stay in further education**
 - (iv) **People are made aware of the new support available to help start their own business, including the New Enterprise Allowance Scheme and Enterprise Clubs**
 - (v) **Full participation in the new Work Programme, replacing the failed New Deal and other programmes**
- (6) **Council expresses its wish that the replacement for EMA should be an adequately funded enhanced learner support fund, managed locally and targeted to support more closely those young people facing the most significant financial barriers to participation.**
 - (7) **Council believes that, following the cessation of national programmes such as the future jobs fund, the government urgently needs to develop effective new proposals to tackle youth unemployment.**
 - (8) **Council welcomes the £1.4BN funding for National Apprenticeships, which has been promised by the coalition Government for 2011/12, increasing the National Apprenticeship Service budget by £222M.**
 - (9) **Council further welcomes the additional 146 'Wirral Apprentice' places agreed by Cabinet on 3 February 2011, bringing the total number of places being provided by the council to 325.**
 - (10) **Finally, Council commends the Cabinet for listening to the results of the 'Wirral's Future – be a part of it' consultation and recommending funding to regeneration budgets of £2.1M, agreed by Council on 13 December 2010, to support job creation and local growth.**

92 **SECURING AN EFFECTIVE REPLACEMENT FOR THE EMA**

(Councillor G Watt and Councillor D Knowles, having both declared prejudicial interests, left the chamber during the vote on this item)

Proposed by Councillor Phil Gilchrist
Seconded by Councillor Tom Harney

- (1) This Council recognises that the Young People's Learning Agency has been able to provide many of Wirral's young people with financial support to enable them to study at schools, the Birkenhead Sixth Form College and the Wirral Metropolitan College and other bodies.
- (2) Council understands that the Government has set out to replace this financial support with an enhanced learner support fund, managed locally and targeted to support more closely those young people facing the most significant financial barriers to participation.
- (3) Council recognises that consideration of the most effective way of supporting young people was reviewed in 2007, when the move from seeing EMA as an 'incentive' to replacing it with offering financial assistance to youngsters from poorer backgrounds was first identified.
- (4) Council appreciates that local schools, colleges and training institutions may be in a better position than a national agency to determine the needs of individual students but that the replacement scheme needs to be adequately resourced and effectively set up.
- (5) Council also welcomes that fact the Government is to fund an increase in educational places for 16 to 19 year olds and is raising the compulsory participation age to 18 by the end of the Parliament, meaning thousands more young people receive free education.
- (6) Council believes that the debate in Parliament on 19th January 2011 showed a growing recognition of the need to ensure that any replacement for the EMA needs to be more extensive than originally envisaged.
- (7) Council believes that:
 - (a) There is a need to ensure that students who currently receive support should be able to receive it until their current course ends.
 - (b) A realistic assessment should be made of the resources required for the support fund, by gathering information from the schools, colleges and providers involved.
 - (c) A locally managed scheme needs sufficient resources to manage it sensitively and effectively.
 - (d) The Government should be lobbied to maximise the amount available to support students from low income families.
 - (e) Council further thanks the local MPs for their work to date, would welcome their continuing support and assistance and requests that they be informed of the views of this Council.

Amendment submitted in accordance with Standing Order 7(2).

Proposed by Councillor Chris Meaden

Seconded by Councillor Walter Smith

Delete paragraphs (2) to (6) and insert:

- (2) Council recognises that the sum allocated by the Government for a replacement for the Educational Maintenance Allowance is a derisory amount, currently set at just £26m, compared to the £560m previously invested by Labour in helping young people from poorer homes continue their studies.
- (3) Council notes that even if the Government is persuaded to triple that amount in order to buy off their Liberal Democrat colleagues, the amount is still derisory, and research by the University and College Union suggested that 70% of students in the poorest areas would drop out of college if their EMA was stopped.
- (4) Council is not remotely surprised that the Liberal Democrats are showing extreme unease about the consequences of cancelling Educational Maintenance Grants and trying to make the best of a policy which brings shame to their members.
- (5) Council therefore demands that the Government rethink this decision and restore the Educational Maintenance Grants forthwith.

The amendment was put and lost (22:39)

The motion was put and carried (39:22)

Resolved (39:22) –

- (1) This Council recognises that the Young People's Learning Agency has been able to provide many of Wirral's young people with financial support to enable them to study at schools, the Birkenhead Sixth Form College and the Wirral Metropolitan College and other bodies.**
- (2) Council understands that the Government has set out to replace this financial support with an enhanced learner support fund, managed locally and targeted to support more closely those young people facing the most significant financial barriers to participation.**
- (3) Council recognises that consideration of the most effective way of supporting young people was reviewed in 2007, when the move from seeing EMA as an 'incentive' to replacing it with offering financial assistance to youngsters from poorer backgrounds was first identified.**
- (4) Council appreciates that local schools, colleges and training institutions may be in a better position than a national agency to determine the needs of individual students but that the replacement scheme needs to be adequately resourced and effectively set up.**
- (5) Council also welcomes that fact the Government is to fund an increase in educational places for 16 to 19 year olds and is raising the compulsory participation age to 18 by the end of the Parliament, meaning thousands more young people receive free education.**

- (6) Council believes that the debate in Parliament on 19th January 2011 showed a growing recognition of the need to ensure that any replacement for the EMA needs to be more extensive than originally envisaged.
- (7) Council believes that:
- (a) There is a need to ensure that students who currently receive support should be able to receive it until their current course ends.
 - (b) A realistic assessment should be made of the resources required for the support fund, by gathering information from the schools, colleges and providers involved.
 - (c) A locally managed scheme needs sufficient resources to manage it sensitively and effectively.
 - (d) The Government should be lobbied to maximise the amount available to support students from low income families.
 - (e) Council further thanks the local MPs for their work to date, would welcome their continuing support and assistance and requests that they be informed of the views of this Council.

93 **SUPPORTING WIRRAL'S POST OFFICE NETWORK**

Proposed by Councillor Cherry Povall

Seconded by Councillor Paul Hayes

- (1) Council notes that four out of every ten Post Offices that existed in 1997 had closed by 2010.
- (2) Council believes the remaining Post Office network in Wirral offers a valuable lifeline to many people, not least those who do not, or cannot, have a bank account and those who do not have access to online banking.
- (3) Council therefore welcomes:
 - (a) The commitment by the Coalition Government to ensure that Post Offices remain in the public sector and are allowed to offer a wide range of services in order to sustain the network.
 - (b) The decision to give Post Office Card account holders the chance to benefit from direct debit discounts and ensure that social tariffs offer access to the best prices available.
 - (c) Discussions between the Council and the Post Office to enable Local Housing Allowance claimants to use Post Office 'Payout'.

Amendment submitted in accordance with Standing Order 7(2).

Proposed by Councillor Brian Kenny

Seconded by Councillor Adrian Jones

Delete all after paragraph (2) and insert:

- (3) Council expresses its concern, however, that the Government rejected calls for a PostBank to support access to fair banking.
- (4) Council notes that the Liberal Democrats' 2010 Manifesto pledged to: "Improve access to banking for all with a PostBank, revenues from which will also help to secure the future of the Post Office" and "End the post office closure programme to keep post offices open in rural areas where they're the lynchpin of community life, improve access to banking and help secure the future of the Post Office through a PostBank."
- (5) Council also notes that the Liberal Democrat Minister for Postal Affairs, Ed Davey, broke his party's manifesto pledge when he rejected the proposal for a PostBank in his statement on the future of the Post Offices on November 9th.
- (6) Council accepts that establishing a PostBank at the Post Office would help improve access to banking and secure the future of the Post Office network and recognises that the campaign for a PostBank is supported by the Federation of Small Businesses, the National Federation of Subpostmasters, the Countryside Alliance, the National Pensioners Convention, and the New Economics Foundation.
- (7) Council believes that the Coalition Government's plans to privatise Royal Mail and break the historic link with the Post Office puts the future of the Post Office network in jeopardy, particularly in view of the fact that no other country in the world has separated its Post Office network from its mail business.
- (8) Council does not accept that the Postal Services Bill will prevent further Post Office closures. Ministers say there will be 'no closure programme' but meanwhile over 150 post offices have closed recently and 900 are currently up for sale.
- (9) Council further expresses concern that Ministers have rejected calls for the Bill to:
 - (a) Guarantee the size of the Post Office network
 - (b) Guarantee the Inter-Business Agreement between Royal Mail and the Post Office
 - (c) Guarantee access criteria to ensure every community is near to a post office

The amendment was put and lost (22:41)

The motion was put and carried (41:22)

Resolved (41:22) –

- (1) Council notes that four out of every ten Post Offices that existed in 1997 had closed by 2010.**
- (2) Council believes the remaining Post Office network in Wirral offers a valuable lifeline to many people, not least those who do not, or cannot,**

have a bank account and those who do not have access to online banking.

(3) Council therefore welcomes:

- (a) The commitment by the Coalition Government to ensure that Post Offices remain in the public sector and are allowed to offer a wide range of services in order to sustain the network.**
- (b) The decision to give Post Office Card account holders the chance to benefit from direct debit discounts and ensure that social tariffs offer access to the best prices available.**
- (c) Discussions between the Council and the Post Office to enable Local Housing Allowance claimants to use Post Office 'Payout'.**

94 **INCREASE IN VAT**

Proposed by Councillor Brian Kenny

Seconded by Councillor Ann McLachlan

This Council is totally opposed to the increase in VAT to 20% from January 2011 as it will hit the poorest members of society the hardest.

Amendment submitted in accordance with Standing Order 7(2).

Proposed by Councillor Les Rowlands

Seconded by Councillor Ian Lewis

Delete all after 'This Council is' and replace with:

, like every other council, suffering the effects of Labour's debt crisis. This left Britain with the worst debt of any major advanced economy.

Council believes that Labour maxed out the credit card with government debt. As we all know, when you run up massive credit card bills, the longer you leave it the worse it gets.

Council believes that if we don't take steps now to live within our means we'll end up paying higher taxes or making deeper spending cuts just to pay-off our debt.

Council is concerned that if we don't get our debt under control, we will burden our children and grandchildren with the bills for Labour's mistakes.

Council notes that the most vulnerable people in Wirral and those on lowest incomes are often more reliant on loans and credit cards for day-to-day living and believes that any rise in interest rates caused by not tackling the national deficit will hit them hardest.

Council notes that those on lower incomes spend a higher proportion of their income on fuel, food and children's clothes, all of which will not be affected by the increase in

VAT, as pointed out by Labour when they increased VAT from 15% to 17.5% in January 2009

Council also rejects the policy of the previous Labour Government which saw the abolition of 10p rate of tax on the lowest paid.

Council welcomes the additional support by the Coalition Government now being provided to the lowest paid in Wirral, including:

- Lifting almost 1 million of the lowest paid out of income tax altogether with a target to raise the threshold to £10,000, as proposed by the Liberal Democrats
- Exempting the lowest paid workers from the national public sector pay freeze
- Linking increases in the basic state pension to increases in wages, prices or 2.5%, whichever is higher
- Increasing the amount spent on the child element of the child tax credit by £2 billion, helping the lowest paid by £150 above inflation
- The increase in the Minimum Wage and the decision by the Coalition Government to extend the Minimum Wage to apprentices

The amendment was put and carried (41:22)

Amendment submitted in accordance with Standing Order 7(2).

Proposed by Councillor Simon Holbrook

Seconded by Councillor Dave Mitchell

Delete all after 'This Council' and replace with:

condemns the hypocrisy of the Labour Party, who had plans to raise VAT to 19% had they won the General Election.

Council notes that over the course of this Parliament, the point at which people start having to pay income tax and National Insurance will rise by nearly £4,000 to £10,000 a year, starting with a £1000 increase this year.

Council notes that this rise in the amount people can earn before paying tax will take many Wirral residents out of tax altogether and that it will be of particular benefit to people on low incomes.

Council further notes that the Coalition was able to make this tax cut despite the appalling financial mess it inherited from the last Labour Government, which left Britain with the worst National Debt since the Second World War.

The amendment was put and carried (41:22)

The motion as amended was put and carried (41:22)

Resolved (41:22) –

This Council is like every other council, suffering the effects of Labour's debt crisis. This left Britain with the worst debt of any major advanced economy.

Council believes that Labour maxed out the credit card with government debt. As we all know, when you run up massive credit card bills, the longer you leave it the worse it gets.

Council believes that if we don't take steps now to live within our means we'll end up paying higher taxes or making deeper spending cuts just to pay-off our debt.

Council is concerned that if we don't get our debt under control, we will burden our children and grandchildren with the bills for Labour's mistakes.

Council notes that the most vulnerable people in Wirral and those on lowest incomes are often more reliant on loans and credit cards for day-to-day living and believes that any rise in interest rates caused by not tackling the national deficit will hit them hardest.

Council notes that those on lower incomes spend a higher proportion of their income on fuel, food and children's clothes, all of which will not be affected by the increase in VAT, as pointed out by Labour when they increased VAT from 15% to 17.5% in January 2009

Council also rejects the policy of the previous Labour Government which saw the abolition of 10p rate of tax on the lowest paid.

Council welcomes the additional support by the Coalition Government now being provided to the lowest paid in Wirral, including:

- **Lifting almost 1 million of the lowest paid out of income tax altogether with a target to raise the threshold to £10,000, as proposed by the Liberal Democrats**
- **Exempting the lowest paid workers from the national public sector pay freeze**
- **Linking increases in the basic state pension to increases in wages, prices or 2.5%, whichever is higher**
- **Increasing the amount spent on the child element of the child tax credit by £2 billion, helping the lowest paid by £150 above inflation**
- **The increase in the Minimum Wage and the decision by the Coalition Government to extend the Minimum Wage to apprentices**

This Council condemns the hypocrisy of the Labour Party, who had plans to raise VAT to 19% had they won the General Election.

Council notes that over the course of this Parliament, the point at which people start having to pay income tax and National Insurance will rise by nearly £4,000 to £10,000 a year, starting with a £1000 increase this year.

Council notes that this rise in the amount people can earn before paying tax will take many Wirral residents out of tax altogether and that it will be of particular benefit to people on low incomes.

Council further notes that the Coalition was able to make this tax cut despite the appalling financial mess it inherited from the last Labour Government, which left Britain with the worst National Debt since the Second World War.

95 **MERSEYSIDE PENSION FUND: SHAREHOLDER VOTES ON EXECUTIVE PAY**

Proposed by Councillor Simon Holbrook

Seconded by Councillor Bob Moon

- (1) Council notes the research produced by Income Data Services, showing that pay for directors of the top 100 FTSE companies has risen by 55% in one year (between June 2009 and June 2010) at a time when ordinary workers face severe restraints on pay.
- (2) Council also notes the review, currently being undertaken by the Department of Business, Innovation and Skills, into corporate governance and economic short-termism, including directors' remuneration; A Long-Term Focus for Corporate Britain, which is likely to recommend stronger links between company performance and executive pay.
- (3) Council welcomes the comments by TUC Secretary Brendan Barber, encouraging pension funds to exercise their rights as shareholders at company AGMs to vote against excessive chief executive, board level and banker pay and bonuses.
- (4) Council believes that the Merseyside Pension Fund should adopt and actively pursue a policy of restraint and social responsibility in relation to the pay and bonuses of senior executives of the companies that it invests in.
- (5) Council therefore instructs the Director of Finance, working with the Pensions Committee, to seek the agreement of the other Merseyside Councils to implementing this policy at the earliest opportunity, to further strengthen the Statement of Investment Principles as appropriate and to report annually on the actions taken in relation to this policy.

Amendment submitted in accordance with Standing Order 7(2).

Proposed by Councillor Ann McLachlan

Seconded by Councillor George Davies

Delete all and replace with:

- (1) Council notes that Merseyside Pension Fund through its affiliation to the Local Authority Pension Fund Forum actively promotes shareholder activism and the collective investment interests of the majority of local authority pension funds throughout the UK.
- (2) Council notes that Merseyside Pension Fund has recently set up a Risk and Governance Working party to take forward its work in this area.

- (3) Council notes that a principal priority for the Merseyside Pension Fund is to ensure it meets its fiduciary responsibility to past, present and future pensioners and the tax payers of Merseyside.
- (4) Council notes the singular failure of the present Conservative/Liberal coalition Government to take action to bring forward legislation to curb the bonus culture in the City and, in particular, to set an example of best practice corporate social responsibility by refusing to allow RBS, which is a publicly owned bank, to make obscene and inappropriate payments to its staff.
- (5) Council believes that, in the light of this failure, and in the light of the actions already being taken by the Merseyside Pension Fund, the Liberal Democrat Notice of Motion, while non contentious in itself, can only be seen as political window dressing which aims to divert attention from the Government's craven refusal to tackle the real issues.

The amendment was put and lost (22:41)

The motion was put and carried (63:0)

Resolved (63;0) –

- (1) Council notes the research produced by Income Data Services, showing that pay for directors of the top 100 FTSE companies has risen by 55% in one year (between June 2009 and June 2010) at a time when ordinary workers face severe restraints on pay.**
- (2) Council also notes the review, currently being undertaken by the Department of Business, Innovation and Skills, into corporate governance and economic short-termism, including directors' remuneration; A Long-Term Focus for Corporate Britain, which is likely to recommend stronger links between company performance and executive pay.**
- (3) Council welcomes the comments by TUC Secretary Brendan Barber, encouraging pension funds to exercise their rights as shareholders at company AGMs to vote against excessive chief executive, board level and banker pay and bonuses.**
- (4) Council believes that the Merseyside Pension Fund should adopt and actively pursue a policy of restraint and social responsibility in relation to the pay and bonuses of senior executives of the companies that it invests in.**
- (5) Council therefore instructs the Director of Finance, working with the Pensions Committee, to seek the agreement of the other Merseyside Councils to implementing this policy at the earliest opportunity, to further strengthen the Statement of Investment Principles as appropriate and to report annually on the actions taken in relation to this policy.**

Proposed by Councillor Don McCubbin
Seconded by Councillor Wendy Clements

- (1) Council notes the announcement by National Grid plc for a possible high voltage power cable through Wirral to connect electricity supply from Scotland to England.
- (2) Council welcomes the generation of power using wind, solar and tidal energy in order to further reduce our dependency on fossil fuels and meet our international obligations for carbon reduction.
- (3) Council also supports the need for protection of our local environment and urges National Grid to engage fully with communities and Wirral Borough Council in order to avoid or minimise disturbance to our local environment, not least the Site of Special Scientific Interest at the North Wirral Coast and sites of Special Biological Interest in any proposed route for the cable.
- (4) Should a high voltage cable be installed in Wirral, Council also requests National Grid use local contractors wherever possible during construction and to consider further opportunities with other organisations.

The motion was put and carried (63:0)

Resolved (63:0) –

- (1) Council notes the announcement by National Grid plc for a possible high voltage power cable through Wirral to connect electricity supply from Scotland to England.**
- (2) Council welcomes the generation of power using wind, solar and tidal energy in order to further reduce our dependency on fossil fuels and meet our international obligations for carbon reduction.**
- (3) Council also supports the need for protection of our local environment and urges National Grid to engage fully with communities and Wirral Borough Council in order to avoid or minimise disturbance to our local environment, not least the Site of Special Scientific Interest at the North Wirral Coast and sites of Special Biological Interest in any proposed route for the cable.**
- (4) Should a high voltage cable be installed in Wirral, Council also requests National Grid use local contractors wherever possible during construction and to consider further opportunities with other organisations.**

97 **BIN COLLECTION SHAMBLES**

Proposed by Councillor Harry Smith
Seconded by Councillor Adrian Jones

- (1) This Council notes that the New Year heralded yet more chaos in bin collections on Wirral as the December shambles continued. Council believes that this level of poor performance in refuse collection is unacceptable and points out that the Cabinet member responsible for maintaining a good refuse collection service, Councillor Lesley Rennie, and the Leader of the Council, Councillor Jeff Green, who has been so anxious to reassure the public that all is well, are the same two councillors who were fired from the Cabinet by Councillor Steve Foulkes four years ago when they presided over another shambles in Wirral's bin collections.
- (2) Council recognises that Wirral residents pay their Council Tax in order to receive good services and that proper collection of rubbish is an essential and very visible part of those services.
- (3) Council notes that the winter weather is not yet over and seeks immediate reassurances that another snow fall will not see a repeat of the appalling performance earlier this year with bins left uncollected for weeks on end.
- (4) Council believes that, although the option of charging for garden waste collection was finally rejected by the Conservative Liberal Democrat Cabinet, it will only be a matter of time before the catastrophic cuts foisted by their government on local authorities will add this charge to many other new and increased charges, increasing the financial burden on hard pressed Wirral residents.

Amendment submitted in accordance with Standing Order 7(2).

Proposed by Councillor Lesley Rennie

Seconded by Councillor Jeff Green

Delete Paragraph (1) and renumber paragraph (2) as (1) and delete paragraphs (3) and (4) then add:

- (2) Council notes that, following advice from the Met Office, Wirral undertook a programme of gritting of major roads and pedestrian areas
- (3) Council thanks residents for their patience during the severe weather conditions and reiterates that maintaining safety for residents and council staff and contractors is a priority.
- (4) Council notes:
 - (a) Biffa crews often worked in appalling conditions and worked through Bank Holidays and until 2030hrs some days
 - (b) Community Payback, Council staff and Biffa crews worked together to grit roads and pavements in some locations
- (5) Council welcomes the additional arrangements introduced during this period, including temporary collection points across the Borough which enabled the backlog on collection routes to be tackled quicker.

- (6) Council requests the Cabinet Member consider, as part of the review of the service during the severe weather, the following:
- (a) Additional means of communicating with residents during further severe weather
 - (b) Opportunities for more effective use of Bidston waste collection centre, in discussion with Merseyside Waste Disposal Authority
 - (c) Additional equipment for Biffa crews and wagons to enable greater resilience during severe weather
 - (d) That these measures, and advice for residents, be included in the Guide to Services in Severe Weather, being produced by the Council

The amendment was put and carried (41:22)

Amendment submitted in accordance with Standing Order 7(2).

Proposed by Councillor Alan Brighthouse

Seconded by Councillor Ann Bridson

Paragraph (1): Delete all after 'poor performance in refuse collection is unacceptable'

Paragraph (3): Insert after "immediate reassurances" the text "from the contractor"

Paragraph (4), line 1: Delete the words "believes that although" and replace with "notes".

Paragraph (4), line 2: Delete "finally" and delete all after "Liberal Democrat Cabinet".

Insert new Paragraph (5):

- (5) Council welcomes the Cabinet's response to seek to further improve winter resilience reported in minute 286 (13th January) and requests the further thorough investigation of this by the Sustainable Communities Overview and Scrutiny Committee.

The amendment was put and carried (41:22)

The motion as amended was put and carries (41:22)

Resolved (41:22) –

- (1) Council recognises that Wirral residents pay their Council Tax in order to receive good services and that proper collection of rubbish is an essential and very visible part of those services.**
- (2) Council notes that, following advice from the Met Office, Wirral undertook a programme of gritting of major roads and pedestrian areas**
- (3) Council thanks residents for their patience during the severe weather conditions and reiterates that maintaining safety for residents and council staff and contractors is a priority.**

- (4) **Council notes:**
- (a) **Biffa crews often worked in appalling conditions and worked through Bank Holidays and until 2030hrs some days**
 - (b) **Community Payback, Council staff and Biffa crews worked together to grit roads and pavements in some locations**
- (5) **Council welcomes the additional arrangements introduced during this period, including temporary collection points across the Borough which enabled the backlog on collection routes to be tackled quicker.**
- (6) **Council requests the Cabinet Member consider, as part of the review of the service during the severe weather, the following:**
- a. **Additional means of communicating with residents during further severe weather**
 - b. **Opportunities for more effective use of Bidston waste collection centre, in discussion with Merseyside Waste Disposal Authority**
 - c. **Additional equipment for Biffa crews and wagons to enable greater resilience during severe weather**
 - d. **That these measures, and advice for residents, be included in the Guide to Services in Severe Weather, being produced by the Council**
- (7) **Council welcomes the Cabinet's response to seek to further improve winter resilience reported in minute 286 (13th January) and requests the further thorough investigation of this by the Sustainable Communities Overview and Scrutiny Committee.**

98 **PUPIL PREMIUM**

Proposed by Councillor Stuart Kelly
Seconded by Councillor Dave Mitchell

- (1) This council notes the importance of protecting education opportunities for Wirral's young people and welcomes the Coalition Government's decision to increase the amount of money allocated to schools.
- (2) Council also welcomes the introduction of the pupil premium, providing £430 extra funding for 2011/12 per pupil on Free School Meals, looked after children and the children of service-men and women.
- (3) Council notes the estimated £5m benefit this pupil premium will bring to over 11,000 of Wirral's most deprived and vulnerable pupils, (based on October 2010 School Census data).
- (4) Council believes this extra investment will help to ensure every pupil in Wirral has a fair start in life.

- (5) Council also welcomes the Coalition Government's commitment to increase the pupil premium fourfold by 2014/15, bringing the total premium to the £2.5bn called for by the Liberal Democrats in their manifesto.

Amendment submitted in accordance with Standing Order 7(2).

Proposed by Councillor Chris Meaden (7 minutes)

Seconded by Councillor Ann McArdle (3 minutes)

Delete all after "This Council notes the importance of protecting education opportunities for Wirral's young people". *Insert:*

- (1) Council recognises the attempt being made by the Liberal Democrats to put a gloss on the sad remnants of a policy in their manifesto which set out to improve the lot of children from poorer homes and ended up in a Coalition smoke and mirrors exercise of no real benefit to anyone.
- (2) Council notes:
- (a) The amount of the pupil premium is much lower than originally anticipated, at just £430 per pupil, which is not sufficient to achieve the kind of educational gains that were hoped for.
 - (b) The total national figure of £625m is not new money but will be found from within the existing schools budget.
 - (c) This is simply a re-arrangement of schools funding, robbing Peter to pay Paul.
 - (d) It is estimated that up to two thirds of schools will actually lose money with the only guarantee on Minimum Funding being that schools will not lose more than 1.5% of their cash allocation.
 - (e) The pupil premium is not ring fenced for specific activities, and may therefore simply be used to make up the shortfall elsewhere.
 - (f) In an area like Wirral with falling school rolls there will already be substantial pressure in the system as their funding is decreased to match the lower number of pupils in the schools.
- (3) Council believes that the attempt to sell this pupil premium as a fulfilment of an initial manifesto commitment is indicative of the cynical relationship between the two Coalition partners and the desperation of the Liberal Democrat party to persuade their voters that the Coalition, which is proving a wholesale disaster for them, has yielded some returns for their betrayal of the electorate.

The amendment was put and lost (22:41).

The motion was put and carried (41:22).

Resolved (41:22) –

- (1) **This council notes the importance of protecting education opportunities for Wirral's young people and welcomes the Coalition Government's decision to increase the amount of money allocated to schools.**

- (2) Council also welcomes the introduction of the pupil premium, providing £430 extra funding for 2011/12 per pupil on Free School Meals, looked after children and the children of service-men and women.
- (3) Council notes the estimated £5m benefit this pupil premium will bring to over 11,000 of Wirral's most deprived and vulnerable pupils, (based on October 2010 School Census data).
- (4) Council believes this extra investment will help to ensure every pupil in Wirral has a fair start in life.
- (5) Council also welcomes the Coalition Government's commitment to increase the pupil premium fourfold by 2014/15, bringing the total premium to the £2.5bn called for by the Liberal Democrats in their manifesto.

99 **VACANCIES**

The Council was requested to deal with the following appointments:

Council Committees

Scrutiny Programme Board

Councillor Ann McLachlan to replace Councillor Harry Smith and become Chair

Sustainable Communities Overview and Scrutiny Committee

Councillor Ann McLachlan to replace Councillor Harry Smith as Spokesperson

Health and Well Being Overview and Scrutiny Committee

Vacancy –Carers' Representative Co-opted Member (to be notified)

Resolved – That the appointments be approved.

WIRRAL COUNCIL

BUDGET CABINET

21 FEBRUARY 2011

SUBJECT	COUNCIL BUDGET 2011/12
WARD/S AFFECTED	ALL
REPORT OF	DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER	COUNCILLOR JEFF GREEN
KEY DECISION	YES

1.0 EXECUTIVE SUMMARY

- 1.1 This report and appendix forms part of the financial planning process in that it provides Members with the information upon which to consider the Council budget for 2011/12. Members are requested to agree the Council budget and Council Tax levels for 2011/12.
- 1.2 At this stage the Budget Requirement for 2011/12 is in line with the projected income (before any Council Tax increase) for 2011/12

2.0 RECOMMENDATIONS

- 2.1 That the funding of the Early Voluntary Retirement / Voluntary Severance Scheme, including the capitalisation of £3,420,000 in 2010/11, be agreed.
- 2.2 That Cabinet considers the Council Budget for 2011/12 and determines the levels of Council Tax for 2011/12.
- 2.3 That following the agreement of the Budget a further report showing detailed departmental estimates be presented to the Cabinet incorporating the decisions made by Budget Cabinet.
- 2.4 That following the agreement of the Budget for 2011/12 a report be presented updating the future financial projections to further support the Council in planning over the medium term.

3.0 REASON FOR THE RECOMMENDATIONS

- 3.1 There is a legal requirement for the Council to have agreed a sustainable budget and to set Council Tax levels for 2011-12 by 10 March 2011.

4.0 BACKGROUND AND KEY ISSUES

4.1 The annual Council Budget is an integral part of the overall financial management of the Council. The Medium Term Financial Strategy for 2011/15 was agreed by Cabinet on 4 November 2010 and considers issues at a strategic, rather than a departmental or operational, level. Covering more than one year it is subject to an annual review whilst Cabinet receive regular updates throughout the year on issues affecting the financial projections contained within the Strategy. By the 10 March each year the Council has to agree a budget and set Council Tax levels for the following financial year.

4.2 The Director of Finance has a number of statutory responsibilities in relation to agreeing the budget. These can be summarised as:

1. The requirement to ensure that the Council has set a balanced budget under the Local Government Finance Act 1992.
2. The requirement to produce a written report on the robustness of the estimates, adequacy of reserves and impact upon future years budgets' under the Local Government Act 2003.
3. The requirement to ensure that I, as Director of Finance, have adequate resources for the proper administration of the financial affairs of the Council under the Local Government Act 1972.
4. The requirements under the Prudential Code for Capital Finance in Local Authorities 2009 to ensure the funding of capital expenditure is affordable.

4.3 As part of its overview function, the Audit Commission will be looking at financial resilience and will monitor to ensure that the above responsibilities are being met. Given the severe financial constraints across the entire public sector and a period of significant change there will inevitably be increased scrutiny over the robustness of any agreed budget.

4.4 OVERVIEW

4.4.1 The financial projections for future years have been regularly updated and reported to Cabinet throughout the current financial year and Members are now requested to agree the budget for 2011/12. The Government Spending Review announced indicative Formula Grant funding for local government over the next four years. The Local Government Finance Settlement then provided detail for individual local authorities covering a two year period. Cabinet on 17 March 2011 will be requested to consider indicative budgets for future financial years.

4.4.2 The Base Estimate for 2011/12 consolidates the budgets of individual services and the savings considered by Cabinet. Where formal notification has been received regarding the proposed levies these have also been incorporated. More detailed information on outstanding precepts should be available for the meeting.

- 4.4.3 The budgets have again been prepared at out-turn prices. In accordance with the decision of Cabinet on 9 December 2010 no inflation has been included for general prices. Contracts have not received inflation increases with the exception of the gas, electricity and street lighting energy contracts. The energy contract increases include a part year effect in 2010/11. Pay awards have been included in line with Government recommendations i.e. £250 for those earning less than £21,000 per annum and no provision for those above. An increase of 3% has been included for income.
- 4.4.4 Collection of outstanding Council Tax is continuing. Having taken into account previous experience and current collection rates the irrecoverable position has been estimated at 1.5% for 2011/12 which is the same as for 2010/11. Consequently the tax base has been adjusted by the estimated collection rate of 98.5%, as agreed by Cabinet on 9 December 2010.
- 4.4.5 Regular reports have been presented to Cabinet throughout the financial year highlighting the projected financial position for 2011/12 with the most recent being submitted to Cabinet on 13 January 2011. The present position as detailed in the Summary of General Fund Estimates is:-

Summary	£000
Budget Requirement	291.5
Income before any Council Tax rise	291.5
Difference between requirement and income	NIL

- 4.4.6 The Government has stated that it expects to see Council Tax increases of 0% and this was re-affirmed in the announcement of the Local Government Finance Settlement. A Council Tax Freeze Grant has been introduced paying a grant equivalent to a 2.5% Council Tax increase for those billing authorities who agree a 0% increase.
- 4.4.7 Estimated General Fund balances at 31 March 2011 are £10.8 million and the Council will be expected to set a budget for 2011/12 leaving a minimum of £6 million in balances. This figure is lower than the £6.5 million required for 2011/12 because of the reduced level of Council spending and is the minimum level deemed necessary having regard to the financial position of, and the pressures facing, the Council as highlighted in the Medium Term Financial Strategy.

4.5 FINANCIAL YEAR 2010/11

- 4.5.1 Since setting the budget for 2010/11 a number of changes have taken place. The Government Budget in June 2010 resulted in reductions in funding to local authorities. For Wirral there was a reduction in Area Based Grant funding and the cessation of the Local Area Agreement Reward Grant and the Local Authority Business Growth Incentive Grant. The proposed Personal Care at Home scheme planned for October 2010 was also ceased.

4.5.2 In response to the funding changes expenditure reductions were made to Area Based Grant funded programmes whilst the loss of the LAA and LABGI grants was met from balances. Minor variations have been made to budgets during the year including for increased energy costs.

4.5.3 A number on internal variations between departments have been made which reflect agreed changes to the departmental structures primarily flowing from the decision to re-allocate the functions of the former Regeneration Department to other departments. These will be reflected within the detailed estimates report to be presented to the Cabinet.

4.5.4 A summary of the main changes from the Base Estimate for 2010/11 to the Current Estimate for 2010/11 is as follows:-

Details	£million	£million
Base Estimate 2010/11		331.8
Increased expenditure/reduced income		
LABGI/LAA Reward (former grant)	1.6	
Energy	0.2	
Fostering costs	<u>0.1</u>	+1.9
Reduced expenditure / increased income		
Area Based Grant Funded Expenditure	3.9	
Personal Care at Home	<u>2.6</u>	-6.5
Impact on balances		
Reduced contribution / Reduction in balances		-0.6
Current Estimate 2010/11		326.6

4.5.5 The latest projections for the current financial year, based upon the position at 31 January 2011 are included within the Summary of General Fund Estimates. Efforts continue to contain spend within the departmental budgets and no adjustments have been agreed in respect of the following potential variations and pressures which, if they do occur, would impact on balances:-

Department / potential variation	£million
Adult Social Services	+3.5
Essentially pressures on community care services	
Children and Young People	+1.8
Residential and Foster Care placements	
Technical Services	+1.4
Income shortfalls and £0.5 million of winter maintenance	
Finance	-0.7
Management of cash flow and increased interest receipts	

4.5.6 During the year a range of measures were implemented under the 'Every Pound Matters' agenda. These included restrictions in filling vacant posts, cessation of any first class travel and on authorisation of expenditure over £100. Chief Officers have identified in-year savings from these initiatives totalling £2.7 million at the end of January. This has been used to offset spending pressures particularly within the Departments of Adult Social Services, Children and Young People and Technical Services.

4.6 FINANCIAL YEAR 2011/12

4.6.1 A summary of the main changes from the Base Estimate for 2010/11 to the Base Estimate for 2011/12 is:-

Details	£million	£million
Budget Requirement 2010/11		331.8
Adjustments for		
One-off use of balances	+4.2	
LABGI/LAA Reward Grant	+1.6	
Personal Care at Home	- 2.6	
Back-log maintenance (one-off)	-1.2	
Policy Options 2010/11 only	<u>-2.6</u>	<u>-0.6</u>
Revised Budget Requirement		331.2
Increased requirements		
Housing Benefits	2.9	
Economy and Regeneration	2.1	
Efficiency Investment Budget	2.0	
Capital financing	1.9	
Merseytravel	1.5	
Cultural Services - Recreation	1.5	
Home Insulation	1.0	
Early Intervention Grant activities	1.0	
One Stop Shops	0.9	
Pension Fund	0.8	
Pay Inflation	0.8	
Former Regeneration Department Services	0.8	
Carbon Reduction Commitment	0.5	
Energy Contracts	0.3	
Private Finance Initiative	0.3	
Other requirements	<u>1.0</u>	+19.3
Reduced requirements		
Efficiencies (see detail in Appendix)	40.6	
Working Neighbourhood Fund	8.7	
Housing Benefits	3.1	
Waste Disposal Authority Levy	1.1	
Income Inflation	<u>1.0</u>	-54.5
Council Tax Freeze Grant		-3.3
Contribution from Balances		-1.2
Budget requirement 2011/12		291.5

4.6.2 The Efficiency Investment Budget is allocated by Cabinet towards those schemes that will assist in the delivery of efficiencies. The items approved by Cabinet in the 2010/11 financial year are detailed in Appendix A.

4.6.3 The one year only Policy Options agreed for the 2010/11 financial year have been deleted from the Base Estimate 2011/12 and are detailed in Appendix A.

4.7 EARLY VOLUNTARY RETIREMENT / VOLUNTARY SEVERANCE

4.7.1 Cabinet on 9 December 2010 agreed savings of £24.3 million from the Early Voluntary Retirement / Voluntary Severance Scheme. This was prior to the announcement of the Provisional Local Government Finance Settlement for 2011/13; subject to individuals confirming their acceptance; and a review by Chief Officers which included an assessment of the cost of any necessary restructurings.

4.7.2 The figures below are based on 1,100 individuals leaving the Council between December 2010 and June 2011. Based upon the latest information available, and recognising that the figures will change as a result of those individuals having to formally agree to leave, the projected costs and financing are:-

Details	2010/11 £million	2011/12 £million
Cost of severance payments	12.8	8.8
Funding from Capital		
Statutory redundancy element	3.4	*3.0
Funding from Revenue		
From part year savings	1.9	0
From pay provision not required	1.4	1.4
From Efficiency Investment Budget	3.5	0
From General Balances	2.6	4.4
Funding	12.8	8.8

* Assumed capitalisation bid to be submitted to the Government for 2011/12. There will be no further opportunity to bid for capitalisation in 2010/11.

4.7.3 The saving from the leavers under the Early Voluntary Retirement / Voluntary Severance scheme will increase to £27 million per year after the cost of the pensions have been met.

4.7.4 The costs of re-structurings are being assessed by Chief Officers.

4.8. LOCAL GOVERNMENT FINANCE SETTLEMENT

4.8.1 Whilst the Government Spending Review 2010 set out the plans at a high level for the next four years the Local Government Finance Settlement now details the Government grant support over two years for individual local authorities.

4.8.2 The Provisional Settlement for 2011/13 was announced by the Department for Communities and Local Government (DCLG) on 13 December 2010 and was reported to Cabinet on 13 January 2011. Following the consultation period the Final Settlement was announced on 31 January 2011 and debated in Parliament on 9 February 2011. This confirmed the earlier announcement with only minor adjustments.

4.8.3 The allocation of Formula Grant is through a 'four block model':-

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

4.8.4 As detailed in the report to Cabinet on 13 January 2011, and subsequently confirmed by the DCLG the Local Government Finance Settlement included for Wirral:-

Components	2011/12	2012/13
	£ million	£ million
Relative Needs	130.8	120.3
Relative Resources	-31.1	-28.7
Central Allocation	42.5	37.7
Floor Damping	3.0	2.0
Grants Rolled In	13.6	13.5
Final Grant	158.8	144.8

4.8.5 As some areas are more reliant upon Government Grant support than others to mitigate the year-on-year changes a damping mechanism has been applied. For the Settlement local authorities are grouped into four bands which are based upon the percentage of the Budget the authority receives from the Government in Formula Grant. Locally Liverpool and Knowsley have been placed in Band 1 and the reduction 'damped' at 11.3% for 2011/12 with St. Helens, Sefton and Wirral placed in Band 2 and the reduction 'damped' at 12.3% for 2011/12.

4.8.6 In line with the Spending Review announcements there have been significant reductions in the level of other grants. Area Based Grant (ABG) which was worth £41 million to Wirral in 2010/11 has ceased although some elements of ABG and of other Specific Grants have been rolled into Formula Grant. The Dedicated Schools Grant remains a Specific Grant to provide funding to Schools and the full allocation has been included within the Schools Budget 2011/12. It now includes grants totalling £34 million that were previously paid as separate grants. At this stage only figures for 2011/12 have been announced.

Dedicated Schools Grant	2010/11	2011/12
	£million	£million
Based on pupil numbers	194.0	229.4

4.8.7 In the Settlement the Government makes reference to local authorities 'Spending Power'. This is comprised of Formula Grant, Other Grants, Council Tax Freeze Grant, Council Tax receipts and National Health Service support. The latter relates to funding provided for health related care services. It was announced within the Final Local Government Finance Settlement that annual reductions in local government financing will not exceed 8.8% of Spending Power.

4.8.8 In respect of the National Health Service support further information has now been received. This is funding that has been allocated to health authorities but has to be paid to local authorities for spending on jointly agreed initiatives for health related care services. At this stage the income has not been built into the Estimates 2011/12 as the use of the funding has still to be agreed.

Spending Power	2011/12	2012/13
	£million	£million
Health related care services	4.9	4.7

4.8.9 The Government has set aside funding to enable every local, police and fire and rescue authority to be able to freeze Council Tax in 2011/12. This Council Tax Freeze grant is equivalent to the revenue that would have been raised by a 2.5% Council Tax increase. Authorities applying any increase will not receive the grant and the Government reserves the right to take capping action against excessive increases. For 2011/12 it will be excessive if the 2011/12 budget requirement is greater than 92.5% of the 2010/11 budget requirement and the Band D Council Tax increase is more than 3.5% in 2011/12. The Localism Bill published in December 2010 includes provision for the abolition of capping and instead to introduce a referendum to allow local people to approve or veto excessive Council Tax rises. It is expected to be in force from 2012/13.

4.9. COLLECTION FUND

4.9.1 The Collection Fund is a separate fund for the collection and distribution of amounts in respect of Council Tax and National Non-Domestic Rates. The anticipated collection rate is 98.5% and collection above this rate generates a surplus for distribution whilst any under-performance has to be recovered from the Council and the precepting authorities.

4.9.2 The Collection Fund for the year ending 31 March 2011 was reported to Cabinet on 13 January 2011 and is estimated to be in a balanced position. The collection rate is in line with the 2009/10 performance and is on target and I continue to monitor collection performance. As a consequence no surplus or deficit will be received by, or charged to, the General Fund for 2010/11. Cabinet on 9 December 2010 amended the discounts for empty properties which should result in additional income of £1.6 million during 2011/12 of which £1.3 million is due to the Council.

4.10. TAX BASE

4.10.1 The tax base is the number of properties in Bands A-H in the Borough expressed as an equivalent number of Band D units. The distribution of the Formula Grant takes into account the Council Tax base of an authority.

4.10.2 The tax base used in the calculation was reported to Cabinet on 9 December 2010. The tax base of 106,475.8 is adjusted by the estimated collection rate of 98.5% to give an adjusted tax base of 104,879. It is this figure that is used in calculating the Council Tax and the 2010/11 figure shows an increase of 0.2% on the 2010/11 figure.

Council Tax Band		Properties	Discounted Dwellings	Band Ratio	Band D Equivalent
A	Up to £40,000	58,757	47,717.50	6/9	31,811.7
B	£ 40 - £ 52,000	31,041	27,151.25	7/9	21,117.6
C	£ 52 - £ 68,000	27,207	24,378.75	8/9	21,670.0
D	£ 68 - £ 88,000	13,028	11,846.25	9/9	11,846.3
E	£ 88 - £120,000	8,039	7,400.00	11/9	9,044.4
F	£120 - £160,000	4,273	3,957.25	13/9	5,716.0
G	£160 - £320,000	3,101	2,857.00	15/9	4,761.7
H	Over £320,000	271	228.50	18/9	457.0
		145,717			106,424.7
Add : contributions for Government dwellings					0.0
Add : Band A Disabled Relief Band D equivalent					51.1
Total Council Tax Base 2011/12					106,475.8
Estimated Collection Rate					x 98.5%
Adjusted Council Tax Case 2011/12					104,879
Adjusted Council Tax Base 2010/11					104,690

4.11. BALANCES

4.11.1 The budget for 2010/11 was set leaving £6.5 million in balances and the anticipated balances at 31 March 2011 can be summarised below: -

	£million	£million
Actual Balances at 1 April 2010		10.7
Less		
Used to support 2010/11 budget	4.2	
Used to support EVR / VS Scheme 2010/11	2.6	
Foster Care inflation	<u>0.1</u>	-6.9
Add		
Additional following completion of 2009/10 accounts	3.0	
Personal Care at Home initiative ceased	1.0	
Contributions from		
Insurance Fund	3.4	
Balance Sheet Management Review	<u>1.2</u>	+8.6
Other Variations		
Reduction in Government Grants	-5.5	
Budget reductions related to Government Grants	<u>3.9</u>	-1.6
Projected Balances at 31 March 2011		10.8

4.11.2 Having regard to the statutory guidance and the management, control and risks associated with Council finances the general balance should be set as a minimum at 2% of the net revenue budget. For 2010/11 £6.5 million was the acceptable level of balance. With the reduced level of expenditure budgeted for 2011/12 it would be possible to reduce the general balance to £6 million. Other resources are set aside for specific purposes as provisions and reserves and these are established and used in accordance with the purposes intended. All provisions and reserves are reviewed at least twice a year, most recently by Cabinet on 9 December 2010.

4.12. BUDGET SUSTAINABILITY AND PROJECTED BUDGETS

4.12.1 The Council Medium Term Financial Strategy refers to the pressures being faced at both national and local level as the Council seeks to deliver the objectives as set out in the Corporate Plan. The Government has announced overall funding reductions for local authorities of about 30% over a four year period to 2014/15. A two year Settlement has been announced with a further two year Settlement to be announced following a Local Government Resources Review which the Government intends to complete by July 2011. The Medium Term Financial Strategy has been, and the Council Corporate Plan is being, updated to reflect this period. Future year budget projections are regularly updated and reported to Cabinet to enable the continued meeting of the objectives within the available resources.

4.12.2 When setting previous budgets reference has been made to the pressures faced through the demands for adult and child care services, meeting the waste agenda, responding to climate change and the increasing need to identify, and deliver, efficiencies. Last year this included responding to the impact of the recession. The restrictions to public sector financing to assist in reducing the public debt as set out in the Government Spending Review places significant pressure upon the financial position of the Council.

4.12.3 The Council continues to identify savings, often requiring difficult decisions. The consultation exercise Wirral's Future - Be A Part of It has been important in shaping future priorities and identifying efficiencies. The Government has abolished a number of performance targets including those around efficiencies. The economic situation and Finance Settlement require local authorities to find substantial efficiencies. The overall position, and actions required, will form part of the next Medium Term Financial Strategy and Cabinet will continue to be updated on a regular basis as these actions are developed.

4.13 CORPORATE, DEPARTMENTAL AND FINANCIAL PLANS

4.13.1 A revised Corporate Plan should be submitted to Cabinet on 17 March 2011. The Plan will detail the strategic goals, how we will deliver them and how we will measure performance. The Wirral's Future - Be A Part of It consultation has again been important in revising the Corporate Plan.

4.13.2 The Corporate Plan will be supported by departmental plans that provide further detail of those responsible for delivering the Corporate Plan objectives.

4.13.3 The Council Budget shows how resources are used to deliver the Plan and updated Estimates will be presented to Cabinet to reflect the agreed Budget 2011/12. This will show departmental budgets and also include details of the Insurance Fund, Capital Programme, Schools and Carbon Budgets.

4.14. REVENUE ESTIMATES

4.14.1 This report identifies the latest position regarding the draft Budget for 2011/12 including the impact of the Local Government Finance Settlement, agreed growth and savings. The position is reflected in the Summary of General Fund Estimates - Gold Sheet.

4.14.2 Appendix A contains the summary revenue estimates together with details of agreed savings, treatment of Policy Options and use of the Efficiency Investment Budget.

5.0 RELEVANT RISKS

5.1 In considering the annual budget the main financial risks are:-

Risk	Actions to mitigate the risk
Savings not delivered	Appraisal / identification of issues at outset. Regular monitoring of all budgets. Revised Governance arrangements for the Change Programme. Use of balances to offset unplanned variations.
Savings lead to unplanned service impacts	Corporate Plan / Departmental plans clear on aims. Service impact assessments of EVR/VS scheme. Service re-provision arrangements.
Service spend under-estimated (impact of demand lead areas)	Regular monitoring of volatile budget areas. Use of balances to meet unplanned variations.
Government grant funding is not as expected	Lobbying of Government with support groups. Settlement only covers 2 years with 4 year overview. Medium Term Financial Plan includes for regular Budget Projections updates.
Inflation levels vary from those projected	Pay awards and proposals are predicted. Use of balances to meet unplanned variations.
Balances are insufficient	Set at recommended level. Regular monitoring and twice yearly review.
Income from Council Tax below expected levels	Annual review of tax base. Monitoring of collection rates.

6.0 OTHER OPTIONS CONSIDERED

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

7.0 CONSULTATION

7.1 The major consultation exercise Wirral's Future - Be A Part of It was fundamental in shaping future priorities and identifying efficiencies. The consultation is informing both the Corporate Plan and the supporting financial plan.

8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

8.1 There are no direct implications for these groups from this report.

9.0 RESOURCE IMPLICATIONS

FINANCIAL

9.1. The financial implications are detailed within the report.

STAFFING

9.2. There are no direct staffing implications arising from this report.

10.0 LEGAL IMPLICATIONS

10.1 There are none arising directly from this report.

11.0 EQUALITIES IMPLICATIONS

11.1 There are none arising directly from this report.

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

12.0 CARBON REDUCTION IMPLICATIONS

12.1 There are none arising directly from this report.

13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

13.1 There are none arising directly from this report.

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APPENDIX

Draft Summary Revenue Estimates 2011/12.

REFERENCE MATERIAL / SUBJECT HISTORY

Council Meeting	Date
Cabinet - Provision Local Government Finance Settlement 2011/13	13 January 2011
Cabinet - Budget Projections 2011/13 (latest update)	13 January 2011
Cabinet - Collection Fund	13 January 2011
Cabinet - Tax Base 2011-12	9 December 2010
Cabinet - Balance Sheet Management	9 December 2010
Cabinet - Insurance Fund Budget 2011-12	25 November 2010
Cabinet - Medium Term Financial Strategy 2011/15	4 November 2010

WIRRAL COUNCIL

SUMMARY OF GENERAL FUND ESTIMATES

	BASE ESTIMATE 2010/11 £	CURRENT ESTIMATE 2010/11 £	BASE ESTIMATE 2011/12 £
EXPENDITURE			
Departmental budgets	309,262,300	303,322,200	266,299,700
Merseytravel	27,344,000	27,344,000	28,817,000
Local Pay Review	1,130,800	956,300	956,300
LABGI Grant	(200,000)	0	0
LAA Grant	(1,400,000)	0	0
Council Tax Freeze Grant	0	0	(3,285,000)
Contribution to fund EVR / VS Scheme	0	2,600,000	4,400,000
Net budget	336,137,100	334,222,500	297,188,000
Contribution from balances	(4,354,000)	(4,994,400)	(1,244,000)
Contribution from balances (EVR / VS)	0	(2,600,000)	(4,400,000)
BUDGET REQUIREMENT	331,783,100	326,628,100	291,544,000
INCOME			
Revenue Support Grant	20,016,300	20,016,300	37,498,000
National Non Domestic Rate	137,844,200	137,844,200	121,312,000
Area Based Grant	42,725,000	37,570,000	0
Council Tax Income	131,197,600	131,197,600	131,434,000
Collection Fund Surplus	0	0	1,300,000
TOTAL INCOME	331,783,100	326,628,100	291,544,000
STATEMENT OF GENERAL BALANCE			
General Balance at 1 April	10,723,000	10,723,000	10,795,600
Adjustment (following 2009/10 outturn)	0	3,035,000	0
Contribution from Insurance Fund	0	3,400,000	0
Contribution from Reserves / Provisions	0	1,232,000	0
Budgeted contribution	(4,354,000)	(7,594,400)	(5,644,000)
GENERAL BALANCE AT 31 MARCH	6,369,000	10,795,600	5,151,600

WIRRAL COUNCIL
SAVINGS AGREED 2011/12

Department and scheme	£000
Adult Social Services	
Employees under EVR/VS Scheme	10,528
Market Management Review	5,368
Reprovision Respite and Interim Care	498
Area Based Grant	50
Transport	130
Children and Young People	
Employees under EVR/VS Scheme	5,343
Area Based Grant	1,799
Transfer Extended Schools	87
Contribution to Healthy Schools	94
Family Group Conferencing	70
Early Intervention Grant (net)	572
Corporate Services	
Employees under EVR/VS Scheme	892
Area Based Grant	2,531
Working Neighbourhood Fund	239
Finance	
Employees under EVR/VS Scheme	3,511
Procurement (to be allocated over departments)	2,000
Printing Review (to be allocated over departments)	250
Electronic Payment Development	200
Discretionary Rate Relief	337
Insurances	526
Reduction in Capital Financing	370
Law, HR and Asset Management	
Employees under EVR/VS Scheme	1,634
Transfer and disposal of Assets	481
Office Rationalisation	368
Energy Efficiency	80
Area Based Grant	2
Technical Services	
Employees under EVR/VS Scheme	2,096
Parks Procurement	200
Traffic Management	150
Highways Asset Management System	100
Street Lighting	50
Area Based Grant	66
Total Savings	40,622

WIRRAL COUNCIL

EFFICIENCY INVESTMENT BUDGET

The Efficiency Investment Budget allocated by Cabinet towards those schemes that will assist in the delivery of efficiencies and comprise both 'one-off' items as well as permanent changes to departmental budgets. The following were approved by Cabinet in the 2010/11 financial year:-

Department and scheme	2010/11 £
Adult Social Services	
Reform Team	518,000
Assistive Technology	1,000,000
Children and Young People	
Family Group Conferencing	138,000
Building Schools for the Future	100,000
Corporate Services	
No Schemes	0
Finance	
Procurement Team	1,365,000
Customer Services Team	261,000
VAT Recovery	58,000
Strategic Change Programme Auditor	43,000
Invoice Automation System	28,000
Law, HR and Asset Management	
No Schemes	0
Technical Services	
Change Team	676,000
Energy Efficiency	188,000
Parks and Country Services Procurement Exercise	150,000
EVR / VS Scheme 2010/11	3,475,000
Total Budget	8,000,000

WIRRAL COUNCIL
POLICY OPTIONS 2010/11

The following were agreed for 2010/11 only when setting the 2010/11 Budget.

Department and scheme	£	Actions
Adult Social Services		
Assistive Technology	400,000	One-off support whilst savings delivered. The scheme is now under review.
Corporate Services		
You Decide (winter resilience)	55,000	Cabinet on 13 January 2011 agreed winter resilience budget for 2011/12.
Apprentices	500,000	Cabinet on 9 December 2010 agreed funding for schemes.
Community Transfers	1,362,000	Leasowe and Guinea Gap are now in the Base Budget.
Coordination of Ethnic Minority Services	30,000	Council support for the post was for 2010/11 and 2011/12.
Finance		
Get Into Reading	100,000	Pilot project with resources for 2010/11 only. Project still to be concluded.
Law, HR and Asset Mgt		
Energy Grants	66,000	One-off funding made available to support community groups.
Alcohol Harm (preventing under age sales)	40,000	One-off funding to maintain scheme in 2010/11.
Technical Services		
Promotion of Carbon Reduction	30,000	One-off funding to set-up the web-tools which have been widely promoted in 2010/11.
Total	2,583,000	

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WIRRAL COUNCIL

CABINET

21 FEBRUARY 2011

SUBJECT	SCHOOLS BUDGET 2011/12
WARD/S AFFECTED	ALL
REPORT OF	INTERIM DIRECTOR OF CHILDREN'S SERVICES
RESPONSIBLE PORTFOLIO HOLDER	COUNCILLOR SHEILA CLARKE
KEY DECISION	YES

1.0 EXECUTIVE SUMMARY

This report recommends the approval of a Schools Budget for 2011/12 of £229,403,700. The budget requires a number of changes to the local management of school funding formula and a new Early Years Single Funding Formula. Reports on these areas were presented to the Schools Forum on 25 January 2011. The resolutions are attached as Appendix 1. The Schools Forum reports are available on the Council's intranet.

2.0 RECOMMENDATION/S

2.1 Taking account of the views of the Schools Forum that:

- The Schools Budget is approved at the sum of £229,403,700.
- The DSG reserve of £742,025 is used to meet backdated harmonisation costs in schools.
- The Excess Balance Reserve of £136,934 is also used for this purpose.
- The increase in contributions to combined budgets including Harmonisation back pay £450,000, Local Children's Safeguarding Board £6,000, School Sports Partnership £25,000 and Discretionary Rate Relief £270,000 are noted.
- The budget for schools includes provision for pay harmonisation "going forward" for support staff totalling £1,057,000.

2.2 Changes to the local funding formula are agreed for:

- Grants estimated at £32.2 million, which are to be consolidated into the formula using the previous grant make up and the latest data available.
- An Early Years Single Funding Formula be introduced from 1 April 2011 using a single base rate for all providers together with a number of specific supplements for deprivation, quality, flexibility and a headteacher supplement (for Nursery Schools only).
- That the operation of the formula be reviewed during 2011/12.

3.0 REASONS FOR RECOMMENDATION/S

- 3.1 The Council is required to set a Schools Budget for 2011-12. The Schools Budget is allocated to schools using a formula, which must be updated to take account of changes in the distribution of grants to schools.
- 3.2 Local Authorities must implement an Early Years Funding Formula for all providers of Early Years Education.

4.0 BACKGROUND AND KEY ISSUES

4.1 Schools Budget 2011/12

The overall schools funding settlement is for one year only. Funding will be maintained at "flat cash" per pupil without any inflationary increases until 2014/15. This as expected is a significant move away from the real terms growth in funding of recent years.

4.1.1 Pupil Premium

The Pupil Premium is a new and separate grant to be allocated in full to schools. The Premium will provide additional funding for deprived pupils. It is set at £430 for each pupil eligible for free school meals. A similar premium is also payable in respect of Looked After Children and Service Children (although the latter group will be funded at £200). An initial estimate calculates the premium to be £5 million for Wirral Schools in 2011/12.

4.1.2 Dedicated Schools Grant (DSG)

The estimated level of DSG for Wirral is:

Guaranteed Unit of Funding (GUF)	GUF	GUF	Estimated Pupil	DSG
2010/11	Grants	Total	Numbers	2011/12
£	£	£	£	£
4,268.56	759.83	5,028.39	45,621.7	229,403,700

The current distribution method for the DSG has been maintained. In addition many grants that were previously paid separately have been mainstreamed within DSG. The inclusion of grants requires changes within the local schools funding formula. Grants included within the ISB total £32,173,200 and held centrally total £2,373,700.

4.1.3 Minimum Funding Guarantee (MFG)

The Secretary of State announced that the MFG would continue in 2011/12, protecting schools from changes in funding resulting from fewer pupils and formula changes. The MFG has been set at minus 1.5% per pupil.

4.1.4 Reduced Central Expenditure £1,462,000

Central SEN costs are reducing. Budgets for 2011/12 have been reduced by £639,000. Part of these reductions will be used to fund the outreach work at Gilbrook and also a Complex Social Care Team. Other reductions include:

- Behaviour Support £185,000.
- School Meals Service £102,000.
- Standards Fund £32,000.
- Early Voluntary Retirement/Severance £442,400.

4.1.5 Increased Central Expenditure £1,139,000

Area Based Grants (£493,200 in 2010/11) supporting a wide range of Education and Children's Services initiatives have ceased in 2011/12. Where programmes are required to continue within the Schools Budget they have been funded from DSG. Other increases include:

- Pay Harmonisation Back Pay £450,000.
- Local Safeguarding Children's Board £6,000.
- School Sports Partnerships Coordination £25,000.
- Contribution to Discretionary Rates Relief £270,000.

4.2 Schools Funding Formula

The local funding formula for schools needs to be amended with effect from 1 April 2011 for the consolidation of grant funding. Schools and academies were asked for their views in the Autumn Term on proposed changes. The vast majority of schools would prefer to keep the existing grants within the formula, without any redistributive changes. This is proposed initially for one year, using Regulations that permit the previous grants to be used as new elements within the local formula.

Other changes to the formula include:

- A lump sum factor for Gilbrook Outreach Behaviour Support Service within the Special School Formula.
- Adjustment to all formula factors for additional funding for schools to contribute to Pay Harmonisation costs.
- Updating the formula for elements fixed over the last three-year funding period e.g. Free School Meals, using the most recent data available and maintaining the percentage of the budget allocated to each element.
- Removal of Nursery schools and Primary school nursery classes. These will no longer be funded from the LMS formula but will receive funding described below.

4.3 Early Years Single Funding Formula (EYSFF)

Authorities are required to introduce a single funding formula covering all providers of early education for the free 15-hour entitlement for 3 and 4 year olds. The EYSFF will apply to maintained nursery schools (3), nursery classes (43), and private, voluntary and independent providers (120).

The formula proposed will make payments based on the attended hours of each child at each setting. Place funding or funding based on one census count will not be permitted in future. The formula recommended to the Schools Forum uses a single base rate for all, together with a number of specific supplements for deprivation, quality, flexibility and headteacher costs (nursery schools only). Overall there are only 5 providers (including 3 nurseries) who would lose funding compared to current levels. The formula contains a Minimum Funding Guarantee and a 3 year transitional protection provision for 90%, 85% and 80% of previous funding. The hourly rates payable and estimated budgets are shown in the Forum Report.

5.0 RELEVANT RISKS

5.1 These formula changes enable budgets to be distributed to schools in a way that maximises stability and takes account of DFE regulations.

6.0 OTHER OPTIONS CONSIDERED

6.1 Consideration was given to distributing grants using other formula factors, these are not recommended at this time, since they would introduce turbulence and uncertainty into the budgets schools would receive.

7.0 CONSULTATION

7.1 Schools and academies were consulted on changes to the local funding formula. Nursery and Primary Schools and PVI Providers were consulted in the introduction of the EYSFF.

8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

8.1 All Providers of Early Years Education will be paid using a single funding formula.

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

9.1 The financial implications are described in the report. IT, staffing and asset implications may arise from changes in pupil numbers and the level of funding.

10.0 LEGAL IMPLICATIONS

10.1 The formula changes described meet the requirements to introduce an EYSFF.

11.0 EQUALITIES IMPLICATIONS

11.1 There are none arising from this report.

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

12.0 CARBON REDUCTION IMPLICATIONS

12.1 There are none arising from this report. It should be noted that schools will incur carbon reduction charges from 2011/12.

13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

13.1 There are none arising from this report.

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APPENDICES

Appendix 1 Schools Forum Resolutions items 6,7,8,9

REFERENCE MATERIAL

School Funding Allocations 13 December 2010.

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Wirral Schools Forum	
Proposed changes to LMS Funding Formula to Schools 2011/12 Future funding of Gilbrook Outreach Implementation of the Early Years Single Funding Formula Schools Budget 2011/12	25 January 2011
Early Years Single Funding Formula Update Consultation on proposed changes to LMS Funding Formula to Schools	29 September 2010

WIRRAL SCHOOLS FORUM

TUESDAY 25 JANUARY 2011

Extract of Draft Minutes

6. PROPOSED CHANGES TO LMS FUNDING FORMULA FOR SCHOOLS 2011/12

Mr Roberts summarised his report on the proposed changes to the LMS funding formula.

The Government consultation in September required some local changes. Wirral schools were consulted on these changes, and the outcome of the consultation is recorded in the paper.

Mrs Cogan commented that harmonisation is difficult for Foundation Schools who directly employ their staff as this has not gone through as law yet. These schools who also have very few TAs do not wish to contribute to harmonisation costs.

Resolved

(With 1 abstention) That the Forum agree the referral of these local formula changes to Cabinet for approval.

7. FUTURE FUNDING OF GILBROOK OUTREACH SUPPORT

Mr Bulmer presented his report on the future funding of the outreach service from Gilbrook School.

Following the agreement of the Forum in September that the outreach service should be funded centrally, schools were consulted on the proposals. All except one supported the scheme.

As there will be no additional headroom money in the 2011/12 settlement, the central SEN budget will be used.

Staff at Gilbrook will now define their service to all schools, detailing the support available and the eligibility threshold for children. The service will be visited by the Ofsted team next week who are currently inspecting children's services in the local authority.

Mr Armstrong reported that Gilbrook School has been relocated to the Arrowe Hill Primary site, providing outdoor space for pupils and space to locate the new service.

8. IMPLEMENTATION OF THE EARLY YEARS SINGLE FUNDING FORMULA

Mr Roberts presented his report of the Early Years Single Funding Formula.

The single formula was delayed for 12 months in April 2010 following national and local concerns about the level of funding that nursery schools would receive. The LA has worked closely with the 3 nursery schools to address their concerns, the outcome of which is detailed in the report.

The proposed formula is that same as that presented 12 months ago, with a single base rate and several supplements. The supplements for nursery schools and transitional arrangements have been adjusted.

A flexibility supplement is available for all settings offering provision other than the standard 5 3-hour sessions. So far take-up in Wirral has been limited and this supplement will be reviewed over the next 12 months. Many other local authorities have not included a flexibility factor.

The single formula will be reviewed at the end of the financial year. This will conclude the work of the Steering Group.

Mr Potter queried what would happen at the end of the 3-year transitional period, and whether nursery schools would experience a sharp drop in funding. Mr Roberts confirmed that nursery schools would move to formula funding after the transitional period, and that this should not represent a sharp drop in funding by this point.

Mr Armstrong thanked the Steering Group for their work in developing the formula.

Mr Roberts recorded a correction to the report on page 23 of the papers – the figures for the 3 nursery schools included a grant which had been included twice. Accurate figures will be provided to the nursery schools.

Resolved

- (i) That for Forum note the report.
- (ii) That the views of the Forum on the proposed formula be referred to Cabinet on 21 February 2011.

15. DISCRETIONARY RATE RELIEF

This item was brought forward because it informs the next item on the Schools Budget 2011/12.

Mr Roberts explained that it is proposed to end discretionary school rate relief from April 2011 – this is 12 months earlier than recorded in the report. 80% mandatory rate relief is paid by the government. The remaining 20% is discretionary relief, of which 75% is paid by the local authority and 25% comes from a government grant. Wirral's DRR costs are out of step with those of other local authorities and the Director of Finance has recommended that these should cease.

If DRR is abandoned, the government grant would also cease, and it would cost more to cover the cost of rates. The alternative is for the schools budget to make a contribution to cover the council costs, therefore retaining the government grant.

Mr Armstrong advised that the Forum could vote against this but that the Director of Finance would end DRR next year and the additional costs would have to be paid. By choosing to contribute now there will be less impact on the schools budget.

Resolved

(With 4 abstentions) That the Forum agrees to a contribution to the Discretionary Rate Relief Budget with effect from 2011/12.

9. SCHOOLS BUDGET 2011/12

The settlement for 2011/12 is a one-year settlement as transition to a possible new funding mechanism in 2012/13. It is a flat cash settlement – LAs will receive the same amount per pupil in cash terms as last year. This will apply to 2014/15. In real terms, the value will erode over time – a 10% cut in real terms over the next 3 years.

Pupil premium details have been confirmed and will be paid to schools from 1 April 2011. / The premium is for pupils eligible for Free School Meals, Looked After Children and Service Children. For Wirral, this is an estimated £5million in additional funding. There is likely to be both an increase in the amount of the premium and a broadening of the entitlement in future years.

Mrs Cogan asked if the pupil premium was over and above the current budget or whether deprivation funding would decrease as the pupil premium increased. Mr Roberts advised that the pupil premium is totally separate and there are no proposals to change the formula.

The inclusion of grants within the DSG leaves a balance because equivalent grants allocations now includes Early Years pupils. This additional balance can be used to fund the deprivation supplement in the early years formula.

The MFG is set at -1.5%. It is possible to set a higher MFG, but this is not recommended, as there is no additional headroom money.

The Post-16 budget is expected to decrease by 5%. Funding is on an academic year, so this will have a partial effect in the 2011/12 financial year. Mrs Cogan commented that this would severely affect secondary schools with 6th forms.

Harmonisation costs are estimated at £2.6 million. £2.3 million has been identified so far. There are likely to be additional costs not included in the £2.6 million and there are no further resources to meet these costs. Mr Armstrong reported that discussions are taking place with Finance and the trades unions regarding covering the cost of harmonisation and that a report would be brought to the Forum when the picture was clearer.

The amount retained centrally for ethnic minorities was queried. Mr Roberts explained that this is targeted in specific areas and that historically there has only been a requirement to delegate this to schools when the LA grant reaches a certain level.

Mr Reilly noted that the pupil premium would increase the gap between the highest and lowest funded schools in Wirral. Those secondaries with the lowest levels of Free School Meals would also be losing post-16 funding. There is concern in these schools over jobs. Mr Reilly felt that we should not allow the gap to widen in secondary schools where the costs of delivering an education are similar.

Mr Reilly also commented that the issue of harmonisation is taking a long time to resolve, it was discussed at the September meeting and is still being discussed today. Mr Armstrong agreed, but pointed out that with the potential cost being so significant, discussions needed to be thorough and a lot of effort was being made by all involved.

Mrs Cogan queried the amount set aside for the CLCs when secondary heads at the WASH meeting had voted not to fund them. Mr Armstrong explained that the views of the WASH meeting had been taken into account, but that he had also listened to the views of all schools in requesting stability in budgets for the next year. Stability is needed in all areas pending review. The City Learning Centres are used by pupils in primary and secondary and a proper debate must take place about their future and the potential impact on pupils. The CLCs contain high quality equipment and if the decision is taken not to continue to fund them there must be a plan in place for what will happen to these resources.

Mrs Cogan also queried the centrally retained diploma money. Mr Roberts explained that this is spent by the 14-19 team to provide additional uplift for pupils engaging in the programme.

The Forum were asked to specifically approve items relating to harmonisation, safeguarding and sports partnership.

Resolved

- (i) That the views of the Schools Forum are sought on the Schools Budget for 2011/12 and the level of central costs. The Chair asked for any additional comments to be forwarded to him.
- (ii) (1 against) That the DSG Reserve of £745,025 is used to meet backdated harmonisation costs in schools.
- (iii) (2 against) That the Excess Balance Reserve of £136,934 is also used for this purpose.
- (iv) That the contributions to combined budgets are agreed and increased for (2 against) Pay Harmonisation back pay £450,000, Local Children's Safeguarding Board £6,000, School Sports Partnerships coordination £25,000.
- (v) (2 against) That budgets for schools include provision for pay harmonisation of support staff totalling £1,057,000.
- (vi) That the Schools Budget and the views of the Schools Forum be referred to the budget meeting of Cabinet on 21 February 2011.

SCHOOLS BUDGET

SUMMARY

	Base Estimate 2011-12 £000
Dedicated Schools Grant	193,995
Transfer of Specific Grants into DSG	34,665
Other changes	743
	<u>229,403</u>
Base Estimate	194,489
Change in ISB Costs	
Transfer of Specific Grants into School Formula	32,173
Transfer of Pay Harmonisation costs from contingency	1,057
Early Years extension and flexibility costs	2,030
Education Inclusion Bases	56
Net Falling Rolls	(1,360)
Growth: Early Years Deprivation Funding	200
Gilbrook Outreach	150
	<u>34,306</u>
Changes in Central Costs	
Transfer of Grants into Centrally Managed areas	2,374
Transfer of Pay Harmonisation costs from contingency	(1,057)
Pay Inflation	107
Budget Savings:	
SEN, Statements and Independent Residential	(639)
EVR - SEN, MEAS and Admissions	(442)
School Meals	(164)
Behaviour Support (Ex Area Based Grant)	(185)
Standards Fund Match Funding	(32)
Growth	
Licences	15
Complex Social Care Team	70
Restructure costs	80
Sports coordination	25
LSCB contribution	6
Harmonisation back pay	450
	<u>608</u>
	<u>229,403</u>

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SCHOOLS BUDGET SUMMARY - SUBJECTIVES

	2010-11 Original	2011-12 Original
Expense	£	£
Employees	48,118,700	12,814,200
Premises	2,492,400	2,357,000
Transport	61,300	72,400
Supplies and Services	7,365,400	2,961,700
Third Party Payments	198,109,000	234,250,200
Transfer Payments	1,690,000	3,325,500
Support Services	1,842,300	1,680,300
Expense Total	259,679,100	257,461,300
Income		
Government Grants	(230,690,800)	(229,850,700)
Other Grants and Reimbursements	(23,371,700)	(21,961,400)
Customer and Client Receipts	(1,793,800)	(1,679,100)
Recharge to Other Revenue Accounts	(3,329,600)	(3,970,100)
Income Total	(259,185,900)	(257,461,300)
Grand Total	493,200	0

SCHOOLS BUDGET OBJECTIVE SUMMARY

	2010-11 Original £	2011-12 Original £
Dedicated Schools Grant	(193,995,400)	(229,403,700)
Schools		
Early Years	0	10,104,500
Nursery Schools	1,144,000	0
Primary Schools	78,521,300	89,116,400
Secondary Schools	79,070,600	95,567,100
Special Schools	14,285,500	16,000,700
Schools Total	173,021,400	210,788,700
Non Delegated School Costs		
Admissions	459,300	412,900
Advanced Skills Teachers	0	359,200
City Learning Centres	0	814,700
Contributions to Combined Budgets	442,100	923,100
Early Years	4,738,000	562,000
Education Out Of School	243,700	246,200
Independent Special School Fees	2,902,000	2,765,200
Insurances	65,400	65,400
Library Service	195,300	195,500
Licences & Subscriptions	57,100	72,000
Minority Ethnic Achievement Service	178,800	292,800
Milk & Meals	346,800	245,800
Miscellaneous	177,300	177,300
Other Local Education Authority Adj	401,500	204,900
Wirral Alternative School Programme	964,000	1,047,400
School Intervention	0	674,500
School Specific Contingencies	1,813,600	1,266,700
Schools Forum	10,600	10,600
Special Staff Costs	928,900	938,500
Statements	4,694,400	4,917,000
Support For SEN	2,816,700	2,423,300
Non Delegated School Costs Total	21,435,500	18,615,000
Non Devolved Grant/Funded Expenditure		
Other Specific Grants	0	0
Standards Fund	31,700	0
Non Devolved Grant/Funded Expenditure Total	31,700	0
Grand Total	493,200	0

SCHOOLS BUDGET SUMMARY- DETAIL

	2010-11 Original £	2011-12 Original £	
Dedicated Schools Grant			1
Dedicated School Grant			2
Income			3
Government Grants	(193,995,400)	(229,403,700)	4
Dedicated School Grant Total	(193,995,400)	(229,403,700)	5
			6
Schools			7
Early Years			8
Expense			9
Third Party Payments	0	10,104,500	10
Early Years Total	0	10,104,500	11
			12
Nursery Schools			13
Expense			14
Employees	51,700	0	15
Premises	25,500	0	16
Third Party Payments	1,118,500	0	17
Expense Total	1,195,900	0	18
			19
Income			20
Government Grants	(51,700)	0	21
Nursery Schools Total	1,144,000	0	22
			23
Primary Schools			24
Expense			25
Employees	4,955,800	0	26
Premises	882,900	835,100	27
Third Party Payments	77,638,400	88,281,300	28
Expense Total	83,477,100	89,116,400	29
			30
Income			31
Government Grants	(4,955,800)	0	32
Primary Schools Total	78,521,300	89,116,400	33
			34
Secondary Schools			35
Expense			36
Employees	5,054,100	0	37
Premises	723,300	692,300	38
Third Party Payments	99,129,300	115,101,400	39
Expense Total	104,906,700	115,793,700	40
			41
Income			42
Government Grants	(5,054,100)	0	43
Other Grants and Reimbursen	(20,782,000)	(20,226,600)	44
Income Total	25,836,100	(20,226,600)	45
			46
Secondary Schools Total	79,070,600	95,567,100	47
			48
Special Schools			49
Expense			50
			51
			52

Employees	576,600	0	53
Third Party Payments	14,284,500	16,000,700	54
Expense Total	14,862,100	16,000,700	55
			56
Income			57
Government Grants	(576,600)	0	58
Income Total	(576,600)	0	59
			60
Special Schools Total	14,285,500	16,000,700	61
			62
Schools Total	173,021,400	210,788,700	63
			64
			65
			66
Non Delegated School Costs			67
Admissions			68
Expense			69
Employees	52,100	0	70
Transfer Payments	0	40,000	71
Support Services	407,200	372,900	72
Admissions Total	459,300	412,900	73
			74
Advanced Skills Teachers			75
Expense			76
Employees	0	359,200	77
Advanced Skills Teachers Total	0	359,200	78
			79
City Learning Centres			80
Expense			81
Employees	0	517,200	82
Premises	0	50,000	83
Transport	0	19,000	84
Supplies and Services	0	157,200	85
Third Party Payments	0	71,300	86
City Learning Centres Total	0	814,700	87
			88
Contributions to Combined Budgets			89
Expense			90
Transfer Payments	442,100	923,100	91
Contributions to Combined Budgets Tot:	442,100	923,100	92
			93
Early Years			94
Expense			95
Employees	274,000	273,700	96
Supplies and Services	4,175,700	0	97
Third Party Payments	1,685,500	0	98
Support Services	288,300	288,300	99
Expense Total	6,423,500	562,000	100
			101
Income			102
Government Grants	(1,685,500)	0	103
Early Years Total	4,738,000	562,000	104
			105
Education Out Of School			106
Expense			107
Employees	243,700	246,200	108

Education Out Of School Total	243,700	246,200	109
			110
Indep Special School Fees			111
Expense			112
Employees	3,422,300	3,204,800	113
Support Services	17,400	17,400	114
Expense Total	3,439,700	3,222,200	115
			116
Income			117
Other Grants and Reimbursen	(537,700)	(457,000)	118
Indep Special School Fees Total	2,902,000	2,765,200	119
			120
Insurances			121
Expense			122
Premises	65,400	65,400	123
Insurances Total	65,400	65,400	124
			125
Library Service			126
Expense			127
Employees	118,400	118,600	128
Transport	500	500	129
Supplies and Services	72,500	72,500	130
Support Services	50,300	50,300	131
Expense Total	241,700	241,900	132
			133
Income			134
Recharge to Other Revenue Ac	(46,400)	(46,400)	135
Library Service Total	195,300	195,500	136
			137
Licences & Subs			138
Expense			139
Supplies and Services	57,100	72,000	140
Licences & Subs Total	57,100	72,000	141
			142
Ethnic Minority Achievement Service			143
Expense			144
Employees	370,500	269,700	145
Transport	6,400	6,400	146
Supplies and Services	1,700	1,700	147
Transfer Payments	0	15,000	148
Expense Total	378,600	292,800	149
			150
Income			151
Government Grants	(199,800)	0	152
Ethnic Minority Achievement Service	178,800	292,800	153
			154
Milk & Meals			155
Expense			156
Employees	2,921,400	2,597,000	157
Premises	197,100	174,300	158
Transport	7,700	7,700	159
Supplies and Services	1,952,800	1,758,700	160
Support Services	421,400	421,400	161
Expense Total	5,500,400	4,959,100	162
			163
Income			164

Government Grants	(658,300)	(105,000)	165
Customer and Client Receipts	(1,643,800)	(1,529,100)	166
Recharge to Other Revenue Ac	(2,851,500)	(3,079,200)	167
Income Total	(5,153,600)	(4,713,300)	168
			169
Milk & Meals Total	346,800	245,800	170
			171
Miscellaneous			172
Expense			173
Supplies and Services	66,600	66,600	174
Third Party Payments	11,600	11,600	175
Support Services	99,100	99,100	176
Miscellaneous Total	177,300	177,300	177
			178
OLEA			179
Expense			180
Supplies and Services	524,100	458,500	181
Income			182
Other Grants and Reimbusem	(122,600)	(253,600)	183
			184
OLEA Total	401,500	204,900	185
			186
WASP			187
Expense			188
Employees	759,200	702,400	189
Premises	160,600	180,000	190
Transport	24,500	18,800	191
Supplies and Services	164,200	222,000	192
Third Party Payments	69,400	73,400	193
Support Services	58,100	57,800	194
Expense Total	1,236,000	1,254,400	195
			196
Income			197
Government Grants	(62,000)	0	198
Customer and Client Receipts	(150,000)	(150,000)	199
Recharge to Other Revenue Ac	(60,000)	(57,000)	200
Income Total	(272,000)	(207,000)	201
			202
WASP TOTAL	964,000	1,047,400	203
			204
School Intervention			205
Expense			206
Transfer Payments	0	674,500	207
School Intervention Total	0	674,500	208
			209
School Specific Contingencies			210
Expense			211
Premises	281,100	359,900	212
Transfer Payments	1,372,600	899,000	213
Support Services	159,900	7,800	214
School Specific Contingencies Total	1,813,600	1,266,700	215
			216
Schools Forum			217
Expense			218
Supplies and Services	10,600	10,600	219
Schools Forum Total	10,600	10,600	220

			221
Special Staff Costs			222
Expense			223
Employees	925,400	935,000	224
Support Services	3,500	3,500	225
Special Staff Costs Total	928,900	938,500	226
			227
Statements			228
Expense			229
Employees	1,167,800	947,300	230
Supplies and Services	95,900	100,300	231
Third Party Payments	4,343,300	4,572,200	232
Transfer Payments	0	70,000	233
Support Services	32,700	32,700	234
Expense Total	5,639,700	5,722,500	235
			236
Income			237
Other Grants and Reimbursements	(945,300)	(805,500)	238
Statements Total	4,694,400	4,917,000	239
			240
Support For SEN			241
Expense			242
Employees	2,267,800	2,006,500	243
Transport	20,000	20,000	244
Supplies and Services	41,500	41,500	245
Third Party Payments	37,100	37,100	246
Transfer Payments	1,600	26,600	247
Support Services	486,200	329,100	248
Expense Total	2,854,200	2,460,800	249
			250
Income			251
Recharge to Other Revenue Account	(37,500)	(37,500)	252
Support For SEN Total	2,816,700	2,423,300	253
			254
Non Delegated School Costs Total	21,435,500	18,615,000	255
			256
Non Devolved Grant/Funded Expenditure			257
Other Specific Grants			258
Expense			259
Employees	1,608,500	218,700	260
Supplies and Services	62,400	0	261
Transfer Payments	0	0	262
Expense Total	1,670,900	218,700	263
			264
Income			265
Government Grants	(355,300)	0	266
Other Grants and Reimbursements	(1,315,600)	(218,700)	267
Recharge to Other Revenue Account	0	0	268
Income Total	(1,670,900)	(218,700)	269
			270
Other Specific Grants Total	0	0	271
			272
Standards Fund			273
Expense			274
Employees	23,124,500	0	275
Supplies and Services	140,300	0	276

Support Services	25,300	0	277
Expense Total	23,290,100	0	278
			279
Income			280
Government Grants	(23,096,100)	0	281
Recharge to Other Revenue Ac	(162,300)	0	282
Income Total	(23,258,400)	0	283
			284
Standards Fund Total	31,700	0	285
			286
Non Devolved Grant/Funded Expenditure Total	31,700	0	287
			288
Grand Total	493,200	0	289

WIRRAL COUNCIL

BUDGET CABINET

21 FEBRUARY 2011

SUBJECT	TREASURY MANAGEMENT AND INVESTMENT STRATEGY 2011-14
WARD/S AFFECTED	ALL
REPORT OF	DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER	COUNCILLOR JEFF GREEN
KEY DECISION	YES

1.0 EXECUTIVE SUMMARY

- 1.1 This report sets out the Treasury Management and Investment Strategy for 2011-2014 in accordance with the CIPFA Code of Practice for Treasury Management in Public Services.

2.0 RECOMMENDATIONS

- 2.1 That Members approve the Treasury Management and Investment Strategy for 2011-2014.
- 2.2 That the Prudential Indicators be adopted.
- 2.3 That Members approve the Minimum Revenue Provision policy.
- 2.4 That the Council Officers listed within Appendix D, of the Strategy Statement, be authorised to approve payments from Council bank accounts for all treasury management activities.

3.0 REASONS FOR RECOMMENDATIONS

- 3.1 The Chartered Institute of Public Finance and Accountancy Code of Practice for Treasury Management in Public Services (the "CIPFA TM Code") and the Prudential Code require local authorities to determine the Treasury Management Strategy Statement (TMSS) and Prudential Indicators on an annual basis. The TMSS also incorporates the Investment Strategy as required under the Investment Guidance issued by the Department for Communities and Local Government (DCLG).
- 3.2 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 (SI 2008/414) place a duty on local authorities to make prudent provision for debt redemption. Guidance on Minimum Revenue Provision has been issued by the Secretary of State and local authorities are required to "have regard" to such Guidance under section 21(1A) of the Local Government Act 2003.

4.0 BACKGROUND AND KEY ISSUES

4.1 CIPFA has defined treasury management as:

“the management of the organisation’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.”

4.2 The Council acknowledges that effective treasury management will provide support towards the achievement of business and service objectives. It is, therefore, committed to the principles of achieving value for money in treasury management and to employing suitable comprehensive performance measurement techniques, within the context of effective treasury management.

4.3 The purpose of the attached Treasury Management Strategy Statement is to set:

- The Treasury Management Strategy for 2011-14 - The long term direction for Council borrowing, debt rescheduling and investments.
- The Prudential Indicators – information to ensure that capital investment is affordable, prudent and sustainable.
- The Minimum Revenue Provision (MRP) Statement – The policy on the repayment of long term debt.
- Authorised signatories for treasury management activities.

5.0 RELEVANT RISKS

5.1 The Council is responsible for treasury decisions and activity. No treasury management activity is without risk. The successful identification, monitoring and control of risk are important and integral elements of treasury management activities. The main risks to the treasury activities are:

- Liquidity Risk (Inadequate cash resources)
- Market or Interest Rate Risk (Fluctuations in interest rate levels)
- Inflation Risk (Exposure to inflation)
- Credit and Counterparty Risk (Security of investments)
- Refinancing Risk (Impact of debt maturing in future years)
- Legal and Regulatory Risk

6.0 OTHER OPTIONS CONSIDERED

6.1 There are no other options considered in this report.

7.0 CONSULTATION

7.1 There has been no consultation undertaken or proposed for this strategy report. There are no implications for partner organisations arising out of this report.

8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

8.1 There are none arising out of this report.

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

9.1 Approval and implementation of this strategy will limit financial risks while helping to minimise financing costs and maximise investment returns.

10.0 LEGAL IMPLICATIONS

10.1 There are none arising out of this report.

11.0 EQUALITIES IMPLICATIONS

11.1 There are none arising out of this report.

11.2 An Equality Impact Assessment (EIA) is not required.

12.0 CARBON REDUCTION IMPLICATIONS

12.1 There are none arising out of this report.

13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

13.1 There are none arising out of this report.

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FNCE/26/11

APPENDICES

Treasury Management and Investment Strategic Statement 2011-2014

REFERENCE MATERIAL

DCLG Local Authority Investment Guidance, 2004

DCLG Changes to the Capital Financing System Consultation, 2009

Code of Practice for Treasury Management in Public Services (Fully Revised Second Edition), CIPFA 2009.

Prudential Code for Capital Finance in Local Authorities (Fully Revised Second Edition), CIPFA 2009.

SUBJECT HISTORY

Council Meeting	Date
Cabinet - Treasury Management and Investment Strategy 2010 to 2013	22 February 2010
Cabinet - Treasury Management Annual Report 2009/10	24 June 2010
Cabinet - Treasury Management Performance Monitoring	22 July 2010
Cabinet - Treasury Management Performance Monitoring	14 October 2010
Cabinet - Treasury Management Performance Monitoring	3 February 2011



WIRRAL COUNCIL

TREASURY MANAGEMENT AND INVESTMENT STRATEGY 2011-2014

CONTENTS

1. Background
2. Balance Sheet and Treasury Position
3. Borrowing and Debt Rescheduling Strategy
4. Investment Policy and Strategy
5. Outlook for Interest Rates
6. Policy on Delegation
7. Balanced Budget Requirement
8. 2011/12 Minimum Revenue Provision Statement
9. Performance Monitoring and Reporting

APPENDICES

- A. Existing Portfolio Projected Forward
- B. Economic and Interest Rate Outlook
- C. Specified and Non- Specified Investments
- D. Authorised Signatories

**CABINET
FEBRUARY 2011**

1. Background

1.1 The Chartered Institute of Public Finance and Accountancy's Code of Practice for Treasury Management in Public Services (the "CIPFA TM Code") and the Prudential Code require local authorities to determine the Treasury Management Strategy Statement (TMSS) and Prudential Indicators on an annual basis. The TMSS also incorporates the Investment Strategy as required under the CLG's Investment Guidance.

1.2 CIPFA has defined treasury management as:

"the management of the organisation'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."

1.3 The Council is responsible for its treasury decisions and activity. No treasury management activity is without risk. The successful identification, monitoring and control of risk are integral element to treasury management activities and include Credit and Counterparty Risk, Liquidity Risk, Market or Interest Rate Risk, Refinancing Risk and Legal and Regulatory Risk.

1.4. The strategy takes into account the impact of the Council's Revenue Budget and Capital Programme on the Balance Sheet position, the current and projected Treasury position (Appendix A), the Prudential Indicators and the outlook for interest rates (Appendix B).

1.5 The purpose of this Treasury Management Strategy Statement is to approve:

- Treasury Management Strategy for 2011/12 (Borrowing and Debt Rescheduling - Section 3, Investments - Section 4).
- Prudential Indicators (note: The Authorised Limit is a statutory limit).
- MRP Statement – Section 8.
- Use of Specified and Non-Specified Investments – Appendix C.

2. Balance Sheet and Treasury Position

- 2.1 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR) and together with balances and reserves are the core drivers of treasury management activity. The estimates, based on the current revenue budget and capital programme, are set out below:

	31-Mar-11 Estimate £m	31-Mar-12 Estimate £m	31-Mar-13 Estimate £m	31-Mar-14 Estimate £m
Capital Financing Requirement (CFR)	389	394	394	384
Less: Existing Profile of Borrowing and Other Long Term Liabilities	342	324	305	273
Cumulative Maximum External Borrowing Requirement	47	70	89	111
Balance and Reserves	103	90	80	80
Cumulative Net Borrowing Requirement / (Investments)	-56	-20	9	31

- 2.2 The Council's level of physical debt and investments is linked to these components of the Balance Sheet. The current portfolio position is set out at Appendix A. Market conditions, interest rate expectations and credit risk considerations will influence the Council's strategy in determining the borrowing and investment activity against the underlying Balance Sheet position. The Council will ensure that net physical external borrowing (i.e. net of investments) will not exceed the CFR other than for short term cash flow requirements.

Estimates of Capital Expenditure

- 2.3 It is a requirement of the Prudential Code to ensure that capital expenditure remains within sustainable limits and, in particular, to consider the impact on Council Tax.

	2010/11 Approved £m	2010/11 Revised £m	2011/12 Estimate £m	2012/13 Estimate £m	2013/14 Estimate £m
Capital Expenditure	78,595	73,845	67,552	53,910	tbc

2.4 Capital expenditure is expected to be financed as follows:

Capital Financing	2010/11 Approved £m	2010/11 Revised £m	2011/12 Estimate £m	2012/13 Estimate £m	2013/14 Estimate £m
Supported Borrowing	5,300	5,300	0	0	tbc
Unsupported Borrowing	9,040	14,374	23,084	18,220	tbc
Capital Receipts	3,000	3,000	3,000	3,000	tbc
Capital Grants	60,905	50,304	41,168	32,390	tbc
Revenue Contribution	350	867	300	300	tbc
Total Financing	78,595	73,845	67,552	53,910	0

Incremental Impact of Capital Investment Decisions:

2.5 As an indicator of affordability the table below shows the impact of capital investment decisions on Council Tax. The incremental impact is calculated by comparing the total revenue budget requirement of the current approved capital programme with an equivalent calculation of the revenue budget requirement arising from the proposed capital programme.

Incremental Impact of Capital Investment Decisions	2010/11 Approved £	2011/12 Estimate £	2012/13 Estimate £	2013/14 Estimate £
Increase in Band D Council Tax	8.47	13.54	10.10	tbc

2.6 The estimate for interest payment in 2011/12 is £15.7 million and for interest receipts is £1.3 million. The ratio of financing costs to the Council's net revenue stream is an indicator of affordability. It highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of revenue budget required to meeting borrowing costs. The ratio is based on costs net of investment income.

Ratio of Finance Costs to net Revenue Stream	2010/11 Approved %	2010/11 Estimate %	2011/12 Estimate %	2012/13 Estimate %	2013/14 Estimate %
Ratio	8.74	7.99	9.31	10.03	10.25

3. Borrowing and Debt Rescheduling Strategy

3.1 The Council's balance of Actual External Debt (gross borrowing plus other long term liabilities) as at 31 March 2010 was £352 million. A detailed breakdown of this figure is provided in Appendix A. This Prudential Indicator is a measure in a manner consistent for comparison with the Operational Boundary and Authorised Limit.

- 3.2 The Authorised Limit sets the maximum level of external borrowing on a gross basis (i.e. not net of investments) and is the statutory limit determine under Section 3 (1) of the Local Government Act 2003 (referred to in the legislation as the Affordable Limit)

Authorised Limit for External Debt	2010/11 Approved £m	2010/11 Revised £m	2011/12 Estimate £m	2012/13 Estimate £m	2013/14 Estimate £m
Borrowing	469	494	489	481	473
Other Long-term Liability	15	8	8	8	8
Total	484	502	497	489	481

- 3.3 The Operational Boundary links directly to the Council's estimates of the CFR and estimates of other cashflow requirements. This indicator is based on the same estimates as the Authorised Limit reflecting the most likely, prudent but not worst case scenario but without the additional headroom included with the Authorised Limit.

Operational Boundary for External Debt	2010/11 Approved £m	2010/11 Revised £m	2011/12 Estimate £m	2012/13 Estimate £m	2013/14 Estimate £m
Borrowing	459	484	479	471	463
Other Long-term Liability	10	3	3	3	3
Total	469	487	482	474	466

- 3.4 The Director of Finance has delegated authority, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long-term liabilities. Decisions will be based on the outcome of financial option appraisals and best value considerations. Any movement between these separate limits will be reported to the next meeting of the Cabinet.

- 3.5 In conjunction with advice from its treasury advisor, Arlingclose Ltd, the Council will keep under review the following borrowing options:
- PWLB loans
 - Borrowing from other local authorities
 - Borrowing from financial institutions
 - Borrowing from the Money Markets
 - Local authority stock issues or bills
 - Structured finance
- 3.6 Notwithstanding the issuance of Public Works Loan Board (PWLB) Circular 147 on 20 October 2010, following the Comprehensive Spending Review announcement, which increases the cost of new local authority fixed rate loans to 1% above the cost of the Government's borrowing, the PWLB remains an attractive source of borrowing, given the transparency and control that its facilities continue to provide. The types of PWLB borrowing that are considered appropriate for a low interest rate environment are:
- Variable rate borrowing
 - Medium-term Equal Instalments of Principal (EIP) or Annuity Loans
 - Long-term Maturity loans, where affordable
- 3.7 Capital expenditure levels, market conditions and interest rate levels will be monitored during the year in order to minimise borrowing costs over the medium to longer term and maintaining stability. The differential between debt costs and investment earnings, despite long term borrowing rates being at low levels, remains acute and this is expected to remain a feature during 2011/12. The "cost of carry" associated with medium and long-term borrowing compared to temporary investment returns means that new fixed rate borrowing could entail additional short-term costs. The use of internal resources in lieu of borrowing may again, in 2011/12, be the most cost effective means of financing capital expenditure.
- 3.8 PWLB variable rates are expected to remain low as the Bank Rate is maintained at historically low levels for an extended period. Exposure to variable interest rates will be kept under regular review. Each time the spread between long-term rates and variable rates narrows by 0.50%, this will trigger a formal review point and options will be considered in conjunction with the Authority's Treasury Advisor.
- 3.9. The Council has £174 million loans which are LOBO loans (Lender's Options Borrower's Option) all of which are currently in their call period. In the event that the lender exercises the option to change the rate or terms of the loan, the Council will consider the terms being provided and also repayment of the loan without penalty. The Council may utilise cash resources for repayment or may consider replacing the loan(s) by borrowing from the PWLB. The default response will however be early repayment without penalty.

- 3.10 The rationale for debt rescheduling would be one or more of the following:
- Savings in interest costs with minimal risk.
 - Balancing the volatility profile (i.e. the ratio of fixed to variable rate debt) of the debt portfolio.
 - Amending the profile of maturing debt to reduce any inherent refinancing risks.

As opportunities arise, they will be identified and analysed.

- 3.11 Any borrowing and debt rescheduling activity will be reported to Cabinet.

- 3.12 The following Prudential Indicators allow the Council to manage the extent to which it is exposed to changes in interest rates. The upper limit for variable rate exposure has been set to ensure that the Council is not exposed to interest rate rises which could adversely impact on the revenue budget. The limit allows for the use of variable rate debt to offset exposure to changes in short-term rates on investments.

- 3.13 In order to increase the understanding of this indicator, separate upper limits for the percentage of fixed and variable rates are shown for borrowing and investment activity, as well as the net limit.

	2010/11 Approved %	2010/11 Revised %	2011/12 Estimate %	2012/13 Estimate %	2013/14 Estimate %
Upper Limit for Fixed Interest Rate Exposure					
Borrowings	100	100	100	100	100
Investments	100	100	100	100	100
Net	200	200	200	200	200
Upper Limit for Variable Interest Rate Exposure					
Borrowings	100	100	100	100	100
Investments	100	100	100	100	100
Net	200	200	200	200	200

- 3.14 The limits above provide the necessary flexibility within which decisions will be made for drawing down new loans on a fixed or variable rate basis; the decisions will ultimately be determined by expectations of anticipated interest rate movements as set out in the Council's treasury management strategy.

- 3.15 The Council will also limit and monitor large concentrations of fixed rate debt needing to be replaced. Limits in the following table are intended to offer flexibility against volatility in interest rates when refinancing maturing debt.

Maturity structure of fixed rate borrowing	Lower Limit 2011/12 %	Upper Limit 2011/12 %
Under 12 Months	0	20
12 months and within 24 months	0	20
24 months and within 5 years	0	50
5 years and within 10 years	0	50
10 year and above	20	100

4. Investment Policy and Strategy

- 4.1 Guidance from the CLG on Local Government Investments in England requires that an Annual Investment Strategy (AIS) be set.
- 4.2 The Council's investment priorities are:
- Security of the invested capital
 - Liquidity of the invested capital
 - An optimum yield which is commensurate with security and liquidity
- 4.3 Investments are categorised as 'Specified' or 'Non Specified' investments based on the criteria in the CLG Guidance. Potential instruments for the Council's use within its investment strategy are contained in Appendix C. The Director of Finance, under delegated powers, will undertake the most appropriate form of investments in keeping with the investment objectives, income and risk management requirements and Prudential Indicators. Decisions taken on the core investment portfolio will be reported to Cabinet meetings. (see Section 6, Policy on Delegation).
- 4.4 Changes to investment strategy for 2011/12 include:
- AAA-rated Variable Net Asset Value (VNAV) Money Market Funds
 - T-Bills
 - Local Authority Bills
 - Term deposits in Sweden
 - Maximum duration for new term deposits 2 years
- 4.5 The Council's current level of investments is presented at Appendix A.
- 4.6 The Council's in-house investments are made with reference to the outlook for the UK Bank Rate and money market rates.

- 4.7 In any period of significant stress in the markets, the default position is for investments to be made with the Debt Management Office or UK Treasury Bills. (The rates of interest from the DMADF are below equivalent money market rates, but the returns are an acceptable trade-off for the guarantee that the Council's capital is secure.)
- 4.8 The Council selects countries and the institutions within them for the counterparty list after analysis and careful monitoring of:
- Credit Ratings (minimum long-term A+ for counterparties; AA+ for countries)
 - Credit Default Swaps (where quoted)
 - GDP; Net Debt as a Percentage of GDP
 - Sovereign Support Mechanisms/ potential support from a well-resourced parent institution
 - Share Prices (where quoted)
 - Macro-economic indicators
 - Corporate developments, news and articles, market sentiment.
- 4.9 The Council and its Treasury Advisors, Arlingclose, will continue to analyse and monitor these indicators and credit developments on a regular basis and respond as necessary to ensure security of the capital sums invested.
- 4.10 The UK Bank Rate has been maintained at 0.5% since March 2009, and is anticipated to remain at low levels throughout 2011/12. Short-term money market rates are likely to remain at very low levels for an extended period which will have a significant impact on investment income.
- 4.11 To protect against a lower for longer prolonged period of low interest rates and to provide certainty of income, 2 year deposits and longer-term secure investments will be actively considered within the limits the Council has set for Non-Specified Investments (see Appendix C). The longer-term investments will be likely to include:
- Term Deposits with counterparties rated at least A+ (or equivalent)
 - Supranational Bonds (bonds issued by multilateral development banks): Even at the lower yields likely to be in force, the return on these bonds will provide certainty of income against an outlook of low official interest rates.
- 4.12 The Council has placed an upper limit for principal sums invested for over 364 days, as required by the Prudential Code. This limit is to contain exposure to the possibility of loss that may arise as a result of the Council having to seek early repayment of the sums invested.

	2010/11 Approved £m	2010/11 Revised £m	2011/12 Estimate £m	2012/13 Estimate £m	2013/14 Estimate £m
Upper Limit for total principal sums invested over 364 days	30	30	30	30	30

4.13 **Collective Investment Schemes (Pooled Funds):**
The Council has evaluated the use of Pooled Funds and determined the appropriateness of their use within the investment portfolio. Pooled funds enable the Council to diversify the assets and the underlying risk in the investment portfolio and provide the potential for enhanced returns.

4.14 Investments in pooled funds will be undertaken with advice from Arlingclose. The Council's current investments in Pooled Funds are listed in Appendix A; their performance and continued suitability in meeting the Council's investment objectives are regularly monitored.

5. Outlook for Interest Rates

5.1 The economic interest rate outlook provided by the Council's treasury advisor, Arlingclose Ltd, is attached at Appendix B. The Council will reappraise its strategy from time to time and, if needs be, realign it with evolving market conditions and expectations for future interest rates.

6. Policy on Delegation

6.1 The Council has responsibility for all matters concerned with treasury management. These are delegated to the Director of Finance in accordance with the Constitution scheme of delegation.

6.2 On a day to day basis the Treasury Management Team within the Accountancy Section carries out the treasury management activities.

6.3 Decisions on short term investments and short term borrowings may be made on behalf of the Director of Finance by the Group Accountant for Treasury Management or any of the members of the Treasury Management Team who are empowered to agree deals subject to their conforming to the Authority's treasury management strategy and policies outlined in this report.

6.4 Actual authorisation of payments from the Authority's bank account will be made by the Director of Finance, the Deputy Director of Finance, the Finance Heads of Service or the Chief Accountants, listed in Appendix D.

6.5 Decisions on long term investments or long term borrowings (i.e. for periods greater than one year) may be made on behalf of the Director of Finance by the Group Accountant or the Senior Assistant Accountants on the Treasury Management Team and will be reported to Cabinet.

6.6 All officers will act in accordance with the policies contained within this document.

7. Balanced Budget Requirement

7.1 The Council complies with the provisions of S32 of the Local Government Finance Act 1992 to set a balanced budget.

8. 2011/12 Minimum Revenue Provision Statement

- 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. Guidance on Minimum Revenue Provision has been issued by the Secretary of State and local authorities are required to “have regard” to such Guidance under section 21(1A) of the Local Government Act 2003.
- 8.2 The four MRP options available are:
Option 1: Regulatory Method
Option 2: CFR Method
Option 3: Asset Life Method
Option 4: Depreciation Method
NB this does not preclude other prudent methods
- 8.3 MRP in 2011/12: Options 1 and 2 may be used only for supported expenditure. Methods of making prudent provision for self financed expenditure include Options 3 and 4 (which may also be used for supported expenditure if the Council chooses).
- 8.4 The MRP Statement will be submitted to Council before the start of the 2011/12 financial year. If it is ever proposed to vary the terms of the original MRP Statement during the year, a revised statement should be put to Council at that time.
- 8.5 The Council will apply Option 1 in respect of supported capital expenditure and Option 3 in respect of unsupported capital expenditure.
- 8.6 For prudence, when Option 3, the asset life method, is applied to the funding of an asset with a life greater than 25 years the Council will apply a default asset life of 25 years. Estimating assets lives over 25 years is difficult to achieve accurately; therefore, using a default of 25 years is considered the most prudent approach and is in keeping with the Regulations.
- 8.7 MRP in respect of PFI and leases brought on Balance Sheet under International Financial Reporting Standards (IFRS) will also be calculated using Option 3 and will match the annual principal repayment for the associated deferred liability.

9. Performance Monitoring and Reporting

- 9.1 The Director of Finance will report to Cabinet on treasury management activity / performance as follows :
- Quarterly against the strategy approved for the year. (CIPFA requires as a minimum a mid-year and year end review of treasury activity).
 - The Council will produce an Outturn Report on its treasury activity no later than 30 September after the financial year end.
 - Council Excellence Overview and Scrutiny Committee will be responsible for the scrutiny of treasury management activity and practices.

APPENDIX A

EXISTING PORTFOLIO PROJECTED FORWARD

	31-Mar-10 Actual £m	%	31-Mar-11 Revised £m	31-Mar-12 Estimate £m	31-Mar-13 Estimate £m	31-Mar-14 Estimate £m
External Borrowing:						
Fixed Rate – PWLB	106	38	100	109	113	107
Fixed Rate – Market	174	62	174	174	171	158
Variable Rate – PWLB	0	0	0	0	0	0
Variable Rate – Market	0	0	0	0	0	0
Total External Borrowing	280	100	274	283	284	265
Other long-term liabilities:						
PFI	69	96	66	56	45	34
Finance Leases	3	4	2	2	1	1
Total Other Long-Term Liabilities	72	100	68	58	46	35
Total External Debt	352		342	341	330	300
Investments:						
<i>Managed in-house</i>						
Deposits with Banks and Building Societies	85	59	80	51	41	41
Deposits with Money Market Funds	50	35	30	30	30	30
Deposits in Supranational Bonds and Gilts	8	6	8	8	8	8
<i>Managed externally</i>						
Payden Sterling Reserve	1	1	1	1	1	1
Total Investments	144	100	119	90	80	80
Net Borrowing Position	208		223	251	250	220

ECONOMIC AND INTEREST RATE OUTLOOK (ARLINGCLOSE)

	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14
Official Bank Rate													
Upside risk	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Central case	0.50	0.50	0.75	1.00	1.25	1.50	2.00	2.50	2.75	2.75	3.00	3.00	3.00
Downside risk	-	-	- 0.25	- 0.50	- 0.50	- 0.50	- 0.50	- 0.50	- 0.50	- 0.50	- 0.50	- 0.50	- 0.50
1-yr LIBID													
Upside risk	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Central case	1.65	1.90	2.15	2.40	2.50	2.50	2.75	3.00	3.25	3.50	3.50	3.50	3.50
Downside risk	- 0.25	- 0.25	- 0.25	- 0.50	- 0.50	- 0.50	- 0.50	- 0.50	- 0.50	- 0.50	- 0.50	- 0.50	- 0.50
5-yr gilt													
Upside risk	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Central case	2.75	3.00	3.25	3.50	3.75	4.00	4.00	4.00	4.00	4.00	4.25	4.25	4.00
Downside risk	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25
10-yr gilt													
Upside risk	0.25	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Central case	3.90	4.00	4.10	4.25	4.50	4.75	4.75	4.75	4.75	4.75	5.00	5.00	4.75
Downside risk	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25
20-yr gilt													
Upside risk	0.25	0.25	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Central case	4.50	4.75	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.25	5.25	5.00
Downside risk	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25
50-yr gilt													
Upside risk	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Central case	4.25	4.50	4.75	4.75	4.75	4.75	4.50	4.50	4.50	4.50	4.75	4.75	4.50
Downside risk	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25

- The recovery in growth is likely to be slow and uneven.
- The initial reaction to the CSR is positive, but implementation risks remain.
- The path of base rates reflects the fragility of the recovery and the significantly greater fiscal tightening of the emergency budget. With growth and underlying inflation likely to remain subdued, the Bank will stick to its lower for longer stance on policy rates.
- Uncertainty surrounding Eurozone sovereign debt and the risk of contagion will remain a driver of global credit market sentiment.

Underlying assumptions:

- The framework and targets announced in the Comprehensive Spending Review (CSR) to reduce the budget deficit and government debt will be put to the test; meeting the 2010 borrowing target of £149bn will be crucial to the gilt market's confidence in the credibility of the deficit reduction plans.
- Despite Money Supply being weak and growth prospects remaining subdued, the MPC has gravitated towards increasing rates in the New Year as global inflation continues to rise along with household inflation.
- Consumer Price Inflation is stubbornly above 3% and is likely to spike above 4% in the first quarter of 2011 as a result of VAT, Utilities and Rail Fares.

- Unemployment remains near a 16 year high, at just over 2.5 Million, and is set to increase as the Public Sector shrinks. Meanwhile employment is growing but this is mainly due to part time work, leaving many with reduced income.
- Recently announced Basel III capital/liquidity rules and extended timescales are positive for banks. Restructuring of UK banks' balance sheets is ongoing and expected to take a long time to complete. This will be a pre-condition for normalisation of credit conditions and bank lending.
- Mortgage repayment, a reduction in net consumer credit and weak consumer confidence are consistent with lower consumption and therefore the outlook for growth.
- The US Federal Reserve downgraded its outlook for US growth; the Fed is concerned enough to signal further QE through asset purchases. Industrial production and growth in the Chinese economy are showing signs of slowing. Both have implications for the global economy.

SPECIFIED AND NON SPECIFIED INVESTMENTS

Specified Investments

Specified Investments Defined

Specified Investments will be those that meet the criteria CLG Guidance, i.e. the investment:-

- is sterling denominated
- has a maximum maturity of 1 year
- meets the “high” credit criteria as determined by the Council or is made with the UK Government or is made with a Local Authority in England, Wales, Scotland or Northern Ireland or a parish community council.
- the making of which is not defined as capital expenditure under section 25(1)(d) in SI 2003 No 3146 (i.e. the investment is not loan capital or share capital in a body corporate)

Types of Specified Investments

Specified Investments identified for the Council’s use are:

- Deposits in the DMO’s Debt Management 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
- Treasury-Bills (T-Bills) and Local Authority Bills (LA Bills)
- AAA-rated Money Market Funds with a constant net asset value (CNAV)
- AAA-rated Money Market Funds with a Variable Net Asset Value (VNAV)
- Other Money Market Funds and Collective Investment Schemes– i.e. credit rated funds which meet the definition of a collective investment scheme as defined in SI 2004 No 534 and SI 2007 No 573.

** Investments in these instruments will be on advice from the Council’s treasury advisor.*

Minimum Credit Rating Criteria for Specified Investment

For credit rated counterparties, the minimum criteria will be the lowest equivalent short-term and long-term ratings assigned by Fitch, Moody’s and Standard & Poor’s (where assigned).

Long-term minimum: A+ (Fitch); A1 (Moody’s); A+ (S&P)

Short-term minimum: F1 (Fitch); P-1 (Moody’s); A-1 (S&P)

This means that the Council will only make investments that have high credit rating, or above, for both long and short term investments. The Council will also take into account information on corporate developments of and market sentiment towards investment counterparties and will not rely solely on these credit ratings.

New specified investments will be made within the following limits:

Instrument	Country/ Domicile	Counterparty	Maximum Counterparty Limits £m
Term Deposits	UK	DMADF, DMO	No limit
Term Deposits/Call Accounts	UK	Other UK Local Authorities	No limit
Term Deposits/Call Accounts	UK	Counterparties rated at least A+ Long Term and F1 Short Term (or equivalent)	£15m
Term Deposits/Call Accounts	Non-UK	Counterparties rated at least A+ Long Term and F1 Short Term (or equivalent) in select countries with a Sovereign Rating of at least AA+	£15m
Gilts	UK	DMO	No limit
T-Bills	UK	DMO	No limit
LA-Bills	UK	Other UK Local Authorities	No limit
Bonds issued by multilateral development banks		(For example, European Investment Bank/Council of Europe, Inter American Development Bank)	£30m
AAA-rated Money Market Funds	UK/Ireland/ Luxembourg domiciled	CNAV MMFs VNAV MMFs (where there is greater than 12 month history of a consistent £1 Net Asset Value)	£15m
Other MMFs and CIS	UK/Ireland/ Luxembourg domiciled	Pooled funds which meet the definition of a Collective Investment Scheme per SI 2004 No 534 and subsequent amendments	£15m

Sovereign Country Limits

For in-house investments within UK banks and building societies the maximum sovereign limit will be 100% of total investments.

For in-house investments within non-UK banks the maximum sovereign limit will be £30m. This means that all the Council's investments can be made with non-UK institutions but it limits the risk of over-exposure to any one country.

NB The limits above are maximum limits. The Treasury Management Team will adjust individual counterparty, group and country limits according to individual circumstances but remain within these maximum limits.

Non-Specified Investments

Having considered the rationale and risk associated with Non-Specified Investments, the following has been determined for the Council's use :

	In-house use	Use by fund managers	Maximum maturity	Max % of portfolio	Capital expenditure?
<ul style="list-style-type: none"> ▪ Deposits with banks and building societies ▪ Certificates of deposit with banks and building societies 	✓	✓	5 yrs	40% in aggregate	No
Gilts and bonds <ul style="list-style-type: none"> ▪ Gilts ▪ Bonds issued by multilateral development banks ▪ Bonds issued by financial institutions guaranteed by the UK Government ▪ Sterling denominated bonds by non-UK sovereign Governments 	✓ (on advice from treasury advisor)	✓	10 years	50% 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	✓ (on advice from treasury advisor)	✓	These funds do not have a defined maturity date	50%	No

-Government guaranteed bonds and debt instruments (e.g. floating rate notes) issued by corporate bodies			10 years		
-Non-guaranteed bonds and debt instruments (e.g. floating rate notes) issued by corporate bodies	✓(on advice from treasury advisor)	✓	10 years	£10M	Yes
-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			These funds do not have a defined maturity date		

1. In determining the period to maturity of an investment, the investment should be regarded as commencing on the date of the commitment of the investment rather than the date on which funds are paid over to the counterparty.
2. The use of the above instruments by the Council's fund manager(s) will be by reference to the fund guidelines contained in the agreement between the Council and the individual manager.

Minimum Credit Rating Criteria for Non-Specified Investment

For credit rated counterparties, the minimum criteria will be the lowest equivalent short-term and long-term ratings assigned by Fitch, Moody's and Standard & Poor's (where assigned).

Long-term minimum: A+ (Fitch); A1 (Moody's); A+ (S&P)

Short-term minimum: F1 (Fitch); P-1 (Moody's); A-1 (S&P)

Investment Limits

The limits for each type of non specified investment are shown in the table above. However, the individual counterparty, group and country limits stated with the specified investment section takes precedent over the limits in the table above.

AUTHORISED SIGNATORIES

The following officers are authorised to make payments, either via the Council's online banking system or by signing cheques, and issue other instructions relating to Treasury Management transactions on behalf of Wirral Borough Council:

Director of Finance – Ian E. Coleman

Deputy Director of Finance – David L.H. Taylor-Smith

Head of ICT – Vacant

Head of Benefits, Revenue and Customer Services – Malcolm J. Flanagan

Head of Financial Services – Thomas W. Sault

Head of Support Services – Vacant

Chief Accountant – Peter J. Molyneux

Chief Accountant – Robert D. Neeld

Chief Accountant – Jenny Spick

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WIRRAL COUNCIL

BUDGET CABINET

21 FEBRUARY 2011

SUBJECT	CAPITAL PROGRAMME AND FINANCING 2011-2013
WARD/S AFFECTED	ALL
REPORT OF	DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER	COUNCILLOR JEFF GREEN
KEY DECISION	YES

1.0 EXECUTIVE SUMMARY

1.1 This report provides Cabinet with the further information requested at the meeting on 9 December 2010 when the report on Capital Programme and Financing 2011-2015 was considered.

2.0 RECOMMENDATIONS

2.1 That the revised proposals for the Wallasey Town Hall and Wallasey Annexes schemes be reflected in the Capital Programme.

2.2 That an additional investment of £1.1 million in Transport schemes be included within the Capital Programme for 2011/12.

2.3 That the capitalisation of £3.42 million of statutory redundancy costs be included within the Capital Programme for 2010/11.

2.4 That the Capital Programme 2011-2013 and capital financing, as now presented, be agreed and incorporated within the Council Budget for 2011/12.

3.0 REASONS FOR RECOMMENDATIONS

3.1 After agreeing the Capital Programme in totality on 9 December 2010 Cabinet requested further information relating to works to Wallasey Town Hall and the Wallasey Annexes.

3.2 Cabinet on 13 January 2011 considered a report on the reduction in Local Transport Plan funding and the potential to increase the Council investment to offset the reduction of Government grant.

3.3 As part of the Local Government Finance Settlement the Government has announced that there will be no revenue support for new capital expenditure.

3.4 The Council has received approval from the Government for the capitalisation of expenditure of £3.42 million in 2010/11 on statutory redundancy payments. This is the maximum approved by the Government which will incur additional capital financing costs of £342,000 per year.

3.5 The Capital Programme is based upon the prioritisation criteria linking the Capital Strategy with the Corporate Plan, the Strategic Change Programme and the outcome of the Wirral's Future - Be a part of it consultation.

4.0 BACKGROUND AND KEY ISSUES

4.1 Achieving Council objectives requires capital investment. The Capital Strategy sets the framework that enables the Council to work with partners and stakeholders to prioritise and effectively deliver capital investment that contributes to the achievement of Council objectives.

4.2 The Capital Strategy was reviewed to reflect the Corporate Plan and was agreed by Cabinet on 4 November 2010. It considers issues at a strategic level and is used to determine the Capital Programme with the schemes included in the capital programme being based upon submission of a Business Case which is assessed against the agreed prioritisation criteria.

4.3. In preparing the programme for 2011/15 the process followed that outlined in the Capital Strategy. The prioritisation criteria linking the Capital Strategy with the Corporate Plan, the Strategic Change Programme and the outcome of the Wirral's Future – B e a part of it consultation. The criteria are included at Appendix A.

4.4 Under Financial Reporting Statement (FRS) 15 capital expenditure is defined as expenditure incurred on the acquisition, creation or enhancement of an asset. Enhancement works are defined as leading to at least one of the following:-

- Substantially lengthening the useful life of the asset.
- Substantially increasing the open market value of the asset.
- Substantially increasing the extent to which the asset can be used in connection with the functions of the Local Authority.

Expenditure which purely maintains the useful life or open market value of an asset should be charged to revenue.

4.5 The Prudential Capital Finance system allows local authorities to borrow for capital expenditure provided it is affordable. Decisions about debt repayment should be made through the consideration of prudent treasury management practice. As a guide, borrowing incurs a revenue cost of approximately 10% of the loan each year, comprising interest charges and the repayment of the debt (known as the Minimum Revenue Provision or MRP).

CABINET 9 DECEMBER 2010

4.6 The following schemes were recommended for inclusion in the Capital Programme based upon an assessment against the prioritisation criteria:-

NEW SUBMISSIONS FOR APPROVAL	2011/12	2012/13	2013/14+
	£000	£000	£000
Cathcart Street Primary School	1,500	0	0
Primary School Reorganisation	250	0	Tbc
Adaptation Programme	500	500	0
Housing Renewal Funding	850	800	Tbc
Wirral Healthy Homes	105	105	Tbc
Bebington Civic Centre	1,300	0	0
Rock Ferry Centre	630	0	0
Wallasey Town Hall	1,625	0	0
Quarry Bank Affordable Housing	345	0	0
Empty Property Interventions	125	125	Tbc
Wallasey North and South Annexes (inc £550k from IT capital & £400k PPM)	2,500	800	0
Power Solutions to Wirral's Strategic Investment Areas	250	4,750	0
Cosy Homes Heating	250	250	Tbc
Reconstruction/ Resurfacing of roads on the Wirral Primary Network Routes	500	0	0
Vehicles, plant & equipment which may have previously been funded by leasing	0	0	0

4.7 Cabinet approved the totality of the programme and this was confirmed by Council on 13 December 2010. At Cabinet further information in respect of two schemes was requested:-

Wallasey Town Hall

4.7.1 The project is to upgrade the accommodation in terms of structural fire protection; access and egress; compliance with Part B of the current Building Regulations, and satisfying current DDA access and egress requirements.

4.7.2 The Director of Law, HR and Asset Management advises that there are fire safety, access and egress concerns that need to be addressed. In particular:

- Travel distances relating to means of escape in Wallasey Town Hall exceed the maximum distances stipulated in the current Building Regulations, and not all the fire protection to the escape routes satisfies current requirements.
- The only means of escape from the ground floor rear corridor is via doors opening over a flight of unguarded external steps leading onto a plateau which can only be accessed by further flights of steps.
- The Town Hall only has one passenger/ goods lift. This is old and is prone to frequent breakdown.

4.7.3 The recommended works include:

- the construction of a new staircase within the northeast light well serving the administrative areas on the ground, first and second floors.
- the construction of a new staircase and lift within the southeast light well will serve the administrative areas on all floors.
- the construction of a new staircase and lift within the northwest light well will serve all floors providing access to the Civic Hall and balcony.

4.7.4 The necessary fire risk assessment for the building was last reviewed in September 2010, and it currently has a suitable and sufficient fire risk assessment action plan in place. This risk assessment recognises that travel distances are not ideal and that some fire doors require alteration to ensure smoke dispersion is minimised. The works to fire doors are of a minor nature and will be addressed using existing maintenance budgets. Otherwise, the fire risk assessment identifies that current arrangements for managing fire risk are suitable and sufficient for the present use of the building. As with all fire risk assessments, should there be any significant change in the layout of the building in order to accommodate additional staff then the risk assessment should be revisited and a building regulations application may be required in order to facilitate the changes and comply with current building regulations.

4.7.5 These works are intended to form the first elements within an overall approach to the modernisation of the Town Hall and allow for more intensive use in the future. This could in turn support the vacation and disposal of other buildings, subject to further investment in the Town Hall to create additional capacity. Detailed proposals for staff moves and the associated works have not yet been developed.

4.7.6 The provision of a new staircase and lift in the northwest light well can be seen as a discrete element relating only to the use of the Civic Hall. It should be noted that, on the basis of the current means of escape, the Civic Hall public gallery has already been taken out of use. Whilst a new staircase and lift would address means of escape and accessibility issues for the Civic Hall a further programme of investment would be required to develop the hall into a viable and sustainable community facility that could be operated independently of the remainder of the building.

4.7.7 Options for consideration:-

If the new staircase and lift to serve the Civic Hall is excluded from the overall scheme the estimated cost of the remaining elements is £830,000, including fees and contingencies. This would provide for modernisation of access and means of escape for staff and visitors to areas of the building excluding the civic hall. It would support future options (which are still to be developed) for intensification of use.

Given that existing use of the building can continue under present arrangements the option exists not to proceed with the scheme as proposed. In this case it should be recognised that

- issues of access and means of escape will need to be addressed when future proposals for the building are developed
- disabled access to upper floors will continue to rely on the single existing lift, which is increasingly prone to failure and which is becoming more difficult to repair.

4.7.8 Proposal:-

The scheme be split into two phases with the initial phase being £830,000 for the works to the Town Hall in 2011/12 with the works to the Civic Hall amounting to £795,000 being programmed for 2013/14.

Wallasey North and South Annexes

4.7.9 The works would involve using £550,000 from the IT Capital provision and £400,000 from the Planned Maintenance budget, in addition to £2,350,000 of capital funds sought for building refurbishment and improvement.

4.7.10 Since being constructed around 1960 the Annexes have seen no major capital investment or improvement other than a new heating installation in the South Annexe. Both are due major investment to support their continued use as administrative offices and this scheme would enable the buildings to operate efficiently until well into the next decade without any major maintenance provision being required. The buildings would be put into full repair, with all backlog and lifecycle maintenance issues addressed. The scheme would also open up large areas of the accommodation on all floors to provide a modern open plan layout. This, when combined with the renewal of the ICT infrastructure, would support a greater degree of agile working.

4.7.11 The scheme would have to be phased and decanting arrangements made for existing staff to allow works to proceed, with only one annexe at a time made available for the construction phase. Costs of decanting and temporary accommodation are not included in the capital bid.

4.7.12 Options for consideration:-

It has previously been identified that the principal administrative buildings - including the North and South Annexes - have reached the point where major items need to be addressed to secure their long term future. This is in a developing context where:-

- the Council has recently made a significant reduction in staff numbers through voluntary retirement and severance.
- the impact of these reductions across the administrative estate is being assessed, with space being vacated across all buildings.

An option would be not to commit to a comprehensive works programme at this time but instead to continue the current approach which minimises maintenance expenditure and addresses health and safety priorities and essential repairs as they arise.

4.7.13 If a comprehensive scheme is not undertaken funding would need to be identified from the planned maintenance allocation to enable continued safe occupancy of the buildings and prevent any further deterioration of the structure. Limited works would be undertaken which may need to be spread over two financial years. Asbestos would remain in place and would continue to be managed as at present with partitions removed on a staged basis, managing the risk as works are undertaken and locally making good finishes.

4.7.14 In the absence of a comprehensive scheme it is recommended that a new heating system is installed in the North Annexe. The existing (original) system is failing to provide an adequate working temperature in the building in cold weather. The estimated cost of a new system is £165,000, including a new gas supply to the building and it is recommended that this be included in the capital programme. The existing system is inefficient and a new system would be more sustainable with lower CO2 emissions.

4.7.15 A further option would be to comprehensively refurbish one Annexe and address the other building through the planned maintenance programme. If this option is chosen a scheme for the North Annexe would cost more than one for the South, reflecting the fact that the North Annexe needs a new heating system and refurbishment of the lift. Decanting arrangements would need to be developed to provide for the full vacation of an Annexe whilst work is undertaken.

4.7.16 Proposal:

That the new heating system be undertaken in 2011/12 with the remaining works to the building being re-programmed over the financial years 2012/14. The renewal of the ICT infrastructure, which is being met from the IT capital provision, should proceed subject to a detailed scheme and estimate report being presented to Cabinet.

4.8 Cabinet requested details for the schemes recommended for inclusion of how they related to the work of the Wirral's future:- Be a part of it consultation and links to the recommendations of the Task Forces. This is included at Appendix B.

POTENTIAL VARIATIONS

- 4.9 Cabinet also requested that £500,000 be included in the Capital Programme for reconstruction resurfacing, which had not been the subject of a Business Case submission and assessment against the prioritisation criteria. This scheme was to be included without impacting upon the overall level of borrowing and so there would need to be a compensatory reduction. Cabinet on 13 January 2011 received a report from the Director of Technical Services on the Local Transport Plan capital allocations for 2011/12 which indicated a potential reduction in Government support of £1.6 million in 2011/12, and £600,000 for road safety schemes was proposed for inclusion in the Capital Programme.

NEW SUBMISSIONS FOR APPROVAL	2011/12	2012/13	2013/14+
	£000	£000	£000
Reconstruction/ Resurfacing of roads on the Wirral Non- Primary Network Routes	500	0	0
Road Safety / Traffic Schemes	600	0	0

- 4.10 The Government issued the Provisional Local Government Finance Settlement on 13 December 2010. This included information on Government Grant support for 2011/12 and 2012/13 with there being no Government support for new capital spending within the Formula Grant. The Government subsequently issued further information relating to grant support and the Final Local Government Finance Settlement announced on 31 January 2011 confirmed the position as set out in this report.
- 4.11 The Council has received approval from the Government for the capitalisation of expenditure of £3.42 million in 2010/11 on statutory redundancy payments. This is the maximum approved by the Government and will incur additional capital financing costs of £342,000 per year.
- 4.12 As the Authority moves out of the direct provision of residential care homes, the Director of Adult Social Services will be developing better day care service provision to support the personalisation agenda. This may require capital investment which will be reported to the Cabinet as the programme is developed.

5.0 RELEVANT RISKS

- 5.1 The progression, or non-progression, of individual schemes brings different risks. In overall terms the Council Budget projection for 2011/12 currently includes the financing of the Capital Programme 2011-2015 approved by Council on 13 December 2010. However there is now an additional requirement to meet the costs not now being met by the Government as indicated in section 4.10.

6.0 OTHER OPTIONS CONSIDERED

- 6.1 A number of Business Cases were submitted that did not score sufficiently to be included in the recommended capital programme.

7.0 CONSULTATION

7.1 No specific consultation has been undertaken with regard to this report. This will take place as schemes are developed.

8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

8.1 There are no direct implications arising from this report.

9.0 RESOURCE IMPLICATIONS

FINANCIAL

9.1 Cabinet on 9 December 2010 approved the programme which identified the borrowing requirements, and revenue implications, for future years. The Treasury Management Strategy report to Cabinet on 21 February 2011 includes:-

Year	Increase in borrowing	Revenue costs (cumulative)
2011/12	£23 million	Increase of £2.3 million
2012/13	£19 million	Increase of £4.2 million

9.2 Since the programme was reported to Cabinet on 9 December 2010 information has been received from the Government in respect of the capital allocations and support for 2011/12 and 2012/13. This is shown in Appendix C. Whilst the reductions in capital grants were largely anticipated there is no Government support for the revenue costs of Council borrowing for new schemes although the highways maintenance support is now in the form of a grant.

9.3 The proposals to amend the Wallasey Town Hall and Wallasey Annexes schemes as detailed in paragraph 4.7 will reduce borrowing in 2011/12 by £3.1 million. The addition of the new capital schemes outlined in paragraph 4.9 will increase borrowing by £1.1 million in 2011/12. and the capitalisation in paragraph 4.11 increases the 2010/11 programme by £3.42 million.

9.4 The opportunity has also been taken to update the planned programme in respect of the IT and Cultural Services investment programmes to better reflect planned activity. This includes the Wirral country park scheme for which grant funding continues to be pursued and which will be implemented as a priority should this funding be secured.

9.5 The revised Capital Programme for 2011/13 is detailed in Appendix D and the impact of the changes is:-

Year	Increase in borrowing	Revenue costs (cumulative)
2010/11	£ 3 million	Increase of £0.3 million
2011/12	£16 million	Increase of £1.9 million
2012/13	£11 million	Increase of £3.0 million

STAFFING

9.6 There are none arising directly from this report as any implications will be identified against individual projects at the scheme and estimate stage.

10.0 LEGAL IMPLICATIONS

10.1 There are none arising directly from this report.

11.0 EQUALITIES IMPLICATIONS

11.1 These will be identified as part of the individual scheme proposals.

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

12.0 CARBON REDUCTION IMPLICATIONS

12.1 There are none arising directly from this report.

13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

13.1 There are none arising directly from this report.

FNCE/21/11

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APPENDICES

- Appendix A Capital Investment Programme - Prioritisation Evaluation Criteria and Weightings
- Appendix B Capital Programme - Schemes recommended for inclusion – Links to Task Force recommendations
- Appendix C Capital Allocations
- Appendix D Capital Programme 2010/13 - Position as at 31 January 2011

REFERENCE MATERIAL / SUBJECT HISTORY

Council Meeting	Date
Cabinet - Capital Programme and Financing 2011-2015	9 December 2010
Cabinet - Capital Strategy	4 November 2010
Cabinet - Capital Out-turn and Determinations 2009-10	24 June 2010
Cabinet - Capital Programme and Financing 2010-13	9 December 2009
Cabinet - Capital Strategy	24 September 2009

CAPITAL INVESTMENT PROGRAMME

PRIORITISATION EVALUATION CRITERIA AND WEIGHTINGS

PRIORITISATION CRITERIA	%	CORPORATE OBJECTIVE
1 Will the scheme create employment opportunities or assist in attracting private sector investment?	14	To create more jobs, achieve a prosperous economy and regenerate Wirral.
2 Will the scheme have environmental or streetscene benefits or impact on crime or health and safety?	14	To create a clean, pleasant, safe and sustainable environment.
3 Will the scheme cater for vulnerable people or address health inequality or contribute towards healthy lifestyle?	14	To improve health and well-being for all, ensuring people who require support are full participants in mainstream society.
4 Will the scheme have any educational attainment or learning opportunities or training benefits?	14	To raise the aspirations of young people.
5 Will it impact on revenue or attract significant external funding and build upon partnership working?	14	To create an excellent Council.
6 Will the scheme support outcomes from the consultation 'Wirral's Future – Be a Part of it'?"	15	To meet the overall vision and all corporate objectives
7 Will the scheme contribute towards achievement of the Strategic Change Programme?	15	To meet the overall vision and all corporate objectives

NOTES

- 1 Schemes, as per the Business Cases, will be scored against the criteria on the basis of not meeting to fully meeting the objectives on a 0-2 basis.
- 2 The % shown are the weightings that apply to each of the criteria.
- 3 Schemes which score in excess of 50% will be recommended for inclusion in the Capital Programme.

CAPITAL PROGRAMME SCHEMES RECOMMENDED FOR INCLUSION

LINKS TO TASK FORCE RECOMMENDATIONS

Project Title	Department	Links to Task Force / Options
Cathcart Street Primary School	Children's	Children and Young People Options 1 & 2
Primary School Reorganisation	Children's	Children and Young People Options 1 & 2
Adaptation Programme	Corporate	Living in Wirral Option 27 & 32 Adult Social Services Option 5.
Housing Renewal Funding	Corporate	Living in Wirral Options 27 & 28
Wirral Healthy Homes	Corporate	Living in Wirral Option 27 & 28
Bebington Civic Centre	Law HR & Asset M	Living in Wirral Option 17
Rock Ferry Centre	Law HR & Asset M	Living in Wirral Option 17
Wallasey Town Hall	Law HR & Asset M	Living in Wirral Option 5
Quarry Bank Affordable Housing	Corporate	Living in Wirral Options 33 & 34
Empty Property Interventions	Corporate	Living in Wirral Option 34
Wallasey North and South Annexes	Law HR & Asset M	Living in Wirral Option 5
Power Solutions to Wirral's Strategic Investment Areas	Corporate	Economy & Regeneration Options 9, 11 & 15
Cosy Homes Heating	Corporate	Living in Wirral Options 27 & 28
Road reconstruction/ resurfacing on Wirral PRN and Non PRN	Technical Services	Living in Wirral Option 3
Road Safety	Technical Services	Living in Wirral Option 3
Purchase of vehicles, plant and equipment which may previously have been leased.	Finance	Invest to save scheme

CAPITAL ALLOCATIONS

Capital allocations expected in 2011/12 and their movement between 2009 and 2012

Capital Grants	2009/10 £000	2010/11 £000	2011/12 £000	Notes
GENERAL CAPITAL RESOURCES				
Support for new Capital Borrowing	10,092	5,300	0	Allocation ceased 2011/12
CHILDREN & YOUNG PEOPLE'				
Basic Need	924	924	2,117	
Capital Maint (LA maintained schools)	2,755	2,755	4,376	
Capital Maint (LCVAP for VA schools)	1,975	1,457	1,509	
Devolved Formula Capital (LA maintained schools)	6,269	2,801	871	
Devolved Formula Capital (VA schools)	2,027	869	303	
Schools Access Initiative	611	611	0	Supported Borrowing. Allocation ceased 2011/12
Extended Schools	583	138	0	Allocation ceased from 2011/12
Harnessing Technology Grant	1,084	591	0	Allocation ceased from 2011/12
14-19 diplomas, SEN & Disabilities	2,000	6,000	0	Allocation ceased from 2011/12
CORPORATE SERVICES				
Housing Market Renewal Initiative	7,265	7,485	0	Allocation ceased from 2011/12
Regional Housing Pot Funding	5,241	2,355	0	Allocation ceased from 2011/12
Disabled Facilities Grant	960	?	?	Announcement awaited
TECHNICAL SERVICES				
Integrated Transport Block	3,254	2,365	1,155	To be confirmed but Merseyside funding is a third less
Highway Maintenance	2,992	3,441	3,095	Supported Borrowing 2009/10 & 2010/11. Grant in 2011/12.

WIRRAL COUNCIL

CAPITAL PROGRAMME 2010/13

POSITION AS AT 11 FEBRUARY 2011

SUMMARY	2010/11	2011/12	2012/13
	£000	£000	£000
Expenditure			
Adult Social Services	1,856	1,154	0
Children & Young People	35,155	25,889	12,803
Corporate Services	17,530	5,181	9,630
Finance	6,349	1,000	1,000
Law, HR and Asset Mgt	3,283	8,163	4,795
Technical Services	13,622	7,872	5,305
Total Expenditure	77,795	49,259	33,533
Resources			
General Capital Resources	19,411	18,422	14,380
Supported Borrowing Children	3,772	483	0
Supported Borrowing Transport	3,441	0	0
General Resources*	26,624	18,905	14,380
Grants – Education	29,210	23,441	11,703
Grants – HMRI	5,942	0	0
Grants - Regional Housing Pot	4,014	0	0
Grants - Integrated Transport	0	1,155	1,155
Grants - Local Transport Plan	3,233	3,095	3,095
Grants - Other	7,905	2,363	2,900
Revenue, reserves, contributions	867	300	300
Specific Resources	51,171	30,654	19,153
Total Identified Resources	77,795	49,259	33,533
*General Resources			
From Borrowing	23,624	15,905	11,380
From Capital Receipts	3,000	3,000	3,000
General Resources	26,624	18,905	14,380

ADULT SOCIAL SERVICES	2010/11	2011/12	2012/13
	£000	£000	£000
Expenditure			
Information Management	134	141	0
Mental Health Single Capital Pot	0	521	0
Social Care Single Capital Pot	0	492	0
Extra Care Housing	1,465	0	0
Social Care Capital Reform	257	0	0
Total Expenditure	1,856	1,154	0
Resources			
General Capital Resources	0	141	0
Grants - Other	1,856	1,013	0
Total Identified Resources	1,856	1,154	0
CHILDREN & YOUNG PEOPLE	2010/11	2011/12	2012/13
	£000	£000	£000
Expenditure			
Children's Centres - Phase 3	894	0	0
City Learning Centres	540	0	0
Early Years Quality & Access	1,207	0	0
Aiming Higher for Disabled Children	624	0	0
Condition / Modernisation	4,096	8,470	0
Childrens Homes	397	0	0
Security and Energy	115	0	0
Formula Capital	3,932	4,370	0
Family Support Scheme	215	50	100
Extended Schools	362	0	0
Schools - Access Initiative	459	0	0
Schools - Harness Technology	941	0	0
Woodchurch One School Pathfinder	10,044	900	0
Birkenhead High Girls Academy	2,200	7,489	2,117
Private Finance Initiative	476	115	0
Primary Reorganisation – Surplus	335	250	0
Primary Schools Programme			
- Park Primary School	4,828	0	0
- Pensby Primary School	957	2,500	8,850
- Other	43	0	396
School Meals Uptake & Quality	135	245	0
Practical Cooking Spaces	724	0	0
Co-Location Fund	887	0	0
Playbuilder Programme	374	0	0
Play Lottery	100	0	0
SEN and Disabilities	0	0	1,340
Youth Capital Fund	270	0	0
Cathcart Street School	0	1,500	0
Total Expenditure	35,155	25,889	12,803

CHILDREN & YOUNG PEOPLE	2010/11	2011/12	2012/13
	£000	£000	£000
Resources			
General Capital Resources	1,786	1,965	1,100
Supported Borrowing	3,772	483	0
Grant – Education	29,210	23,441	11,703
Revenue, reserves, contributions	387	0	0
Total Identified Resources	35,155	25,889	12,803

CORPORATE SERVICES	2010/11	2011/12	2012/13
	£000	£000	£000
Expenditure			
Think Big Investment Fund	457	400	300
West Wirral Schemes	0	206	0
Destination West Kirby	0	1,100	150
Wirral Country Park (£1.3m in 2013/14)	0	0	1,600
Mersey Heartlands New Growth Point	1,567	0	0
Improvements to Stock	3,562	850	800
Clearance	8,634	0	0
Disabled Facilities – Adaptations	2,728	1,550	1,550
New Brighton Phase 2	582	0	0
Quarry Bank Affordable Housing	0	345	0
Wirral Healthy Homes	0	105	105
Cosy Homes Heating	0	250	250
Empty Property Interventions	0	125	125
Power Solutions to Strategic Investment Areas	0	250	4,750
Total Expenditure	17,530	5,181	9,630

Resources			
General Capital Resources	3,330	3,531	6,430
Grant - HMRI	5,942	0	0
Grant - Regional Housing Pot	4,014	0	0
Grant - Other	3,944	1,350	2,900
Revenue/ Reserve contributions	300	300	300
Total Identified Resources	17,530	5,181	9,630

FINANCE	2010/11	2011/12	2012/13
	£000	£000	£000
Expenditure			
Information Technology (£1m in 2013/14)	2,764	1,000	1,000
Invoice Automation	165	0	0
Capitalisation of Redundancy Costs	3,420	0	0
Total Expenditure	6,349	1,000	1,000

Resources			
General Capital Resources	6,349	1,000	1,000
Total Identified Resources	6,349	1,000	1,000

LAW, HR & ASSET MANAGEMENT	2010/11	2011/12	2012/13
	£000	£000	£000
Expenditure			
Microregeneration	100	0	0
Landican Mercury Abatement	2,191	1,000	0
Europa Pool - Improved heating	200	0	0
Cultural Service Assets (£3m in 2013/14)	0	2,500	2,500
Williamson Art Gallery	257	1,000	0
The Priory	5	738	0
CCTV / IT Project	530	0	0
Bebington Civic Centre	0	1,300	0
Rock Ferry Centre	0	630	0
Wallasey Town Hall	0	830	795
North and South Annexes (£0.7m in 2013/14)	0	165	1,500
Total Expenditure	3,283	8,163	4,795
Resources			
General Capital Resources	3,223	8,163	4,795
Grant – Other	60	0	0
Total Identified Resources	3,283	8,163	4,795
TECHNICAL SERVICES	2010/11	2011/12	2012/13
	£000	£000	£000
Expenditure			
Congestion	721	0	0
Road Safety	1,495	600	0
Maintenance	6,253	4,062	3,095
Air Quality	1,090	0	0
Accessibility	112	0	0
Transportation	451	0	0
Integrated Transport Block	0	1,155	1,155
Roads - Non Primary Routes	0	500	0
Capitalised Highways Maintenance	1,000	1,000	1,000
Highway Structural	500	500	0
Energy Schemes	162	0	0
Asset Management	85	0	0
Waste Initiatives	424	0	0
Coast Protection	221	55	55
Hoyle Golf Course	410	0	0
Landican Cemetery	180	0	0
Oval Sport Centre-Artificial Pitches	160	0	0
Lottery Play Sites	158	0	0
Birkenhead Park	200	0	0
Total Expenditure	13,622	7,872	5,305

TECHNICAL SERVICES	2010/11	2011/12	2012/13
	£000	£000	£000
Resources			
General Capital Resources	4,723	3,622	1,055
LTP - Support Borrowing	3,441	0	0
Grants – Integrated Transport	0	1,155	1,155
Grants - Local Transport Plan	3,233	3,095	3,095
Grant – Other	2,045	0	0
Revenue, Reserves, Contributions	180	0	0
Total Identified Resources	13,622	7,872	5,305

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WIRRAL COUNCIL

CABINET

21 FEBRUARY 2011

SUBJECT:	INTERIM CARBON BUDGET 2011 – 12 REPORT NO. 1
WARD/S AFFECTED:	ALL
REPORT OF:	DIRECTOR OF LAW, H.R. & ASSET MANAGEMENT
RESPONSIBLE PORTFOLIO HOLDER:	COUNCILLOR GARDINER
KEY DECISION	YES

1.0 EXECUTIVE SUMMARY

- 1.1 Reducing Wirral's carbon footprint is a key priority for the Council and we are committed to our pledge to deliver a 60% reduction by 2025. In order to ensure this is met the Council produces a Carbon Budget to measure the progress that we have made.
- 1.2 Each Council service has been given an 'allowance' of CO₂ to operate and deliver their services. Its purpose is to provide a clear picture of the environmental impact of the Council's energy use, which will help us meet our carbon reduction targets.
- 1.3 This report provides an interim Carbon Budget for 2011-12, as requested by Cabinet on the 22 February 2010, (Minute 335 refers). Its 'Interim' status reflects the fact that significant changes to Council structures and services are currently being considered that will have a significant positive impact over the coming months. The Carbon Budget will therefore be revised to reflect any changes that are made and published in April 2011.
- 1.4 This report does not contain exempt information.

2.0 RECOMMENDATIONS

- 2.1 Cabinet is requested to note and endorse the actions (contained within Appendix B, the Carbon Budget Impact Statement) to implement the Council's interim Carbon Budget for 2011-12.
- 2.2 That a further report be presented to Cabinet detailing the revisions to the Carbon Budget in April 2011.

3.0 REASONS FOR RECOMMENDATIONS

- 3.1 Setting a Carbon Budget will help the Council to meet the local and national emissions targets. It will also assist in the management and operation of the government's Carbon Reduction Commitment Energy Efficiency Scheme (CRC).

4.0 BACKGROUND AND KEY ISSUES

- 4.1 In 2008, the Government passed the Climate Change Act, which introduced national carbon reduction targets. Through the Act, the UK is committed to reducing carbon emissions by 80% (from a 1990 baseline) by 2050, with a reduction in emissions of at least 34% by 2020. This means that all parts of the UK have to make substantial reductions in greenhouse gas emissions.
- 4.2 The Council is committed to reducing its emissions by 60% by 2025 and to adapt to the changes in climate that will occur. The Council has a Climate Change Policy, Action Plan and Carbon Reduction Programme that focuses on awareness, energy, adaptation and transport. Together with the Carbon Budget, they will help the Council to become more energy efficient, reduce carbon emissions and make financial savings.
- 4.3 A number of measures (See Appendix B) have been implemented since the first Carbon Budget (for 2010-11) was presented at Budget Cabinet on 22 February 2010 (Minute 335 refers) and Budget Council on 1 March 2010 (Minute 117 refers). Those measures will help us deliver on targets set out in this second (interim) Carbon Budget.
- 4.4 Other options to reduce the Council's carbon footprint will be developed with Departments and will contribute to meeting the targets set out in this and future annual Carbon Budgets. These will include recommendations from the public and the Living in Wirral Task Force as part of the 'Wirral's Future' consultation.
- 4.5 The methodology required to manage the Carbon Budget was set out in the report to Cabinet on 22 February 2010. In essence, each service's Carbon Budget is expected to decrease annually by its target figure, which equates to a 5% reduction to enable the Council to achieve its long term target of a 60% reduction by 2025.
- 4.6 The latest emission figures (as set out in Appendix A) relate to the period Oct 09 to Sept 10 and will be updated in April 2011. If the weather corrected figures are used to make a comparison it shows that the Council surpassed its target by 636 tonnes of CO₂.
- 4.7 The Council has made significant progress over the last four years to significantly reduce its carbon footprint. Progress on a number of ongoing projects was reported to the Sustainable Communities Overview and Scrutiny Committee which met on 21 June 2010 (Minute 59 refers). These include:
- Energy efficiency schemes, including Voltage Optimisation and Variable Speed Drives

- Renewable energy projects, including a pilot photo voltaic scheme at the Cheshire Lines Building
 - Awareness raising and promotional work, including the CRed website, Eco-schools and Energy Champions
 - Development of a green specification guide for new and refurbished Council buildings
 - Waste minimisation and recycling in Schools and Council buildings
 - Staff Travel Plan initiatives
- 4.8 It should be noted that no capital investment projects explicitly aimed at reducing emissions have been undertaken in the twelve months to September 2010, which the performance report in Appendix A is based upon.
- 4.9 Since June 2010 there have been many changes to national legislation. These include:
- The withdrawal of National Indicators 185, 186 and 188;
 - The significant alteration to the terms of the governments CRC Scheme; and,
 - Recommendations from the government's Committee on Climate Change to change the whole CRC process, which is intended to simplify the scheme.
- 4.10 The process will be reviewed and adjusted accordingly, once full details of the changes resulting from the restructuring of the Council are known.

5.0 RELEVANT RISKS

- 5.1 The greatest risk is not meeting the required targets set out in the carbon budget.
- 5.2 To minimise the risk of failing to meet the requirements of the Carbon Budget, Service Managers should plan to meet their Carbon Budgets by developing and incorporating CO₂ emissions management into service level decision making. They should include carbon management in their Service Delivery Plans, setting out how they aim to operate within their agreed carbon budget.
- 5.3 Departmental and Service Managers will be better informed about the management and the risks of non compliance with their Carbon Budget once full details of the proposed changes to the Council are known.
- 5.4 There are financial savings to be made through the implementation of energy efficient operations and low carbon innovation set out in the Carbon Budget Impact Statement, please refer to Appendix B. However, strong departmental leadership will be needed to ensure that carbon budgeting is fully integrated into mainstream financial management and business planning activity.

6.0 OTHER OPTIONS CONSIDERED

- 6.1 Based on the Council resolution passed on the 14 December 2009 the only other option available is to do nothing, which is not a reasonable alternative.

7.0 CONSULTATION

7.1 Consultation is underway with Members. Further consultation will be undertaken with all Departments on the future development and implementation of the Council's Carbon Budget through the Business Planning process. Help and advice will be provided to identify areas of future savings. Help will also be given to report writers to enable them to identify and report the effect a particular report will have on the Carbon Budget in the newly introduced "CARBON REDUCTION IMPLICATIONS" section of Council Reports.

8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

8.1 The setting of the Council's Carbon Budget has no direct implications for voluntary, community and faith groups.

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

9.1 There are no direct financial implications arising from this report. However, there are a number of carbon reduction projects currently being evaluated. If funding is approved the Carbon Budget Impact Statement in Appendix B will be revised to reflect the additional carbon savings. There are no staffing implications arising directly from this report. The rationalisation of the Council's assets will greatly assist in the delivery of the Carbon Budget as detailed within Appendix B.

10.0 LEGAL IMPLICATIONS

10.1 There are no direct legal implications arising from this report.

11.0 EQUALITIES IMPLICATIONS

11.1 There are no equality implications arising from this report.

11.2 Equality Impact Assessment (EIA)

- | | |
|---------------------------------------|-----|
| (a) Is an EIA required? | No |
| (b) If 'yes', has one been completed? | N/A |

12.0 CARBON REDUCTION IMPLICATIONS

12.1 In accordance with the adopted recommendations from the 'Living in Wirral Task Force' we will continue to work to reduce the Council's Carbon Footprint by: improving our energy efficiency; reducing our energy needs; introducing renewable technologies; and, improving our overall environmental performance which will have a positive effect on energy use and reducing carbon emissions. We will also continue to work to develop and bring forward the 'Living in Wirral' Task Force recommendations on how the public's priorities for greater pace in this area of Council policy can be achieved.

12.2 If the proposals contained within the Carbon Budget Impact Statement 2011/12 are fully implemented the Council would reduce CO₂ emissions by

approximately 3140 tonnes which will positively assist in meeting future emissions targets.

13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

13.1 Where proposals are developed for combined heat and power which require external works to buildings planning permission may be required.

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APPENDICES

Appendix A – Carbon Budget Performance of Council Buildings

Appendix B – Carbon Budget Impact Statement

REFERENCE MATERIAL

Council – 14 December 2009, Minute 77 - MOTION: CARBON BUDGET
Budget Cabinet - 22 February 2010, Report “CARBON BUDGET 2010-11”

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Council (Notice of Motion)	14 December 2009
Budget Cabinet	22 February 2010
Budget Council	1 March 2010

Appendix A – Carbon Budget Performance of Council Buildings

Responsible Department	Actual Emissions Oct 09 to Sept 2010 (kg)	Weather Compensated Emissions Performance Oct 09 to Sept 2010 (kg)	2010/11 CO2 Emissions Target (kg)	Deviation from 2010/11 Emissions Target (kg)	Percentage deviation from 2010/11 Emissions Target	2011/12 CO2 Emissions Target (kg)	Revised 2011/12 CO2 Emissions Target (kg)	Actual reduction from 2010/11 target required to meet revised 2011/12 CO2 Emissions Target (kg)
CORPORATE SERVICES	777,391	752,705	768,362	-15,657	-2.04%	728,023	728,023	40,339
CYPD (Buildings)	1,716,721	1,646,389	1,718,799	-72,410	-4.21%	1,628,562	1,628,562	90,237
CYPD (Schools)	17,291,232	16,661,588	17,689,911	-1,028,323	-5.81%	16,761,191	16,761,191	928,720
DASS	2,015,980	1,928,399	2,141,010	-212,611	-9.93%	2,028,607	2,028,607	112,403
FINANCE	1,235,601	1,218,441	1,030,257	188,184	+18.27%	976,168	787,984	242,273
LHR & AM	251,055	242,241	471,090	-228,849	-48.58%	446,358	446,358	24,732
REGEN	10,141,018	9,731,205	9,362,606	368,599	+3.94%	8,871,069	8,502,470	860,136
TECH SERVICES	9,771,807	9,747,790	9,363,651	384,139	+4.10%	8,872,060	8,487,921	875,730
MISCELLANEOUS	491,290	470,092	489,032	-18,940	-3.87%	463,358	463,358	25,674
TOTAL	43,692,095	42,398,850	43,034,718	-635,868	-1.48%	40,775,396	39,790,852	3,243,866

NOTE: To allow comparisons to be made here Regeneration Department was retained. Regeneration sites will be re-assigned from 1st April 2011, and departments will be advised of their individual carbon targets through the 2011/12 business planning process.

The revised list will be published in April 2011.

CARBON BUDGET IMPACT STATEMENT 2011-12

Description of Service Change	Carbon (Tonnes of CO2) Reductions\Increases	Impact on Service Delivery	Risks	Other Impacts
PC Power Down Project	-310	Positive impact on emissions Sets a good example to staff Improved maintenance Improved emissions information	Systems incompatible with IT Network Awaiting feedback\ approval from WITS	Cost optimisation If due to planned improvements to the IT system the PC Power Down project is progressed in the short term the Council would still benefit both financially and environmentally. Funding approved
Install Variable Speed Drive Controls to Various Sites	-471	Positive impact on emissions Reduced maintenance costs Improved Plant Control		Cost Optimisation Installation complete
Install Voltage Optimisation Systems to Various Sites	-56	Positive impact on emissions Reduced maintenance Costs		Cost optimisation Installation underway
PV Installation at Cheshire Lines Building	-2	Positive impact on emissions		FITS Income Installation Complete
Disposal of Bridge Court	-54	Structural reduction in carbon emissions		
Disposal of Westminster House	-188	Structural reduction in carbon emissions	Disposal after 01/04/2011 may impact on emissions reduction	

CARBON BUDGET IMPACT STATEMENT 2011-12

Description of Service Change	Carbon (Tonnes of CO ₂) Reductions/Increases	Impact on Service Delivery	Risks	Other Impacts
Demolition of Feltree House	-123	Structural reduction in carbon emissions		
Disposal of Heswall Hall	-82	Structural reduction in carbon emissions	Disposal after 01/04/2011 may impact on emissions reduction	Site improvements prior to transfer
Disposal of Alexander Hall	-13	Structural reduction in carbon emissions	Disposal after 01/04/2011 may impact on emissions reduction	
Disposal of Brookfield Childrens Home**	-32	Structural reduction in carbon emissions should the review lead to closure or disposal		** Subject to the review of in-house residential provision. (Cabinet 9 December 2010)
Disposal or Transfer of DASS Properties*** (Mapleholme, Pensall, Poulton, Meadowcroft & Fernleigh)	-763	Structural reduction in carbon emissions should the identified homes be transferred out of Council control or sold.		*** Re-provision of respite and interim care is subject to further consultation. (Cabinet 9 December 2010)
19 Heath Road	-2	Structural reduction in carbon emissions		Disposed 2009-10 <i>Carbon savings not previously reported or claimed</i>
5-7 St Andrews Road	-15	Structural reduction in carbon emissions		Disposed 2009-10 <i>Carbon savings not previously reported or claimed</i>
98 Bidston Road	-28	Structural reduction in carbon emissions		Disposed 2009-10 <i>Carbon savings not previously reported or claimed</i>

CARBON BUDGET IMPACT STATEMENT 2011-12

Description of Service Change	Carbon (Tonnes of CO ₂) Reductions/Increases	Impact on Service Delivery	Risks	Other Impacts
Delamere Community Centre	-11	Structural reduction in carbon emissions	Disposal after 01/04/2011 may impact on emissions reduction	
Kylemore Community Centre	-15	Structural reduction in carbon emissions	Disposal after 01/04/2011 may impact on emissions reduction	
Vale House	-47	Structural reduction in carbon emissions	Disposal after 01/04/2011 may impact on emissions reduction	
Overton Community Centre	-25	Structural reduction in carbon emissions	Disposal after 01/04/2011 may impact on emissions reduction	
Bromborough Social Centre	-22	Structural reduction in carbon emissions	Disposal after 01/04/2011 may impact on emissions reduction	
Grange Road West Sports Centre	-92	Structural reduction in carbon emissions	Disposal after 01/04/2011 may impact on emissions reduction	
Willowtree	-159	Structural reduction in carbon emissions	Disposal after 01/04/2011 may impact on emissions reduction	
Hillcroft	-8	Structural reduction in carbon emissions	Disposal after 01/04/2011 may impact on emissions reduction	

CARBON BUDGET IMPACT STATEMENT 2011-12

Description of Service Change	Carbon (Tonnes of CO ₂) Reductions/Increases	Impact on Service Delivery	Risks	Other Impacts
Fellowship House	-37	Structural reduction in carbon emissions	Disposal after 01/04/2011 may impact on emissions reduction	
245 Liscard Road	-8	Structural reduction in carbon emissions	Disposal after 01/04/2011 may impact on emissions reduction	
Old Court House	-88	Structural reduction in carbon emissions	Disposal after 01/04/2011 may impact on emissions reduction	
Oakenholt Road Complex	-39	Structural reduction in carbon emissions	Disposal after 01/04/2011 may impact on emissions reduction	
Combined Heat and Power	-400 to 550	Positive effect on emissions Early opt-out clause	Long term contract	Low Electricity Unit Cost Capital Investment: None using DEP Scheme Savings: TBC Payback: N/A
Awareness Raising		Educates Users at all levels Raises motivation Positive effect on emissions Maintains performance levels	Impact difficult to assess Reduced Performance if not fully implemented	Cost Optimisation
TOTAL PROPOSED EMISSIONS REDUCTION	-3140	Tonnes of CO₂		

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METROPOLITAN BOROUGH OF WIRRAL

CABINET – 21 FEBRUARY 2011

BUDGET COUNCIL PROCEDURE

1. Executive Summary

1.1 This report proposes a procedure for the Budget meeting of the Council.

2. Background

2.1 Standing Order 13 provides that the Director of Law, H.R. and Asset Management “shall, prior to the Budget meeting of the Council, consult with the Leaders of each political group and submit to the Cabinet and Council a suggested procedure to be adopted at the budget meeting, but if no such procedure is adopted the normal procedures of the Council in relation to amendments to Cabinet recommendations will apply”.

3. Proposed procedure

3.1 The Budget meeting clearly is different from ordinary meetings and therefore the procedure that is proposed is based largely on that used since 2008, the relevant sections of the Constitution, and one or two suggestions made in the light of comments made in previous years. It is set out in the appendix to this report.

4. Outcome of consultation

4.1 As indicated above, the Party Leaders should be consulted on the procedure. Their views will be reported to the meeting.

5. Financial and Staffing Implications

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

6. Other Implications

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

7. Local Member Support

7.1 The report has no implications for individual wards.

8. Background Papers

- 8.1 Other than published works and the Council minutes, no background papers have been used in the preparation of this report.

9. Decision Required

- 9.1 The Cabinet is requested to approve the Budget Council procedure.

Bill Norman

Director of Law, H.R. and Asset Management

2 February 2010

COUNCIL – 1 March 2011

BUDGET COUNCIL PROCEDURE

- 1. Mayor's communications**
- 2. Declarations of Interest / Restrictions on voting**
Note: a letter on what restrictions might apply has been sent to all members
- 3. Petitions**
Note: if a petition relates to the setting of the Budget, the member who presents it should be given the opportunity during the main debate to speak about it, in order that the Council can take account of it in that context.
- 4. Matters requiring approval by the Council**

BUDGET

The Leader will formally move the Cabinet's Budget recommendations, with any additional paragraphs (e.g. those relating to precepts), plus any other minutes from the Cabinet meeting on 21 February that require approval by the Council.

Minutes formally seconded (Councillor Holbrook)

Budget debate

There will be one debate on the Budget (Cabinet minute xxx). Any alternative proposals to those of the Cabinet should have been lodged with the Director of Law, H.R. and Asset Management by **12.00noon on Thursday 24 February**.

The Leader of the Labour Group formally moves his Group's Budget proposals.

Formally seconded.

Any other amendments to the Budget recommendations are formally moved.

Each amendment is formally seconded.

Mayor calls speakers:

Councillor Green may request leave to save all or part of his time (15 minutes) until the end of the debate, in which case it will be added to the time for his right of reply (7 minutes).

Councillor Foulkes, speaking to Labour budget (15 minutes)

Movers of other amendments (7 minutes)

Note: if there are several such amendments, the Mayor should consider varying the order of movers to ensure a balanced debate.

Mayor will decide the order of other speakers (3 minutes each).

Note: Councillor S Clarke should be allocated 5 minutes by virtue of her speaking on the Schools Budget element.)

Debate ends with seconders, **unless** they have spoken earlier:

Councillor Holbrook, seconding Cabinet's budget (7 minutes)

Councillor P Davies, seconding Labour budget (5 minutes)

Seconders of other amendments (3 minutes each)

Leader's speech / right of reply (all or remainder of 22-minute allocation)

Voting:

The first vote will be on the Labour budget, and if it falls

The Council votes on any other amendments.

Decision

If all amendments to the Budget fall, minute xxx of the Cabinet will be **taken as approved, without the need for any further vote**, in accordance with Standing Order 7(1).

If the proposed budget is amended, wholly or partly, that will be regarded as an in-principle decision, which will automatically come into effect five working days from the date of that decision, **unless** the Leader of the Council informs the Director of Law, H.R. and Asset Management in writing within that time that he objects to the decision becoming effective and provides reasons why.

In such circumstances, the Budget and Policy Framework provides for the Director to call another meeting of the Council within a further five days. The Council will then be required to reconsider its decision, and the Leader's written submission, within a further five working days. The actual position is that a reserve date (**Wednesday 9 March**) has been set aside for considering any objection by the Leader. At that second meeting the Council can:

- (i) accept the Cabinet's recommendation, without amendment or objection; or
- (ii) approve a different decision that does not accord with the recommendation of the Cabinet, by a simple majority of votes cast at the meeting.

Other objections

The Council will then debate, in the normal manner, any objections to other minutes that are subject to Council approval.

5. Vacancies

6. Any other business

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