



Cabinet

Date: Thursday, 4 November 2010

Time: 6.15 pm

Venue: Committee Room 1 - Wallasey Town Hall

Contact Officer: Mark Delap

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AGENDA

1. MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST

The members of the Cabinet are invited to consider whether they have a personal or prejudicial interest in connection with any of the items on this agenda and, if so, to declare it and state the nature of such interest.

2. MINUTES

The minutes of the last meeting have been printed and published. Any matters called in will be reported at the meeting.

RECOMMENDATION: That the minutes be approved and adopted.

3. PRESENTATION - MID WIRRAL LINE

Presentation by Neil Scales, Chief Executive, Merseytravel

FINANCE AND BEST VALUE

4. STATEMENT OF ACCOUNTS AND ANNUAL REPORT (Pages 1 - 6)

5. BUDGET PROJECTIONS 2011-2015 (Pages 7 - 14)

6. SPENDING REVIEW 2010 (Pages 15 - 22)

7. PERFORMANCE AND FINANCIAL REVIEW - SECOND QUARTER 2010/2011 - REPORT AND PRESENTATION (Pages 23 - 46)

8. MEDIUM TERM FINANCIAL STRATEGY (MTFS) 2011-15 (Pages 47 - 68)

9. **CAPITAL STRATEGY (Pages 69 - 84)**
10. **TREASURY MANAGEMENT PERFORMANCE MONITORING QUARTER 2 PROGRESS REPORT (Pages 85 - 94)**
11. **CORPORATE DEBT RECOVERY POLICY (Pages 95 - 124)**
12. **EXTENSION OF COUNCIL MORTGAGE SCHEME (Pages 125 - 130)**
13. **COMMUNITY BENEFITS IN TENDERS (Pages 131 - 146)**
14. **FORMER REGENERATION DEPARTMENT BUDGET VIREMENT (Pages 147 - 154)**

STREETSCENE AND TRANSPORT SERVICES

15. **ENVIRONMENTAL STREETSCENE CONTRACT - VALUE ENGINEERING (Pages 155 - 162)**

The detailed financial implications of each of the Value Engineering options are of a commercially sensitive nature. They have, therefore, been included within an exempt appendix to this report at Agenda Item 27.

16. **PROPOSED GATING ORDER POLICY - SECTION 129 OF THE HIGHWAYS ACT 1980 (Pages 163 - 166)**

ENVIRONMENT

17. **WIRRAL COASTAL STRATEGY AND ACCEPTANCE OF ENVIRONMENT AGENCY GRANT (Pages 167 - 170)**
18. **MERSEYSIDE ENVIRONMENTAL ADVISORY SERVICE - CONTRACT RENEWAL 2010/2011 (Pages 171 - 176)**
19. **MERSEY TIDAL POWER PROJECT (Pages 177 - 184)**

The Cabinet is requested to consider the report of the Interim Director of Corporate Services in conjunction with a presentation by Peel Energy.

REGENERATION AND PLANNING STRATEGY

20. **SUPPORT FOR WIRRAL'S COASTAL RESORT TOWNS (Pages 185 - 188)**
21. **JOINT EUROPEAN SUPPORT FOR SUSTAINABLE INVESTMENT IN CITY AREAS (JESSICA) - UPDATE REPORT (Pages 189 - 198)**

The identified sites are of a commercially sensitive nature. They have, therefore, been included within an exempt appendix at Agenda Item 27.

22. LIVERPOOL CITY REGION - ESF PROPOSAL (Pages 199 - 204)

CORPORATE RESOURCES

23. BYRNE AVENUE RECREATION CENTRE (Pages 205 - 218)

CHILDREN'S SERVICES AND LIFELONG LEARNING

24. APPOINTMENT OF MEMBERS TO SERVE ON THE SCHOOL APPEAL PANELS AND OF APPEAL PANEL CHAIRS (Pages 219 - 222)

25. URGENT BUSINESS APPROVED BY THE CHAIR (PART 1)

To consider any other business that the Chair accepts as being urgent.

26. EXEMPT INFORMATION - EXCLUSION OF THE PRESS AND PUBLIC

The following items contain exempt information.

RECOMMENDATION: That, under section 100 (A) (4) of the Local Government Act 1972, the public be excluded from the meeting during consideration of the following items of business on the grounds that they involve the likely disclosure of exempt information as defined by the relevant paragraphs of Part I of Schedule 12A (as amended) to that Act. The Public Interest test has been applied and favours exclusion.

27. EXEMPT APPENDICES (Pages 223 - 226)

- Environmental Streetscene Contract - Value Engineering (see Agenda Item 15)
- Joint European Support for Sustainable Investment in City Areas (JESSICA) - Update Report (see Agenda Item 21)

28. ANY OTHER URGENT BUSINESS APPROVED BY THE CHAIR (PART 2)

To consider any other business that the Chair accepts as being urgent.

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WIRRAL COUNCIL

CABINET

4 NOVEMBER 2010

REPORT OF THE DIRECTOR OF FINANCE

STATEMENT OF ACCOUNTS AND ANNUAL REPORT

1. EXECUTIVE SUMMARY

- 1.1. This report presents the revised Statement of Accounts for 2009/10 and updates Cabinet on the Annual Report for 2009/10.

2. INTRODUCTION

- 2.1. The Statement of Accounts for 2009/10 was reported to, and agreed by, the Audit and Risk Management Committee on 28 September 2010.
- 2.2. On 15 April 2010 Cabinet agreed the Financial and Performance Management arrangements for the financial year 2010/11. This included reference to the publication of an Annual Report and the Summary Statement of Accounts leaflet.

3. STATEMENT OF ACCOUNTS

- 3.1. The draft Statement of Accounts 2009/10 was approved by the Audit and Risk Management Committee on 30 June 2010 and was then subject to audit by the Audit Commission.
- 3.2. In accordance with the Accounts and Audit Regulations 2003 the Audit and Risk Management Committee on 28 September 2010 considered the report of the District Auditor (the Annual Governance Report), amendments to the Statement of Accounts 2009/10, the Annual Governance Statement and the Letter of Representation. The Committee then approved the revised Statement of Accounts.
- 3.3. The purpose of the Statement is to present the overall financial position of the Council at 31 March 2010. Following the audit a number of amendments to the draft statements were made but these amendments had no impact on the financial position of the Council as they were largely technical in nature.
- 3.4. The final Statement was published on the Council web site on 30 September 2010 thus meeting the statutory deadline for publication. The document runs to over 130 pages and in the interests of economy and the environment it has not been reproduced with this report. A copy of the Statement is available through the following link to the Council website:
<http://www.wirral.gov.uk/downloads/2403>

- 3.5 As has been the case for a number of years a Summary Statement of Accounts leaflet has been produced. This brief, less complicated version summarises, in two pages, the Council finances and the stewardship of funds for the 2009/10 financial year. This is attached as Appendix 1.

4. ANNUAL REPORT

- 4.1. On 15 April 2010 Cabinet agreed the Financial and Performance Management arrangements for the financial year 2010/11, including the publication of an Annual Report which would present an overview of performance for the year including financial information.
- 4.2. The Council published Annual Reports, for 2007/08 and 2008/09 which combined information on performance, previously produced in the Best Value Performance Plan and the Statement of Accounts Summary leaflet.
- 4.3. An examination of the documents made available by the Council identified that the information that would have been contained in the Annual Report has already been made available and so the publication of a formal Annual Report would be duplication. During 2009/10 the quarterly Performance and Financial Monitoring Reports including the year-end reports have been made available on the Council web-site. In addition, as outlined above, the Summary Statement of Accounts leaflet has also been published.
- 4.4. Therefore in the interests of effective use of resources the Chief Executive has taken the decision not to produce a formal Annual Report for 2009/10. As this is different from what Cabinet originally agreed in April 2010 Members are recommended to endorse this decision.

5. FINANCIAL AND STAFFING IMPLICATIONS

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

5. EQUAL OPPORTUNITY IMPLICATIONS

- 6.1. There are none arising from this report.

7. COMMUNITY SAFETY IMPLICATIONS

- 7.1. There are none arising from this report.

8. HUMAN RIGHTS IMPLICATIONS

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

9. LOCAL AGENDA 21 IMPLICATIONS

9.1. There are none arising directly from this report.

10. PLANNING IMPLICATIONS

10.1. There are none arising directly from this report.

11. MEMBER SUPPORT IMPLICATIONS

11.1. There are no direct implications for any Member or Ward.

12. BACKGROUND PAPERS

12.1. Financial and Service Planning and Performance Management - Cabinet April 2010

12.2. Statement of Accounts 2009/10 - September 2010

12.3. Summary Statement of Accounts 2009/10 - September 2010

13. RECOMMENDATIONS

13.1. That the Statement of Accounts for 2009/10 be noted.

13.2. That the decision not to produce an Annual Report 2009/10 be agreed.

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/211/10

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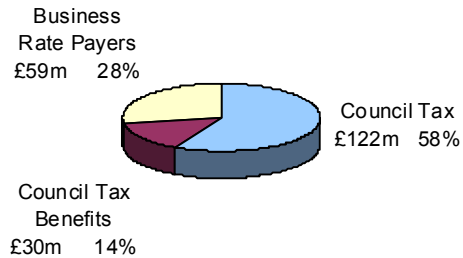
COLLECTION FUND

The Collection Fund shows the income received from Council Tax and Business Rate Payers and where it went. There are 145,132 properties in Wirral as follows:

Actual Properties in each Council Tax band:

A	B	C	D	E	F	G	H
58,623	30,745	27,055	13,007	8,040	4,290	3,108	264

Collection Fund Income 2009/10



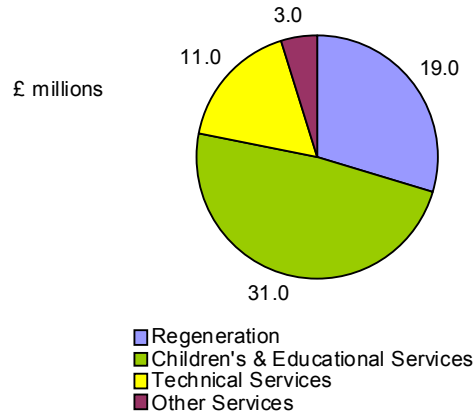
The Collection Fund paid £150m to the Council, Police and Fire authorities. It also collected £59m of Business Rates, which was paid to Central Government.

Wirral Council's Band D Council Tax for 2009/10 was set at £1,440. This was 184th highest out of 326 Local Authorities in England.

The Council collected 96.8% of Council Tax due in the year, which compares with 96.7% in 2008/09.

CAPITAL EXPENDITURE

Capital Expenditure generally represents money spent by the Council on purchasing, upgrading and improving assets such as roads and buildings. The chart below outlines where the £64m capital investment was made during the year 2009/10.



The main sources of funding are Government Grants. They provided £48m towards the total spend of £64m. The balance was met from a combination of borrowing and the use of capital receipts generated from the sale of surplus assets.

Examples of projects in 2009/10 were:
 New Heartlands Regeneration;
 Marine Lake coastal protection;
 Improvements to Schools, including the new Woodchurch High School;
 Improvements to roads, including Thurstaston roundabout;

Further Information

A full copy of the Council's 2009/10 accounts is available by contacting Tom Sault on 0151 666 3407. This information is available in alternative formats including Braille, large print, digital audio and other languages.



Summary of Accounts

2009/10

The Council's Statement of Accounts has been prepared in accordance with the Accounting Code of Practice. This summary provides a brief review of the financial performance for the year. The full version of the Statement of Accounts is available at www.wirral.gov.uk. Click on A-Z and Annual Accounts.

Financial Review

Income and Expenditure Account

The Income and Expenditure Account relates to 'day to day' running expenses and income received from operating Council Services. The Council spent £0.3m less on revenue than budgeted for in 2009/10.

The services experiencing greatest pressures were care services for both adults and children, where demand exceeded resources. Careful management of the Council's cash flow and capital funding helped to mitigate the impact of overspendings on specific services.

Capital Expenditure

This is money spent on purchasing, upgrading or improving assets such as buildings and roads. The distinction from revenue is that the Council receives the benefit from capital expenditure over a longer period of time. The Council spent £64m on capital schemes in 2009/10.

Balances

At the end of the year the Council had balances of £13.7m. Of these, £4.2m have been used in setting the 2010/11 budget.

Financial Management

	2008/09	2009/10
Annual accounts submitted on time	Yes	Yes
Audit Opinion (*)	Unqualified	Unqualified

(*) The Council's external auditors are required to give an opinion on the financial statements and this opinion should be 'unqualified'. Where an area of the financial statements is unreliable, the opinion is 'qualified'.

Ian Coleman BSc, CPFA
Director of Finance

COST OF COUNCIL SERVICES

The Income and Expenditure Account below shows the net costs of running Council Services for the year ending 31 March 2010.

Net Income and Expenditure	£000
Central Services to the Public	5,083
Court and Probation Services	459
Cultural, Environmental, Regulatory & Planning	84,124
Children's and Educational Services	76,727
Highways and Transport Services	38,472
Other Housing Services	14,596
Adult Social Care	86,591
Corporate and Democratic Core	5,084
Non Distributed Costs	1,585
Net Cost of Services	312,721

Plus Interest, Pension and Capital Items	8,398
Amount to be met from Government Grants and Council Tax	321,119

Financed by:

Council Tax	128,719
General Government Grants	68,306
Non-Domestic Rate Pool	124,094
	321,119

General Fund balance brought forward	8,282
Plus net additions to General Fund Balances	5,476

Surplus on General Fund carried forward	13,758
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Total Council Tax income accounts for 40% of total non-school expenditure

Schools are funded by Government Grants of £188m

The majority (60%) of non-school income came from Central Government

BALANCE SHEET

The Balance Sheet shows what the Council owns and is owed. It presents an overall view of the financial position at 31 March 2010.

	£000
Assets	
Buildings, Land and Other Assets	715,142
Investments	106,419
Cash and Bank	7,923
Money owed to the Council	134,171
Total Assets	963,655
Liabilities and Financing	
Money owed by the Council	92,409
Borrowing and Leasing	346,884
Government Grants (Deferred)	152,572
Distributable Reserves *	125,699
Non-Distributable Reserves	246,091
Total Liabilities and Financing	963,655
* Distributable Reserves comprise of:	
Capital Receipts Reserve	9,047
Reserves – General	93,847
Provisions – General	9,047
Balances	13,758
	125,699

DID YOU KNOW?

The Council's assets include:

- 104 schools and nurseries
- 28 residential homes and day centres
- 37,600 street lights
- 1,180 km of roads

BORROWING

At the end of the year the Council had borrowing of £280m at an average rate of 5.9% over an average life of 18 years.

WIRRAL COUNCIL

CABINET

4 NOVEMBER 2010

REPORT OF THE DIRECTOR OF FINANCE

BUDGET PROJECTIONS 2011-2015

1. EXECUTIVE SUMMARY

- 1.1. This report updates the projected budgets for the years from 2011 to 2015 taking into account the Spending Review 2011-15 presented on 20 October 2010.

2. ASSUMPTIONS UNDERPINNING THE PROJECTIONS

- 2.1. Inflation – HM Treasury is assuming a return to a long term inflation rate of 2%. Therefore prices are assumed to increase by 2% per annum with income to continue to increase by 3% per annum. Pay awards will be limited to those employees earning less than £21,000 per annum for 2011-13.
- 2.2. Capital Financing – HM Treasury is assuming that the level of capital investment will reduce by 50% between 2009-10 and 2013-14. The annual increase in capital financing charges has therefore been reduced to £2.0m.
- 2.3. Pension Fund – The increase arising from the actuarial valuation currently underway is projected at 1.5% or £2m per annum. In addition the outsourcing of the highways and engineering services contract is likely to increase the contributions by £0.2m.
- 2.4. Waste Disposal – the increase in the levy will be dependent on delivery of the waste disposal strategy. The Landfill Tax will increase by £8 per ton per annum, an increase of 50% between 2010-11 and 2014-15. The levy is assumed to increase by 8% per annum.
- 2.5. Merseytravel – the levy is assumed to increase by 3% per annum.
- 2.6. Private Finance Initiative – the latest projections are included.
- 2.7. Benefits – the Department for Work and Pensions is estimating an annual increase of 1.7%.
- 2.8. Schools – it is assumed that the Schools Budget will vary in line with the Dedicated Schools Grant.
- 2.9. Adult Social Services Reform – the Reform Grant of £1.9m will cease in 2011-12 with the assumed implementation of the personalisation agenda.
- 2.10. Carbon Reduction Commitment – payment of £1.0m commencing in 2011-12.

- 2.11 Home Insulation – increased cost from 2011 of £1m.
- 2.12 Guinea Gap and Leasowe Recreation Centres – restoration into budget at a cost of £0.6m each.
- 2.13 Other Unavoidable Growth – a number of items of unavoidable growth of less than £0.2m will arise. These usually total about £1m per annum.
- 2.14 Efficiency Investment – in order to continue to deliver efficiencies in future years it will be necessary to continue to invest and therefore £2m per annum has been provided.
- 2.15 Area Based Grant (ABG) – Cabinet on 22 July 2010 agreed to reductions in expenditure for 2010-11 only to meet the £3.9m reduction in ABG.
- 2.16 Swimming - the Department for Culture, Media and Sport has deleted the grant of £0.3m to fund free swimming.
- 2.17 Government Grants – the Department for Communities and Local Government (DCLG) has indicated that Government Grants will be reduced by an average of 26%. For Metropolitan Councils the average reduction could be 35% over the period 2011-15.
- 2.18 Council Tax – the Government has announced a freeze in Council Tax increases for 2011-12. A specific grant equivalent to a Council Tax increase of 2.5% will be receivable. From 2012-13 any proposed increase above the rate of inflation will be the subject of a local referendum.
- 2.19 Council Tax Benefit grant receivable will be reduced by 10%, £3.2m, from 2013-14.

3. GRANT NEGOTIATIONS

- 3.1. Consultation on a range of options potentially affecting the Revenue Support Grant distribution closed on 6 October 2010. The Wirral response to the consultation was reported to Cabinet on 14 October 2010. Consultation is also taking place on a number of specific grants.
- 3.2. The provisional settlement will include a significant transfer of specific grants into Revenue Support Grant.
- 3.3. HM Treasury presented the Spending Review on 20 October 2010, the implications of which are reported elsewhere on this agenda. The provisional Local Government Finance Settlement should be issued by early December. This could be for either one, two, or four years.
- 3.4. The Government has commenced reviews of public sector pensions and welfare benefits, and has announced a review of Local Government Finance to commence in 2011. The Government has also announced that Council Tax Revaluation will be postponed until after 2015.

- 3.5. The interim report of the Independent Public Service Pensions Commission was issued on 7 October 2010 in time for the DCLG to incorporate elements into the Spending Review and the provisional Local Government Finance Settlement. The final report is due for publication by March 2011.
- 3.6. During the course of this budgeting period the results of the Census 2011 will become available and will be incorporated into the grant distribution formulae. The Office for National Statistics has now released the Mid 2009 estimated populations. The reduction for Wirral since the census 2001 is greater than for any other metropolitan or unitary authority. If this is confirmed in the Census 2011 then the reduction in grant receivable could be significant.

4. **BALANCES**

- 4.1. The budget for 2010-11 includes the minimum recommended balances of £6.5m.
- 4.2. The financial out-turn for 2009-10 was reported to Cabinet on 24 June 2010 and showed an overspending of £1,385,000 offset by increased investment income of £1,185,000 and a contribution from the Collection Fund of £515,000 to produce a net surplus of £315,000.
- 4.3. The Government has announced that the Personal Care at Home scheme will not be proceeding. The revenue budget for 2010-11 will therefore be reduced by £2.6m with a reduction of £1.6m in Area Based Grant.
- 4.4. The Government announced on 10 June 2010 that there would be the following grant reductions for 2010-11:-

	£000
Area Based Grant	3,927
LAA Reward Grant	1,400
Local Authority Business Growth Incentive	<u>200</u>
	5,527

Cabinet on 22 July 2010 agreed that the reduced Area Based Grant will be matched by reduced expenditure in 2010-11.

- 4.5. The Insurance Fund Annual Report was presented to Cabinet on 24 June 2010 including the transfer of £2,471,000 to General Fund balances.
- 4.6. Cabinet on 24 June 2010 agreed that additional VAT of £240,000 recovered from HM Revenue and Customs should be placed in balances.
- 4.7. Cabinet on 26 August 2010 agreed to continue to provide free swimming after the withdrawal of the Government grant of £0.2m in 2010-11.
- 4.8. Cabinet on 2 September 2010 agreed to transfer £3.4m from the Insurance Fund to General Fund Balances following the actuarial valuation of the Insurance Fund.

4.9. The budget for 2010-11 provides for pay awards of 1% totalling £1.7m. No pay award has yet been offered.

4.10. The Cabinet has not agreed to any projected overspendings in 2010-11

	£m
4.11. Opening Balances	6.5
Out-Turn 2009-10	0.3
Personal Care at Home	1.0
LAA Reward Grant	- 1.4
LABGI	- 0.2
Insurance Fund	5.9
VAT	0.2
Free Swimming Grant	- <u>0.2</u>
	12.1

5. EFFICIENCIES

5.1. The previous Government increased the efficiency target for 2010-11 to 4% which for Wirral equates to £14.9m. The previous Government expected that this saving would be reinvested in order to enable delivery of increased efficiency requirements in 2011 to 2014.

5.2. The efficiencies that the Authority will need to deliver for 2011-15 are well in excess of the statutory efficiency target. The main mechanism for delivery of the required efficiencies is the change programme. Cabinet on 14 January 2010 agreed a revised change programme, progress on which was to be reported quarterly to the Cabinet.

5.3. Revised governance and programme management arrangements for the change programme were reported to Cabinet on 22 July 2010.

5.4. Cabinet has to date agreed a number of efficiencies:-

- a. Cabinet agreed that £1m will be saved from office accommodation from 2011. Progress was reported to Cabinet on 24 June 2010.
- b. Cabinet on 15 October 2009 agreed to the implementation of an integrated Human Resources IT system with initial projected savings of £254,000 for 2011-12, £220,000 for 2012-13, £100,000 for 2013-14 and £20,000 for 2014-15.
- c. Cabinet on 22 February 2010 agreed to the creation of an integrated transport unit with projected savings of £130,000 in 2011-12, £340,000 in 2012-13 and £250,000 in 2013-14.
- d. Cabinet on 18 March 2010 agree to investment in an assistive technology project in Adult Social Services with projected additional savings of £8.8m over 2011-13 after additional investment from the Efficiency Investment Budget of £6.0m. Progress on this is to be reported to the Cabinet on 9 December 2010.

- e. Cabinet on 15 April 2010 agreed to investment in family group conferencing to deliver savings of £70,000 in 2011-12 and £130,000 in 2012-13.
- f. Cabinet on 22 July 2010 agreed to proceed with a parks and countryside service procurement exercise. Following a call-in on 31 August 2010 the estimated savings have been revised to £173,000 in 2011-12, £1,255,000 in 2012-13 and £1,255,000 in 2013-14.

6. FINANCIAL IMPLICATIONS

- 6.1. The assumptions outlined above are reflected in the budget projections in the Appendix.

7. STAFFING IMPLICATIONS

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

8. EQUAL OPPORTUNITY IMPLICATIONS

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

9. COMMUNITY SAFETY IMPLICATIONS

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

10. HUMAN RIGHTS IMPLICATIONS

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

11. LOCAL AGENDA 21 IMPLICATIONS

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

12. PLANNING IMPLICATIONS

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

13. MEMBER SUPPORT IMPLICATIONS

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

14. BACKGROUND PAPERS

- 14.1. Medium Term Financial Strategy 2010-13 – September 2009
Formula Grant Settlement 2010-11 – DCLG – January 2010
Estimates 2010-11 – March 2010
Budget – HM Treasury – March 2010 and June 2010
Formula Grant Distribution – DCLG – July 2010
Independent Public Service Pensions Commission Interim Report – October 2010
Spending Review - HM Treasury - October 2010

15. RECOMMENDATIONS

15.1. That the budget projections be kept under review.

15.2. That further efficiencies be delivered.

IAN COLEMAN
DIRECTOR OF FINANCE.

FNCE/207/10

WIRRAL COUNCIL

BUDGET PROJECTIONS 2011-2015

	2011-12 £M	2012-13 £M	2013-14 £M	2014-15 £M
Base Budget	330.8	313.5	300.5	288.5
Increased Requirements				
Pay Inflation	1.0	1.0	3.5	3.5
Price Inflation	4.2	4.2	4.2	4.2
Capital Financing	2.0	2.0	2.0	2.0
Pension Fund	2.2	2.0	2.0	2.5
Waste Disposal	1.4	1.5	1.6	1.7
Merseytravel	0.8	0.8	0.8	0.8
Private Finance Initiative	0.1	0.1	0.1	0.1
Benefits	2.4	2.4	2.5	2.5
Home Insulation	1.0	-	-	-
Guinea Gap	0.6	-	-	-
Leasowe Recreation Centre	0.6	-	-	-
Carbon Reduction Commitment	1.0	-	-	-
Council Tax Benefit	-	-	3.2	-
Swimming	0.3	-	-	-
Other Unavoidable Growth	1.0	1.0	1.0	1.0
Efficiency Investment	2.0	2.0	2.0	2.0
	<u>351.4</u>	<u>330.5</u>	<u>323.4</u>	<u>308.8</u>
Reduced Requirements				
Income Inflation	-1.0	-1.1	-1.1	-1.1
Benefits Subsidy	-2.2	-2.2	-2.3	-2.3
Savings Agreed	<u>-1.6</u>	<u>-2.0</u>	<u>-1.6</u>	<u>-</u>
	346.6	325.2	318.4	305.4
Resources				
Grants	179.0	166.0	154.0	143.0
Council Tax Grant	3.3	3.3	3.3	3.3
Council Tax	<u>131.2</u>	<u>131.2</u>	<u>131.2</u>	<u>131.2</u>
Forecast Resources	313.5	300.5	288.5	277.5
Shortfall	33.1	24.7	29.9	27.9

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WIRRAL COUNCIL

CABINET

4 NOVEMBER 2010

REPORT OF THE DIRECTOR OF FINANCE

SPENDING REVIEW 2010

1. EXECUTIVE SUMMARY

- 1.1. The Chancellor of the Exchequer presented his Spending Review on 20 October 2010. This report provides a summary of the main measures that will affect local authorities over the four years of the review. The full financial impact will not be known until the Provisional Formula Grant Settlement is announced in early December 2010.

2 SPENDING REVIEW 2010

2.1 Headlines

There will be a real terms reduction of 28% in local authority budgets over the next four years, with core funding from the Department for Communities and Local Government (DCLG) falling from £28.5bn in 2010-11 to:

£26.1bn in 2011-12
£24.4bn in 2012-13
£24.2bn in 2013-14
£22.9bn in 2014-15

The reduction for local authorities will be front loaded.

2.2 Localising power and funding

Ring-fencing of all local government revenue grants will end from 2011-12, except the simplified schools grants and a new public health grant. The number of separate core grants will be reduced from over 90 to fewer than 10, excluding schools, police and fire. More than £4bn of revenue grants will be rolled into Formula Grant.

Community budgets will be established in 16 areas to pool departmental budgets for families with complex needs and will be rolled out to all areas over the Spending Review period.

The New Homes Bonus is intended to give authorities clear financial incentives to ensure that local communities benefit from new housing and economic development in their areas.

The Spending Review intends to shift power directly to people by giving them more control over the money spent on public services. The Government will look to significantly extend the use of personal budgets across a range of service areas including special education needs, support for children with disabilities, long term health conditions and adult social care.

2.3 Sharing responsibility

The Government accepts that whilst it should continue to fund important services it does not have to be the backstop provider. To create opportunities for non-state providers the Government proposes to look at more innovative payment mechanisms for new areas, one of which would be children's centres.

The intention is to specify the proportion of appropriate services that should be delivered by independent providers, such as the voluntary and community sectors and social and private enterprises. Areas that will be explored include adult social care, early years, and early interventions for the neediest families.

Over the Spending Review period £470m will be directed to support capacity building in the voluntary and community sector.

To bring external investment and expertise into the public sector the Government will look to work with the financial and voluntary sectors to develop innovative equity investment opportunities in public services.

Cultural institutions, such as museums will be allowed to use money raised independently more flexibly and to establish trusts that may generate more funding from the private sector.

2.4 Adult and Social Care

The current Department of Health grant to local authorities, the Personal Social Services grant, will increase by £530m in 2011-12, rising to £1bn in 2014-15. This will be allocated through the Formula Grant.

The NHS will set aside, by a transfer from capital to revenue, funding rising to £1bn in 2014-15 to support joint working between the NHS and Councils. How this money will be controlled and allocated, whether it is by the NHS or local government requires clarification. The LGA estimates that the increase in the cost of adult social care could be in the region of £6bn by 2011/14 and there could, therefore be a significant funding gap.

There will be two new grants issued from the Department of Health over the Spending Review period. Learning Disabilities and Health Reform, an unringfenced specific grant worth £1.3bn from 2011-12 for which details will be announced at the time of the provisional Formula Grant Settlement. A new Public Health grant will be effective from 2013-14 and is likely to be ringfenced. These two grants reflect a transfer of responsibility for services from the NHS to local authorities.

Supporting People will receive £6.5bn over four years. This is broadly in line with the current allocation for 2010-11.

The rules surrounding the mobility and care elements of the Disability Living Allowance for claimants in residential care will be aligned to generate savings.

2.5 Capital

Capital funding is to be cut by 45% over four years, compared with 29% for the rest of the public sector. Over the four years:

Education falls 60% from £7.6bn to £3.4bn

DCLG Communities falls 74% from £6.8bn to £2.0bn

Transport falls from £7.7bn to £7.5bn.

The DCLG Communities funding includes provision for 150,000 new affordable homes

The DCLG will allocate up to £200m of capital in 2011-12 only to allow Councils to restructure their services e.g. capitalising redundancy costs. A bid was submitted to the DCLG prior to the deadline of 29 October 2010.

Prudential borrowing has been retained but interest rates for the PWLB were increased by 1% with immediate effect.

2.6 Benefits

The Government will reduce spending on Council Tax Benefit by 10% and localise it from 2013-14. This equates to £400m a year nationally, and £3.2m for Wirral and will mean that local authorities will have to find ways to reduce the overall amount of support people receive.

The Government will also consider certain flexibilities so that local authorities can manage pressures on Council Tax from that date. Authorities will have discretion to decide the best way to protect those members of the community who need help with making Council Tax payments.

Total household Benefit payments will be capped from 2013 at around £500 per week for couple and lone parent households and £350 for single adult households. The age threshold for the share room rate will increase from 25 to 35. Disability Living Allowance claimants, war widows and working families claiming the working tax credit will be exempt from the cap.

2.7 Housing

The terms for existing social tenants and their rent levels will remain unchanged. However, in the future social landlords will be allowed to offer new social tenants contracts that are more flexible and at rent levels between current market (i.e. private landlords) and social rents. This could lead to residents paying different rents for the same service.

There is a commitment to reform the council housing finance system to give local authorities greater control over their own finances.

Provision for capital funding of Disabled Facilities Grants is planned to rise with inflation over the period of the Spending Review. The current ring fencing of this grant will cease.

The Homelessness Grant will be protected and will remain at current levels.

The £345m funding for Warm Front will be cut and will be replaced by "extra support" from energy companies.

2.8 Concessionary fares and transport

Overall Department of Transport grants to local authorities are reduced by 28%. The recently announced Sustainable Transport Fund is to be subject to a bidding process.

Bus subsidy is to be reduced by 20%. This could have an adverse affect on the service provided and/or result in significant fare increases.

The entitlement to concessionary travel is to remain unchanged. However the previously announced budget allocation aims to achieve a reduction of £180m by 2012-13. It is unclear how these savings will be delivered and the issue is compounded by the fact that increases in bus operating costs impact on the costs of the scheme.

The Concessionary Travel Grant will be rolled into Formula Grant

2.9 Education/children

The 5-16 schools budget, including a range of schools grants previously outside the Dedicated Schools Grant (DSG) will increase by 0.1% in real terms each year. This includes funding for the pupil premium which will rise to £2.5bn by 2014-15. The aim is to support the educational development of disadvantaged pupils and incentivise good schools to take on pupils from more disadvantaged backgrounds. Clarification is required as to whether this is new or recycled money.

The introduction of a new "Fairness Premium (£7.2bn to 2014-15). At present there is an entitlement to 15 hours of free early education per week for all 3 and 4 year olds. This will be extended to provide free early education and care to all disadvantaged 2 year olds from 2012-13.

Sure Start will be protected in cash terms and included within a new non-ringfenced Early Intervention Grant worth £2bn by 2014-15. The Spending Review states that it is to be "refocused on its original purpose of improving the life chances of individual pupils". Clarification is required as to what this actually means.

The Department for Education non-schools budget will decrease by 12% in real terms. This will be achieved by cutting administration costs, reducing 16-19 unit costs and focusing the support currently provided by the Education Maintenance Allowance (EMA) on the most disadvantaged children in the context of raising the participation age to 18 by 2015.

Capital funding to rebuild or refurbish more than 600 schools from the Building Schools for the Future (BSF) and Academies programme. The decision to end the BSF programme will allow investment in new school provision in areas of demographic pressure.

2.10 Council Tax Freeze

£700m has been set aside to allow local authorities to set a zero Council Tax increase for 2011-12, and for those taking up this offer, the funding will be built into grants over the next four years. The loss to the tax base for 2011-12 will be funded at 2.5% in each year of the review period. This will be paid by way of a specific grant. There is no funding for any freezes beyond 2011-12 and no guarantee that the funding to support the 2011-12 freeze will continue beyond 2014-15. There is no indication as to whether this is a permanent addition to the baseline funding.

2.11 Flooding and flood defence

Investment of £2bn over the next 4 years. This represents a large reduction to the amount currently spent on Flood Risk Management (£763m p.a.)

2.12 Energy and Climate Change

The Carbon Reduction Commitment Energy Efficiency scheme will be simplified, with the first allowance sales for 2011-12 emissions now taking place in 2012 rather than 2011. Revenues from allowance sales will be used to support the public finances, including spending on the environment, rather than recycled to participants. Clarification is awaited but the scheme will in effect become a carbon tax rather than an incentive scheme. The cost to Wirral is estimated at £1m.

2.13 Local Growth and Worklessness

As a result of the closure of the Government Office Network, programmes including the Working Neighbourhoods Fund will end. This currently forms part of the Area Based Grant and Wirral is receiving £10.3m in 2010-11.

Funding for the Regional Growth Fund has been increased by £0.4bn to £1.4bn over 3 years. However, the Regional Development Agencies budget was £2.3bn a year.

Funding for new adult apprenticeships will be increased by £250m a year by 2014-15.

The intention is to increase housing supply by reforming the planning system. A New Homes Bonus is to be introduced from 2011-12 that will directly reward and incentivise local authorities to be supportive of housing growth. This will be the equivalent of the additional Council Tax from every new home for the next six years. A consultation paper will be issued in November 2010.

2.14 Tax Incremental Funding

The Government confirmed its commitment to tax incremental funding.

Authorities will be able to borrow against future growth in business rates to fund infrastructure projects. A sub-national growth white paper will be issued in November 2010.

2.15. Equitable Life Assurance Society

Equitable Life was the original provider of Additional Voluntary Contributions to employees of the Council. It went to into Administration in 2000. In 2008 Ann Abraham, the Parliamentary Ombudsman, declared that the Government had been negligent in its regulation of Equitable Life. The Government has now agreed to make £1.5B available to partially compensate for the losses suffered by policy holders. Clarification is awaited of how and when this will be paid.

2.16. Local Government Pension Scheme

Lord Hutton released his interim report of the Independent Public Service Pensions Commission on 7 October 2010. The Government has indicated that it will increase employee contribution rates but clarification of the amount of the increase and the timescale for implementation will not be received until the Formula Grant Settlement. The final report of the Hutton enquiry should be released in March 2011.

3. FINANCIAL AND STAFFING IMPLICATIONS

- 3.1 The Spending Review provided headline figures which give an indication of the likely reductions that will be required over the four years commencing 2011-12. There is insufficient detail to allow an accurate prediction of the precise year on year savings required.
- 3.2 For local authorities the reduction in funding appears to be front loaded. However, it is impossible to calculate the effect for individual authorities.
- 3.3 Insufficient detail is provided in the Spending Review with regard to Area Based Grant and specific grants. For metropolitan areas the move to switch most specific grants into Formula Grant could have a more adverse affect than for other Councils. The case will now be made for the Needs Element within Formula Grant to be significantly adjusted to provide suitable compensation, but this will only become apparent when Formula Grant is announced.
- 3.4. There will be a significant reduction in the number of staff employed by the Council and discussions are currently taking place with both employees and Trade Unions.

4. EQUAL OPPORTUNITY IMPLICATIONS

- 4.1 There are none arising directly from this report.

5. COMMUNITY SAFETY IMPLICATIONS

- 5.1 There are none specifically referenced in the Spending Review, but there may be implications resulting from future budgetary decisions taken by the Council and the Police Authority

6. HUMAN RIGHTS IMPLICATIONS

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

7. LOCAL AGENDA 21 IMPLICATIONS

- 7.1. The Spending Review 2010 contains a number of measures relating to energy efficiency and climate change.

8. PLANNING IMPLICATIONS

- 8.1. The planning system is to be reformed to make it more effective in supporting economic development.

9 MEMBER SUPPORT IMPLICATIONS

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

10. BACKGROUND PAPERS

- 10.1. Spending Review 2010 – Chancellor of the Exchequer – 20 October 2010.

11. RECOMMENDATION

- 11.1. That the case continues to be made with the Government to try to ensure the best possible outcome for Wirral in the Formula Grant Settlement.

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/205/10

WIRRAL COUNCIL

CABINET – 4 NOVEMBER 2010

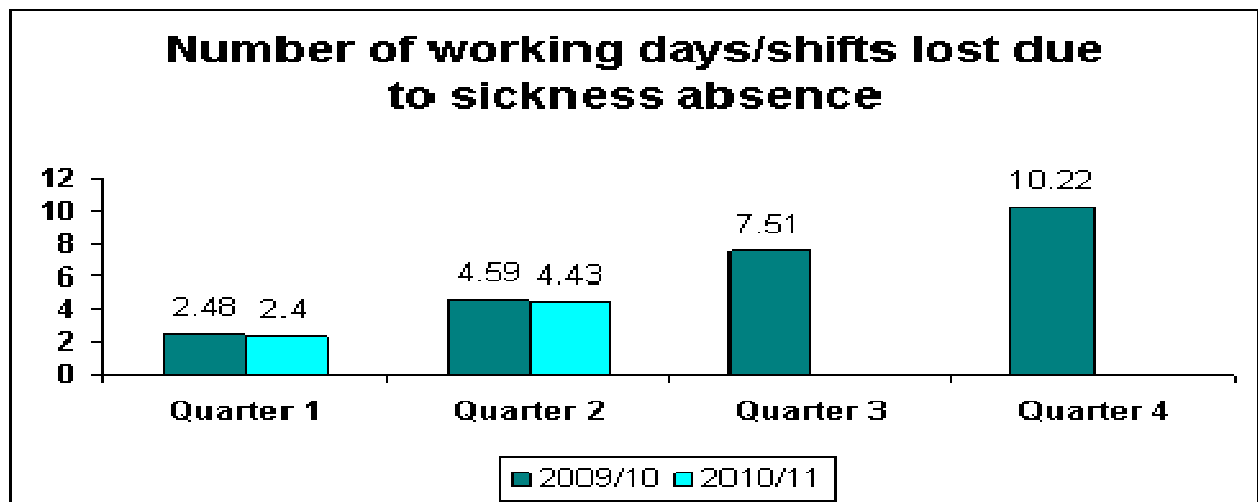
REPORT OF THE CHIEF EXECUTIVE

2010/11 Second Quarter Performance and Financial Review

1. Executive Summary

- 1.1. This report sets out performance of the Council's corporate plan towards delivering the vision of building a more equal and prosperous Wirral. This report is intended to provide members with an overview of performance, financial and risk monitoring for quarter two 2010/11. The format for reporting performance issues and financial information is currently under review and future reports will reflect any changes to the current format.
- 1.2. The recent announcement regarding changes to the national performance framework and the replacement of the national indicator set will provide more flexibility locally. This includes the revocation with immediate effect, October 2010, of all designations of local improvement targets within our Local Area Agreements (LAA). There is no longer a requirement to report LAA performance to central government and full control of all current local area agreements has been handed to local areas. Performance Reward Grants against the LAAs for 2008/11 will not be made. The replacement of the National Indicator Set with a single comprehensive list of data required to be reported by local to central government. It is anticipated that the single list will be in place from April 2011. Future performance reports will also reflect these changes.

2. Sickness performance



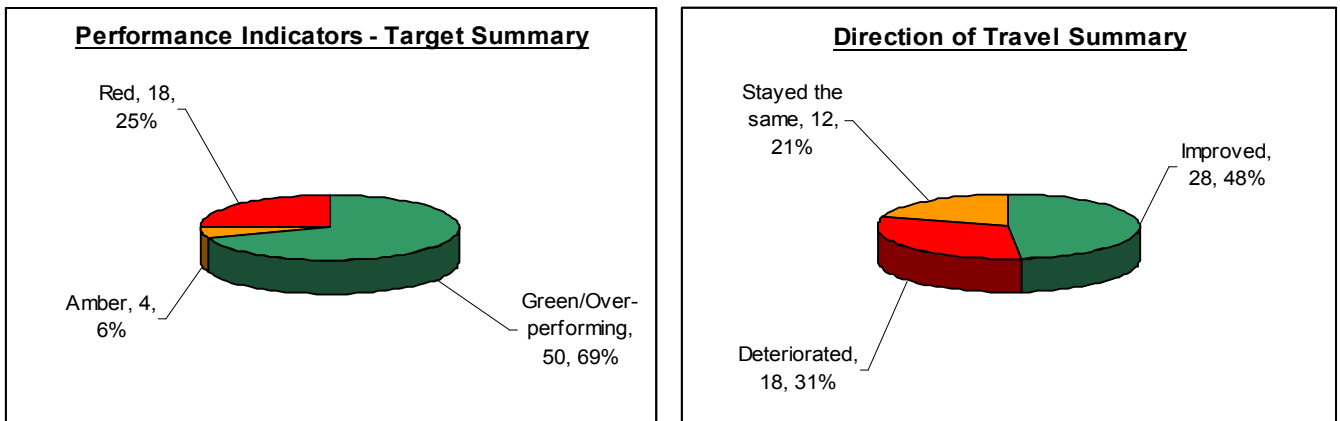
The above data is the latest data available, which is provisional. Early signs show that there is a slight improvement compared to the same period last year.

3. Performance summary:

3.1 This report sets out that the overall performance against the 2010/11 corporate plan projects is as follows:

- Performance of the **99 projects** within the corporate plan shows that **75 (76%)** are assessed as green (all milestones that should have been met at this point have been met).
- **20 (20%)** projects are amber, **2 (2%)** are red (some non-critical milestones missed / danger of non-critical slippage) and **2 (2%)** projects have been closed.

3.2 There are **76** performance indicators at the second quarter period. The following graphs provide a summary of the overall performance:



(72 indicators can be reported against target) (58 indicators can be compared to the previous year)

3.3 The following table sets out a summary of performance against the indicators and projects identified within the corporate plan.

There are **76** reportable indicators at the second quarter. Of the 76 indicators, **58** can be compared with the previous year, and **72** can be reported against target. There are **4** indicators where the target has not been set or the indicator is not applicable, and therefore a RAG status can not be given.

Strategic Objective	Performance Indicators (76)					Projects (99)				
	Green/Over Performing	Amber	Red	Target not set/not applicable	TOTAL	Green	Amber	Red	Closed	TOTAL
To create more jobs, achieve a prosperous economy and regenerate Wirral	7	0	3	0	10	12	1	0	0	13

Strategic Objective	Performance Indicators (76)					Projects (99)				
	Green/Over Performing	Amber	Red	Target not set/not applicable	TOTAL	Green	Amber	Red	Closed	TOTAL
To create a clean, pleasant, safe and sustainable environment	8	0	3	2	13	24	2	0	0	26
To improve health and well being for all, ensuring people who require support are full participants in mainstream society	14	2	5	0	21	9	7	2	2	20
To help children and young people achieve their full potential	10	2	5	0	17	12	5	0	0	17
Create an excellent Council	11	0	2	2	15	18	5	0	0	23
Total	50	4	18	4	76	75	20	2	2	99

Due to the data lag of the national economic indicators, updated figures are not available for quarter two. Section 4.1 includes the latest monitoring information for these indicators.

4. Strategic Objective: To create more jobs, achieve a prosperous economy and regenerate Wirral

Priorities for improvement: **increase enterprise, reduce worklessness**

4.1 Performance Issues – Indicators

The following indicators show the latest monitoring information available:

Portfolio	PI no	Title	Latest monitoring data
Regeneration and Planning Strategy	NI 151	Overall Employment rate (working-age) (WNF)	Latest data for March 2010 is 66.2%. The gap between Wirral and the North West currently stands at -1.66pp.

Portfolio	PI no	Title	Latest monitoring data
Regeneration and	NI	Working age people claiming out of work	Latest data for February 2010 is 37.9%.

Planning Strategy	153	benefits in the worst performing neighbourhoods (WNF)	
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The above indicators are key measures of economic activity and have been included to provide members with a regular update. These indicators are always reported in arrears. (151, 153)

The following indicators have missed the Quarter Two 2010/11 target by more than 10% and are therefore assessed as **red**.

Portfolio	PI no	Title	2010/2011 Q2 Target	2010/2011 Q2 Actual	On target	Direction of travel
Culture, Tourism and Leisure	LOCAL 6285	Attendance at core events	30000	24388 (A)	Red	Deteriorated
Corrective action: Attendance at Wirral Food Festival - though extremely good especially on the Monday was less than had been forecast. The first ever Port Sunlight Christmas Food Fayre takes place in Quarter 3 and is expected to greatly increase visitor numbers						

Portfolio	PI no	Title	2010/2011 Q2 Target	2010/2011 Q2 Actual	On target	Direction of travel
Culture, Tourism and Leisure	LOCAL 6286	Spend at core events	£1458100	£1181690 (A)	Red	Deteriorated
Corrective action: Slightly under performance in spend is directly affected by numbers at the Food and Drink Festival.						

4.2 Performance Issues – Projects

The following project has been assessed as **amber** (some non-critical milestones have been missed or there is a danger of non-critical slippage)

Portfolio	Key project	Status	Corrective Action
Regeneration and Planning Strategy	Refreshing and monitoring Wirral's Employment and Skills Strategy	Amber	Timescales reviewed due to changing policy landscape in relation to economic regeneration. Also awaiting the outcome of Wirral's Future Consultation to inform the council's employment and skills priorities for the future.

4.3 Risks

The fragile state of the wider economy continues to be a significant source of uncertainty for local businesses. Initiatives such as Wirral Waters, Invest Wirral, "Think Big Grants" and the wider Economic Recovery Plan are helping to offset the impact to some degree. However, the Government response to the budget deficit is also presenting a significant threat to priorities in this field in terms of changes to the welfare benefits system and reductions in staff and services in the public sector. The 'Working Wirral' initiative, coherent activity by the partners and the Invest Wirral programme may help to counter some of the impact.

5. Strategic Objective: Create a clean, pleasant, safe and sustainable environment

Priorities for improvement: **sustain improved levels of recycling, reduce the Council's carbon footprint, and reduce number of people killed or seriously injured in road accidents**

5.1 Performance Issues – Indicators

The following indicators have missed the Quarter Two 2010/11 target by more than 10% and are therefore assessed as **red**.

Portfolio	PI no	Title	2010/2011 Q2 Target	2010/2011 Q2 Actual	On target	Direction of travel
Streetscene and Transport Services	NI 195a	Improved street and environmental cleanliness (levels of litter)	7% Lower=Better	8% (A)	Red	Deteriorated
Context: Tranche 1 completed beginning of August.						
Corrective action: Surveys to date suggest that this indicator is on target.						

Portfolio	PI no	Title	2010/2011 Q2 Target	2010/2011 Q2 Actual	On target	Direction of travel
Streetscene and Transport Services	NI 195b	Improved street and environmental cleanliness (levels of detritus)	8% Lower=Better	10% (A)	Red	Deteriorated
Context: Surveying for tranche 1 was completed beginning August.						
Corrective action: Surveys to date suggest that this indicator is on target.						

Portfolio	PI no	Title	2010/2011 Q2 Target	2010/2011 Q2 Actual	On target	Direction of travel
Housing and Community Safety	LOCAL 4272	Percentage of under-age sales of alcohol during test purchase exercises	5% Lower=Better	12% (A)	Red	Deteriorated
Context: As well as carrying out under age sales test purchasing activity in off licences officers are working with the police to detect and seize contraband and/or counterfeit alcohol and tobacco. Officers will use all powers available to them to regulate criminality in off licences.						
Corrective action: As stated in the previous quarters' report continued enforcement action (fixed penalty notices, licence review and prosecution) will start to reduce the offending rate. The rate has reduced from 20% to 12%.						

5.2 Performance Issues – Projects

The following projects have been assessed as **amber** (some non-critical milestones have been missed or there is a danger of non-critical slippage)

Portfolio	Key project	Status	Corrective Action
Housing and Community Safety	Affordable Housing Programme	Amber	There are some 71 units that will not complete in quarter 2 as originally expected. This is due to a number of reasons including delays due to a planning application, delay on a land transfer on an electricity sub-station resulting in a inability to obtain service connections and lack of take up on Homebuy direct. Quarter 3 is expected to be on target and the 71 units

Portfolio	Key project	Status	Corrective Action
			scheduled for Qtr 2 will complete in Qtr 3. It is still anticipated that we will surpass our target of 187 for 2010/11.

Portfolio	Key project	Status	Corrective Action
Housing and Community Safety	Housing Market Renewal Initiative New Build Programme	Amber	The shortfall on target relates to 8 new build units on Sevenoaks, Rock Ferry. Delays have resulted due to problems re: connections to a new sub station. The problem has been resolved and the forecast units will be completed by the end of October.

5.3 Risks

The reduction or withdrawal of funding threatens programmes tackling anti-social behaviour, road safety and violent crime. Investigations into alternative sources of funding and different methods of service delivery may help to counter some of the impact.

There is also uncertainty about funding for delivering the Housing Strategy including the regeneration areas and initiatives such as the Warm Front initiative. There is thought to be little that the Council and its partners can do to mitigate these risks.

6. Strategic Objective: To improve health and wellbeing for all, ensuring people who require support are full participants in mainstream society

Priorities for improvement: **reduce health inequalities, promote greater choice and independence, tackle alcohol harm**

6.1 Performance Issues

The following indicators have missed the Quarter Two 2010/11 target by more than 10% and are therefore assessed as red, or have missed the target between 5% and therefore assessed as amber.

Portfolio	PI no	Title	2010/2011 Q2 Target	2010/2011 Q2 Actual	On target	Direction of travel
Social Care and Inclusion	NI 123	Clients receiving support through the NHS Stop Smoking Services	493	394 (E)	Red	Improved

Context: It is estimated that the service will achieve their Q2 target however; As there are two levels of service within the stop smoking service, a specialist service which is part of Wirral's public health provider services and the intermediate service which consists of providers in the community such as GP's and pharmacies. The intermediate service data is collected on a paper based system and is collected by the specialist service. Therefore the data for each quarter is always a quarter late. We have only just received the final data for Q1, a total of 391 smoking quitters. Full Q2 data will be available in December. This reporting system is also used by the SHA. Q1 data was under the SHA target, however it is in line with last years performance for the same period. As was the case last year the returns from intermediates sometimes can take up to Q4 to receive. This is expected to rise and meet the Q1 target once all data is collected by the end of financial year. The target for end of year 2009/10 was overachieved when all the data was returned with an additional 512 smoking quitters achieved in Wirral over the set 2,300 smoking quitters target. There are no immediate concerns from the stop smoking service or commissioner that targets will not be achieved. A new regional online database will work towards improving data collection.

Corrective action: There are no corrective actions noted, please see the context box for more information.

Portfolio	PI no	Title	2010/2011 Q2 Target	2010/2011 Q2 Actual	On target	Direction of travel
Social Care and Inclusion	NI 125	Achieving independence for older people through rehabilitation/intermediate care	89.0%	82.10% (A)	Amber	Deteriorated
<p>Context: This indicator measures the status of people, aged 65 or over, three months after they have been discharged from hospital to either their own home or to a residential or nursing care home or extra care housing bed for rehabilitation (with a clear intention that they will move on/back to their own home).</p> <p>Corrective action: Performance has been reduced due to an unusually high number of deaths amongst those being monitored after leaving hospital (39 out of 257 monitored died) whereas far fewer died in quarter 1 (14 died out of 175). No obvious reason why this was the case, monitoring continues as usual.</p>						

Portfolio	PI no	Title	2010/2011 Q2 Target	2010/2011 Q2 Actual	On target	Direction of travel
Social Care and Inclusion	NI 126	Early Access for Women to Maternity Services	95%	85.0% (E)	Red	Improved
<p>Context: All women should access maternity services for a full health and social care assessment of needs, risks and choices by 12 completed weeks of their pregnancy to give them the full benefit of personalised maternity care and improve outcomes and experience for mother and baby. Reducing the percentage of women who access maternity services late through targeted outreach work for vulnerable and socially excluded groups will provide a focus on reducing the health inequalities these groups face whilst also guaranteeing choice to all pregnant women.</p> <p>Corrective action: Bookings at 12 weeks are currently below the required target. To address this issue the following actions are being undertaken:</p> <p>a) Wirral University Teaching Hospital have requested a break out session with Primary Care to collectively explore how the health economy can improve access and stream line the antenatal booking service.</p> <p>b) Wirral University Teaching Hospital wants to identify all GP practices where bookings are over 12 weeks so awareness can be raised directly with them. The aim is to find ways of encouraging women to book earlier appointments with general practitioners to meet the 12 week timeframe.</p> <p>c) The new midwifery pilot scheme is exploring different ways of managing 12 week bookings to ensure this milestone is not passed.</p>						

Portfolio	PI no	Title	2010/2011 Q2 Target	2010/2011 Q2 Actual	On target	Direction of travel
Social Care and Inclusion	NI 130	Percentage of Social care clients receiving Self Directed Support	10.0%	9.36% (A)	Amber	Improved
<p>Context: This indicator measures the effectiveness of "personalisation". It is the percentage of people who have "self directed support" (having a personal budget or Direct Payment). Putting people First Milestones require this to be the universal offer from October 2010, and that by 1st April 2011, 30% of users will have a Personal Budget.</p> <p>Corrective action: This indicator is monitored on a weekly basis to ensure sustained improvement. Exception reports are produced. Process training for staff is taking place early October 2010. Cabinet on 14th October have agreed to roll out Personal Budgets as the universal offer to all new people presenting need.</p>						

Portfolio	PI no	Title	2010/2011 Q2 Target	2010/2011 Q2 Actual	On target	Direction of travel
Social Care and Inclusion	LOCAL 8857	An increase in the number of new individuals who have received a service via Wirral Assistive Technology (including telecare and telemedicine)	1100	778 (A)	Red	Improved
<p>Context: Targets have been re-profiled from September 2010, based on the rate of service expansion from April 2010. Therefore, the re-profiled figures for Q2 performance would show an outturn of 778 on a target of 836, resulting in an Amber status (16 less from a green status).</p> <p>Corrective action: Referrals are increasing weekly. Promotions within specific teams and integration into services</p>						

continue. Assistive Technology is now embedded into the HARTS process with priority assigned to referrals to aid installation and impact. AT will be incorporated into the Self Directed Assessment (SDA) imminently. The Assistive Technology interactive SMART House will be launched to all staff with a link from the Council website for public access. Seniorlink Eldercare (telecare provider) have trained additional staff to focus on the increase in assistive technology assessment to accommodate the development and expansion of the service.

Portfolio	PI no	Title	2010/2011 Q2 Target	2010/2011 Q2 Actual	On target	Direction of travel
Social Care and Inclusion	LOCAL 8866	Percentage of Adult Safeguarding alerts dealt with in 24 hours	100%	87.96% (A)	Red	N/A

Context: This indicator measures how promptly care managers the recognising and responding to adult safeguarding alerts. The 24 hour target is built into the Adult Safeguarding Process.

Corrective action: This indicator is being tracked and reported upon on a weekly basis in order to ensure team managers are aware of the current situation. Although the Quarter 2 outturn is not 100% it has shown a significant improvement since the end of Quarter 1.

Portfolio	PI no	Title	2010/2011 Q2 Target	2010/2011 Q2 Actual	On target	Direction of travel
Social Care and Inclusion	LOCAL 8867	Percentage of Adult Safeguarding incidents closed in 28 days	100%	59.91% (A)	Red	N/A

Context: This indicator measures the time taken to investigate and resolve an adult safeguarding incident. There is a Departmental target of 28 days to investigate and resolve all safeguarding incidents. This deadline is built into the Adult Safeguarding Process. A recommendation has been agreed by the Safeguarding Adults Partnership Board on 11/10/10 to redefine the indicator to provide improved reporting arrangements. This is to ensure those incidents that are not closed within 28 days are understood and activity is being properly conducted.

Corrective action: This indicator is being tracked and reported on a weekly basis. This involves giving locality managers a list of open safeguarding incidents in date order (oldest first) so each incident can be progress chased. Other work is taking place to identify and resolve a significant number of open incidents that are awaiting the completion of actions by external agencies and organisations.

6.2 Performance Issues – Projects

The following projects have been assessed as **red** or **amber** (some non-critical milestones have been missed or there is a danger of non-critical slippage)

Portfolio	Key project	Status	Corrective Action
Social Care and Inclusion	Improving support for carers (Implementing the Carers Commissioning Strategy)	Red	Project work now part of the Personalisation Project.

Portfolio	Key project	Status	Corrective Action
Social Care and Inclusion	Reduce Hospital admissions Project (Project 13)	Red	Hospital admissions remain high. Focused activities are underway to reduce these by involving Wirral Home Assessment Reablement Team (HART) plus interim and intermediate care.

Portfolio	Key project	Status	Corrective Action
Social Care and Inclusion	Health Inequalities Action Plan	Amber	2009/10 Annual Report of Health Inequalities Action Plan has been reported to PCT CDG and is going to LA Cabinet September 2010 before wider dissemination to stakeholders. Quarter 1 reporting complete and will also be reported to PCT CDG, LA Cabinet and Health and Wellbeing Partnership Group September/October 2010. HAA teams continue to target those people suffering the worst health in the Borough. CVD LES with GPs continued for a further year to identify those at risk of CVD and signpost to lifestyle services. We estimate 61% of target population (40-75yrs) has been screened to date (to June 2010). A Health Advocate programme is planned which will target people on CVD and diabetes disease registers, who have not attended for their GP appointments, to review their condition and medication and support them to make sustainable lifestyle changes.

Portfolio	Key project	Status	Corrective Action
Social Care and Inclusion	Early Intervention Strategy (strategic shift of investment to preventive and early intervention support)	Amber	At its meeting of 24 August, Strategic Change Programme Board identified that the Early Intervention Plan needed further explanation and a revised project initiation document submitted for consideration.

Portfolio	Key project	Status	Corrective Action
Social Care and Inclusion	Shaping the future of Care Services (Implementation of strategic decision regarding the future of in house provided services)	Amber	Wider consultation is underway regarding the detailed outcomes that will be delivered by this project.

Portfolio	Key project	Status	Corrective Action
Social Care and Inclusion	Implementing Assistive Technology Invest to Save Programme	Amber	Results of evaluation to evidence efficiencies will be reported in October 2010

Portfolio	Key project	Status	Corrective Action
Social Care and Inclusion	Community Development Project (Project 14)	Amber	Community Development workers are engaged in identifying local priorities.

Portfolio	Key project	Status	Corrective Action
Social Care and Inclusion	Mental Health Commissioning Strategy	Amber	Work in progress with close monitoring of targets.

Portfolio	Key project	Status	Corrective Action
Social Care and Inclusion	Implement Alcohol Strategy	Amber	The Alcohol Strategy for 2010-2011 is currently being worked towards, however, it was decided at the DAAT meeting (Wednesday 4 th August 2010) that the completion and launch of Wirral's Alcohol Harm Reduction Strategy 2010-2013 is to be postponed until next year (2011). This is primarily because we are so unclear about changes in structures, funding and governance of alcohol, both locally and nationally. Therefore, it was recommended that an interim document be produced, mainly to acknowledge the achievements of Wirral's Alcohol Harm Reduction Strategy 2007-2010 and to gather further evidence of the specific needs on Wirral. This document is to be produced by December.

6.3 Risks

The increasing numbers of young people with complex needs reaching majority remains a significant issue. The Transitions Team in the Department of Adult Social Services is now in place and operational procedures linked to the transition protocol are being implemented.

7. Strategic Objective: To help children and young people achieve their full potential

Priorities for improvement: **safely reduce looked after children, raise overall educational attainment, particularly lower achieving young people, reduce teenage conceptions.**

7.1 Performance Issues – Indicators

The following indicators have missed the Quarter Two 2010/11 target by more than 10% and are therefore assessed as red, or have missed the target between 5% and therefore assessed as amber.

Portfolio	PI no	Title	2010/2011 Q2 Target	2010/2011 Q2 Actual	On target	Direction of travel
Childrens Services & Lifelong Learning	NI 53	Prevalence of breast-feeding at 6-8 wks from birth	35.1%	28.8% (E)	Red	Unchanged

Context: Wirral is below the average nationally (44.4%) and regionally (32.7%) at 6-8 weeks and on Wirral we want

to turn this around to at least match the regional average and ideally the national figures but this won't be done overnight particularly as the figures have hardly improved over the last 10 years. We want Wirral to have a breastfeeding culture as opposed to bottle feeding and we are already working very hard collectively across health professions to achieve this with better partnership working with midwives, health visitors and children centre staff and reignite the enthusiasm and commitment to breastfeeding – which our breastfeeding peer support volunteers appear to have done. Over the last year Wirral has had to catch up with other areas – we now have a breastfeeding peer support programme (commissioned at end of last year and launched in April 2010), however, Knowsley and Sefton already had a programme and Liverpool have only recently started theirs. We now have an infant feeding co-ordinator in the community and at the hospital. We joined forces with Sefton, Knowsley and Liverpool in July last year to be part of the breastfeeding social marketing campaign and this was launched in June this year. I would say that over the last year we have probably caught up with other areas and we should over this year begin to see improvements in our breastfeeding rates which are currently better than Knowsley, Sefton and Liverpool. I know some of the other Merseyside areas still are battling with partnership working between health visitors and midwives but I feel locally we have done a lot to address this and now deliver training to a range of health professions were midwives are co-training with health visitors. We also recently had a working group to draft out a breastfeeding care pathway – not many areas have one of these. I hope over the next 6-12 months we will see an improvement and people will look to us as an example as to how we have achieved our improvements.

Corrective action: The following have taken place to promote, support and improve breastfeeding rates: • Stage one accreditation for Baby Friendly Initiative in the community submitted to UNICEF in July and audit took place in August • Multidisciplinary task group set up and have drafted out a breastfeeding care pathway • Infant Feeding Specialist at the Hospital is now trained to deliver UNICEF breastfeeding training alongside the other local UNICEF trainers delivering the multidisciplinary training • Further one day breastfeeding update training delivered from the training schedule and further training dates have been set for the rest of this year and for 2011. • The breastfeeding peer support programme have supported 293 mother up to August which is ahead of their annual target of supporting 500 women and in the first quarter 54% of these women were still breastfeeding at 6-8 weeks • Three briefing sessions were delivered to midwives about the social marketing campaign 'breastmilk it's amazing' in July with 20 staff attending • A communication strategy has been devised between the participating four PCTs (Knowsley, Sefton, Liverpool, Wirral) for this social marketing campaign with each of the respective communication leads

Portfolio	PI no	Title	2010/2011 Q2 Target	2010/2011 Q2 Actual	On target	Direction of travel
Children's Services & Lifelong Learning	NI 59	Percentage of initial assessments for children's social care carried out within 7 working days of referral.	76%	70.1% (A)	Amber	Improved

Context: This indicator is performing considerably better when compared to the same period during 2009/10. It should also be noted that the definition of this indicator is changing from 7 working days from referral to 10 working days in 2011/12. The 2010/11 quarter 2 figure for initial assessments carried out within 10 working days of referral is 82.9%.

Corrective action: With the induction of a new manager, there has been a refreshed and improved focus on work plans and development of new reports to support staff to help ensure time scales are met.

Portfolio	PI no	Title	2010/2011 Q2 Target	2010/2011 Q2 Actual	On target	Direction of travel
Children's Services & Lifelong Learning	NI 60	Percentage of core assessments for children's social care that were carried out within 35 working days of their commencement	80%	62.9% (P)	Red	Improved

Context: This indicator has improved following the circulation of good practice guidance notes to the teams with support from the data officers on electronic recording. However, there has been a large increase in the volume of work: 517 Core Assessments have taken place to date in 2010/11 compared with 449 at quarter 2 in 2009/10. Despite this there has been an improvement of 7% when compared with the same period in 2009/10.

Corrective action: Ongoing support to staff is being provided by the data officers recording information related to this indicator. All Social Workers and managers are undertaking refresher Child Protection training during October and November 2010 which will help staff focus in this area.

Portfolio	PI no	Title	2010/2011 Q2 Target	2010/2011 Q2 Actual	On target	Direction of travel
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Children's Services & Lifelong Learning	NI 61	Timeliness of placements of looked after children for adoption following an agency decision that the child should be placed for adoption	80%	58.3% (P)	Red	Deteriorated
Context: Small numbers affect this indicator. 7 out of 12 children have been adopted within 12 months of the decision being made that the child should be placed for adoption. Some children are harder to place, these include 2 siblings, 2 further siblings with medical complexities and one older child who has experienced placement disruption.						
Corrective action: There is continuous monthly monitoring of this indicator.						

Portfolio	PI no	Title	2010/2011 Q2 Target	2010/2011 Q2 Actual	On target	Direction of travel
Children's Services & Lifelong Learning	NI 63	Stability of placements of looked after children: length of placement	72%	65.4% (P)	Amber	Deteriorated
Context: This indicator has moved from red at quarter 1 to amber at quarter 2 following corrective action identified and implemented at quarter 1.						
Corrective action: Continuous activity to ensure placement stability of looked after children where appropriate. Statutory reviews of children in care placements are carried out at prescribed intervals. Increased rigour in the conduction of disruption meetings and learning lessons from past experiences. This indicator is monitored on a monthly basis.						

Portfolio	PI no	Title	2010/2011 Q2 Target	2010/2011 Q2 Actual	On target	Direction of travel
Children's Services & Lifelong Learning	NI 105	The Special Educational Needs (SEN)/non-SEN gap – achieving 5 A*- C GCSE inc. English and Maths	41% Lower=Better	52.3% (P)	Red	N/A
Context: The provisional data indicates that pupils who have been identified as having Special Educational Needs (SEN) have improved when compared with previous academic years. However, pupils who are not classified as having SEN have improved at a greater rate than those with SEN.						
Corrective action: This data is still provisional. Consultation with English and Maths principal managers is taking place to analyse the data and establish cause of the increase in the gap between those on Special Educational Needs and those who are not. Challenging targets are to be set with a view to significantly reducing the gap during the 2010/11 academic year. Targets to be shared with secondary schools and flagged as a priority area of improvement with Speech and Language Therapists, English/Maths leads and SEN coordinators.						

Portfolio	PI no	Title	2010/2011 Q2 Target	2010/2011 Q2 Actual	On target	Direction of travel
Children's Services & Lifelong Learning	NI 117	16 to 18 year olds who are not in education, employment or training (NEET)	6.9% Lower=Better	8.9% (P)	Red	Improved
Context: Quarter 2 performance is an improvement when compared with the same period in 2009/10 which highlights the ongoing trend in the reduction of this indicator year on year. However there are many challenges ahead to achieving the target of 6.9% therefore a revised year end forecast of 8% has been set.						
Corrective action: There is targeting of intervention and support via the NEET TIGER Team and Connexions tracking. Discussions are taking place within the 14-19 Strategic Partnership and with providers to ensure that 'offer' in Wirral is flexible in its responses. Forensic analysis of the NEET group is taking place to inform targeted intervention across the partnership.						

7.2 Performance Issues – Projects

The following projects have been assessed as **amber** (some non-critical milestones have been missed or there is a danger of non-critical slippage)

Portfolio	Key project	Status	Corrective Action
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Portfolio	Key project	Status	Corrective Action
Children's Services and Lifelong Learning	Implement the Integrated Youth Support Strategy	Amber	The integrated youth support is currently the subject of strategic review. This is the result of a number of factors including proposed Government policy changes and funding reductions. This could result in potential restructuring to improve the service and increase efficiency. The impact of the review is that a strategy for 2010/11 is not currently in place and the 2009/10 strategy is to be extended for this period.

Portfolio	Key project	Status	Corrective Action
Children's Services and Lifelong Learning	Implement the Integrated Preventative Services Development Plan	Amber	The number of children in care has not decreased. This must be seen in the context of a national increase in the overall number of children looked after by 8% from December 2007 until December 2009 (ADCS Safeguarding Pressures Project - 122 participating authorities). In Wirral during this period the number of children in care increased by 1.7%. However, the number has since increased further and is now 6% higher than the December 2007 figure (currently 642 children). 50% of the children who have become looked after since April 2010, and who are still looked after, are aged 4 years and under, this reflects the earlier identification of vulnerable young children, whose plan should be permanence through adoption or Special Guardianship, if they cannot safely return home. Between January 2009 – December 2009, 50 sets of care proceedings were initiated; from January 2010 to date 61 sets of proceedings have been initiated, this is largely indicative of increased social work activity with younger children. A number of strategies are in place to reduce the high numbers – these include the introduction of Principal Team Managers, whose primary role is to make sure that children's plans do not drift, and that children move safely out of care – either through Adoption or Special Guardianship or by returning home. A range of preventative initiatives are in place to intervene with support, as soon as possible, for families experiencing difficulties to prevent children from becoming looked after, such as the Team Around the Child, Family Group
Children's Services and Lifelong Learning	Implement the Contact, Referral, Assessment and Safeguarding Development Plan		
Children's Services and Lifelong Learning	Implement the Corporate Parenting Development Plan		

Portfolio	Key project	Status	Corrective Action
			Conferences and Multi – Systemic Therapy. The numbers of children becoming looked after is not out of step with other authorities, and consequently it is the rate of children leaving care which is being further prioritised. Each Team is tightly overseeing the plans for children to safely leave care; this is monitored by Senior Managers, and plans to overcome barriers to achieving this outcome are in place. The looked after children population is being profiled to provide a projection of how many children should be expected to leave care over the forthcoming years, up to 2014. This will be completed prior to the next quarters report.

Portfolio	Key project	Status	Corrective Action
Children's Services and Lifelong Learning	All phases: raise standards in schools and settings by continuing to improve the quality of leadership and management, curriculum, assessment and learning, thereby ensuring none fall into an OFSTED category.	Amber	Five primary schools have been in OFSTED category. One school came out of category at the end of the Summer term and the remaining 4 schools continue to make good progress. To assist schools in category the Local Authority provide Statements of Action which are verified by OFSTED. The Head of Branch for Learning and Achievement, The Head Teacher and the school Chair of Governors monitor the action plan on a half-termly basis.

7.3 Risks

In relation to looked-after children, concerns remain around the large caseloads of some individual social workers. There is regular monitoring of caseloads and, where these remain high, specific team plans have been put in place.

New uncertainties around the level and sustainability of funding that present a threat to programmes designed to improve academic attainment and young people's participation in beneficial activities and preventing them from becoming involved in criminal activity. Whilst some measures can be taken to mitigate the risks they will remain significant.

8. Strategic Objective: To create an excellent council

Priorities for improvement: **maintain a sustainable and stable budget, providing value for money, improve the council's budgeting process to fully reflect its priorities**

8.1 Performance Issues - Indicators

The following indicators have missed the Quarter Two 2010/11 target by more than 10% and are therefore assessed as **red**. (Local indicators **7019** and **7024** have actual data added but information on targets are still to be set)

Portfolio	PI no	Title	2010/2011 Q2 Target	2010/2011 Q2 Actual	On target	Direction of travel
Corporate Resources	LOCAL 7019	Number of assets transferred to community groups	Not set	1 (A)	N/A	N/A
Context: This is an annual target and has not been broken down quarterly.						
Corrective action: 2011/2012 Quarterly targets will be set. The deadline for the transfer of the assets was extended to 31st March 2012 by Cabinet at its meeting of 24th June 2010. A further meeting of Cabinet on 23rd September 2010 agreed to remove nine facilities from the programme at the request of the existing user groups.						

Portfolio	PI no	Title	2010/2011 Q2 Target	2010/2011 Q2 Actual	On target	Direction of travel
Corporate Resources	LOCAL 7024	Number of assets sold	Not set	0 (A)	N/A	N/A
Context: This is an annual target and has not been broken down quarterly.						
Corrective action: 2011/2012 Quarterly targets will be set.						

Portfolio	PI no	Title	2010/2011 Q2 Target	2010/2011 Q2 Actual	On target	Direction of travel
Corporate Resources	LOCAL 7015	The % of employees retiring on grounds of ill health as a % of the total workforce.	0.10% Lower=Better	0.8% (A)	Red	Deteriorated
Context: The data indicates a decrease in the number of employees retiring on grounds of ill health.						
Corrective action: A number of support mechanisms have been put in place to improve the health and well-being of employees, including measures to support employees who are off long term.						

Portfolio	PI no	Title	2010/2011 Q2 Target	2010/2011 Q2 Actual	On target	Direction of travel
Corporate Resources	LOCAL 7016a	The % of local authority employees declaring that they meet the Disability Discrimination Act 1995 disability definition.	2.95%	2.35%	Red	Deteriorated
Context: The data indicates a decrease in the number of employees declaring that they meet the Disability Discrimination Act. Whilst equality data has improved, employees have the option "not to declare".						
Corrective action: Work to understand the reasons why employees choose "not to declare" and to seek to break down barriers in this area.						

8.2 Performance issues – Projects

The following project has been assessed as **amber** (some non-critical milestones have been missed or there is a danger of non-critical slippage)

Portfolio	Key project	Status	Corrective Action
Community and Customer Engagement	An improvement programme relating to the Local Strategic Partnership and the delivery of the Sustainable Community Strategy and Local Area	Amber	A review of Wirral's local strategic partnership is currently underway to explore its future role in light of the financial challenges facing local public services. It is expected that the outcomes of this review will be reported to the LSP Executive in January 2011.

Portfolio	Key project	Status	Corrective Action
	Agreement.		
Finance and Best Value	To plan for the use of the available resources to meet the Council aims (as set out in the Corporate Plan): medium term financial strategy and plan, capital strategy and programme	Amber	Projected budget (MTFS) updated and reported to Cabinet on a regular basis. Strategies and timing currently being reviewed in light of Coalition Government announcements.
Finance and Best Value	To ensure that the business is subject to good governance arrangements: Treasury Management Strategy, Pension Fund Investment Strategy, Risk Management Strategy, ICT strategy	Amber	Treasury Management strategy approved in March. Other strategies and timing currently being reviewed in light of Coalition Government announcements. Pension Fund quarterly performance -6.3% vs -5.8%. Within potential outcomes. Cabinet 4th November 2010.
Corporate Resources	Implement, so far as practicably possible, new practices and procedures promoting partnership working and raise the profile and use of the Partnership Toolkit	Amber	The Partnership Toolkit will be revised following the outcome of the Budget Consultation and budget setting process. The governance arrangements of the LSP have been reviewed following the principles of the Toolkit and relevant findings will be included within the LSP review.
Corporate Resources	Review overview and scrutiny arrangements	Amber	Report to be considered by Cabinet in Quarter Three.

8.3 Risks

There are no risks identified under this strategic objective.

9. FINANCIAL MONITORING

On 1 March 2010 Council agreed the Budget 2010/11 with a planned net spend for the year of £332 million and a projected balance at 31 March 2011 of £6.5 million. The latest position reflects the out-turn for 2009/10, the notification from the Government on reductions in grant and the departmental projections:-

Details	£million	£million
Projected General Fund balance at 31 March 2011 when setting the budget for 2010/11		6.5
Cabinet decisions		
18 Mar - Foster care costs increased for inflation		-0.1
24 June - Financial out-turn 2009/10 showed an underspending and increase in balance		+3.0
24 June - Reduction in grants to local authorities 2010/11. Area Based Grant of £3.9 million and 'One-off' LABGI/LAA grants of £1.6m		-5.5
22 July - Reduction in grants to local authorities 2010/11. Area Based Grant reduction to departments		+3.9
2 Sep - Actuarial Review released Insurance Fund resources to balance		+3.4
Projected variances / potential overspends		
Overspend Children & Young People	+1.0	
Underspend Finance	-0.5	-0.5
General Fund balance at 31 March 2011 based upon the latest projections		10.7

9.1 Progress on the implementation of the policy options

9.1.1 Within Adult Social Services the assistive technology activity is underway. The additional £2.6 million (partially offset by a projected £1.6 million of Area Based Grant) to support Personal Care at Home is no longer required as the Coalition Government has reversed the decision to guarantee free Personal Care at Home that was to be effective from 1 October 2010.

9.1.2 Regeneration and Technical Services included major initiatives covering four years. The investment into home insulation has commenced whilst the digital infrastructure scheme is progressing. The school speed signs programme is within the work programme for Technical Services.

9.1.3 Progress on delivering savings

9.1.4 The target for Adult Social Services includes those derived from assistive technology for which the Director has advised that the savings are beginning to accrue. In terms of transport a report on the new contracts was presented to Cabinet in July.

9.1.5 The savings from departmental restructurings following the implementation of the Early Voluntary Retirement scheme are presently within the Finance Department budget and will be re-allocated to the appropriate departments as part of preparing the Budget for 2011/12.

9.1.6 The impact of any Cabinet decisions that have budgetary implications

9.1.7 Cabinet on 18 March allocated £90,000 to meet the inflationary increase in the costs of fostering.

9.1.8 Cabinet on 24 June agreed a report of the financial out-turn for 2009/10 following the completion of the year-end accounts. Overall this resulted in an increase in the projected balance at 31 March 2010 of £3 million the position benefitting from the release of £2.5 million from the Insurance Fund.

9.1.9 The same meeting also considered a report on the reduction in grants to local government 2010/11. Cabinet requested a further report to the July 22 meeting on the Area Based Grant reduction of £3.9 million. The expected £1.4 million of Local Authority Business Growth Incentive and £0.2 million of Local Area Agreement will not now be received and this loss of 'one-off' funding is being met from balances.

9.1.10 Cabinet on 22 July agreed to a number of reductions in departmental budgets to offset the loss of the £3.9 million of Area Based Grant in 2010/11.

9.1.11 Cabinet on 2 September agreed a report on the Insurance Fund Actuarial Review which included the release of £3.4 million from the Insurance Fund to the balance.

9.2 Variations from the approved budget

9.2.1 Children and Young People

There are significant pressures on the budget, particularly care services. The number of children in residential care is currently 47 against the target of 39. Similarly within foster care, adoption and lodging where the placements have increased during the year. These form the major part of the projected overspend which is partially offset by vacancy control savings giving a net £1 million projected overspend.

9.2.2 Finance

Housing benefit and treasury management activities remain the key areas. The management of the cash-flow has seen the Council benefit from the available interest rates and is expected to achieve a surplus of £0.5 million.

9.3 Further supporting information is contained within the Financial Monitoring summary at Appendix 1.

10. CAPITAL MONITORING

10.1.1 The Capital Programme 2009/13 was approved by Council on 14 December 2009 and confirmed as part of the budget for 2010/11 by Council on 1 March 2010. Other than the impact of decisions by Council / Cabinet the revisions relate to slippage resulting in both the spend and resources being slipped.

10.1.2 The tables compare the original programme / resources approved as part of the Budget with the latest forecast position that incorporates permanent changes to the programme due to slippage and Cabinet approvals.

Spend	Original Approval £000	Forecast June £000	Forecast Sept £000
Adult Social Services	471	2,293	2,193
Children & Young People	43,527	41,866	40,986
Corporate Services	2,050	3,180	6,497
Finance	1,500	2,929	2,929
Law, HR and Asset Mgt	100	100	100
Regeneration	19,802	21,818	20,450
Technical Services	11,145	11,576	12,253
Total programme	78,595	83,762	85,408

Resources	Original Approval £000	Forecast June £000	Forecast Sept £000
Borrowing	14,340	20,819	22,616
Grant – Education	41,300	36,541	34,976
Grant – HMRI	7,485	7,485	7,485
Grant – LTP	4,243	3,233	3,233
Grant – Other	7,877	11,670	13,388
Revenue	350	1,014	710
Capital Receipts	3,000	3,000	3,000
Total resources	78,595	83,762	85,408

10.1.3 The major variation from the Original Approval reflects the slippage of £24 million of schemes with the associated spend and funding from 2009/10 to 2010/11. The re-profiling of schemes, particularly Children & Young People, resulted in £17 million going forward into 2011/13. The reduction in grants announced by the Government has resulted in revisions to the Children & Young People, Regeneration and Technical Services grant funded programmes.

10.2 PROGRESS ON THE PROGRAMME

10.2.1 Adult Social Services

The most significant scheme is the Extra Care Housing facility at the former Mendell Lodge site which is progressing well and is due for completion January 2011.

10.2.2 Children & Young People

The opportunity has been taken to re-profile major capital projects in line with currently expected completion dates, most notably the Pensby Primary/Stanley Special School rebuild and Birkenhead High Academy. The Government reviewed the Building Schools for the Future programme (the Woodchurch School was unaffected and has now opened); Academies (Birkenhead High School Academy funding now confirmed); and a number of changes have been announced impacting on the programme including Harnessing Technology, Youth Capital, Extended Schools and SEN / 14-19 (these changes led to programme revisions).

The Park Primary rebuild is expected to complete by the end of December 2010. Pensby Primary is expected to complete in September 2011, with work beginning on the co-located Stanley Special School, now due for completion in March 2013.

The Family Support Scheme is the continuation of a previous programme of investment in schemes to support looked after children in gaining placement in a safe and secure environment, avoiding more expensive alternative accommodation.

10.2.3 Corporate Services

Progress continues in delivering support for businesses through the Think Big Investment Fund, with further grants being paid this quarter.

The original grant support required to deliver the Destination West Kirby and the Wirral Country Park schemes was not realised and alternative funding is being sought. These schemes currently remain within the programme.

The grant funding agreement between Wirral and Liverpool has now been signed and progress can now be made on delivering the Mersey Heartlands New Growth Point scheme. This was reported to Cabinet on 14 October 2010.

10.2.4 Finance

The progression of the Strategic Asset Review - IT investment programme is dependent upon the completion of the review of office accommodation and the agreement of a way forward by Cabinet.

10.2.5 Regeneration

The largest element of the programme relates to Housing Market Renewal spending on improvements to Stock and Clearance. The Government announced in June the reductions in grant support to local authorities which has seen resources to Wirral reduce and a revised programme was approved by Cabinet on 22 July.

After consideration of the tenders received for the Landican Crematorium Mercury Abatement Scheme, Cabinet on 15 April accepted the tender and the start date was revised to September 2010. The extension to the cemetery is now complete and planting work will take place during the winter.

10.2.6 Technical Services

The Government announcement on reducing grant support to local authorities led to a revised programme being approved by Cabinet on 22 July.

There is a projected overspend of £300,000 relating to bridges and in particular, works at The Dell underpass where substantial additional substructure work has been identified. An unsuccessful bid was made to the Department for Transport to grant aid the additional costs so alternative approaches are being explored. The M53 junction 3 scheme, which is the largest within the programme, is nearing completion.

- 10.3 Further supporting information is contained within the Capital Monitoring summary at Appendix 2.

11. RISK MONITORING

- 11.1 The Corporate Risk Register was last approved by Cabinet on 3 September 2009 following the review requested by Cabinet which sought to make use of best practice, rationalise the issues contained and link risks to the Council's corporate objectives.

- 11.2 Whilst risk issues are identified under each of the Strategic Objectives the major issues identified as posing the greatest risk to the achievement of the objectives are:-

The Coalition Government response to the national financial position is placing additional pressures upon all public sector bodies. Grants to Local Authorities in 2010/11 have been reduced and whilst the Comprehensive Spending Review will provide some information on the future it is the detailed Local Government Finance settlement which is expected in late November / early December 2010. In meeting this risk the Cabinet has taken actions including a recruitment freeze, additional measures to reduce spending, a review of the management of the Strategic Change Programme and the offer to employees of severance. Progress reports on the financial projections and on actions to deliver services within the resources available are being regularly reported to Cabinet.

Cabinet on 15 April agreed to the establishment of a review group on Safeguarding arrangements. This was made in light of the changed statutory guidance in respect of safeguarding children and developing arrangements in respect of safeguarding vulnerable adults. The Care Quality Commission inspection of Adult Social Services identified a number of issues and a comprehensive action plan to address these has been agreed and is being implemented with a completion date of January 2011.

11.3 Further supporting information is contained within the Risk Monitoring summary at Appendix 2.

12. CUSTOMER FEEDBACK

12.1 Customer feedback incorporates corporate/statutory complaints, councillor/MP contacts, Ombudsman enquiries and compliments received in the quarter. The focus for customer feedback is to *'put things right and learn from it'* which recognises that complaints specifically should not be dealt with in isolation and instead should be used to inform future improved service delivery.

12.2 During the quarter there were 1,599 customer feedback contacts recorded, a 17% increase from the previous quarter. These were received via web (32%); letter (31%); email (22%); telephone (12%) and in person (3%).

12.3 There was a 3.5% increase in corporate complaints from previous quarter with 89% of all corporate complaints closed were within the 15 working days target, with fewer complainants progressing to raise stage 2 or stage 3. Those received encompassing standard of service provided (24%); attitude of staff or contractors (15%) and quality of facilities (14%).

12.4 In terms of overall response times the quarter saw an average of 10 working days to respond to corporate/statutory complaints, 6 working days to respond to councillor/MP contacts (95% within the target of 10 working days) and an average of 14 calendar days to respond to contacts from Local Government Ombudsman

12.5 A total of 84 changes to process/procedure or improvements made to service delivery as a result of customer feedback received which represents a 30% increase on organisational learning from the previous quarter. Examples of changes implemented include the following:

- Improved information available for Wirral visitors.
- Improved working procedures for Council bailiffs to ensure standards of customer service adhered to.
- Frequency of maintenance schedule for local cemetery revised.
- More effective cleaning rota for Council leisure centre introduced.
- Additional gym equipment ordered, informed by customer feedback received.
- New guidelines introduced to ensure accuracy of benefits correspondence.
- Promotion of Polish support group services through One Stop Shops.
- Improved research capabilities available at local library.
- Enhanced street lighting provision.
- Revised assessment framework for personal budgets to ensure fairness.

12.6 Further supporting information is contained within the Customer Services Monitoring summary at Appendix 4.

13. Financial implications

Any financial implications are contained in section 10 of this report.

14. Staffing implications

There are no specific staffing implications arising from this report.

15. Equal Opportunities implications / Equality impact assessment

The implementation of the Council's corporate plan will have positive equal opportunities impact. The projects and activities identified in the Corporate Plan are included in the ongoing programme of equality impact assessments. This work is monitored by the Corporate Equalities and Cohesion Group and the Council Excellence Overview and Scrutiny Committee.

16. Health impact assessment

The implementation of the Council's corporate plan will have positive impact on health. A programme to increase the capacity within the Council for conducting health impact assessments is being developed.

17. Community Safety implications.

Any community safety implications are contained in section 2 of this report.

18. Local Agenda 21.

The implementation of the Council's corporate plan will have a positive impact on the local agenda 21.

19. Planning implications.

There are no specific planning implications arising from this report

20. Anti-poverty implications

The implementation of the Council's corporate plan will have a positive impact on tackling poverty.

21. Social inclusion implications

The implementation of the Council's corporate plan will have a positive impact on social inclusion.

22. Local Member Support implications

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

23. Background Papers

Wirral Corporate Plan 2010/11.

J. Wilkie

Interim Chief Executive

This report was prepared by Caroline Reed and Tom Sault, who can be contacted on 8149 and 3407.

Appendices to be placed in the web library:

- Appendix 1 – Financial Monitoring Summary**
- Appendix 2 – Capital Monitoring Summary**
- Appendix 3 – Risk Monitoring Summary**
- Appendix 4 – Customer Feedback Summary**

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WIRRAL COUNCIL

CABINET

4 NOVEMBER 2010

REPORT OF THE DIRECTOR OF FINANCE

MEDIUM TERM FINANCIAL STRATEGY

1. EXECUTIVE SUMMARY

1.1 This is the annual update of the Medium Term Financial Strategy the most recent of which was agreed by Cabinet on 24 September 2009. The aim is to give Cabinet a strategic overview highlighting the significant issues to be considered for use in financial planning and informing future priorities. It has been refined to reflect recent information from the Government and the revised Corporate Plan agreed in March 2010.

2. BACKGROUND

2.1 In order to deliver the objectives of the Corporate Plan effective service planning and financial planning are essential requiring strong links between the Corporate Plan and Medium Term Financial Strategy. This Strategy aims to provide a longer term overview of the financial issues to assist in the allocation of resources to deliver the Council objectives and priorities.

2.2 The Strategy draws together the financial requirements emerging from the various Council strategies including the Customer Access Strategy, the Risk Management Strategy and the Procurement Strategy, and the resource-based strategies covering Capital, Human Resources, Information Technology and Asset Management, and the service strategies. It seeks to maximise the opportunities for delivering services from within the finite resources available.

3. PROGRESS

3.1 The Council agreed the current Medium Term Financial Strategy on 24 September 2009 and it is subject to an annual review to take account of national and local changes.

3.2 FINANCIAL AND PERFORMANCE MANAGEMENT

3.2.1 The approach to corporate planning is based upon a hierarchical framework that seeks to integrate national and local priorities into a series of clear objectives. This is supported through the planning process, the Corporate Plan and Departmental Plans, identifying how the objectives are to be achieved. The Plans link to budget-setting as the priorities identified should indicate the resource issues and principles that shape the Council budget. By identifying current issues as well as potential developments / related issues the Plans inform future revenue and capital budgets.

3.3 REPORTING AND MONITORING

3.3.1 For 2010/11 Cabinet on 15 April 2010 agreed further measures to integrate the financial and performance management arrangements. Processes for planning and monitoring performance underpin the cycle of continuous improvement. The planning element provides the framework for the Council to identify priorities and targets for the future, whilst the monitoring element measures progress in relation to meeting the priorities and targets agreed for the current year. Equally the monitoring reports inform the ongoing planning process as it is by monitoring and reviewing performance, and the associated implications of that performance, that information is provided to develop future plans.

3.3.2 ANNUAL REPORTS

The annual Statement of Accounts is a legal requirement and has to be published by 30 June. It is then subject to External Audit inspection the results of which have to be concluded before 30 September. The Statement is supported by additional reports to Cabinet on the revenue and capital finances for the year plus the Insurance Fund and Treasury Management annual reports. A summary Statement of Accounts leaflet is also available.

3.3.3 MONITORING REPORTS

Since 2010 Cabinet has received a presentation each quarter covering the areas of performance, finance, capital and risk. A summary report is placed within the Library to which is appended more detailed reports on each of the areas with the financial and risk reports also being presented to Council Excellence Overview & Scrutiny Committee and Audit & Risk Management Committee as appropriate.

- (a) Financial monitoring compares spend against the approved budget.
- (b) Capital monitoring summarises progress against the capital programme.
- (c) Performance monitoring provides an overview against the key issues identified in the Corporate Plan.
- (d) Risk monitoring identifies progress delivering actions in the Corporate Risk Register and on any recently identified risks.

3.4 PLANNING REPORTS

3.4.1 The key components of the planning process are service and financial planning. The former identifies how the Council delivers continuously improving services that meet the needs and priorities of the citizens of Wirral. The objectives and targets set inform financial planning. This enables the better alignment of resource requirements with service delivery and ensures that services are provided in the most cost effective and efficient manner.

3.4.2 Cabinet agreed the Vision for Wirral on 14 November 2007 which is articulated in the Corporate Plan. The Plan sets the overall strategic direction and identifies the aims and objectives of the Council and whilst covering three years is refreshed annually with the latest refresh being in March 2010. This approach is used for the other strategies listed above.

3.4.3 The Medium Term Financial Strategy considers financial issues at a strategic level. It is used to identify resources to deliver the Corporate Plan and informs the annual budget setting process. The budget has to be agreed by Council by 10 March each year with the projected budgets for subsequent years being regularly updated in reports presented to Cabinet.

3.5 RE-ALLOCATION OF RESOURCES TO PRIORITIES

3.5.1 The Council is committed to improving customer services with a change agenda that underpins the delivery of the Customer Access Strategy.

3.5.2 In meeting Government targets for delivering value for money and efficiency in local services the key requirement is for resources to be released into front-line services. The Council is committed to improving its priority areas as well as keeping Council Tax at affordable levels.

3.5.3 When setting the Council Tax for 2010/11 the agreed increase was 1.67% and the budget

3.5.4 included actions to deliver further improvements in priority services.

3.5.4 The Authority is currently undertaking a wide ranging consultation exercise with residents, staff, stakeholders, businesses and community groups. The consultation entitled 'Wirral's Future, be a part of it' will help shape future priorities and the delivery of services. It is intended that the consultation process will be an annual process with priorities and use of resources developing over time.

4. MEDIUM TERM FINANCIAL STRATEGY

4.1 The Strategy encompasses:-

- National issues including the Spending Review.
- At a local level the agreed Council objectives and priorities are stated, progress reviewed, and key issues during the period highlighted.
- The Medium Term Financial Plan for the period which is regularly updated in reports to Cabinet.

4.2 Wherever a financial estimate can be made of likely events this has been included. Given the level of assumptions for any projection of this type, only significant items have been included. It must be stressed that the aim of this Strategy is not to give provisional budget figures, but rather to provide Cabinet with a framework with which to support planning considerations for the medium term.

5. FINANCIAL AND STAFFING IMPLICATIONS

- 5.1 The financial implications are within the Financial Strategy and are updated regularly throughout the year within the Budget Projection reports submitted to Cabinet.

6. LOCAL MEMBER SUPPORT IMPLICATIONS

- 6.1 There are no specific implications arising out of this report.

7. LOCAL AGENDA 21 STATEMENT

- 7.1 The Corporate Plan identifies a number of objectives relating directly to 'protecting and improving the environment.'

8. PLANNING IMPLICATIONS

- 8.1 There are no specific implications arising out of this report.

9. EQUAL OPPORTUNITIES IMPLICATIONS

- 9.1 The Corporate Plan identifies a number of objectives relating directly to 'continuously improving services.'

10. COMMUNITY SAFETY IMPLICATIONS

- 10.1 The Corporate Plan identifies a number of objectives relating directly to 'making Wirral safer.'

11. HUMAN RIGHTS IMPLICATIONS

- 11.1 There are no specific implications arising out of this report.

12. BACKGROUND PAPERS

- 12.1 Medium Term Financial Strategy September 2009.

- 12.2 Corporate Plan and Departmental Service Plans.

13. RECOMMENDATIONS

- 13.1 That the Medium Term Financial Strategy be approved.

- 13.2 That regular updates of the budget projections be reported to Cabinet and to Council Excellence Overview & Scrutiny Committee.

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/213/10



WIRRAL COUNCIL

MEDIUM TERM FINANCIAL STRATEGY

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CABINET NOVEMBER 2010

1.0 EXECUTIVE SUMMARY

1.1 Introduction

- 1.1.1 The vision for Wirral is of a more prosperous and equal Wirral, enabling all communities and people to thrive and achieve their full potential. The vision is set out in Wirral's Sustainable Community Strategy and reflected in the Council's Corporate Plan.
- 1.1.2 The Corporate Plan is supported by a series of longer term aims and annual priorities which are refreshed on an annual basis and guide future actions. This helps prioritise the use of resources as the Council continues to operate in an increasingly complex and challenging environment and informs the way in which the Council works with its partners who share many of these aims.
- 1.1.3 The 'Wirral's Future, be a part of it' consultation will also play significant role in shaping future priorities and the delivery of services. This consultation being undertaken is the first of an annual wide ranging exercise involving residents, staff, stakeholders, businesses and community groups.
- 1.1.4 The national priorities of the Government are aligned with local priorities as part of the Council's corporate and business planning process in order to prioritise available resources. Wirral remains committed to maximising the use of scarce resources and directing these towards priority areas whilst keeping Council Tax at an affordable level as evidenced by recent Council Tax rises.

1.2 Statement of aims

- 1.2.1. This Strategy aims to support the delivery of the Council Vision and the Corporate Plan. It seeks to indicate the resource issues and principles that shape the Council budget; to identify current issues and to consider potential developments / related issues that are likely to provide the basis for future budgets.
- 1.2.2 With insufficient resources to meet all aspirations the Medium Term Financial Strategy guides and shapes spending to maximise achievement of the Council's priorities, and seeks to achieve this, by:-
- Providing a framework for the management of financial resources to support the Annual Budget.
 - Redirecting resources towards meeting the Council objectives.
 - Subjecting spending plans to regular review to ensure that they are aligned with need and outcomes of the public consultation and promote value for money and service improvement.
 - Applying an overall risk assessment together with controls to ensure any impact is controlled.

1.3 Review

- 1.3.1 The Strategy's timescale has been extended to cover the period up to 31 March 2015. This aligns the Strategy with both the projected period covered

by the Chancellor of Exchequer's 2010 budget and the intended life of the Spending Review period. Whilst the Strategy will be valid at least until 2015 it will be annually reviewed to ensure it remains relevant. For 2009 the main changes reflect the economic projections from the Chancellor and the updated Corporate Plan agreed in March 2010. The annual Budget provides the detail of what is being delivered to implement this Strategy.

2.0 NATIONAL ISSUES

2.1 The National Economic Position and Impact of the Recession

2.1.1 The general global economic outlook remains poor and will impact upon the national economy with the high level of public debt likely to curtail Government manoeuvrability. This may be further restricted if the date of recovery and subsequent growth forecasts are not realised.

2.1.2 The UK economy is still weak and has only just moved out of recession. Since coming to power in May 2010 the Coalition Government has announced a series of measures aimed to tackle the economic situation and the structural deficit. There are a number of likely financial consequences for all local authorities including:-

- Reductions in future government grant settlements to local authorities.
- Increases in demand for services particularly relating to welfare support.
- Additional demands to provide new services to deal with impacts of the recession on communities.
- Possible structural and resource changes linked to 'free' Schools, Academy Programmes, Big Society and Localism initiatives
- Reduction in income from fees and charges.
- Reductions in level of capital receipts achieved.
- Negative impact on likely investment into regeneration based schemes
- Reduced funding for partner organisations

2.1.3 Wirral's Strategy and Plan reflect the latest forecasts and assumptions for the impact of the recession and the Plan will be regularly updated and reported to Cabinet.

2.2 Emergency Budget and Spending Review

2.2.1 The Chancellor of the Exchequer published an Emergency Budget on 22 June 2010. The Emergency Budget contained a number of measures to begin the deficit reduction process during 2010/11. It also contained a number of economic forecasts:-

2.2.2 The UK economy is forecast to grow by 1.2% in 2010, 2.3% in 2011, 2.8% in 2012, 2.9% in 2013 and 2.7% in both 2014 and 2015. The inflation target remains unchanged at 2% although inflation is likely to be higher than this in the short term.

2.2.3 The structural deficit should be in balance by 2015/16. Public sector net borrowing forecast is £149 billion for 2010/11, reducing in later years to £116

billion in 2011/12 £89 billion in 2012/13, £60 billion in 2013/14 and £37 billion in 2014/15.

- 2.2.4 There will a series of spending reductions across the public sector although some areas will be protected. Unprotected departments are facing a real term cut of at least 25% over a four year period with higher estimates indicating real term reductions as high as 40%.
- 2.2.5 Details of the Comprehensive Spending Review (CSR) will be announced on 20 October 2010. The CSR will cover a four year period ending in 2014/15 and is likely to provide a broad outline of future resource allocation across the public sector.

2.3 Local Government Finance Settlement

- 2.3.1 The Local Government Finance Settlement is expected to be announced in December 2010 following the Comprehensive Spending Review 2010. There are also reviews of Local Government Finance, Public Sector Pensions and Welfare Benefits under way. There is a possibility that the detailed settlement may cover only two years (2011/13) of the CSR period with a further two years (2013/15) announced after the outcome of the other reviews.
- 2.3.2 The grant allocation comprises a series of elements based upon needs and resources that is adjusted to ensure that all authorities receive a minimum level of increase each year. It is available to support all Council services.
- 2.3.3 All of the indications are that the Comprehensive Spending Review and Local Government Finance Settlement will lead to a significant reduction in resources available to local authorities.

3.0 LOCAL ISSUES

3.1 Facts and Figures

- 3.1.1 Wirral's Sustainable Community Strategy and the Council Corporate Plan set out an understanding of the local issues facing the borough which is a place of enormous opportunity also of sharp contrasts.
- 3.1.2 The overall picture masks inequalities for local people as Wirral residents experience some of the country's most notable variations in economic and social well being. A substantial percentage of Wirral's population live within some of the country's most deprived areas, whilst there are also a large number that live in some of the country's most affluent areas.
- 3.1.3 Wirral's population has declined from over 355,000 during the 1970s to 308,500 in mid-2009. The population is skewed towards older age groups, with a lower proportion of younger adults and a higher proportion of older people than the averages for the rest of England and the North West. The fastest falling population categories are the 24 years and under age groups. With the availability of employment in the borough being lower than the national

average a significant number are travelling outside for jobs. The outcome of the 2011 Census will become known during the next 12 months and any reduction in population is likely to have a detrimental impact upon Central Government grant allocations for Wirral.

3.2 The Wirral priorities

3.2.1 The approach to corporate planning integrates national and local priorities and the Council Corporate Plan contains the five corporate objectives set to achieve the Vision of a more prosperous and equal Wirral, enabling all communities to achieve their full potential:-

- To create more jobs, achieve a prosperous economy and regenerate Wirral.
- To create a clean, pleasant, safe and sustainable environment.
- To improve health and well-being for all, ensuring people who require support are full participants in mainstream society.
- To raise the aspirations of young people.
- To create an excellent Council.

3.2.3 The Corporate Plan is supported by a series of annual priorities which are refreshed on an annual basis with the main emphasis being to use the available resources to reduce inequalities within the borough.

3.2.4 The shaping of future priorities and the delivery of services will also be influenced by the 'Wirral's Future, be a part of it' consultation. This consultation being undertaken is the first of an annual wide ranging exercise involving residents, staff, stakeholders, businesses and community groups. It is intended that this will also inform the developing Localism Agenda.

3.3 Allocation of resources to priorities

3.3.1 To create more jobs, achieve a prosperous economy and regenerate Wirral.

The Council has allocated revenue and capital resources to support working with private sector partners and Wirral Partnership Homes. This includes the Investment Strategy with developments within NewHeartlands, New Brighton and the Wirral Waters/Docklands area. The investment is complemented by the use of Working Wirral funding which includes the Apprenticeship Programme and planned investment in super-fast fibre optic broadband to support the development of businesses.

3.3.2 To create a clean, pleasant, safe and sustainable environment.

Resources allocated to the streetscene contract and towards waste initiatives have realised continued improvements in recycling rates. Actions over climate change and sustainability has seen further investment in energy conservation measures that reduce the burden of future price rises. These include installations to allow automatic meter reading and automatic power down programmes for pcs. Energy efficiency grants have been made available for community buildings, a carbon budget established and a free home insulation

programme developed to private sector households. Again the Newheartlands programme supports the delivery of this objective.

3.3.3 To improve health and well-being for all and in providing support for vulnerable people

Additional resources made available for Adult and Children Services. Within Adult Social Services progress is being made with the transformation agenda and the availability of personal budgets. Investment has been made in assistive technology to help support residents to live in their homes, but the demands from an ageing population for social care continue to increase and prove to be a challenge. By responding to the pressures faced earlier intervention is essential to success, with the Children and Young People Plan key in delivering the Every Child Matters agenda.

3.3.4 To raise the aspirations of young people

The continued capital investment into schools including the Building Schools for the Future, Woodchurch High School, Primary Schools, Academy Programmes and Childrens Centres. This is supported by targeting funding to the needs of children in deprived communities.

3.3.6 To create an excellent Council

The Council Tax increase for 2010/11 of 1.67% showed the commitment to continuously improve services whilst keeping Council Tax affordable through the securing of value for money. Wirral's Council Tax, the 4th highest in the country in 2000/01 is now the 186th highest. The increasing community involvement through Area Forums, the Parliaments for younger and older people was supported by Participatory Budgeting with funds made available for the Forums to allocate on projects or services. Further work undertaken during 2010/11 will seek to meet the localism agenda and will complement the outcome of the Your Wirral – be a part of it consultation programme.

4.0 CAPITAL PLAN

4.1 Introduction

4.1.1 The Government allocates funding based upon what the Council is expected to invest in the areas of education, transport and social services. Under the Prudential Code for Capital Finance for Local Authorities, additional spend on capital investment can be incurred as long as the plans are affordable, prudent and sustainable. This is measured by a series of indicators integral to the Treasury Management policy of which the key is the revenue cost.

4.1.2 The agreed Investment Strategy for Wirral sees the Council and our partners committed to encouraging focused and dynamic development while maintaining and enhancing Wirral's unique character and high quality of life. The Strategy will ensure Wirral continues to be a prosperous and sustainable place to invest in, live, work and visit.

4.1.3 The Council increasingly works with the private sector to maximise resources in the continued regeneration of Wirral. The Capital Strategy identifies the links with the Corporate Plan and informs the programme of investment. With resources insufficient to meet all of the aspirations the programme is prioritised based upon criteria that take account of the priorities.

4.2 Capital Programme

4.2.1 The three year Capital Programme is agreed each December and any schemes considered for approval are subject to a Business Case submission and evaluated against the agreed priorities of the Council.

4.2.2 Under regeneration and housing the NewHeartlands initiative is a long running project, primarily focussed upon housing, to regenerate the east side of Wirral and is presently part of the wider area encompassing parts of Sefton and Liverpool and is again government grant funded. This funding is subject to regular review by Government and future allocations depend upon the progress being achieved.

4.2.3 The Local Transport Plan details the programme in respect of maintaining local transport routes and improving community safety. The major scheme is the M53 Bidston Viaduct scheme funded primarily by Central Government but where the Council also makes a contribution. Wirral is a waste collection authority, but the Merseyside Waste Disposal Authority (MWDA) provides the disposal facilities, investing in Bidston, with further initiatives planned as part of the Merseyside Waste Management Strategy. The cost of these initiatives is met by the constituent authorities through the MWDA levy.

4.2.4 Improving facilities available for use by the people of Wirral, includes the Extra Care Housing facility at former Mendell Lodge site, due for completion in January 2011 and improvements to Cultural Service Assets (including libraries, leisure centres and museums). The Council 'Invest-To-Save' projects include improvements to residential care arrangements and the continuing energy efficiency programme reducing our energy use and CO₂ emissions in Council buildings and street lighting.

4.2.5 In supporting young people the major spending areas are the new Building Schools for the Future schools for Woodchurch and the Birkenhead High Girls Academy; the Primary Schools strategy and the development of Childrens Centres. In addition significant resources are also allocated for smaller school projects. Approximately 70% of the programme is funded by government grants.

4.2.6 There are also ongoing IT enhancements and the Strategic Asset Review which seeks to provide facilities that meet the aspirations of the people of Wirral.

Capital Programme as at 30 September 2010

Programme	2011/12 £million*	2012/13 £million*	2013/14 £million*	2014/15 £million*
Adult Social Services	0.1	0	0	0
Corporate Services	2.1	0.3	0	0
Children & Young People	25.9	17.5	15.0	15.0
Finance	1.5	1.5	0	0
Law, HR & Asset Management	0	0	0	0
Regeneration	17.6	17.6	14.0	14.0
Technical Services	9.7	8.7	10.0	10.0
Total programme	56.9	45.6	39.0	39.0

* Estimated as future years will be informed by the Government Comprehensive Spending Review 2010 and Local Government Finance Settlement 2011/12.

4.3 Resources

- 4.3.1 Under the Prudential Code the authority can borrow to fund capital spend up to the level that can be afforded. The Government provides funding to support a certain level of borrowing known as supported borrowing. However the level of supported borrowing has been halved in 2010/11 and future levels will be reviewed in the autumn of 2010. Assumptions on the level of borrowing have been reflected in the Medium Term Financial Strategy and revenue plan.
- 4.3.2 Government Grants are specific to schemes and are allocated in accordance with the terms of the grant approval. Primarily within the areas of educational development and regeneration this includes NewHeartlands as well as employment/regeneration projects. It should be noted that the Government is undertaking a review of capital grants with a view to reducing the level of grants and moving toward more non specific grants. Further information should be available after the Spending Review is complete.
- 4.3.3 The unpredictable nature of the timing of capital receipts means that they are used to provide flexibility in funding the programme. The receipts are projected from the likely sale of assets resulting from the Asset Management Plan and include former school sites and the agreement with Wirral Partnership Homes for the sharing of receipts from sales of former Council houses.

Capital Resources as at 30 September 2010

Resource	2011/12 £million*	2012/13 £million*	2013/14 £million*	2014/15 £million*
General Capital Resources	9.6	8.7	3.4	3.4
Supported Borrowing	6.2	5.3	5.3	5.3
Government Grants	40.8	31.3	30.0	30.0
Revenue, Reserves, Contributions	0.3	0.3	0.3	0.3
Total resources	56.9	45.6	39.0	39.0

* Estimated as future years will be informed by the Government Comprehensive Spending Review 2010 and Local Government Finance Settlement 2011/12.

5.0 REVENUE PLAN

5.1 General

- 5.1 As with capital there will never be sufficient resources to meet all of our service delivery ambitions. In recognition of this the Corporate Plan identifies the main priorities to direct, and provide a focus for, the allocation of Council resources.
- 5.2 The Revenue Plan has been prepared at a strategic level and is not intended to replace the detailed budget process that will continue within the existing time-scales. Assumptions have been made as at early October 2010 regarding future Government funding with projections based upon the contents of the other related plans.
- 5.3 Throughout the year reports are provided to Cabinet on the projected budgets for future years and provide a regular update on the issues identified in the Medium Term Financial Strategy.

5.2 Government Funding

- 5.2.1 The Comprehensive Spending Review 2010 covering the period 2011/12 to 2014/15 will result in reduced funding for local authorities. In delivering its services the Council must continue to have regard for its statutory duties.
- 5.2.2 The Local Government Finance Settlement saw Wirral receive an increase in formula grant of 3.3% for 2010/11. This was higher than similar authorities to Wirral as a consequence of previous amendments to the allocation formulas. The Chancellor of the Exchequer in the Emergency Budget of June 2010 stated that there would be reductions in grant from 2011/12 reflecting the government pledge to eliminate most of the structural deficit by 2014/15. In addition the continued decline in Wirral's population will also likely have implications for the level of future government grant received.
- 5.2.3 From 2008/09, many grants paid specifically for the delivery of particular services were transferred into the Area Based Grant which is a general grant for use by the Authority. Government has indicated that the removal of ring fencing will result in a further reduction in the number of specific grants. The 2010/11 Area Based Grant allocation was reduced by £3.9 million following June's Emergency Budget. It is very likely that future years allocations will also be reduced. The Dedicated Schools grant used for the provision of schools will remain as the most significant specific grant.
- 5.2.4 The previous Government expected local authorities to deliver annual 'cashable' efficiency improvements of 3% which increased to 4% per year for 2010/11. The Coalition Government is likely to remove such centrally imposed targets. However reduced central funding and limitations on expected Council

Tax increases will mean that local authorities must continue to identify and deliver substantial efficiencies.

5.3 Local Funding

- 5.3.1 After Government Grants Council Tax presently provides the balance of the funding of the net spend of the Council. The aim is to set Council Tax at affordable levels and within parameters laid down by central government. The assumption within this Plan is that there will be Council Tax rises of 2.5% per year although the final figures may vary depending upon any directions from Central Government..
- 5.3.2 Opportunities for increasing income are being explored and charges for services will be set having regards to the other objectives of the Council. Charges are reviewed, at least, annually and increased primarily in line with inflation (present assumptions are 3% per year) whilst being compared to other authorities, the local market and affordability. Income generation is balanced against the socio-economic factors and links to the Corporate Plan objectives. Examples being the free swimming schemes which complement healthy lifestyles and the car parking policy linked to the regeneration and environmental objectives.
- 5.3.3 The freedoms offered by legislation allow authorities to charge for discretionary services and therefore an opportunity to increase resources. This can only be implemented within set criteria and the Council continues to explore new income stream opportunities.
- 5.3.4 The Government recognises the importance of economic development and the role local authorities have in shaping their areas and providing accountability for regeneration initiatives. Regional development Agencies are being abolished and a new £1 billion Regional Growth Fund has been established to encourage local authorities, businesses and communities to work together to provide economic growth. Proposals have also been unveiled regarding incentives to local authorities for new home provision based upon a multiplier of additional council tax receipts raised.

5.4 Influences

5.4.1 Securing investment and financing

The Council continues to look at all options for securing investment into the local area. Working with private sector partners significant schemes have been developed for New Brighton and for the Wirral Waters development. It is anticipated that over its lifetime the latter scheme will bring several billion into the Wirral economy.

Previous investment has seen the Private Finance Initiative used for improving secondary schools, the transfer of the housing stock to address the needs of Council dwellings and bidding for Government funding, including the Lottery Fund, and the NewHeartlands programme.

5.4.2 Council Balances

The Local Government Act 2003 and CIPFA consider that the Director of Finance should recommend the level of general balance. This is maintained at an appropriate level having regard to the financial management and control framework taking into account risk management and the risks identified in the budget process. The balance should be set at 2% of the net revenue budget and this equates to for £6.5 million for 2010/11.

Amounts are also set-aside for specific purposes being held either in reserves or provisions in accordance with the appropriate accounting practice. These are reviewed at least twice a year to ensure that they are still required for the purpose intended and maintained at adequate levels.

5.4.3 Inflation

In line with Government projections inflation has been assumed at 2% over the next three years for prices. Pay inflation for 2011/12 and 2012/13 has been restricted to a maximum flat rate of £250 for those earning less than £21,000 per annum following Central Government announcements of a two year pay freeze.

A general amount for non-specific growth is included in the projections to fund smaller items of up to £0.2 million resulting from legislative changes. The Merseyside Waste Disposal Authority levy is projected to rise by 8% per year and Landfill Tax is predicted to increase by £8 per tonne per year representing a 50% increase between 2010/11 and 2014/15. A 3% per annum increase in the Merseytravel levy has also been assumed.

5.4.4 Links to other resource strategies

Capital Strategy: Support for capital investment is assumed to continue but at a much reduced level between 2011/15. Submissions for funding are based upon a Business Case which prioritises submissions against meeting the corporate objectives. The Capital Programme process includes any Invest-to-save schemes with the programme agreed each December.

Human Resources: The resource challenges facing local authorities will result in fewer staff. The efficiencies required assume this and the HR strategy will cover issues of business continuity and maintenance of appropriate skills within the workforce. Wirral continues to implement the local pay review, originally agreed as part of the 1996 pay award, with any decisions to be effective from April 2007. Whilst largely resolved in 2008 resources have been made available to meet the on-going commitments.

Information Technology: Support for investment is based upon the submission of a Business Case which is then assessed against prioritisation criteria reflecting the corporate objectives. The programme is agreed each December and incorporated into the budget process.

5.4.5 Efficiency and Value for money

Wirral remains committed to delivering value for money through keeping Council Tax affordable and maintaining improvements in services. Spending plans are subject to continuous review to ensure that they are aligned with need as the aim is to deliver high quality, well-performing services within the finite resources available. Whilst costs should compare well with other authorities and be reflective of service delivery and outcomes achieved as it is the outcomes rather than the processes that are the key to success.

5.4.6 Insurance

The Council has continued to be pro-active in risk management and in the treatment and defence of insurance claims. This was again recognised in the Insurance Fund annual report and the assessment of potential liabilities arising from past and predicted claims enabled the amounts set-aside for outstanding claims to again be reduced. The main liabilities contracts were renewed on improved terms during 2010.

5.4.7 Pension Costs

An actuarial revaluation of the Pension Fund will be completed in 2010. Latest projections which reflect change in pension regulations are for an annual increase of 1.5% or £2 million. In addition, the agreed outsourcing of highways and engineering services will result in a further annual increase of £0.2 million.

5.4.8 Promoting choice

The reforms within Adult Social Services will see the implementation of the personalisation agenda. Individuals will receive the funding directly for care services and be able to choose those services which they require to use.

5.5 Council priority area issues

5.5.1 To create more jobs, achieve a prosperous economy and regenerate Wirral

The Council continues to progress the delivery of the Investment Strategy of which the key projects involve working with development partners on the New Brighton, Woodside and Wirral Docklands schemes. Outline Planning Permission was granted during 2010 for the multi-billion pound Wirral Waters scheme.

The Authority has earmarked funds to support the roll out of superfast broadband to attract and retain businesses to Wirral and to help provide competitive advantage. Businesses have also been supported via the use of grant programmes.

The NewHeartlands Initiative with Wirral, Liverpool and Sefton, tackling areas of poor quality and unpopular housing accommodation and replacing it with that more suited to modern requirements continued. Targeted at strategic areas the aims of this Government funded initiative are to secure regeneration and sustainability for the future.

The Working Wirral funding, including the Apprenticeship programme continues to be focussed upon increasing job opportunities and helping secure the continuation of existing jobs. The Future Jobs Fund initiative which is funded until September 2011 is also anticipated to result in the creation of approximately 700 jobs.

5.5.2 To create a clean, pleasant, safe and sustainable environment

The Government has set targets regarding waste recycling and the diversion of waste away from landfill. The increase in Landfill Tax is projected to be at a rate of £8 per tonne per annum and will be reflected in the levy upon the Merseyside authorities from the Merseyside Waste Disposal Authority.

Major capital investment is required to achieve the recycling target. The Merseyside Waste Disposal Authority has opened a Material Recycling Facility at Bidston and is pursuing a Private Finance Initiative scheme for residual waste treatment facilities across Merseyside. This will see the predicted levy increase by 8% per year over the next few years.

The Council Environmental Streetscene Services contract covers waste collection, recycling and street cleansing services and as the range of services expands this realises environmental and cash benefits through increased recycling and reduced landfill costs (via the levy).

Improvements to housing and community safety are within the investment into the former Council housing stock achieved with the transfers to Wirral Partnership Homes and Beechwood & Ballantyne Community Housing Association in February 2005.

The Council awarded a combined Highways and related maintenance services contract from 2009/10 that realised efficiencies upon acceptance of the contract. An exercise is currently underway to procure a contract with a suitable partner for a parks and open spaces contract. This is expected to generate both efficiencies and service improvements.

In addressing sustainability work continues on energy efficiency measures and investment into energy schemes. Resources have been allocated to reduce the carbon footprint of private dwellings on the Wirral through offering Insulation programmes and measures approved to improve the efficiency of Council buildings.

The asset transfer programme continues with communities being engaged in the operation and maintenance of a number of former authority buildings.

5.5.3 To improve health and well-being for all, ensuring people who require support are full participants in mainstream society

Adult Social Services continue to face demand pressures through the demographic changes on Wirral and an increasingly ageing population. As with Children's Services further resources have been allocated to Adult Social Services over recent years and there has been closer working with NHS Wirral to better use the resources available locally.

Wirral is responding to the changing emphasis in transforming adult services care provision with pilots to aid the implementation of personal budgets and through substantial investment in assistive technology. Personal budgets will provide individuals with the choice of purchasing care and support which will impact upon the services provided by the Council as well as other public sector and private sector providers. Assistive technology will help individuals to remain in their home, achieve a better quality of life and reduce pressures on more expensive forms of care.

5.5.4 To raise the aspirations of young people

Education is a key priority of the Coalition Government. The Dedicated Schools Grant and three-year budgets for schools further guarantee schools funding being ring-fenced. The national distribution of the grant is currently being reviewed.

A number of initiatives are being considered by the new government. These include the expansion of academies, the establishment of 'free' schools operating outside of the local authority framework and payment of a pupil premium targeted at those in disadvantaged groups.

An issue facing the education service continues to be that of falling rolls as reflected in local demographic changes and declining population. With fewer school places required the Council has agreed to reduce school provision. The running costs for those closed remain within the schools service, being redistributed, whilst the Council benefits from the sale of the assets.

The capital investment into the Building Schools for the Future programme at Woodchurch, work on developing the Birkenhead High Girls Academy and the developing Primary schools programme will change the school provision throughout Wirral

In supporting the raising of aspirations and the narrowing of the attainment gap there are linkages to the other aims and objectives including the creation of more jobs, through the Apprenticeship Programme, and health and well-being through support for looked after children.

5.5.5 To create an excellent Council

A substantial programme of public consultation using various media channels has been implemented. This will help inform and shape the priorities of the

Authority and assist with future decision making regarding the use of resources. Supplementing the consultation, work around Localism is being undertaken to further to increase community engagement and influence. This will also take forward any relevant Central Government Localism Agenda proposals.

To best respond to modern demands for its services, the Council is undergoing a number of organisational changes to its structures. These have included the reduction in departments, the transfer of responsibilities between departments and increased partnership working. Future resource pressures and the need to deliver services in different ways and with fewer staff may result in further changes

The Customer Access Strategy is delivered through the 'front-of-house network' of the Call Centre, One Stop Shops, Information Points and the new Neighbourhood Centres with this being enhanced through the new Council web-site. Joint working, including the joint use of facilities with other agencies, sees a co-ordinated approach with work in this area previously recognised with awards for Customer Services and by the Audit Commission review of Access to Services.

The modernisation agenda through the integration of existing IT systems aims to provide improved services encompassing the support systems integrating Customer Relationship Management, Content Management and the Financial systems. With substantial investment in assets and in the way services are provided there are efficiencies that can be achieved through the medium-to-long term through the re-engineering of service delivery.

The Council is implementing a Strategic Asset Review which will make improvements to service delivery, contribute towards the sustainability programme and also realise financial benefits through operational efficiencies. A number of assets have been transferred from Council ownership for community use. An accommodation review is being undertaken which should result in efficiencies and a reduced number of administrative buildings.

The purchasing of goods and services for the best price available has been strengthened through the adoption of a Procurement Strategy and the establishment of a Procurement Unit. By using the opportunities afforded by the changing systems this will continue to provide additional benefits.

5.6 Financial projections

5.6.1 The financial projections are based upon the preceding sections and indicate a shortfall between spend and income. The Council Tax figures assume a Council Tax rise of 2.5%% per year and the shortfall will be made up from efficiency savings identified throughout the period.

5.6.2 To give an indication of potential variations for some of the key assumptions the impact of each 1% variation for each assumption is summarised in the following table:-

Effect of 1% variation in:-	2011/12	2012/13	2013/14	2014/15
	£ million	£ million	£ million	£ million
Inflation – Pay	1.7	1.7	1.7	1.7
Inflation – Prices	2.1	2.1	2.1	2.2
Inflation – Income	0.3	0.3	0.3	0.3
Council Tax income	1.3	1.3	1.3	1.4

5.6.3 It should be noted that these projections are based upon assumptions regarding the future Local Government Finance Settlements and financial assessments made based on the latest information available. As further information is received this will be reported in the regular updates to Cabinet.

GENERAL FUND PROJECTIONS (as reported to Cabinet 14 October 2010)

	2011/12	2012/13	2013/14	2014/15
	£ million	£ million	£ million	£ million
BASE BUDGET	330.8	315.0	303.7	292.6
PLUS: IDENTIFIED CHANGES				
Inflation – Pay	1.0	1.0	3.5	3.5
Inflation – Prices	3.7	3.7	3.8	3.8
Capital financing	2.0	2.0	2.0	2.0
Waste disposal costs	1.4	1.5	1.6	1.7
Pension Fund	2.2	2.2	2.2	2.2
Merseytravel	0.8	0.8	0.8	0.8
Private Finance Initiative	0.1	0.1	0.1	0.1
Benefits (net of Subsidy)	0.2	0.2	0.2	0.2
Home Insulation	1.0	-	-	-
Unavoidable growth	1.0	1.0	1.0	1.0
Efficiency Investment Fund	2.0	2.0	2.0	2.0
Inflation – Income	-1.0	-1.1	-1.1	-1.1
Guinea Gap	0.6	-	-	-
Leasowe Recreation Centre	0.6	-	-	-
Swimming	0.3	-	-	-
Agreed efficiencies	-1.6	-2.0	-1.6	-
Efficiency Plan/Savings Required	-30.1	-22.7	-25.6	-27.3
FORECASTED BUDGET	315.0	303.7	292.6	281.5
RESOURCES				
Government Grant	180.5	165.9	151.3	136.7
Council Tax	134.5	137.8	141.3	144.8
RESOURCES	315.0	303.7	292.6	281.5
GENERAL BALANCE	6.5	6.5	6.5	6.5

The Council has agreed the allocation of the efficiency savings across departments and this continues to be updated as part of the regular Projected Budget reports to Cabinet throughout the year.

In terms of resources a Council Tax increases the Coalition Government have announced a freeze for 2011/12. It has been assumed for later years that Authorities could be allowed to increase Council Tax by inflation. An increase of 2.5% per year has been assumed. With the final outcome of the SR 2010 unknown at this stage the projected Grant has, at this stage been based on indications of the likely range of reduced grants coming from Central Government and the DCLG. A reduction of 30% has therefore been assumed between 2011/12 and 2014/15.

6.0 RISK ASSESSMENT

6.1 The Council, whilst providing services also assists in the social and economic development of Wirral. The management of risks helps in the achievement of the objectives, improves services and delivers value for money. The Risk Strategy sets out the policy and the framework for risk management which links with the overall planning process and the risk registers. The main financial risks facing the Council are:-

RISK / ACTION	PROBABILITY	IMPACT	ACTIONS TO REDUCE RISK
Spending Review outcome results in significantly reduced resources requiring strategic management of resources	High	High	Change programme and budgetary processes. Consultation process to assist prioritisation
Spending Review outcome results in significantly reduced resources for Partners which impact on Council	High	Medium	Local Strategic Partnership work and Strategic Change Programme
Staffing reductions results in loss of skills and negative impact on services and finances	Medium	High	Evaluation of impact of EVR/Severance requests. Service planning and structural changes
Efficiency Plan / savings are not delivered	Medium	High	Appraisal of issues at start Regular reporting of progress, revised change programme arrangements
Demand for adult social care services increases	Medium	High	Lobbying of Government Regular monitor and report
Health service issues add to Council pressures	Medium	High	Agreements with NHS Wirral Effective care management Regular dialogue with sector
Demand for children care services increases	Medium	High	Additional resources 2009/10 Focus upon key areas Regular monitor and report
Cost of waste / recycling services increase	Medium	High	Lobbying of Government Regular monitor and report
Forecasts of future spending needs under-estimated	Medium	Medium	Regular review of financial and service plans
Resources are not targeted towards priorities	Medium	Medium	Re-allocate wherever possible Consultation process. Regular review

Forecasts of future spending needs, pay and inflation vary from assumptions	Medium	Medium	Inflation targets Pay awards predictable Regular review of Strategy
Income targets not achieved	Medium	Medium	Identify volatile areas Regular financial monitoring
Budgetary Control fails to stop Council overspending	Low	Medium	Identify volatile areas Regular reporting
Failure to deliver the personalisation agenda	Low	High	Focus medium term resources Personal Budget pilot Regular reporting on progress
Balance insufficient to meet unforeseen events	Low	Medium	Maintain at adequate level Regular review and monitor
Efficiencies result in costs in later years .eg. failure to maintain buildings	Low	Medium	Scrutiny and call in of decisions Strategic Change Programme processes
Severe weather and other incidents	Low	Medium	Maintain emergency plans Assessment of balance
Legislative changes including funding not anticipated	Medium	Low	Assess Government policy Member of groups (SIGOMA)
Revenue implications of capital projects not included	Low	Low	Reports identify the revenue effects of projects

WIRRAL COUNCIL

CABINET

4 NOVEMBER 2010

REPORT OF THE DIRECTOR OF FINANCE

CAPITAL STRATEGY

1. EXECUTIVE SUMMARY

- 1.1 This is the annual update of the Capital Strategy which was last agreed by Cabinet on 24 September 2009. There are only minor revisions to the Strategy.

2. BACKGROUND

- 2.1 In order to deliver the objectives of the Corporate Plan effective planning is essential requiring links between the Corporate Plan, Investment Strategy and Medium Term Financial Strategy. The Capital Strategy aims to provide a longer term overview of the investment issues to assist in the allocation of resources to deliver the Council objectives and priorities.
- 2.2 Achieving Council objectives requires capital investment. The Strategy sets a 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.
- 2.3 The Strategy is key to drawing together the capital requirements emerging from the Investment Strategy and service strategies to prioritise the capital needs of services and to maximise opportunities for joined-up investment with local partners. Bids for inclusion in the capital programme are prioritised against criteria taking account of the priorities identified in the Corporate Plan.

3. PROGRESS

- 3.1 The Council agreed the current Capital Strategy on 24 September 2009 and it is subject to an annual review to take account of national and local changes.
- 3.2 This review has seen only minimal changes as the updated Corporate Plan agreed in March 2010 retained as its focus the key objectives from 2009.
- 3.3 The Capital Strategy considers issues at a strategic level and is used to determine the Capital Programme which is reviewed, updated and considered by Council each December and informs the annual budget setting process. The capital programme will be presented to the Cabinet on 9 December 2010. The outcome of the consultation 'Wirral's Future – Be Part of It' will be taken into consideration when preparing the capital programme.

4. CAPITAL STRATEGY

- 4.1 The aim of this Strategy is to provide a framework with which to support planning considerations for the medium term and encompasses:-
- The regional and wider Wirral investment issues.
 - The local issues including the Council objectives and priorities.
 - The strategy in practical terms.
 - The capital plan / capital programme.

5. FINANCIAL AND STAFFING IMPLICATIONS

- 5.1 The financial implications are identified in the Capital Strategy.

6. LOCAL MEMBER SUPPORT IMPLICATIONS

- 6.1 There are no specific implications arising out of this report.

7. LOCAL AGENDA 21 STATEMENT

- 7.1 The Corporate Plan identifies a number of strategies and key objectives relating directly to 'protecting and improving the environment.'

8. PLANNING IMPLICATIONS

- 8.1 There are no specific implications arising out of this report.

9. EQUAL OPPORTUNITIES IMPLICATIONS

- 9.1 The Corporate Plan identifies a number of objectives relating directly to 'continuously improving services'.

10. COMMUNITY SAFETY IMPLICATIONS

- 10.1 The Corporate Plan identifies a number of objectives relating directly to 'making Wirral safer'.

11. HUMAN RIGHTS IMPLICATIONS

- 11.1 There are no specific implications arising out of this report.

12. BACKGROUND PAPERS

- 12.1 Capital Strategy 2010/2013 - September 2009.

- 12.2. Corporate Plan 2010/2013 - March 2010.

13. RECOMMENDATION

- 13.1 That the Capital Strategy be approved.

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/212/10



WIRRAL COUNCIL

CAPITAL STRATEGY

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**CABINET
NOVEMBER 2010**

1.0 EXECUTIVE SUMMARY

1.1 Introduction

- 1.1.1 Our vision for Wirral is of a more prosperous and equal Wirral, enabling all communities and people to thrive and achieve their full potential. This vision is clearly set out in Wirral's Sustainable Community Strategy and reflected in the Council's Corporate Plan.
- 1.1.2 The Corporate Plan is supported by a series of longer-term aims and annual priorities which are refreshed on an annual basis and guide future actions. This helps prioritise the use of resources as the Council continues to operate in an increasingly complex and challenging environment and informs the way in which the Council works with its partners who share many of these aims.
- 1.1.3 The national priorities of the Government are aligned with local priorities as part of the Council's corporate and business planning process in order to prioritise available resources. Wirral remains committed to maximising the use of scarce resources and directing these towards priority areas whilst keeping Council Tax at an affordable level as evidenced by recent Council Tax rises.

1.2 Statement of aims

- 1.2.1 This Strategy aims to support the delivery of the Council Vision and the Wirral Investment Strategy. The latter seeks that 'Together with our partners, Wirral Council is committed to encouraging focused and dynamic development while maintaining and enhancing Wirral's unique character and high quality of life. The Investment Strategy will ensure Wirral continues to be a prosperous and sustainable place to invest in, live, work and visit.'
- 1.2.2 With insufficient resources to meet all aspirations the Capital Strategy guides and shapes spending to maximise achievement of the Council's priorities by :-
- Providing the policy framework for the operational work of asset management.
 - Demonstrating how capital resources will be prioritised to meet Council objectives.
 - Informing on the process for bidding for capital funding.
 - Providing a framework for managing and monitoring the capital programme.

1.3 Review

- 1.3.1 Whilst this Strategy will be valid at least until 2015 it will be annually reviewed to ensure it remains relevant. For this update there have been only minor changes to reflect the updated Corporate Plan. The annual Capital Programme provides the detail of what is being done to implement this Strategy.

2.0 REGIONAL ISSUES

2.1 North West and City Region

- 2.1.1. Future North West: Our Shared Priorities was published in August 2010 and provides a high level statement of strategic priorities and framework for activity in the North West over the next 20 years. It builds on a substantial programme of work over the last two years, originally undertaken to support the development of the North West Regional Strategy (RS2010) but now underpins Future North West.
- 2.1.2 It provides a strong evidence-based understanding not only of the North West's strengths and unique offer but also the most important challenges and issues we face in the years ahead. It has been developed through close collaboration between partners covering the private, public and third sectors throughout the North West – as a bottom-up rather than top-down document – and takes account of the results of two public consultation exercises as well as a sustainability assessment.
- 2.1.3 The Economic Strategy and Action Plan for the City Region identifies the investment programmes and priorities that will contribute to the continued economic renaissance of Merseyside within a sustainable development framework. It represents the investment identified and agreed with all Merseyside partners that is to be implemented to accelerate this promising growth.
- 2.1.4 Wirral, together with Liverpool City Council, led the development of the City Employment Strategy (CES) reflecting our understanding of the importance of the wider City Region in terms of sustainable economic development. The aim was to develop a demand led approach to improving employment and skills across the City Region. Since then Wirral has played a key role in the development of the city region Multi Area Agreement as well as working closely with wider partners through the Mersey Dee Alliance.

2.2 Wirral Plans

2.2.1 Wirral Investment Strategy

This sets out a strategic and coordinated approach to the future economic development of the borough. Growing the local economy is Wirral's primary challenge and is the top priority of the Investment Strategy.

Wirral Council has a clear vision which recognises that, although past policies have delivered against their objectives, the scale and pace of regeneration activity must be sharply increased to meet present and future challenges. Wirral can boast a range of unique latent and untapped assets which now underpin a new dynamic vision for Wirral's future. There is clear Council support for developments that focus on the significant regeneration opportunities offered by Wirral's waterfront and docklands. The Council will take a key and proactive role in realising these objectives.

Wirral's excellent quality of life, tourism and residential offer represent a strong existing opportunity to be built on and enhanced. Whilst recognising the strategic significance and importance of Wirral's Green Belt, it is also recognised that a redevelopment opportunity of exceptional economic and employment significance would receive consideration in the light of the Council's strategic objectives.

2.2.2 Enterprise Strategy – Embracing Change

This sets the direction for Enterprise policy in Wirral over the next decade. It identifies the key priorities that must be pursued in order to bring about the step change in economic and enterprise performance required to close the enterprise gap with better performing locations.

The Strategy aims to consolidate and spread success in the west and tackle entrenched low rates of enterprise among communities in the east, identifying those broad types of actions and approaches that will grow enterprise in Wirral.

2.2.3 Wirral Full Employment Strategy – Employment for All:

The Strategy provides a framework for planning our local labour market to ensure that Wirral has a suitably skilled workforce that meets the demands of employers within the city region, whilst helping residents to maximise their potential and improve their quality of life.

3.0 LOCAL ISSUES

3.1 Facts and Figures

3.1.1 Wirral's Sustainable Community Strategy and the Council Corporate Plan set out a clear understanding of the local issues facing the borough which is a place of enormous opportunity also of sharp contrasts.

3.1.2 The overall picture masks inequalities for local people as Wirral residents experience some of the country's most notable variations in economic and social well being. A substantial percentage of Wirral's population live within some of the country's most deprived areas, whilst there are also a large number that live in some of the country's most affluent areas.

3.1.3 Wirral's population has declined from over 355,000 during the 1970s to 308,495 in mid-2009. The population is skewed towards older age groups, with a lower proportion of younger adults and a higher proportion of older people than the averages for the rest of England and the North West. The fastest falling population categories are the 24 years and under age groups. With the availability of employment in the borough being lower than the national average a significant number are travelling outside for jobs.

3.2 The Wirral priorities

3.2.1 The approach to corporate planning integrates national and local priorities into a series of objectives and the Council's Corporate Plan contains the five corporate objectives set to achieve the Vision of a more prosperous and equal Wirral, enabling all communities to achieve their full potential which are:-

- To create more jobs, achieve a prosperous economy and regenerate Wirral.
- To create a clean, pleasant, safe and sustainable environment.
- To improve health and well-being for all, ensuring people who require support are full participants in mainstream society.
- To raise the aspirations of young people.
- To create an excellent Council.

3.3 Allocation of resources to priorities

3.3.1 The table provides some examples of how investment, from the Council and its partners and the private sector, contributes to meeting the objectives and delivering the priorities of the Council.

Corporate Objective	Examples of Capital investment
To create more jobs, achieve a prosperous economy and regenerate Wirral	Wirral International Business Park, Regeneration of Hoylake / West Kirby, New Brighton, Regeneration of Wirral Waters / Docklands, The Floral Pavilion Theatre and Conference Centre, NewHeartlands partnership with social landlords and private sector.
To create a clean, pleasant, safe and sustainable environment	Development and expansion of Streetscene services; Energy efficiency and sustainability initiatives, Local safety and speed reduction schemes, Investment in infrastructure inc highways, Investment in housing through NewHeartlands.
To improve health and well-being for all, ensuring people who require support are full participants in mainstream society	Sports halls for School and shared Community use; Disabled access schemes to public buildings; Investment into care inc former Mendell Lodge facility. Improvements to sports centres including the Oval Sports Centre and Wirral Tennis Centre.
To raise the aspirations of young people	New and refurbished schools; Woodchurch High School, Children's Centres across the borough.
To create an excellent Council	Review the use of assets selling surplus assets, Investment into technology and customer access via the Call Centre, One Stop Shops, libraries and web, Creation of Wirral Archive and Records Unit, Work with partners to maximise benefits eg health and care services.

4.0 CAPITAL STRATEGY

4.1 Strategy and investment

- 4.1.1 The purpose of the Capital Strategy is to enable the Council to work together with partners and stakeholders to prioritise and effectively deliver capital investment that contributes to the achievement of Wirral's objectives.
- 4.1.2 The Strategy is key to drawing together the capital requirements emerging from the Investment Strategy and service strategies to prioritise the capital needs of services and to maximise opportunities for joined-up investment with local partners. Bids for inclusion in the capital programme are prioritised against criteria taking account of the priorities identified in the Corporate Plan.
- 4.1.3 Grant funding has always been key to supporting our capital investment needs. Wirral has been proactive and has an excellent history of attracting external grants. This is particularly the case for the improvement of schools and for improvements in housing. The latter tackles low demand, abandoned homes, failing housing markets and support the creation of sustainable communities in Liscard, Seacombe, Birkenhead, Bidston and Tranmere;
- 4.1.4 Council Resources are used to lever in investment essentially for housing and regeneration. In housing this includes NewHeartlands and in regeneration the Business Park projects re-used land, secured private sector investment and created jobs. These Council resources include receipts from the sale of surplus assets identified from the implementation of the Asset Management Plan and school sites identified from the programmed review of school places.

4.2 Partnership and cross-cutting working

- 4.2.1 Strong and effective partnership working underpins the Council's commitment to providing high quality and efficient services. This was recognised in Beacon Status awards for 'Transforming Secondary Education' and 'Child and Adolescent Mental Health Services'.
- 4.2.2 The delivery of the Investment Strategy requires further concerted, joint action with a range of partners and agencies. In addition to the strategic relationships that extend beyond Wirral, the Council is working with partners within the borough across the private, public, voluntary and community sectors to realign service delivery and to identify gaps in provision.
- 4.2.3 Wirral's Local Strategic Partnership Board involves the Council and other public sector organisations and includes representatives of major thematic partnerships including Health and Social Care, Crime and Disorder Reduction, and Wirral Learning Partnership.
- 4.2.4 The Local Transport Plan (LTP2) was developed with the other Merseyside Local Authorities and Merseytravel and the Green Transport initiative discourages the use of cars for journeys to and from work and promotes alternative forms of transport.

- 4.2.5 Wirral works closely with its local health partners. Initiatives include; developing multi-service centres for respite and social care which expand the number of Council beds available for older people, developing GP and pharmacy facilities in specific areas of the borough.
- 4.2.6 Wirral is working closely with Wirral Partnership Homes, the landlord of its former Housing Stock. Initiatives include a joint Community Fund for supporting housing and regeneration projects across the borough. This Fund is being used to support the transfer of Council assets into community ownership.
- 4.2.7 Cross cutting initiatives include investment in IT to replace core IT systems and to improve customer access to services and the commitment to reducing dependency upon land and buildings through the Asset Review and working with local agencies.
- 4.2.8 The opportunities offered by the New Brighton, Wirral Docklands and Woodside developments seek to achieve the vision of the Investment Strategy. This incorporates regeneration, employment, innovation and enterprise, infrastructure and the maximising of the use of sites on Wirral and involves the Council and a range of external private sector partners working together.

4.3 Consultation process and stakeholder involvement

- 4.3.1 Improving the level of community involvement in public services is a key for the public sector. The value of public participation enhances the role of local government in community leadership and Wirral is committed to extending community involvement.
- 4.3.2 Wirral Council is preparing for a consultation process that will help to shape the future of local services. 'WIRRAL'S FUTURE. Be a part of it', will be the biggest public consultation undertaken by the Council to set budget priorities for the next financial year.
- 4.3.3 Wirral will also continue to undertake consultation with a range of stakeholders and members of the public ranging from the Wirral Citizens' Panel, Area Forum meetings to focus groups of specific service users and Community and Residents groups. The Youth Forums, Young People Parliament and Older People Parliament enable views to be sought across the breadth of the community.
- 4.3.4 Wirral continues to develop its Climate Change Strategy in consultation with local environmental groups and partners, including the living and working environmental partnership and the Wirral Coastal Partnership.

- 4.3.5 Wirral continues to consult and engage with all its business and community stakeholders in the delivery of its capital programme. The engagement and consultation with community groups has seen the establishment, with plans for further expansion, of centres which deliver a range of high quality, local community services from the other public sector organisations, the Wirral Metropolitan College and voluntary sector providers.
- 4.3.6 Member involvement is key and the three year capital programme is subject to an annual review and assessment. The programme is approved by Cabinet each December. In terms of the strategic documents the Sustainable Community Strategy, Investment Strategy, Capital Strategy and Asset Management Plan are all approved by Cabinet. The Capital Investment Programme Guidance Document provides more detailed practical information and is reviewed periodically.

4.4 Prioritising investment

- 4.4.1 The Capital Strategy is based on addressing the needs identified through corporate objectives and local priorities, issues of public concern and need; Asset Management Plans and national regulations and statutory obligations.
- 4.4.2 As demand for investment exceeds the resources available a process for the prioritisation and approval of capital bid submissions ensures the effective working of the strategy and results in the three year Capital Programme.
- 4.4.3 All bids require Business Case submissions that are scored and prioritised against criteria based upon the corporate objectives. Bids must include any impact upon revenue costs and, if approved, the implications are accommodated within the financial plans. The Business Cases are reviewed to produce a priority list for Cabinet with Members concluding the decision making process when approving a Capital Programme that meets the key priorities and targets of the Council.

4.5 Procurement

- 4.5.1 The Council Procurement Strategy is aligned with the National Procurement Strategy for Local Government in England and aims to support Council policy and seek continuous improvement in procurement to achieve best value.
- 4.5.2 Wirral recognises the need to be flexible and innovative in its procurement options. This can be shown by the range of alternative procurement initiatives developed or being implemented to improve delivery of investment projects.

- 4.5.3 These initiatives include the Wirral Schools Private Finance Initiative scheme; the appointment of private developer partners to support NewHeartlands; the transfer of the housing stock to provide the resources to meet the requirements of the Decent Homes standard; the involvement of stakeholders in plans and the use of Constructionline to provide a database of suitable contractors selected on technical, financial, and more health and safety criteria.
- 4.5.4 Whilst these initiatives continue Wirral is looking to further progress the work undertaken on sustainability and energy management. This includes working with contractors to develop sustainable construction initiatives.

4.6 Monitoring

- 4.6.1 The Investment Strategy Group, comprising Chief Officers, is responsible for overseeing the overall delivery of service outcomes. The Capital Strategy is kept up to date and formally agreed by Council each year.
- 4.6.2 The Capital Investment Programme - Guidance Document consolidates the guidance and procedures, including for Business Case submissions, into one document to support those involved with the capital programme.
- 4.6.3 Chief Officers have processes in place to regularly review the performance of projects. Monthly meetings review progress against the approved capital programme and the financial position / projections.
- 4.6.4 Monitoring and performance reports are submitted on a quarterly basis to Cabinet and there are also end of financial year reports to Cabinet reviewing the capital programme.
- 4.6.5 Responsibility for financial management within the Council, including the capital programme, is with the Director of Finance. All officers involved on capital projects have a responsibility to ensure that monitoring reports are comprehensive and reflect all current spend and commitments including any exceptional cases of schemes not explicitly in the agreed programmes.

4.7 Asset Management Plan

- 4.7.1 Wirral has been committed to proactively transferring assets into community ownership and disposing of underused, surplus and investment assets. This approach producing capital receipts, leveraging external funding or bridging the gap between the resources and requirements.

4.7.2 The key aims and objectives of the Asset Management Plan are:-

- To manage assets according to best environmental practices compatible with effective service delivery;
- To identify the Council's current and future building and land needs;
- To rationalise under-utilised or poorly performing assets;
- To increase the energy efficiency and sustainability of our buildings;
- To work more closely and share use of assets with other organisations and agencies to provide better front-line services to customers;
- To evaluate and explore new ways of flexible working to reduce the need for administrative accommodation.

5.0 CAPITAL PLAN

5.1 Introduction

5.1.1 The Government allocates funding based upon what the Council is expected to invest in the areas of education, transport and social services. It should be noted that the amount of money allocated by the Government for supported borrowing was halved in 2010/11 with future allocations subject to review. Under the Prudential Code for Capital Finance for Local Authorities additional spend on capital investment can be incurred as long as the plans are affordable, prudent and sustainable. This is measured by a series of indicators integral to the Treasury Management policy of which the key is the revenue cost.

5.1.2 The Wirral Investment Strategy sees the Council and partners committed to encouraging focused and dynamic development while maintaining and enhancing Wirral's unique character and high quality of life. The Strategy will ensure Wirral continues to be a prosperous and sustainable place to invest in, live, work and visit.

5.1.3 Underpinning the Investment Strategy are the Full Employment Strategy for Wirral, a framework for improving employment rates, and An Enterprise Strategy for Wirral, a plan for increasing self-employment and business starts.

5.1.4 The Council increasingly works with the private sector to maximise resources in the continued regeneration of Wirral. The Capital Strategy identifies the links with the Corporate Plan and informs the programme of investment. With resources insufficient to meet all of the aspirations the programme is prioritised based upon criteria that take account of the priorities.

5.2 Capital Programme

5.2.1 The Capital Programme is agreed each December and any schemes considered for approval are subject to a Business Case submission and evaluated against the agreed priorities of the Council.

- 5.2.2 Under regeneration / housing the NewHeartlands initiative is a long term project, primarily focussed upon housing, to regenerate the east side of Wirral and is presently part of a wider area encompassing parts of Sefton and Liverpool and is government grant funded. This funding is subject to regular review and future allocations depend upon the progress being achieved.
- 5.2.3 The Local Transport Plan details the programme in respect of maintaining local transport routes and improving community safety. The major scheme is the M53 Bidston Viaduct scheme which is funded primarily by Central Government with the Council making a contribution towards the costs. Whilst Wirral is the waste collection authority, the Merseyside Waste Disposal Authority provides the disposal facilities, with initiatives planned as part of the Merseyside Waste Management Strategy. The costs of these initiatives are met by the constituent authorities through the Waste Disposal Authority levy.
- 5.2.4 Improving facilities available for use by the people of Wirral, includes the Extra Care Housing facility at former Mendell Lodge site, due for completion in January 2011 and improvements to Cultural Service Assets (including the museum, libraries, leisure centres and parks). The Council 'Invest-To-Save' projects include improvements to residential care arrangements and the continuing energy efficiency programme reducing our energy use and CO₂ emissions in Council buildings and street lighting.
- 5.2.5 In supporting young people the major spending areas are the new Woodchurch High School and the Birkenhead High Girls Academy; the Primary Schools strategy and the development of Children's Centres. In addition significant resources are also allocated for smaller school projects. Approximately 70% of the programme is funded by government grants.
- 5.2.6 There are also ongoing IT enhancements which are linked to the accommodation and asset reviews which seek to provide facilities that meet the aspirations of the people of Wirral.

Capital Programme as at 30 September 2010

Programme	2011/12 £million*	2012/13 £million*	2013/14 £million*	2014/15 £million*
Adult Social Services	0.1	0	0	0
Corporate Services	2.1	0.3	0	0
Children & Young People	25.9	17.5	15.0	15.0
Finance	1.5	1.5	0	0
Law, HR & Asset Management	0	0	0	0
Regeneration	17.6	17.6	14.0	14.0
Technical Services	9.7	8.7	10.0	10.0
Total programme	56.9	45.6	39.0	39.0

* Estimated as future years will be informed by the Government Comprehensive Spending Review 2010 and Local Government Finance Settlement 2011/12.

5.3 Resources

- 5.3.1 Under the Prudential Code the authority can borrow to fund capital spend up to the level that can be afforded. The Government provides funding to support a certain level of borrowing known as supported borrowing. However the level of supported borrowing was halved in 2010/11 and future levels are subject to review by the Government. Assumptions on the level of borrowing have been reflected in the Medium Term Financial Strategy and Plan.
- 5.3.2 Government Grants are specific to schemes and are allocated in accordance with the terms of the grant approval. Primarily within the areas of educational development and regeneration this includes NewHeartlands as well as employment/regeneration projects. It should be noted that the Government is undertaking a review of capital grants with a view to reducing the level of grants and moving toward more non specific grants. Further information should be available after the Comprehensive Spending Review is complete.
- 5.3.3 The unpredictable nature of the timing of capital receipts means that they are used to provide flexibility in funding the programme. The receipts are projected from the likely sale of assets resulting from the Asset Management Plan and include former school sites and the agreement with Wirral Partnership Homes for the sharing of receipts from sales of former Council houses.

Capital Resources as at 30 September 2010

Resource	2011/12 £million*	2012/13 £million*	2013/14 £million*	2014/15 £million*
General Capital Resources	9.6	8.7	3.4	3.4
Supported Borrowing	6.2	5.3	5.3	5.3
Government Grants	40.8	31.3	30.0	30.0
Revenue, Reserves, Contributions	0.3	0.3	0.3	0.3
Total resources	56.9	45.6	39.0	39.0

* Estimated as future years will be informed by the Government Comprehensive Spending Review 2010 and Local Government Finance Settlement 2011/12.

5.4 Management

- 5.4.1 A summary of the governance arrangements for the Capital Strategy and Capital Programme with the key tasks, responsibilities and target dates.

Task	Responsibility	Time / Date
Identify departmental priority schemes	Chief Officers	On-going
Ensure that approved projects are procured and delivered	Chief Officers	On-going
Oversee the financial management of the capital programme	Director of Finance	On-going

Report variations to schemes within the approved programme	Chief Officers	As required
Authorise increases in the budgeted levels of expenditure for schemes	Cabinet / Council	As required
Produce monitoring reports for Director of Finance	Chief Officers	Quarterly
Produce monitoring reports to Cabinet	Director of Finance	Quarterly
Review Capital Strategy and report to Cabinet	Director of Finance	September
Consider the annual review of the Capital and other Strategies and Guidance Document	Cabinet	September
Prepare Business Case submissions for schemes to be included in the programme	Chief Officers	October
Consider and prioritise Business Case submissions	Capital Group	November
Produce the annual Capital Programme report to Cabinet / Council	Director of Finance	December
Approve the Capital Programme – including the new schemes	Cabinet / Council	December
Produce year-end reports to Cabinet	Director of Finance	June

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?	15	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?	15	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?	15	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?	15	To raise the aspirations of young people.
5 Will it impact on revenue or attract significant external funding and build upon partnership working?	15	To create an excellent Council.
6 Does the scheme contribute towards more than one Corporate Strategy or the achievement of cross-cutting aims?	10	Partnership working is seen as integral to the future of the Council
7 Does the scheme provide value for money for the Council in terms of the use of its resources?	10	Value for money is desired in the delivery of all services
8 Are the outcomes clear and result in improvements in performance?	5	Performance, and improved performance, is recognised as a priority

NOTES

- 1 Schemes, as per the Business Cases are scored against the criteria on the basis of not meeting to fully meeting the objectives on a 0-2 scoring. (0 - not meeting the criteria; 1 - partly meets criteria; 2 - meets all criteria).
- 2 The % shown is the weighting that applies to each of the criteria.
- 3 Schemes which score in excess of 50% will be recommended for inclusion in the Capital Programme.

WIRRAL COUNCIL

CABINET

4 NOVEMBER 2010

REPORT OF THE DIRECTOR OF FINANCE

TREASURY MANAGEMENT PERFORMANCE MONITORING QUARTER 2

1. EXECUTIVE SUMMARY

- 1.1 This report presents a review of Treasury Management activities during the second quarter of 2010/11 and confirms compliance with treasury limits and prudential indicators. It has been prepared in accordance with the revised CIPFA Treasury Management Code and the revised Prudential Code.

2. BACKGROUND

- 2.1 Treasury Management in Local Government is governed by the CIPFA Code of Practice on Treasury Management in the Public Services and in this context is the “management of the Council’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks”.
- 2.2 The Treasury Management Code requires public sector authorities to determine an annual Treasury Management Strategy and, as a minimum, formally report on their treasury activities and arrangements to full Council mid-year and after the year-end. These reports enable those tasked with implementing policies and undertaking transactions to demonstrate that they have properly fulfilled their responsibilities and enable those with responsibility/governance of the treasury management function to scrutinise and assess its effectiveness and compliance with policies and objectives.
- 2.3 Cabinet approves the Treasury Management Strategy before the start of each financial year. This identifies proposals to finance capital expenditure, borrow and invest in the light of capital spending requirements, interest rate forecasts and the expected economic conditions. At the end of each financial year Cabinet receives an Annual Report which details performance against the Strategy. During 2009/10 the Council Excellence Overview & Scrutiny Committee received quarterly monitoring reports as part of the General Financial matters report. In 2010/11, and in accordance with the revised Treasury Management Code, there will be a separate Treasury Management monitoring report presented to Cabinet and approved by Council on a quarterly basis.

3. CURRENT ECONOMIC ENVIRONMENT

- 3.1 The UK has continued to emerge from recession but the level of activity remained well below pre-crisis levels. Gross Domestic Product (GDP) registered 0.3% growth in the first quarter of 2010 and 1.2% in the second.
- 3.2 Inflation figures for August 2010 were 3.1% for CPI and 4.7% for RPI, still above the Bank of England Monetary Policy Committee target range. The Bank of England expects, with the forthcoming increase in VAT to 20%, that inflation will remain high throughout 2010 and 2011 but should reduce to below the target level as the spare capacity in the markets exerts downward pressure on wages and prices.
- 3.3 The Bank of England (BoE) base rate remains at 0.5% and is forecast to remain at this level throughout 2010. The BoE has now ceased the Quantitative Easing (QE) programme but has not ruled out the use of more QE in the future if the economy continues to stall. The economy is in a very weak state and until it shows real signs of prolonged and stable growth the base rate will remain low.

4. THE COUNCIL TREASURY POSITION

- 4.1 The table below shows how the Council Treasury position has changed since the 30 June 2010:

Table 1: Summary of Treasury Position

Investments	Balance at 30 June 2010 £m	Maturing Investments £m	New Investments £m	Balance at 30 Sept 2010 £m
Internal managed investments	135	131	142	146
TOTAL INVESTMENTS	135	131	142	146

Borrowing	Balance at 30 June 2010 £m	Maturing Borrowings £m	New Borrowings £m	Balance at 30 Sept 2010 £m
Long-term fixed rate	278	1	5	282
Long-term variable rate	0	0	0	0
Temporary borrowing	0	0	0	0
TOTAL BORROWING	278	1	5	282

NET BORROWING	143			136
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5. INVESTMENTS

5.1 The Treasury Management Team can invest money for periods varying from 1 day to 10 years, in accordance with the Treasury Management Strategy, to earn interest until the money is required by the Council. These investments arise from a number of sources including:-

- General Fund Balances
- Reserves and Provisions
- Grants received in advance of expenditure
- Money borrowed in advance of capital expenditure
- Schools' Balances
- Daily Cashflow/ Working Capital

5.2 As at the 30 September 2010 the Council held investments of £146m. The table below details these investments:

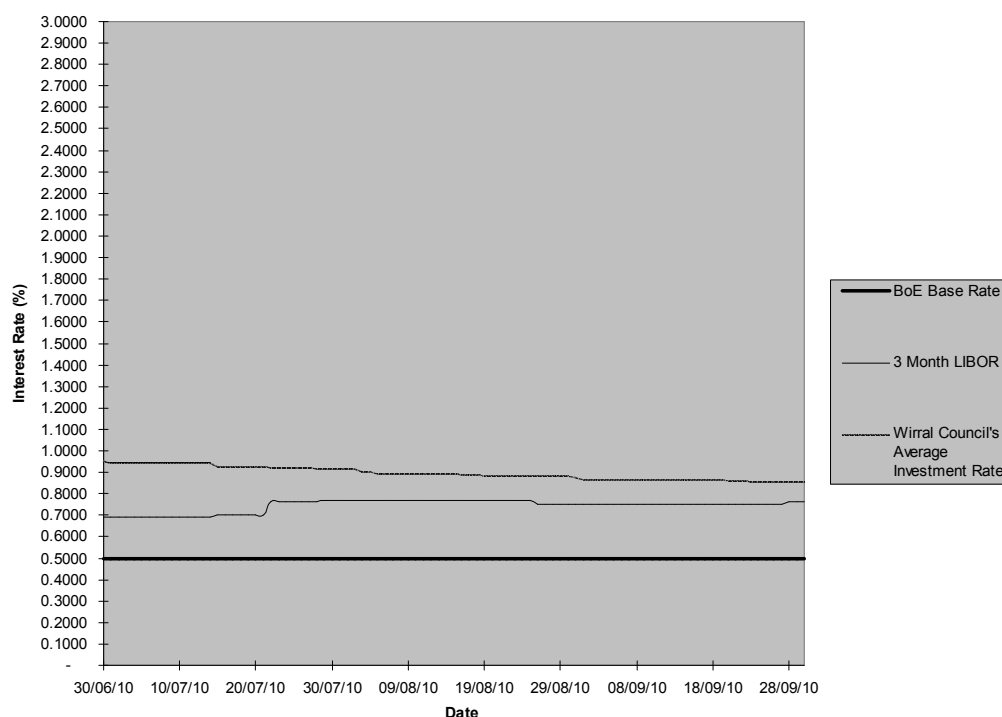
Table 2: Investments as at 30 September 2010

Investments with:	£m
UK Banks	75.8
Building Societies	15.0
Money Market Funds	46.8
Gilts and Bonds	8.5
TOTAL	146.1

5.3 Of the above investments, £50.5m is invested in instant access funds, £88.1m is invested for up to 1 year and £7.5m is invested for up to 5 years.

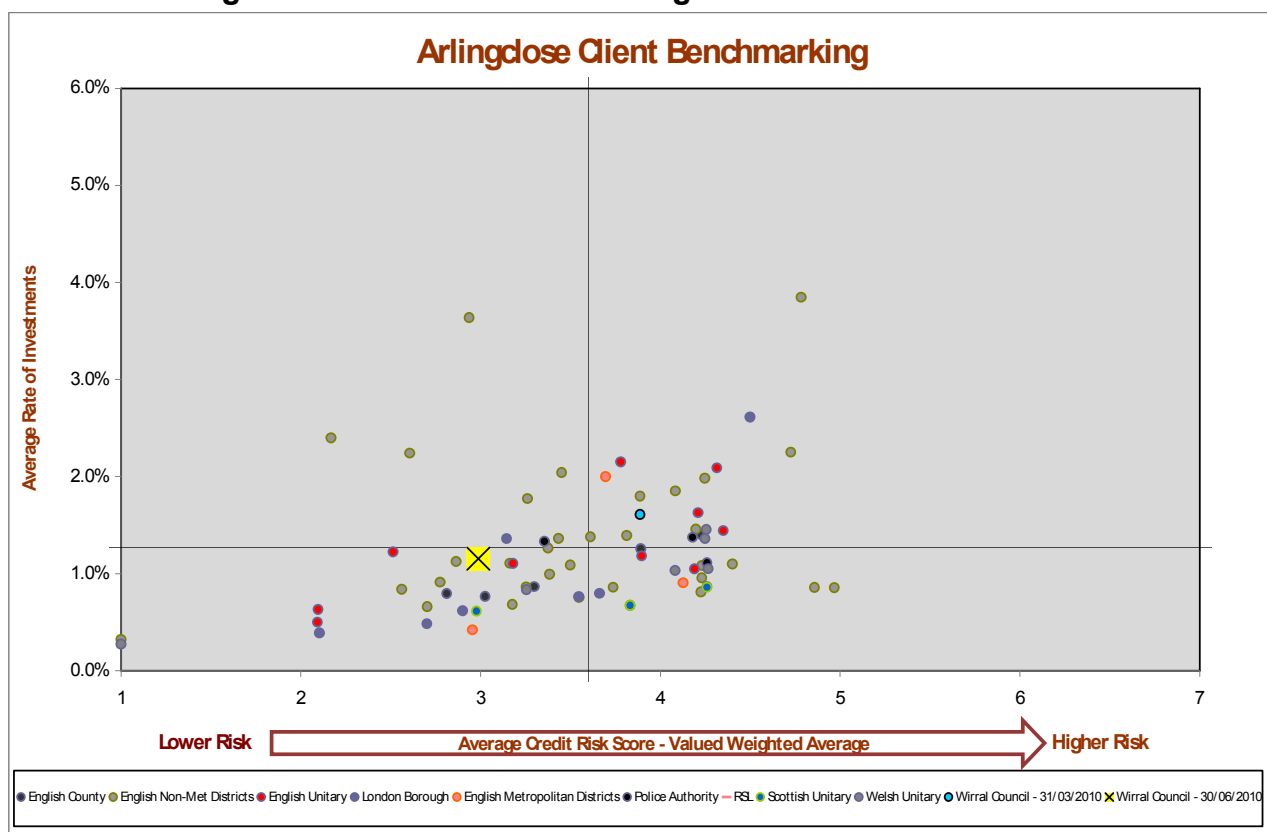
5.4 The average rate of return on investments as at 30 September 2010 is 1.03%. The graph below shows the Treasury Management Team rate of return against the Bank of England base rate and the 3 month LIBOR (the inter bank lending rate):

Chart 1: Investment Rate of Return in 2010/11



- 5.5 The rate at which the Council can invest money continues to be low, in line with the record low Bank of England base rate.
- 5.6 The Council maintains a restrictive policy on new investments by only investing in UK institutions A+ rated or above and continues to invest in AAA rated money market funds, gilts and bonds.
- 5.7 The 2010/11 investment income budget has been reduced to £0.7m to reflect the low interest rates that are anticipated to continue throughout the financial year. With low interest rates it is unlikely that the Authority will achieve the large surpluses that have been made in the past few years.
- 5.8 In order to provide more context to the investment activities of the Treasury Management Team the treasury management advisors have produced benchmarking data from the 71 public sector clients they work with. The graph below shows the average rate of return from investments for 2010/11 up to 30 June 2010 against the perceived risk of the investments. Wirral is represented by a 'x' on the graph.

Chart 2: Average investment rate of return against credit risk



- 5.9 This graph demonstrates how Wirral achieves close to the average rate of return from investments while maintaining a lower than average risk. This illustrates the Treasury Management Team's excellent work in maintaining the security of Council money while also providing good value for money from investment returns. The security of the investments always takes priority over the returns.

Icelandic Investment

- 5.10 The Authority has £2m deposited with Heritable Bank, a UK registered Bank under English law, at an interest rate of 6.22% which was due to mature on 28 November 2008. The Bank was placed in administration on 7 October 2008. Members have received regular updates regarding the circumstances and the latest situation. In March 2009 an Audit Commission report confirmed that Wirral Council had acted, and continues to act, prudently and properly in all its investment activities.
- 5.11 The latest creditor progress report issued by the administrators Ernst and Young, dated 28 January 2010, outlined that the return to creditors is projected to be 85p in the £ by the end of 2012 and the final recovery could be higher.
- 5.12 To date, £868,926 has been received with further payments due in 2010/11 and 2011/12. The table below details the payments received to date and future expected payments.

Table 3: Heritable Bank Repayments

	£
Initial Investment	2,000,000
Actual Repayments Received	
As at 30 Sept 10	868,926
Estimate of Future Repayments	
Oct-10	105,317
Dec-10	105,317
Mar-11	105,317
Jun-11	105,317
Sep-11	105,317
Dec-11	105,317
Mar-12	105,317
Jun-12	105,317
Sep-12	105,315
Total	947,851
Estimate of Total Repayment	1,816,777

- 5.13 Please note that the amounts and timings of future payments are estimates and are not definitive. Favourable changes in market conditions could lead to higher than estimated repayments.
- 5.14 If Heritable Bank is unable to repay in full, I have also made a pre-emptive claim against Landsbanki Islands HF for the difference. When the original investment was made it was with Landsbanki Islands HF providing a guarantee to reimburse the Council should Heritable be unable to repay. It should be noted that Landsbanki Islands HF is also in administration.

6. BORROWING

- 6.1 The Council undertakes borrowing to help fund capital expenditure. In 2010/11 the capital programme requires borrowing of £14m. On 31 August 2010 the Public Works Loan Board (PWLB) rate of interest for borrowing 50 year fixed rate money dropped to 3.92%. This was the lowest rate of the year to date and so a decision was taken to borrow £5m. To put this rate of interest into context, existing borrowing incurs an average rate of interest of 5.6%. Against this backdrop, £5m borrowed at 3.92% over 50 years represents excellent value. The table below shows the total borrowing of the Council as at 30 September 2010.

Table 4: Council Borrowing

Borrowing	Balance on 1 Apr 10 (£m)	Debt Maturing (£m)	New Borrowing (£m)	Balance on 30 Sep 10 (£m)
PWLB	106	3	5	108
Market Loans	174	0	0	174
TOTAL	280	3	5	282

- 6.2 As the year progresses an assessment will be made as to the best time to borrow money. A prudent and pragmatic approach to borrowing will be maintained to minimise borrowing costs without compromising the longer-term stability of the portfolio, consistent with the approved Prudential Indicators.
- 6.3 In conjunction with advice from the treasury advisor, Arlingclose, the Council will keep under review the options of borrowing from the PWLB, the market and other sources up to the available capacity within the Capital Financing Requirement (CFR) and Affordable Borrowing Limit (defined by CIPFA as the Authorised Limit).

7. MONITORING OF THE PRUDENTIAL CODE INDICATORS

- 7.1 The introduction of the Prudential Code in 2004 gave Local Authorities greater freedom in making capital strategy decisions. The prudential indicators allow the Council to establish prudence and affordability within the capital strategy.
- 7.2 Below is a selection of prudential indicators which demonstrate that the treasury management decisions are in line with the capital strategy, which is prudent and affordable.
- 7.3 Net External Borrowing and Capital Financing Requirement (CFR) Indicator
- 7.3.1 The CFR measures the underlying need to borrow money to finance capital expenditure. The Prudential Code stipulates that net external borrowing should not exceed the CFR for the previous year plus the estimated additional CFR requirement for the current and next two financial years. Table 5 below shows the cumulative CFR and net borrowing of the Council.

Table 5: Net External Borrowing compared with CFR

	£m
CFR in previous year (2009/10 actual)	387
Additional CFR in 2010/11 (estimate)	2
Reduced CFR in 2011/12 (estimate)	-20
Reduced CFR in 2012/13 (estimate)	-20
Cumulative CFR	349
External Borrowing as at 30 Sep 2010	282

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

7.4 Authorised Borrowing Limit and Operational Boundary Indicators

7.4.1 The Authorised Borrowing Limit is the amount determined as the level of borrowing which, while not desired, could be afforded but may not be sustainable. It is not treated as an upper limit for borrowing for capital purposes alone since it also encompasses temporary borrowing. An unanticipated revision to this limit is considered to be an exceptional event and would require a review of all the other affordability indicators.

7.4.2 The Operational Boundary is the amount determined as the expectation of the maximum external debt according to probable events projected by the estimates and makes no allowance for any headroom. It is designed to alert the Authority to any imminent breach of the Authorised Limit.

Table 6: Authorised Limit and Operational Boundary Indicator

	Jul 10 £m	Aug 10 £m	Sep 10 £m
Authorised Limit	484	484	484
Operational Boundary	469	469	469
Total Council Borrowing	278	278	282

7.4.3 The table above shows that neither the Authorised Limit nor the Operational Boundary was breached between July 2010 and September 2010. This is a key indicator of affordability.

7.5 Interest Rate Exposures Indicator

7.5.1 The Prudential Code also requires Local Authorities to set limits for the exposure to the effects of interest rate changes. Limits are set for the amount of borrowing/ investments which is subject to variable rates of interest and the amount which is subject to fixed rates of interest. Table 7 shows the interest rate exposure as at 30 September 2010.

Table 7: Interest Rate Exposure:

Interest Rate Exposure	Fixed Rate of Interest	Variable Rate of Interest	Total
Borrowings	£282m	£0m	£282m
Proportion of Borrowing	100%	0%	100%
Upper Limit	100%	50%	
Investments	£7.5m	£138.6m	£146m
Proportion of Investments	5%	95%	100%
Upper Limit	100%	100%	
Net Borrowing	£274.5m	£138.6m	£136m
Proportion of Total Net Borrowing	202%	102%	100%

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

7.5.3 As the environment has changed to one of low interest rates, the Treasury Management Team is working to adjust this position. This work is, unfortunately, restricted by a number of factors:

- the level of uncertainty in the markets makes investing for long periods at fixed rates of interest more risky and, therefore, the Council continues to only invest short term at variable rates of interest;
- Many of the Council loans have expensive penalties for early repayment or rescheduling which makes changing the debt position difficult.

7.5.4 The Treasury Management Team will continue to work to improve the position within these limiting factors.

7.6 Maturity Structure of Borrowing Indicator

7.6.1 The maturity structure of the borrowing has also been set to achieve maximum flexibility with the Authority being able to undertake all borrowing with a short maturity date or a long maturity date. Table 8 shows the current maturity structure of borrowing:

Table 8: Maturity Structure of Borrowing

	Borrowing Maturity (years)	30 Sep 10	30 Sep 10
		£m	%
Total Short Term Borrowing	Less than 1 year	12	4
Long Term Borrowing	Over 1 year under 2 years	13	5
	Over 2 years under 5 years	54	19
	Over 5 years under 10 years	33	12
	Over 10 years	170	60
Total Long Term Borrowing		270	96
Total Borrowing		282	100

8. FINANCIAL IMPLICATIONS

8.1 Currently all Treasury Management activities are expected to be achieved in line with the 2010/11 budget.

9. STAFFING IMPLICATIONS

9.1 There are none arising out of this report.

10. EQUAL OPPORTUNITIES IMPLICATIONS

10.1 There are none arising out of this report.

11. COMMUNITY SAFETY IMPLICATIONS

11.1 There are none arising out of this report.

12. LOCAL AGENDA 21 IMPLICATIONS

12.1 There are none arising out of this report.

13. PLANNING IMPLICATIONS

13.1 There are none arising out of this report.

14. ANTI-POVERTY IMPLICATIONS

14.1 There are none arising out of this report.

15. SOCIAL INCLUSION IMPLICATIONS

15.1 There are none arising out of this report.

16. LOCAL MEMBER SUPPORT IMPLICATIONS

16.1 There are none arising out of this report

17. BACKGROUND PAPERS

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

18. RECOMMENDATION

- 18.1 That the Treasury Management Performance Monitoring Report be noted.

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/199/10

WIRRAL COUNCIL

CABINET

4 NOVEMBER 2010

REPORT OF THE DIRECTOR OF FINANCE

CORPORATE DEBT RECOVERY POLICY

1. EXECUTIVE SUMMARY

- 1.1. The Council is responsible for the collection of local taxes and also levies charges for a variety of services. Whilst most income is collected as and when due there are instances when action for recovery of sums owed to the Council is required.
- 1.2. In order to ensure transparency and consistency with regard to the collection and management of debt throughout the Authority, Members are requested to approve a Corporate Debt Recovery Policy.

2. BACKGROUND

- 2.1 The Council has a number of revenue streams including Council Tax, Business Rates, Sundry Debts and Housing Benefit Overpayments that involve the collection of income from individuals, companies, government bodies and other organisations.
- 2.2 Whilst there can be different processes and legislative procedures to follow, dependent on the type of debts, it is important that collection activities are as consistent as possible and proportionate to the value of debt involved.

3. FINANCIAL IMPLICATIONS

- 3.1. It is expected that the adoption of a Corporate Debt Recovery Policy will improve collection performance.

4. STAFFING IMPLICATIONS

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

5. LOCAL MEMBER SUPPORT IMPLICATIONS

- 5.1. An analysis of affected properties is shown in the Appendices.

6. LOCAL AGENDA 21 IMPLICATIONS

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

7. PLANNING IMPLICATIONS

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

8. EQUAL OPPORTUNITIES IMPLICATIONS

8.1. There are none arising directly from this report.

9. COMMUNITY SAFETY IMPLICATIONS

9.1. There are none arising directly from this report.

10. HUMAN RIGHTS IMPLICATIONS

10.1. There are none arising directly from this report.

11. BACKGROUND PAPERS

11.1. Enforcement Concordat – Department for Trade & Industry (now BIS) (1998)
Fair Debt Policy – January 2002
Code of Practice for Bailiffs - July 2002

12. RECOMMENDATION

12.1. That Members approve the Corporate Debt Recovery Policy.

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/203/10

WIRRAL CORPORATE DEBT RECOVERY POLICY

Contents

- 1 Introduction
- 2 Policies Common to all Types of Debt
- 3 Principles of Enforcement (all debts)
- 4 Write Offs (all debts)
- 5 Policies Specific to Sundry Debtors
- 6 Policies Specific to Local Taxation Accounts
- 7 Policies Specific to the Recovery of Benefit Overpayments
- 8 Use of External Agents

Appendix 2 The Enforcement Concordat

Appendix 3 Wirral Fair Debt Policy

Appendix 4 Authority Code of Practice for Bailiffs

- 2.6 The Council will encourage the most cost effective payment methods with the emphasis being on unmediated electronic means where possible. “Unmediated” in the context of electronic payment methods means a method of payment that requires no human intervention by officers of the Council to achieve its crediting to the account in question.
- 2.7 In the interest of economy, and where appropriate, all demands, reminders and final notices shall be issued by second class post unless contrary to regulations or other statutory or legal requirements.
- 2.8 Authorised officers and others referred to in this policy, will be able to intervene in the recovery cycle in appropriate circumstances to deal with hardship or disputes. This includes the ability to make deferred payment arrangements where immediate payment is impossible due to lack of means. Officers making arrangements will take into account prime record retention needs (paragraph 2.4.)
- 2.9 Where the potential for a statutory benefit or discount exists in relation to the debt, efforts will be made to make the debtor aware of such opportunities and they will be assisted and encouraged to apply for these.
- 2.10 All notices issued by the Council will comply with the corporate style guidance and be readily identifiable as being from the Council.
- 2.11 Where either national or local performance indicators exist the Council will strive for top quartile performance and will publish actual performance against these targets annually. Progress reports will be made available at regular intervals during the year to the Council Excellence Overview and Scrutiny Committee
- 2.12 The Council welcomes the involvement of welfare agencies where authorised by the debtor in connection with debts due to the Council and recognise the benefits that these organisations can offer both to the debtor and to the Council in prioritising repayments to creditors and in maximising income available to the debtor.
- 2.13 The Council supports the provision of advice from a number of agencies such as Age UK, Citizens Advice Bureau and National Youth Advocacy Service and, when requested, will work in conjunction with them for the benefit of the debtor.
- 2.14 In cases of multiple debts there must be close liaison between services. Multiple debts are where a debtor has significant debts in more than one service area, e.g. Council Tax and housing benefit overpayment. Such cases can present problems in determining the relative priority of the individual debts for both the individual concerned and the staff preparing settlement.

- 2.15 For such cases, staff are expected to liaise and agree an appropriate means of coordinated recovery with regard to the Council Fair Debt Policy, which reflects these policy aspirations together with the need to balance repayment profiles across all debts due to the Council. A copy of the Council's Fair Debt Policy is recreated in Appendix 3.
- 2.16. The Council recognises that prompt recovery action is key in managing debt and maximising income. The Council therefore aims to:
- Regularly monitor the level and age of debt.
 - Set clear targets for the recovery of debt.
 - Have clear written recovery procedures.
 - Set priorities for specific areas of debt and assess recovery methods to ensure maximum recovery.
 - Regularly review irrecoverable debts for write-off.
- 2.17. All debts that are written off will be reported to Members for noting or authorisation dependent on the scheme of delegation. The VAT on written off sundry debt invoices will be recovered by the Authority in accordance with the rules and procedures laid down by HM Revenues and Customs.
- 2.18. Where an external agency is procured to assist with the delivery of a service the flow of information between the Council and the agency should, wherever possible, be in a secure electronic format.
- 2.19 Where legislation permits, the Council will seek to levy and recover from the debtor any and all costs/fees that are legitimately due from the debtor to the Authority or its agents. Only in exceptional cases, where it would not be in the public interest to pursue costs/fees will they be waived.

3. PRINCIPLES OF ENFORCEMENT (ALL DEBTS)

- 3.1 The Council will follow the principles outlined below. These principles are derived from the Government *Enforcement Concordat* (set out in Appendix 2), to which the Council is fully committed:
- Our action will be **proportional**
 - Our approach will be **consistent**
 - Our actions will be **transparent**
 - Our staff will be **helpful**
- 3.2 **Proportionality** – Proportionality allows for a balance to be struck between the potential loss of income to the Council and the costs of compliance.

3.3 **Consistency** – Consistency means taking a similar approach in similar circumstances to achieve similar ends. The Council aims to achieve consistency in:

- The advice the Council gives.
- The use of our powers.
- The recovery procedures used.

The Council recognises that consistency does not mean simple uniformity. Officers need to take account of many variables such as:

- The social circumstances of the debtor.
- The debtor's payment history.
- The debtor's ability to pay.

3.4 **Transparency** – Transparency is important in maintaining public confidence. It means helping people to understand what is expected of them and what they should expect from the Council. It also means explaining clearly the reasons for taking any recovery/enforcement action.

If action is required, the reasons why must be clearly explained, in writing, where required. If action is required time scales must be clearly stated. A distinction must be made between advice and legal requirements.

Communications should be in plain English and large print with Braille or translation versions being made available to customers upon request.

An opportunity must be given to discuss what is required to comply with the law before formal enforcement action is taken. A written explanation must be given of any rights of appeal against formal enforcement action either before or at the time the action is taken.

3.5 **Helpfulness** - The Council believes that prevention is better than cure and that its role, therefore, involves actively working with all who engage with it to advise and assist with compliance.

Council staff will provide a courteous and efficient service and staff will identify themselves by name.

A contact point, telephone number and /or email address will be provided for further dealings with the Council and "clients/customers" will be encouraged to seek advice from the Council, where appropriate.

- 5.3 Heads of Service should recognise that, in most cases, there should be a minimum value of an invoice, currently set at £50.00. It is recommended that wherever possible Heads of Service should attempt to consider other ways of collecting low value amounts. Such a minimum value **shall not apply** to accounts relating to legal charges for rights of access, drainage charges, ground rents etc where a contractual obligation exists to make such payments.
- 5.4 Except in the case of a demand payable by instalments or as otherwise contractually agreed, the settlement terms for all demands will be immediate.
- 5.5 Recovery action will commence no later than 28 days after the demand has fallen due. Standard recovery action profiles have been set up in consultation with service areas, however if any deviation is required from these profiles, the Senior Income Officer within the Sundry Debtor Section should be contacted to discuss requirements. These profiles will include pre-agreed determinations, as to when to instigate litigation.
- 5.6 The costs of enforcement action/litigation to recover sundry debtor invoices will be charged against the budget of the service raising the invoice. Any costs recovered from the debtor will be credited against these sums.
- 5.7 Sundry debtor invoices will be raised using the Accounts Receivable (AR) system.
- 5.8 All statutory methods of enforcement of debts shall be available for use. These include:
- Attachments of Earnings
 - Warrants of Execution (taking possession of goods/charging order on land/securities)
 - Garnishee Orders
 - Insolvency
 - Possession proceedings

These methods shall only be used with consideration to the principles set out within the Enforcement Concordat principles (as set out in 3.1 above)

- 5.9 Prior to statutory methods of enforcement being taken, officers may use, where cost effective to do so, external collection agents, visits to the debtor's home by designated Council Officers and telephone contact with the debtor as an alternative means of recovering sundry debts. Collection agents must only be used if their services have been properly procured by the Authority.
- 5.10 It is the responsibility of service departments, where legally permissible, to consider that the provision of future services to the debtor will be suspended until outstanding debts are settled.

Council Tax Only

- Deductions from Benefits
- Attachments of Earnings
- Charging orders
- Attachment of Members' Allowances
- Prosecution for failing to provide financial information
- Prosecution of employers for failing to implement Attachment of Earnings.

These methods shall only be used with consideration to the principles set out within the Enforcement Concordat principles (as set out in 3.1 above).

6.8 Officers of the Council and contractors acting in enforcement roles will comply with the Code of Practice for Bailiffs (Appendix 4).

6.9 Where recovery action has commenced, payment arrangements will generally only be entered into where the debt is secured by a liability order and/or the debtor agrees to make payment by way of direct debit. Arrangements will only be agreed by authorised staff and will generally only be agreed where:

- The debt will clear by the end of the financial year.
- In exceptional cases, authorised staff will have the discretion to accept longer term arrangements.
- The debtor's proposals are reasonable in comparison with the amounts that could be secured by taking alternative action.
- The debtor demonstrates a clear intention to honour the arrangement.

6.10 In cases where exceptional circumstances exist and it would not be in the interests of Council Tax payers in general to pursue enforcement action, arrangements may be made by authorised staff prior to a liability order being obtained and without the debtor agreeing to make payment by way of direct debit.

7. POLICIES SPECIFIC TO THE RECOVERY OF BENEFIT OVERPAYMENTS

7.1 The Council will monitor, maintain and improve systems to ensure that overpayments caused by official error are prevented and to minimise overpayments caused by misrepresentation or failure to report changes in circumstances.

7.2 All necessary invoices, reminder and final notices will be raised using the integrated revenues and benefits system.

7.3 Invoices will only be issued when a recoverable overpayment of housing benefit exists and cannot be recovered by other prescribed means.

- 7.4 The Council will further develop good practice in the creation, notification and recovery of overpayments, and will fully advise claimants and landlords and third parties if applicable, of their rights
- 7.5 The Council is also committed to operating a fair, equitable and effective appeals procedure in accordance with the Housing Benefit and Council Tax Benefit (Decisions and Appeals) Regulations 2001
- 7.6 Statutory regulations specify how the Council must deal with and calculate overpayments of Housing Benefit and these regulations preclude the operation of blanket policies for recovery.
- 7.7 In summary the Council, when administering and paying housing benefit, is under a legal duty to:
- make decisions on all relevant changes of circumstances
 - make a separate decision on whether an individual overpayment is recoverable
 - exercise discretion in deciding whether or not to seek repayment of recoverable overpayments
 - make a decision as to which person or persons an overpayment is recoverable from
 - exercise further discretion regarding who to recover from (from the targets for recovery)
 - establish the desired method and/ or rate of recovery
 - send specified notifications to persons affected informing them of the decisions made
 - give persons affected, a right of appeal against relevant decisions
- 7.8 The Council will therefore seek to recover most overpayments unless it is not reasonable in a particular case. Examples where recovery may not be sought or may be suspended are:
- recovery of the overpayment is not cost effective to pursue
 - there is an outstanding query, dispute or appeal about the overpayment or its recovery
 - the claimant has died and there are insufficient funds in the estate to recover the overpayment
 - there is no reasonable prospect of recovering the overpayment
- 7.9 When making a decision not to recover the overpayment, the Council reserves the right to collect the overpayment at a later date, particularly where misleading information has led to the decision not to recover.

- 7.10 Methods of recovery can include deduction from Housing Benefit, deduction from other state benefits, instalment arrangements with the debtor and registering the debt with collection agencies/ County Court . Where a landlord or agent owes the debt, recovery may be made against Housing Benefit owed to other tenants.
- 7.11 The Council will at all times seek to facilitate mutually satisfactory repayment levels, offering instalment arrangements where appropriate.

8. USE OF EXTERNAL AGENTS

- 8.1 As Council functions grow more dependent on sourcing external suppliers of services it is vital for those undertaking any procurement activity to work to a clear strategy for how these externally provided resources are selected, acquired and managed. The Council has therefore adopted a Procurement Strategy to which Departments must adhere.
- 8.2 All officers, when undertaking any procurement activity are bound by the code of conduct as set out in the Financial Regulations and Standing Orders.
- 8.3 The application of the Procurement Strategy together with accompanying policies must not conflict with the Financial Regulations and must be transparent and compliant with relevant law.
- 8.4 Where it is necessary for the Council to disclose data to a contactor and the Council has previously established a fair and lawful basis for the exchange of data, arrangements must be in place to ensure that data is not processed by the contractor in a manner not in keeping with Council instructions.

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The Enforcement Concordat

The Principles of Good Enforcement: Policy and Procedures

This document sets out what business and others being regulated can expect from enforcement officers. It commits us to good enforcement policies and procedures. It may be supplemented by additional statements of enforcement policy.

The primary function of central and local government enforcement work is to protect the public, the environment and groups such as consumers and workers. At the same time, carrying out enforcement functions in an equitable, practical and consistent manner helps to promote a thriving national and local economy. We are committed to these aims and to maintaining a fair and safe trading environment.

The effectiveness of legislation in protecting consumers or sectors in society depends crucially on the compliance of those regulated. We recognise that most businesses want to comply with the law. We will, therefore, take care to help business and others meet their legal obligations without unnecessary expense, while taking firm action, including prosecution where appropriate, against those who flout the law or act irresponsibly. All citizens will reap the benefits of this policy through better information, choice, and safety.

We have therefore adopted the central and local government Concordat on Good Enforcement. Included in the term "enforcement" are advisory visits and assisting with compliance as well as licensing and formal enforcement action. By adopting the concordat we commit ourselves to the following policies and procedures, which contribute to best value, and will provide information to show that we are observing them.

Principles of Good Enforcement: Policy

- **Standards**

In consultation with business and other relevant interested parties, including technical experts where appropriate, we will draw up clear standards setting out the level of service and performance the public and business people can expect to receive. We will publish these standards and our annual performance against them. The standards will be made available to businesses and others who are regulated.

- **Openness**

We will provide information and advice in plain language on the rules that we apply and will disseminate this as widely as possible. We will be open about how we set about our work, including any charges that we set, consulting business, voluntary organisations, charities, consumers and workforce representatives. We will discuss general issues, specific compliance failures or problems with anyone experiencing difficulties.

- **Helpfulness**

We believe that prevention is better than cure and that our role therefore involves actively working with business, especially small and medium sized businesses, to advise on and assist with compliance. We will provide a courteous and efficient service and our staff will identify themselves by name. We will provide a contact point and telephone number for further dealings with us and we will encourage business to seek advice /information from us. Applications for approval of establishments, licenses, registrations, etc, will be dealt with efficiently and promptly. We will ensure that, wherever practicable, our enforcement services are effectively co-ordinated to minimise unnecessary overlaps and time delays.

- **Complaints about service**

We will provide well publicised, effective and timely complaints procedures easily accessible to business, the public, employees and consumer groups. In cases where disputes cannot be resolved, any right of complaint or appeal will be explained, with details of the process and the likely time-scales involved.

- **Proportionality**

We will minimise the costs of compliance for business by ensuring that any action we require is proportionate to the risks. As far as the law allows, we will take account of the circumstances of the case and the attitude of the operator when considering action.

We will take particular care to work with small businesses and voluntary and community organisations so that they can meet their legal obligations without unnecessary expense, where practicable.

- **Consistency**

We will carry out our duties in a fair, equitable and consistent manner. While inspectors are expected to exercise judgement in individual cases, we will have arrangements in place to promote consistency, including effective arrangements for liaison with other authorities and enforcement bodies through schemes such as those operated by the Local Authorities Coordinating Body on Food and Trading Standards (LACOTS) and the Local Authority National Type Approval Confederation (LANTAC).

Principles of Good Enforcement: Procedures

Advice from an officer will be put clearly and simply and will be confirmed in writing, on request, explaining why any remedial work is necessary and over what time-scale, and making sure that legal requirements are clearly distinguished from best practice advice.

Before formal enforcement action is taken, officers will provide an opportunity to discuss the circumstances of the case and, if possible, resolve points of difference, unless immediate action is required (for example, in the interests of health and safety or environmental protection or to prevent evidence being destroyed).

Where there are rights of appeal against formal action, advice on the appeal mechanism will be clearly set out in writing at the time the action is taken (whenever possible this advice will be issued with the enforcement notice).

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The Council's Fair Debt Policy Explained

People get into debt for many different reasons, the main thing to remember is that by ignoring debt, it will only get worse. The sooner you do something about it, the better you will feel, and the more control you will have.

Wirral MBC understands the problems associated with debt and have set up a policy to assist customers in paying off some of the debts owed to the Council.



Wirral Council



WIRRAL IN PROSE



Wirral Council

2005-2008
Community Legal Support
2005-2008
2005-2008
2005-2008
2005-2008

1. The principles of the Fair Debt Policy:

The main principles of the Fair Debt Policy are:

1. To encourage early contact to make an arrangement for payment and ensure that the customer is aware of the Council's approach and realistic attitude to debt.
2. To ensure that Council departments tell each other when an arrangement has been made, and the Department concerned make sure the most important debt is paid first.
3. Customers are encouraged to ask for financial advice from the Council through the One Stop Shops, the Citizens' Advice Bureau or one of the Resource Centres.
4. Every effort is made to encourage customers to apply for benefit, in order to maximise their income.
5. There will be easy access to help and advice at every stage of the process.

The policy has been developed to address the problems that some of our customers encounter. The customer may have many debts owing to the Council, but are unable to pay these off in the time expected. It is also designed to keep up payment of current bills to stop getting into more debt.

If you owe money for more than one of the following, an arrangement can be made under the Fair Debt Scheme. This means you can make one single payment towards the total amount owed. The debts included in this scheme are:

- Former Tenant Rent arrears (this means rent you owe for a Council property you previously lived in)
- Council Tax (including any bailiff costs incurred)
- Housing Benefit Overpayment
- Business Rates
- Sundry Debtor invoice

Wirral MBC hopes to extend this list to include other outstanding debts owed to the Council in the near future.

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2. How do I apply?

Firstly, you need to fill in an income/expenditure form (you will find this on the centre pages of this leaflet). You will need to do this so I can assess how much available income you have. Your available income is calculated after your essential outgoings have been taken into account.

The following pages give advice on how to complete the income and expenditure form and what you need to include. Please read all the points carefully, as you need to make sure you give as much detail as possible. If you need help filling in the financial statement, then please contact my office by telephone (0151 606 2002), visit one of the local offices, or contact the Citizens Advice Bureau, and ask for help.

When you have completed the form, send it to the Finance Department by post or by visiting one of my local offices. (Please see addresses at the end of this leaflet).

It is important to remember that you will be expected to keep up to date with your current year's Council Tax and/or Business Rate liability, and this will be a condition of the arrangement made with you.

3. Completing the income/expenditure form

The first and probably the most important step is to sit down and make a financial statement, which lists all of your income and outgoings. To get you started a blank financial statement can be found on the centre pages of this leaflet. Below you will find some handy hints on how to fill it in.

Income

List all of the income for your household; include net wages for both you and your partner, any benefit/allowances either of you receive, 'keep' from people who live with you. Remember to include all benefits, even if you think they should be ignored.

You should also include any maintenance received.

If you are awaiting a decision about entitlement to a particular benefit or Tax Credit, you should tell me about this under the 'additional comments' part of the form.

Outgoings

You should include all expenses you and your partner have to pay. A comprehensive list is given, but if you have any more expenses that are not shown, you should write these under 'other expenses'. It is very important that you include all outgoings as an arrangement will be based on the income you have left.

Working out your sums

Now you need to add up the two columns and then take the outgoings away from the income total. This will show you how much money you have left at the end of each week/month, that you can use to pay off your debts. At this stage you will be able to see if your outgoings are more than your income, and if they are, now is the time to look again at your outgoings.

- Is there something you could cut back on or change?
- Are you getting all the benefits/allowances you are entitled to?
- Have you claimed the appropriate discounts for Council Tax, for example single person's discount and/or disabled person's relief if your property has been adapted due to your physical needs.
- Have you claimed the Tax Credits you are entitled to?
- Is there anyone who lives with you who could give more towards the household bills?

What happens if my financial circumstances change?

If your income or outgoings change, i.e. You qualify for an additional benefit, or one of your weekly expenses increases, you will need to contact me in order to complete a new income/expenditure form. The arrangement will be looked at again and changed if needed.

4. Income/expenditure form completed. What next?

You should now know what income is left to pay off your arrears, having taken into account the amount needed each month for the current years Council Tax and/or Business Rates. You need to put on the financial statement what your offer of payment is.

If you take the income/expenditure form to one of the local offices, your arrangement may be agreed at the time of your visit. Or if you send the form by post, your circumstances will be looked at and your offer considered. You will be told of the outcome in writing.

If you wish to be considered under the Fair Debt Scheme, it is important that you complete and return the income/expenditure form as soon as possible.

5. The Arrangement confirmed

I will write to you to ask you to pay a weekly or monthly amount to clear your arrears. Your debts to the Council will be prioritised and your payments will be used to clear the most important first. When this is paid off, your payments will be used to clear the next most important (i.e. Council Tax, then Housing Benefit Overpayment).

A payment card can be issued to help you in making payments. If you have Council Tax outstanding, you can also make payment by direct debit, debit card (over the telephone 0151 606 2002) or by the Internet (www.billpayment.co.uk).

If payments are being made as asked for, and current years bills are kept up to date, no recovery action will be taken for the arrears outstanding. I will look at your arrangement from time to time and may contact you to change your payments if your financial circumstances have changed.

In some circumstances, a debt cannot be included under the Fair Debt Scheme, i.e. if Committal proceedings have been taken. If this is the case, you will be advised.

6. Statement Of Income & Expenditure

Please detail any arrears you have outstanding.	
Council Tax Arrears	
Sundry Debtor Arrears	
Housing Benefit Overpayment	
Business Rates Arrears.	
Former Rent Arrears	

Council Tax Account No.	
Sundry Debtor No.	
Housing Benefit Case Ref.	
Business Rates Ref.	
Housing Rent Account No.	

I confirm that the above information is complete and accurate and therefore wish to offer £ per week/month off the debt/s referred to above.

In the event of this offer being accepted I wish to pay by
 debit card payment card post.

Signed: _____ Dated: _____

Name:	
Address:	

Your Earnings	
	Weekly (£)
Wages/Salary (net):	

Partners Earnings	
	Weekly (£)
Wages/Salary (net):	

Income	
	Weekly (£)
Child Benefit	
Child Tax Credit	
I/S (or Job Seekers Allowance)	
State Pension	
Private Pension	
Maintenance	
Working Tax Credit	
Pension Credits	
Other Benefits	
Other Income	

Expenditure		
	Weekly (£)	Total Owed
Mortgage		
Rent		
Gas		
Electricity		
TV Licence		
Phone		
Food		
Maintenance		
Council Tax		
Water Rates		
Loans		
Car Expenses		
Travel Costs		
School Meals		
Insurance		
Business Rates		
Pension		

Other Expenses (please state)		
	Weekly (£)	Total Owed

Total Expenditure (£)	

Comments:

7. What happens if I don't pay as advised?

You will receive one Reminder letter if;

1. The payments for your arrears are not kept up to date.
2. Your current years Council Tax/Business Rates instalments are not up to date.

If you still fail to make payment as asked for, then the arrangement under the Fair Debt Scheme will be stopped and you will be told. Recovery action will then be taken to recover all arrears included.

The arrangement, once stopped, will not be reinstated

8. General advice when dealing with debt.

There are some basic rules that should be followed when dealing with the people you owe money to, who are known as your creditors

1. Get in touch with the people you owe money to, and explain your difficulties. Go to see them or speak to them on the telephone. Remember it helps if you have got details of your income and outgoings.
2. If you have more than one debt make sure you deal with your most important debts first. These are debts, that if remain unpaid, could result in losing your home or having your gas and electricity cut off.
3. Don't ignore letters or phone calls about the debt, as the problems don't go away, they only get worse.
4. If you're not sure and even if you think you are sure, ask for help.

Please return this form to:

PO Box No2,
Cleveland Street,
Birkenhead,
Merseyside
CH41 6BU

Prioritise your debts

First and second mortgage arrears

Check your original agreement to see if they are secured or unsecured on your house. If they are secured treat them as priority debt, you could lose your home if they are not paid.

Rent arrears

You could lose your home if your rent is not paid. Offer to pay your landlord a reasonable amount each week from your income to pay off arrears. If you are receiving Income Support or Job Seekers Allowance, you can have a standard amount taken out of your benefit to pay off your arrears. Remember you can get help with your rent by claiming Housing Benefit.

Council Tax

You should contact the Council immediately if you get into arrears and try to agree a repayment plan. If you contact the Council early enough it may be possible to make a payment arrangement before the Council goes to Court and asks for costs against you (the same applies to Business Rates).

It is important that you make contact as soon as possible as failure to make payment can result in payments being deducted directly from your earnings or certain benefits, bailiffs can remove your goods and ultimately, Committal proceedings can be taken against you.

Remember you can get help with your Council Tax by claiming Council Tax Benefit. To check if you are entitled to Housing or Council Tax Benefit, please ring 606 2002 or visit one of our One Stop Shops, addresses are at the end of the leaflet.

Gas and Electricity arrears

These companies can cut off your supply after a few weeks if you don't pay them. Contact the Gas or Electricity Company and explain your difficulties. They have an agreed Code of Practice about the power to disconnect. Even if you can't pay the whole bill, start paying a weekly amount to reduce the bill.

Water Rates

If you are having difficulties meeting the payments asked for, please contact the Payment Assistance Programme. Telephone No 0845 7461100

In a nutshell, when dealing with your priority creditors, always contact them to make an arrangement and offer what you can genuinely afford, having already completed a list of your income and outgoings.

What about other debts?

The non-priority debt such as catalogues, credit cards, banks and door to door collectors are entitled to receive payment after you have dealt with your priority creditors and you still have money left. Any available income should be divided fairly between them. It is not a criminal offence for not paying non-priority debts, you cannot be sent to prison. Remember you can always contact the Citizens Advice Bureau for assistance.

9. Help and Advice

You can contact any of the One Stop Shops below if you need help or information. (The offices are open 9 am to 5 pm unless otherwise stated)

Bebington One Stop Shop	Moreton One Stop Shop
The Village	Knutsford Road
Bebington	Moreton
Wirral	Wirral
CH43 7PL	CH46 8TN

Conway Centre	Heswall One Stop Shop
Conway Street	Telegraph Road
Birkenhead	Heswall
Wirral	Wirral
CH41 6JD	CH60 0AF
(also open Saturday 9am to 12.30pm)	(closed Wednesday, open Saturday 9 am to 1pm)

Rock Ferry One Stop Shop
Old Chester Road
Birkenhead
Wirral
CH42 3TD

Seacombe One Stop Shop
The Dave Jackson Suite
Wallasey Town Hall
Wirral
CH44 8ED

Bromborough One Stop Shop
Job Centre Plus,
Port Causeway House
1 Port Causeway
Bromborough
(open Monday 9am - 1pm,
no cashier service)

West Kirby One Stop Shop
The Concourse
West Kirby
Wirral
CH48 4HZ

You can also contact me by post:

Director of Finance,
PO Box 2,
Cleveland Street,
Birkenhead,
Wirral
CH41 6BU

Birkenhead:
50 Argyle Street,
Birkenhead CH41 6AF
Phone: 0151 647 6517

Bebington:
57 New Chester Road
New Ferry CH62 1AB
Phone: 0151 645 8793

Heswall:
Hillcroft,
Rocky Lane,
Heswall CH60 0BY
Phone: 0151 342 6565

Wallasey:
237-243 Liscard Road,
Wallasey CH44 5TH
Phone: 0151 639 7858

West Kirby:
1-3 Acacia Grove,
West Kirby CH48 4DD
Phone: 0151 625 9802

The Citizens Advice Bureaux also hold surgeries at some of the One Stop Shops. General help and advice can be given and help with completing application forms. The CAB can also advise you if you are entitled to any extra benefits.

By telephone:
0151 606 2002 for Council tax and Housing Benefit enquiries
(Monday to Thursday 8am to 6.30pm, Friday 8am to 5.00pm,
Saturday 9am to 12.30pm)

Seacombe One Stop Shop:
A surgery is held on a Monday between 9.00 and 12.00

Moreton One Stop Shop:
A surgery is held on a Wednesday between 9.30 and 12.30

Via e-mail:
housingbenefits@wirral.gov.uk or counciltax@wirral.gov.uk

Bebington One Stop Shop:
A surgery is held on a Wednesday between 10.00 and 12.00

Or visit our website:
www.wirral.gov.uk

AUTHORITY CODE OF PRACTICE FOR BAILIFFS

1. **GENERAL PRACTICE**

1. Bailiffs must react quickly and efficiently to requests from the Authority (i.e. if required to stop action, supply progress reports).
2. All monies collected on behalf of the Council must be paid to the Authority at fortnightly intervals.
3. Bailiffs must at all times have sufficient insurance indemnity for all monies collected and due to the Council, and so indemnify the Council against any action which may result from the execution of professional services.
4. Bailiffs must be certificated, with at least two references taken up for suitability and directly employed by the firm and not sub-contractors.
5. Bailiffs using computer systems to maintain their records must be registered with the Data Protection Registrar and ensure accordance with the Data Protection Principles.
6. Bailiffs records (including copy receipts), insofar as they relate to cases referred by this Council, must be available for inspection by authorised council officers on request.
7. Insurance policies providing cover for indemnities must be available for inspection at the request of authorised council officers.
8. No disclosure of information given to bailiffs by the local authority or received by Bailiffs regarding a local authority case will be allowed to any third party.
9. All Bailiffs must be in possession of a personal identity card with photograph and written authorisation of the local authority.
10. Satisfied liability orders will be returned to the Authority on a fortnightly basis.
11. When goods are sold bailiffs must show that the best possible price for goods distrained has been attained by the use of identified auctioneers.

2. **INDIVIDUAL CASE PRACTICE**

1. Distress Warrants must not be retained by the Bailiff for a period longer than 6 months without approval from the authorised officers.

9. In those cases where the distress warrant is in respect of Non Domestic Rate it is clear that removal of goods would cause the closure of the business, the Assistant Council Tax Manager must be consulted before action is taken.
10. If the debtor is not present the case is not to be discussed with any other persons including children of the property. Documents should be left in a sealed plain envelope showing name and address only. Discretion must be used at all times.
11. If the debtor has vacated the premises full enquiries should be made at the property to establish forwarding address and any information gained given without delay.
12. No distraint will be made against any goods considered necessary to maintain "the basics of life" i.e. cooker, heaters, refrigerator, washing machine, beds and clothing. This will also include items clearly identifiable as "children's items" or as items required for or to tend to the disabled, sick or infirm and any items otherwise protected from distraint.
13. Bailiffs must return warrants as soon as it is apparent they are unenforceable.
14. Bailiffs must at all times act with proper courtesy, be smartly attired and act in a discreet manner.
15. Calls either by telephone or in person to a property must not be outside the hours of 8.00 am and 8.00 p.m. without prior agreement of the Assistant Council Tax Manager.

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WIRRAL COUNCIL

CABINET

4 NOVEMBER 2010

REPORT OF THE DIRECTOR OF FINANCE

EXTENSION OF COUNCIL MORTGAGE SCHEME

1. EXECUTIVE SUMMARY

- 1.1 On 26 November 2009 Cabinet considered a report on options for the possible extension of the mortgage scheme. A further update was requested when the Financial Services Authority (FSA) had formulated proposals for a more sustainable mortgage market. This report provides an overview of the current situation regarding mortgage liquidity, a pilot Local Authority Mortgage Guarantee Scheme and Government plans to refocus the Mortgage Rescue Scheme.

2. BACKGROUND

- 2.1 The 2009/10 budget resolution requested the Director of Finance to investigate the extension of Council mortgage provision. This was to be targeted particularly to where the commercial supply of mortgages had dried up and where it would be beneficial for the Authority to encourage the ownership of housing.
- 2.2 Whilst the situation has improved since the economic downturn began, banks continue to restrict the supply of mortgages to the market. There has been a significant reduction in the availability of mortgages and increasingly stringent conditions and arrangement fees imposed by lenders. The latest figures from the FSA show that, in the first quarter of 2010, new lending with more than a 90% loan to value (LTV) ratio accounted for less than 2% of all new mortgages. Where 90% LTV mortgage deals are available, interest rates tend to be in excess of 6% as compared to rates of 4% for those requiring only a 75% mortgage.
- 2.3 The Authority currently has a mortgage portfolio which, in the main, relates to former Council tenants who applied for Council mortgages as part of the Right-to-Buy scheme. Cabinet, on 3 September 2009, agreed to the introduction of a Home Purchase Assistance Loan Scheme targeted initially at Housing Market Renewal areas and restricted to up to 30% of property value and funded from Growth Point resources. On 27 May 2010, Cabinet was advised that this product was subject to further legal advice which concluded that the Local Authority lacks sufficiently reliable powers to introduce the scheme as outlined. Therefore attention has moved to the possibility of introducing other initiatives to support home ownership.

- 2.4 A particularly relevant issue for new-build housing in regeneration areas of Wirral (as well as Liverpool and Sefton) is the undervaluation of property by lenders which is preventing interested buyers from concluding purchases at values they have agreed with developers. Discussions are underway with the Homes and Communities Agency (HCA) about possible options in areas where lenders are taking an extremely cautious position which is stalling the regeneration of neighbourhoods. Very recently, smaller high street lenders have been prepared to value new housing at the price which the developer and purchaser have agreed but this approach is inconsistent and is affecting the take-up of owner occupation. The result of undervaluation is that prospective buyers are forced to provide a larger deposit, the appeal of new-build housing suffers as new homes are being valued at the same levels as existing stock, the confidence of private developers and housebuyers is at risk and market downturn may occur.
- 2.5 The Authority also currently participates in the Government funded Mortgage Rescue Scheme designed to assist vulnerable households.

3. FINANCIAL SERVICES AUTHORITY (FSA) PROGRESS

- 3.1 In October 2009, the FSA set out proposals for reform of the UK mortgage market aimed at making improvements and ensuring greater sustainability for consumers. This was reported to Cabinet on 26 November 2009 when it was agreed that a further report would be presented when the FSA had made recommendations on the way forward.
- 3.2 Based upon the feedback from their initial consultation paper, in June 2010 the FSA put measures in place to ensure proper protection for vulnerable customers either in arrears on their mortgage or entering sale and rent-back agreements. This protection included preventing firms from charging for arrears when an agreement is already in place to repay the arrears and clarifying that repossession is always the last resort.
- 3.3 In July 2010 the FSA produced a consultation paper entitled 'Responsible Lending' which set out a package of proposals aimed at ensuring homeowners are treated fairly. The proposals included imposing affordability tests for all mortgages, making lenders ultimately responsible for assessing a consumer's ability to pay and ensuring that firms only lend to people who can afford to pay the money back. Feedback from this next consultation paper is due in November 2010.
- 3.4 As can be seen from the progress since October 2009 the reforms will be gradual rather than a wholesale change in approach. The FSA has made it clear that there is no set timeframe for its work, it will continue to monitor movements in the mortgage market and it does not intend to rush into any further implementation of rule changes. The preferred approach is to carry out a thorough consultation and impact assessment before any changes are made.

4. MORTGAGE SCHEME OPTIONS

4.1 The report to Cabinet on 26 November 2009 considered the various options available to the Council to assist Wirral residents in the mortgage market. These included:

- Internally run provision.
- Arrangements for third party provision of administration including mortgage application administration, vetting and collection.
- Partnership with lending institutions such as banks or building societies, perhaps either offering joint funding or guarantees

4.2 Local Authority Mortgage Guarantee Scheme (LAMGS)

4.2.1 A number of local authorities, in conjunction with the consultancy firm Sector, have investigated other options for supporting their local housing market. The issues of limited financial resources, staffing and expertise available, combined with the considerable operational risk in entering the residential mortgage market, led to the view that a Partnership Arrangement was the most appropriate solution.

4.2.2 This led to Sector developing the Local Authority Mortgage Guarantee Scheme (LAMGS) which is expected to be operational later in 2010. The scheme would be available to potential buyers who meet the criteria decided by the Local Authority and partner (the lender). The Local Authority would then provide a 'top-up guarantee' to the value of the difference between the typical 75% and a 95% LTV mortgage. The buyer would, thereby, obtain a 95% LTV mortgage but without the need to provide the substantial deposit usually required.

4.2.3 The guarantee could either be unfunded or cash-backed depending on the requirements of the lender. For both types of guarantee, the liability would terminate at the earliest of, either the end of the agreed guarantee period (i.e. five years, which may be extended for a further two years if the mortgage is in arrears at the end of the guarantee period) or an early repayment of the mortgage. In the case of a cash-backed guarantee, the fixed-term deposit would be repaid to the Local Authority at the date of maturity.

4.2.4 However this scheme is not without risk. The way the scheme is set up implies that the local authority is the first to be exposed to any fall in property prices and the lender takes little or no risk. If a property value falls 20% and the mortgagee defaults then the lender gets all their money back with the Local Authority having to make good the guarantee or, if cash-backed, would lose their element of the loan. Consequently the risks are heavily geared against the Authority.

4.2.5 Before progressing with any scheme Cabinet would need to consider the criteria for the scheme:

- Should mortgage guarantee arrangements be restricted to first time buyers and/ or particular areas of the Wirral e.g. the HMRI area?
Given the issues raised in paragraph 2.4 Members may wish to consider targeting the scheme at new build in the HMRI areas.
- What level of guarantee should be offered on a Loan to Value ratio basis?
The guarantee could be offered at the lower of 15% of the purchase price or £20,000 with a LTV of no greater than 95%.
- Should there be a minimum and maximum guarantee?
The maximum guarantee could be £20,000.
- How much should the Authority commit to guarantees?
With a maximum guarantee of £20,000, an allocation of £1 million could see 50 people benefiting from the scheme.
- How long should any scheme operate for and should there be a review date?
After offering £1 million of guarantees there could be an annual review.
- Who within the Council would run the scheme?
Given the potential links with HMRI and the knowledge and experience of the housing market within the Housing & Regeneration Division, the Scheme could be run by the Director of Corporate Services.

4.2.6. The Sector scheme, in partnership with Lloyds Banking Group, was expected to be operational in the summer of 2010. However, issues within the European Commission have delayed its implementation. Sector is confident that the issues can be resolved and, with Blackpool Council acting as lead authority, is hoping for a positive outcome in the near future which would enable the scheme to begin in November 2010.

5. MORTGAGE RESCUE SCHEME

5.1 In February 2009 Cabinet received a report outlining an additional tool available to the Council, through a Government scheme, aimed at providing Mortgage Rescue to vulnerable households.

5.2 The Mortgage Rescue Scheme initiative was set up with the objectives of:

- Assisting first time buyers who are frozen out of current mortgage markets;
- Supporting vulnerable homeowners facing repossession, particularly those who the Local Authority would owe a duty under homeless legislation;
- Ensuring the Government and Local Authorities are as well placed as possible to meet housing needs, especially affordable housing in the short and long term.

5.3 The scheme has, to date, helped 34 people nationwide but has had a positive impact upon helping increase the leniency of mortgage lenders on householders in difficulties and in mortgage arrears management. The scheme is scheduled to close at the end of this financial year and the Government is presently reviewing the scheme with a view to delivering better value for money and targeting homeowners who are most likely to benefit from it.

6. FINANCIAL IMPLICATIONS

- 6.1 The Authority would have to fund any Council-run scheme by borrowing, and charging interest to mortgage holders at a rate which is reviewed periodically by the Government but which is above normal bank rates. The administration of the mortgage portfolio is presently undertaken by an external organisation and any costs would be dependent upon the take up of any scheme.
- 6.2 In terms of the Local Authority Mortgage Guarantee Scheme there would be an element of financial risk for the Authority. This could arise via default on payments and particularly if negative equity occurred or property fell into disrepair. These could be mitigated, but not removed, by such as setting a maximum loan percentage and requiring owners to fund a deposit against the property and the use of rigorous financial assessment procedures.
- 6.3 Dependent upon the requirement of the mortgage lender involved in the Local Authority Mortgage Guarantee Scheme, money may have to be set aside up to the level of mortgage guarantees offered. For £1 million of guarantees the Council may set-aside £1 million, from balances, to cover against potential defaults. Alternatively, if the scheme is unfunded, the Council could decide to fund defaults as and when they occur without setting money aside.
- 6.4 The Mortgage Rescue Scheme is fully funded by the Government and the administration of the scheme can be managed within existing resources.

7. STAFFING IMPLICATIONS

- 7.1 These would vary depending upon whether any scheme was progressed and to what degree, with no staffing resources presently identified.

8. EQUAL OPPORTUNITIES IMPLICATIONS

- 8.1 Any scheme would assist those who are currently having difficulty obtaining mortgage finance. This is likely to benefit, in particular, young people and those in the less affluent areas of the Borough.

9. COMMUNITY SAFETY IMPLICATIONS

- 9.1 There are none arising from this report.

10. LOCAL AGENDA 21 IMPLICATIONS

- 10.1 There are none arising from this report.

11. HUMAN RIGHTS IMPLICATIONS

- 11.1 There are none arising from this report.

12. PLANNING IMPLICATIONS

- 12.1 There are none arising from this report.

13. LOCAL MEMBER SUPPORT IMPLICATIONS

13.1 There are none arising from this report.

14. BACKGROUND PAPERS

14.1 Mortgage Market Review Discussion Paper: Financial Services Authority October 2009.

14.2 Financial Services Authority Statistics on Mortgage Lending: June 2010 edition.

14.3 LAMGS - Local Authority Mortgage Guarantee Scheme: Sector.

15. RECOMMENDATIONS

15.1 That the work of the Financial Services Authority and the Government towards assisting vulnerable households be noted.

15.2 That Cabinet either:-

- a) Notes the availability of the Local Authority Mortgage Guarantee Scheme and that no further action be taken at this time, or
- b) Engage in discussions with Sector, and mortgage lenders, about Wirral joining the Local Authority Mortgage Guarantee Scheme and agrees that either £1 million be set-aside from balances to cover potential mortgage guarantees or that it be recognised that the Council would have to meet the cost of any defaults as and when they arise, from balances.

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/205/10

WIRRAL COUNCIL

CABINET

4 NOVEMBER 2010

REPORT OF THE DIRECTOR OF FINANCE

COMMUNITY BENEFITS IN TENDERS

1. EXECUTIVE SUMMARY

- 1.1. This report seeks Cabinet approval of a Guidance Document for officers to facilitate the inclusion of Social and Community Benefits in Council Contracts.

2. BACKGROUND

- 2.1. The following Notice of Motion was agreed by Council on 19 April 2010:

‘Securing more goods and services from local companies and encouraging others to do the same’

- 2.2. Since its inception the Procurement Unit has promoted and supported initiatives to ensure Social and Community Benefits are included in all Council procurement activity. This includes the active encouragement of local Small, Medium Enterprises (SME’s) and the voluntary, community and faith sector to provide services to the Council.
- 2.3. After a full appraisal of existing available guidance within the procurement portfolio, the lack of guidance or a reference point for officers to promote engagement of local suppliers and service providers through a fully legally compliant tender process was apparent.

3. GUIDANCE PRINCIPLES

- 3.1. Traditional preferences given to large organisations capable of working at scale creates a challenge for smaller organisations, including new ownership models. For new start-ups, SME’s, mutuals and voluntary, community and faith sector organisations, much depends on the complexity, fairness and stability of the commissioning and procurement process. The following are some of the key principles to follow when seeking to engage with SME’s, mutuals and voluntary, community and faith sector organisations and to ensure that Social and Community Benefits are embedded within the Council commissioning and procurement activity:

- i) **Widening access to tender information:**

- Publicise opportunities, particularly lower value contracts using the eSourcing Portal as well as the website, in order to increase take up;
- Cascade information through other organisations such as Chambers of Trade and Commerce;
- Understanding the type of company that is capable of tendering for work and whether there are any SMEs/social enterprises/ mutuals who are capable of undertaking this work;

- Avoid over specifying the requirements and provide signposting and advice on how businesses can find out more about meeting pre-qualification requirements such as quality standards.

ii) **Building the capacity of local suppliers:**

- Invite local businesses to attend familiarisation or open days at the Council where they can find out about tender opportunities and talk to staff involved in the commissioning and procurement process;
- Provide training and support to social enterprises/mutuals on the development of public procurement tenders to enable them to benefit from the delivery of public services and for public services to benefit from being delivered through locally relevant social enterprises;
- Provide a contact point for suppliers for more information so that they can call someone and discuss the tender if they are unsure;
- Encourage and support consortia bids from social enterprises, mutuals and SMEs in the area so that local suppliers are in a position to tender for larger contracts.
- Design in protocols for targeted support for successful bidders from user-led organisations.

Considering the scale and size of contracts:

- Consider the removal of 'lower limit' clauses and division of services into smaller 'lots', whilst ensuring compliance with EU and UK legislation.
- Provide the environment for stable funding/finance arrangements.
- Does the contract really require the tender to be delivered by one main supplier, or would there be advantages in dividing the contract? This may provide opportunities to add value. Some contracts will be too large for smaller businesses by nature of the type of work involved. However, there are opportunities to encourage successful companies to sub contract smaller parts of the work as required to SMEs, mutuals and the voluntary sector. The Council will encourage this process by organising open days to provide opportunities for contractors and sub contractors to meet each other and by signposting contractors to possible sources of information about subcontractors that may be based locally.

iv) **The use of “community benefit” clauses:**

An example of the type of social benefit that this is often used to fulfil is in relation to supporting employment and training opportunities, particularly for people in the community who are furthest from the labour market.

The use of community benefit clauses should be supported by strategic documents such as community plans. The sustainable community strategy paves the way to include community benefit clauses in contracts.

v) **Procurement: An important aspect of future economic strategy:**

Research has demonstrated that public sector procurement does play a role in contributing to how money circulates within local economies and its impact, whether large or small, cannot be underestimated or ignored in economic strategy. The Council should not regard procurement as simply a process to be managed, but should think about how to use the relationship between procurement and local economies to support Wirral businesses during the current recession in a way that is concomitant with EU and UK legislation.

vi) **Enabling the growth of new ownership models such as mutuals:**

- When public sector staff are looking to set up new enterprises to deliver public services, guaranteed contracts may not be long enough to incentivise them to take the risk of “spinning out”. Commissioners should be supported to value the potential of mutualisation and design services with individual or community ownership at a premium;
- A sense of direct involvement, participation and ownership distinguishes the community mutual model from other structures. Staff have a constitutional stake in management and ownership and there is inherent democratic accountability. Commissioners should be encouraged to value user and employee voices and look at opportunities for gaining social benefit from non-commercial options which can demonstrate the ethics of engagement.

4. LIST OF EXISTING ACTIVITIES

4.1. The Council is currently carrying out a number of initiatives to engage local enterprise, these include:

i) **Procurement Services Website:**

<http://www.wirral.gov.uk/my-services/business/tenders-and-contracts>

- Tendering Opportunities posted;
- How to do Business with the Council Guide;
- Contracts Register with all contract start/finish dates and values;
- Details about Constructionline membership;
- Contracts Procedure Rules explained;
- Contacts to other sub-regional tender opportunities.

ii) **Constructionline:**

On all construction tenders, under European thresholds (£3.9m), a minimum of three local suppliers are included in the list, taken from Constructionline, to be invited to tender.

iii) **Construction Employment Integrator:**

Adopted by the Council to support the ‘hard to reach’ unemployed to obtain training within Council contracts and to find employment in the construction industry.

- iv) **Local Labour Content** in Construction Contracts is requested from contractors.
- v) **The Procurement Team** and other Council officers are involved in delivering workshops/training days, in collaboration with Wirral Invest, to local companies to help them both compete and win Council and other Public Sector contracts. The following are examples of events which have taken place over the past year:

- 'Boost your Business' March 2009
- 'Wirral Business Fair' July 2009
- 'Improving your success with the Public Sector' November 2009
- 'Construction Forum' March 2010
- 'e Sourcing Workshop' June 2010
(This workshop introduced local SME's to the new electronic sourcing data base that will publish all Council tender opportunities over £10,000 – in accordance with the Glover Report)
- 'Wirral Business Fair' July 2010

Three more events are planned for this financial year, including programmes to support the voluntary sector in partnership with NHS Wirral.

5. PROPOSED GUIDANCE TO OFFICERS

- 5.1. In order to codify the guidance principles and initiatives highlighted above, the Procurement Unit has produced a handbook, which is attached to this report at Appendix 1, entitled: "**Incorporating Social and Community Benefits into Council Contracts. A Guide for Officers**".
- 5.2. If the guidance is approved by Cabinet, it is proposed to launch it as part of the ongoing training programme within the Council for all officers engaged within the commissioning and procurement process. This will ensure that the aim of '**Securing more goods and services from local companies and encouraging others to do the same**' is embedded into the procurement culture.

6. FINANCIAL IMPLICATIONS

- 6.1. The annual spend with local suppliers and contractors is approximately £28m which represents approximately 20% of the total expenditure on supplies and services. This figure will act as a benchmark after implementation of the 'Incorporating Social and Community Benefits Guide' to measure the impact of the Guidance.

7. EQUAL OPPORTUNITY IMPLICATIONS

- 7.1. There are none arising directly from this report. The Glover report indicates that electronic sourcing will improve access to supply opportunities to the Council for local suppliers, SME's and the voluntary, community and faith sector.

8. COMMUNITY SAFETY IMPLICATIONS

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

9. HUMAN RIGHTS IMPLICATIONS

9.1. There are none arising directly from this report.

10. LOCAL AGENDA 21 IMPLICATIONS

10.1. This process will significantly reduce the use of paper, envelopes, and transport emissions from the use of mailing services for printed documents.

11. PLANNING IMPLICATIONS

11.1. There are none arising directly from this report.

12. MEMBER SUPPORT IMPLICATIONS

12.1. There are none arising directly from this report.

13. BACKGROUND PAPERS

13.1. Glover Report – Accelerating the SME economic engine: through transparent, simple and strategic procurement, November 2008.

14. RECOMMENDATION

14.1. That Cabinet approve the “Incorporating Social and Community Benefits into Council Contracts. A Guide for Officers”.

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/157/10

Wirral Council

Corporate Procurement

DRAFT

**Incorporating Social and Community Benefits
into Council Contracts
A
Guide for Officers**

November 2010

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Appendix A – Case Law

1. Introduction

The following 'Notice of Motion' was agreed by Council on 19 April 2010:

'Securing more goods and services from local companies and encouraging others to do the same'

The Council's Corporate Procurement Strategy: Key Priorities and Action Plan (v) states:

*'Realising **social, environmental and community benefits** through our procurement activities, by developing socially responsible specifications, building social, environmental and community benefits into the evaluation process where appropriate and legal to do so, and working with suppliers and contractors post contract award to explore opportunities for bringing such benefits to the local community, including the introduction of the Construction Employment Integrator.'*

This guide is intended for use by Officers to ensure that the above objectives are routinely embedded within all of the commissioning and procurement activity of the Council.

2. Definition

- 2.1. It is possible for a "Social" or "Community" issues (henceforth called "Community Benefits") to be a core requirement of a procurement and consistent with both the Council, UK and EU Procurement Regulations.
- 2.2. A Community Benefit clause may be included in the contract specification and used as tender evaluation criteria provided:-
 - (a) it is **relevant** to the product or service being procured; there cannot be a 'blanket' requirement;
 - (b) it can be properly **measured, monitored** and **verified** (numerical targets are the easiest to monitor);
 - (c) it contributes to the delivery of Best Value and is supported by strategic documents and as such helps Wirral Council deliver its **key policy objectives**.

3. Context

3.1. Community Benefit clauses are one of a range of “Social Clauses” that can be legally included in public contracts as part of the procurement process. They allow social and environmental considerations to be ***included in the contract specification and used in the selection and award procedures***. The clauses should provide added social value. For instance, a contract which will lead to new employment could ensure that the long-term unemployed from the local community are employed.

3.2 The following ‘hierarchy’ of terms is helpful in explaining how a Procurement Strategy links in to the use of practical clauses in tender documentation:-

1. ***“Sustainable Procurement” is a way of delivering the Council's sustainable development objective.*** Sustainable procurement has traditionally been concerned with environmental issues, but there is now greater awareness of the need to extend this to social and local economy issues. The Sustainable Procurement Task Force's definition of sustainable procurement is: *“a process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits to society and the economy, whilst minimising damage to the environment”*



2. ***“Social Issues” are part of the still wider concern of “Sustainable Procurement”.*** Social Issues in the context of procurement includes core labour standards, disabled access, disability, gender and race equality, employment and training issues, fair trade, and support for SMEs, Mutuels, including social enterprises, black and ethnic minority enterprises and women and disabled-owned businesses



3. ***“Community Benefits” is one element in a wider range of “Social Issues”.*** Community Benefits include not only targeted recruitment & training, but also equal opportunities, training for the existing workforce, supply-chain initiatives, community consultation, 'considerate contractor' schemes, contributions to education, the promotion of social enterprises, mutuels and resources for community initiatives



4. ***Targeted recruitment and training (TR&T) is one element in a wider range of Community Benefits.*** Targeted Recruitment & Training (TR&T) outcomes are viewed as key Community Benefits with clear scope for use in public sector contracts.

4. Use of Community Clauses

- 4.1. Community Benefit clauses are most suited to works and services contracts.
- 4.2. The EU says that community benefit clauses (or social and environmental clauses) can be included in contracts, provided that suppliers who are **not** local are **not** disadvantaged or discriminated against and the contract complies with government procurement policy and Best Value.
- 4.3. Community benefit clauses **should be supported by strategic documents such as Community Plans**. We should therefore be clear about its role in social and economic development in our Best Performance Plan/Community Plan. This helps create an audit trail that legally links best value and procurement.
- 4.4. Wirral should be able to use procurement to help deliver some of its core policy objectives. Our procurement activities should contribute to the economic, social and environmental well being of the authority. Wirral's **Sustainable Community Strategy** paves the way for us to include community benefits which will deliver:-
- A strong local economy for Wirral;
 - Safer, stronger communities in all parts of the borough;
 - The best possible health and well being for all families and individuals;
 - Excellent life chances for children and young people;
 - A high quality living and working environment;
 - Sustainable, appropriate housing for all.
- 4.5. To be included in any evaluation process, Community Benefit requirements must be part of the core purpose of the contract and included as a core part of the contract specification. For example, in a Construction contract, training and recruitment may be included as part of the specification and award criteria. For example. employment of a certain % of young trainees or % of unemployed people (so the "Community Benefit" = targeted recruitment and training). This would be acceptable providing, for example, that we did not specify that they must be **local** people, which would be discriminatory as the 'local' element would not accord with EU Treaty principles.

For example, an award criterion based on the percentage of local people employed

We must not discriminate e.g. we should state or imply that Community Benefits can be achieved from **anywhere** in Europe; or when specifying benefits with a local impact we must enable **any** bidder to comply;

The one word we definitely must **not** use is "Local". For example, reference must not be made to the "use of local businesses" or the "use of local long-term unemployed".

It may be a good idea to write in relevant "Recitals" from the EU Consolidated Directives verbatim into the ITT documents. This will provide the policy context for the community benefits within which the procurement is taking place.

We can insert relevant community/social criteria either as a benchmark to compare socially responsible offers with each other, or as a way of introducing a social element and giving it a certain weighting.

- 4.6. As obvious as it sounds, any clause must actually provide a benefit.

Clauses must be included in the OJEU contract notice if the clause is to be included in the contract.

An overriding principle is that EU Regulations do not permit favourable treatment to be given to suppliers from particular countries, local business, SMEs, Mutuels, voluntary, community and faith sector organisations etc in the evaluation and award of business. All EU member states are viewed as a single market and there should be no discrimination on the basis of location. However, measures to remove barriers to their participation and improving access to tendering opportunities and information can be used. These are highlighted in **Section 5**.

The European Commission has identified three categories of “social consideration”:-

1. measures that will ensure compliance with fundamental rights and the principle of equality of treatment and non discrimination;
2. measures that will ensure compliance with national legislation on social affairs and Community directives in the social field;
3. measures for the integration of disadvantaged or unemployed people with a view to combating unemployment and social exclusion.

(Introduction - Interpretative Communication October 2001)

In February 2005 the Office for Government Commerce published its “Efficiency Programme: Sustainable Procurement statement”. It explains:

“Sustainable procurement refers to all “policy-through procurement” issues – where public procurement is seen as a lever to achieve wider policy objectives. These include: environmental or “green” issues; the creation of jobs and wealth in regeneration areas; opportunities for Small and Medium Enterprises (SMEs) and Ethnic Minority Businesses (EMBs); fair trade and the inclusion of developing countries; adult basic skills; disability, race and gender equality; innovation; and the promotion of ongoing and contestable supplier markets. These issues are sometimes also known as “exogenous issues”.

5. Practical Steps

5.1. Examples of community benefits include:

- Social benefits - targeting recruitment at the long term unemployed, accessibility for disabled users to resources, monitoring ethnicity within organisations;
- Economic benefits - encouraging bids from SMEs*(see below), Mutuels *, BMEs and voluntary, community and faith sector organisations;
- Environmental benefits - use of sustainable materials, use of low emission vehicles, local supplies reducing food miles.

5.2. Link to selecting SMEs *

Wirral wants to do business with SMEs that provide quality goods, works and services at a cost that provides the best overall value. We cannot guarantee any supplier future business or discriminate in favour of Wirral SMEs during any procurement. However, we would like to break down any barriers that SMEs may be experiencing in doing business with us:-

- Put response times in specification e.g. must be able to attend urgent meetings on site at 1 hour’s notice;
- Advertise all tender opportunities on our website;
- Hold ‘Meet the Buyer’ type events to encourage local participation;
- In addition to The Chest, consider additional option to advertise locally;

- Engage the community and encourage participation by the voluntary, community and faith sector;
- Inform local companies (who may have previously expressed an interest) to look out for upcoming opportunities on our website, and to register on The Chest;
- Split requirement into Lots wherever possible so as to encourage smaller suppliers to tender for specific elements more in keeping with their capacity;
- Keep financial standing requirements proportional to the contract – do we really need 3 years full accounts for a contract worth £50,000?

5.3. **Mutualisation / Mutuels**

- This term refers to the increased use of mutual organisations to provide services under contract to local authorities.
- Mutual organisations are those whose members have joined together with a common purpose to provide a shared service of mutual benefit. They are legally constituted in a number of ways. Mutual business structures include co-operatives, building societies and other employee-owned businesses.
- The Council will encourage and support the creation of mutuels or cooperatives, where practical, to provide value for money council services.
- In doing so, consideration will be given to the removal of 'lower limit' clauses and division of services into smaller 'lots', whilst ensuring compliance with EU and UK legislation.
- The Council will endeavour to provide an environment for stable funding/finance arrangements, for mutuels, through its commissioning and procurement activity.

5.4. **Community benefits could include opportunities to:**

- lower unemployment and provide good quality jobs;
- create economically successful areas;
- develop safer and stronger communities;
- develop healthy communities;
- provide good facilities for young and old;
- Not for profit organisations supported;
- Community organisations in receipt of resources (this could be by using a village hall for example);
- Members of the local community involved in the management of the tender;
- Collaborative working with voluntary, community and faith sector organisations;
- Volunteers involved;
- Volunteers trained;
- Added value– complementary services being delivered to the community in parallel to the contract (this could be the organisation is already delivering a parenting programme funded by a charitable trust that will complement and enhance the contract).

5.5. **Local Employment**

Whilst on one hand it may be acceptable for Wirral to maximise local employment, and have this as a policy statement, as far as EU tendering is concerned we have to be careful not to discriminate against businesses outside of our area. So careful consideration needs to be given as to how we translate a policy of, say, 'local jobs' into a non-discriminatory contract requirement e.g. targeted recruitment and training.

Examples of promoting "Employment Opportunities" could be:-

- promotion of youth employment;
- promotion of employment of persons from disadvantaged groups;

- promotion of employment opportunities for the long-term unemployed;
- promotion of employment for old-age unemployed (older workers).

5.6. OJEU Notice

The inclusion of social requirements in contract conditions must be mentioned in any OJEU notice. The following model wording is suggested (this would typically go in the section "other information") and lets us reserve the right to take account of social and environmental issues in the award of the contract:-

"Under this procurement exercise the contractor will be required to support the authority's economic and social regeneration objectives. Accordingly, contract performance conditions may relate in particular to social and environmental considerations."

Where recruitment is included as a requirement of the contract, the CPV for "labour recruitment and the provision of personnel services", CPV 74500000-4, should be included in the list of CPV codes given in the OJEU Notice.

5.7. Pre-Qualification Questionnaire

Where recruitment and training is included as a requirement of the contract the following questions can be asked and scored in the section of the PQQ that assesses technical capacity and ability. Note, however, that any PQQ questions relating to Community Benefit clauses should concentrate on experience/capacity and not actual proposals (which are evaluated in the tender document):-

"Please give examples of your involvement in each of the following:

- *generating employment and training opportunities for long-term unemployed people;*
- *providing training opportunities;*
- *the development of trade skills in your existing workforce; and*
- *equal opportunities recruitment procedures.*

What was your exact involvement in each of the above activities? Which of the examples you have cited have been more successful, and which have been less successful, and why?"

5.8. Specification

Clauses should be included in the Community Benefits section of a specification. The specification must be considered on a case by case basis. Some key considerations to take into account are as follows:-

Requirements Relevant to the Specific Contract

What requirements are relevant to this specific contract, taking account of:

- the nature of the works or services to be delivered;
- the scale and duration of the contracts;
- the policy priorities and the need for the opportunities that could be provided;
- the most appropriate way to describe and measure the requirement;
- specifying a clear minimum requirement in the tender documentation and contract so that tenderers all bid on an equal basis;

- proportionality, i.e. ensuring the burden placed on the supplier is proportionate to the potential community benefit.

5.9. Collecting Community Benefits Information in the Tender

What information is required from the bidders at each stage of the award process and how will this be evaluated? It is easier to compare bids if information is provided in a standard format. Community Benefit provisions in the tender must be judged only on objective and measurable outcomes. Authorities must only collect information that will be used in evaluating the tender.

Chapter 6, National Procurement Strategy for Local Government:-

“Under the Local Government Act 2000, councils are required to prepare a community plan (Community Strategy as defined in the Act) and have powers to promote the economic, social and environmental wellbeing of their communities. Provided that there is compliance with EU public procurement regulations and Best Value, councils can work with suppliers to realise “community benefits” of this kind through their procurement activities”.

“Councils should invite bidders for partnerships to include in their offers optional, priced proposals relating to the delivery of specified community benefits (economic, social and environmental) that are relevant to the contract and that add value to the council’s community plan. This might include employment, training and enterprise opportunities in the locality and local multiplier effects. Impacts upon voluntary sector partners and the sustainability and equality issues of the area may also be factored into priced proposals where relevant to the contract”.

(Above shaded areas are mentioned in Wirral’s Corporate Procurement Strategy 2010 (App C))

6. Conclusions

- 6.1. Rather than being an obstacle to the inclusion of Community Clauses, the EU is showing increasing interest in writing guidance outlining the benefits of socially responsible procurement.
- 6.2. It is accepted in government that within the procurement field there is a need for a cultural change – that procurement professionals are not aware that they are able to, or are unfamiliar with, how to consider the wider social policy aspects in specific procurement exercises. A lot of us simply don’t know that we are able to think about some of these issues within the procurement framework, and have bought the myth that somehow it is not legal.
- 6.3. With regards how to action the inclusion of social clauses, it is accepted that there are technical difficulties. For instance, when faced with two procurement proposals, each proposing different social benefits, how can they be to be compared and scored?
- 6.4. Two potential barriers to the use of such clauses can be foreseen. Firstly, there is the cultural challenge required from procurement professionals. Secondly there is the technical challenge of how to value important potential social impacts that do not have market values.

Departments engaged within the commissioning and procurement process should seek the support of Corporate Procurement for further advice.

Case Law

The case law around social considerations in procurement and European legislation goes back some way. For example:

- *Beentjes* (1987): The European Court of Justice decreed that it was lawful to include contract conditions that related to a particular area because these were mentioned in the OJEC notice. This demonstrates that social considerations should be included in any OJEU notice.
- *Nord-Pas-de-Calais*: If two bids are scored equally on the basis of being most economically advantageous, then secondary requirements (e.g. some social factors) could 'tip the balance'. In practice, however, two bids rarely (if ever) score exactly equally.
- *Finnish Buses* (2002): A tender specified a requirement for low emission standards. The court agreed that, because this standard had been adopted for benefit of whole population, it was permissible. This demonstrates how including social consideration in policy is vital.
- *EVN* (2003): During a procurement process for electricity, it was stated that a certain percentage must be from a renewable source. This was impossible to deliver through the grid and so was struck down by the courts. The conclusion is that elements must only be specified if they can be properly monitored and verified.
- *Interpretative Communications: Environmental (July 2001), Social (October 2001)*: These described how environmental and social issues could be included in requirements for technical capacity, although they were overtaken by *Finnish Buses* case law. They emphasise that purchasers should not deal with specifications based on locality.

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WIRRAL COUNCIL

CABINET

4 NOVEMBER 2010

REPORT OF THE DIRECTOR OF FINANCE

FORMER REGENERATION DEPARTMENT – BUDGET VIREMENT

1. EXECUTIVE SUMMARY

- 1.1. Cabinet on 23 September 2010 agreed a report on the Restructure of the Regeneration Department. This report details the budget changes that result from that decision.

2. BACKGROUND

- 2.1. On 23 September 2010 the Director of Law, Human Resources & Asset Management reported to Cabinet on the Restructure of the Regeneration Department.

- 2.2. It was agreed that the following arrangements be implemented with immediate effect:-

Former Regeneration Department	to	New Department
Housing and Regeneration Division	to	Corporate Services
Regulation Division	to	Law, HR & Asset Management
Cultural Services (exc libraries)	to	Technical Services
Library Service	to	Finance
All asset management responsibilities for the built assets of the leisure estate	to	Law, HR & Asset Management

Whilst the budget responsibilities for asset management have been re-assigned the services will be recharged for the asset costs in order to comply with accounting guidelines (the Statement of Recommended Practice).

- 2.3 For completeness the budget changes also include the previously agreed transfer of the Neighbourhood Nuisance Service to the Children & Young People Department.

3 FINANCIAL IMPLICATIONS

3.1 The revisions to the agreed Revenue Budget 2010/11 are shown in Appendix 1:-

Department	Budget Change (£)
Children & Young People	+ 231,300
Corporate Services	+ 25,468,800
Finance	+ 6,544,700
Law, HR & Asset Management	+ 10,050,200
Technical Services	+ 16,269,000
Regeneration	- 58,564,000

The Original Revenue Budget for 2010/11 for Regeneration of £60.837 million has been revised for the reduction in Area Based Grants (£2.058 million) agreed by Cabinet 22 July 2010 and the departmental share of the Policy Option for Early Voluntary Retirement in 2009/10 (£0.215 million) agreed by Cabinet 22 February 2010.

3.2 The revisions to the agreed Capital Programme with the allocation of schemes to departments are shown in Appendix 2:-

Department	2010/11	2011/12	2012/13
	Capital Schemes Transferred	Capital Schemes Transferred	Capital Schemes Transferred
	£'000	£'000	£'000
Corporate Services	14,642	13,612	13,612
Law, HR, Asset Mgt	3,983	4,000	4,000
Technical Services	360	0	0

4. STAFFING IMPLICATIONS

4.1. There are none arising directly from this report.

5. EQUAL OPPORTUNITIES IMPLICATIONS

5.1. There are none arising directly from this report.

6. HUMAN RIGHTS IMPLICATIONS

6.1. There are none arising directly from this report.

7. LOCAL AGENDA 21 IMPLICATIONS

7.1. There are none arising directly from this report.

8. COMMUNITY SAFETY IMPLICATIONS

8.1. There are none arising directly from this report.

9 PLANNING IMPLICATIONS

9.1. There are none arising directly from this report.

10. LOCAL MEMBER SUPPORT IMPLICATIONS

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

11. BACKGROUND PAPERS

11.1. Restructure of the Regeneration Department – Cabinet 23 September 2010.

12. RECOMMENDATION

12.1. That the Revenue Budget virement be agreed.

12.2. That the Capital Programme changes be agreed.

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/214/10

APPENDIX 1

FORMER REGENERATION DEPARTMENT
REVENUE BUDGET CHANGES

Base Estimate 2010/11 £	Budget Transfer 2010/11 £
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TRANSFERRED TO CORPORATE SERVICES:

25,468,800

HOUSING AND REGENERATION SERVICES

Housing Market Renewal Initiative	187,700
Housing Strategy	660,300
Private Sector Housing	1,298,100
Regeneration Implementation	676,400
Rehousing Services	868,500
Supporting People	11,632,100
Tranmere Together	350,000
Working Neighbourhoods Fund	10,075,600
Housing And Regeneration Services Total	<u>25,748,700</u>

AGREED SAVINGS

Service Re-Engineering	(274,600)
Vacancy Control	(5,300)
Agreed Savings Total	<u>(279,900)</u>

TRANSFERRED TO LAW, HR AND ASSET MGT:

10,050,200

REGULATORY SERVICES

Community Safety	2,059,000
Environmental Health	2,835,900
Licensing	53,300
North Western and North Wales Sea Fisheries Committee	45,000
Port Health Authorities	128,500
Trading Standards and Consumer Advice	934,900
Regulatory Services Total	<u>6,056,600</u>

HALLS

Halls	701,000
Halls Total	<u>701,000</u>

COMMUNITY SERVICES

Community Services	1,488,400
Community Services Total	<u>1,488,400</u>

PLANNED PROPERTY MAINTENANCE

Planned Property Maintenance	750,000
Library Maintenance	1,200,000
Planned Property Maintenance Total	1,950,000

PROPERTY MANAGEMENT

Property Management	-
Property Management Total	-

STRATEGIC ASSET REVIEW

Strategic Asset Review	(26,700)
Strategic Asset Review Total	(26,700)

AGREED SAVINGS

Service Re-Engineering	(119,100)
Agreed Savings Total	(119,100)

TRANSFERRED TO TECHNICAL SERVICES:

16,269,000

CULTURE & HERITAGE

Art Galleries and Museums	960,500
Theatre, Arts and Culture	1,007,600
Tramway	156,800
Culture & Heritage Total	2,124,900

PARKS & OPEN SPACES

Allotments	42,700
Beach Lifeguards	352,300
Birkenhead Park	533,500
Cemeteries and Crematorium	40,800
Golf	(95,800)
Parks and Open Spaces	4,631,600
Ranger Service	900,000
Parks & Open Spaces Total	6,405,100

SPORT & RECREATION

Health & Sports Grant Funded Initiatives	16,000
Sports Centres	7,762,100
Sports Development	260,000
Sport & Recreation Total	8,038,100

AGREED SAVINGS

Service Re-Engineering	(299,100)
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Agreed Savings Total	<u>(299,100)</u>	
TRANSFERRED TO FINANCE DEPARTMENT:		6,544,700
<u>LIBRARY SERVICE</u>		
Libraries	<u>6,629,000</u>	
Library Service Total	<u>6,629,000</u>	
<u>AGREED SAVINGS</u>		
Service Re-Engineering	<u>(84,300)</u>	
Agreed Savings Total	<u>(84,300)</u>	
TRANSFERRED TO CHILDREN & YOUNG PEOPLE		231,300
<u>NEIGHBOURHOOD NUISANCE</u>		
Neighbourhood Nuisance	<u>231,300</u>	
Neighbourhood Nuisance Total	<u>231,300</u>	
TOTAL		58,564,000

		APPENDIX 2		
FORMER REGENERATION DEPARTMENT CAPITAL PROGRAMME CHANGES		Original Approved Programme 2010/11	Approved Programme 2011/12	Approved Programme 2012/13
		£000	£000	£000
PROGRAMME				
TRANSFER TO CORPORATE SERVICES:				
Improvement to Stock		3,380	3,380	3,380
Clearance		8,682	8,682	8,682
Disabled Facilities - Adaptations		2,050	1,550	1,550
CCTV / IT Project		530	0	0
Total		14,642	13,612	13,612
TRANSFER TO LAW, HR & ASSET MGT:				
Landican Mercury Abatement		1,983	0	0
Cultural Services Assets		2,000	4,000	4,000
Total		3,983	4,000	4,000
TRANSFER TO TECHNICAL SERVICES:				
Oval Sports Centre - artificial pitches		160	0	0
Europa Pool - Improved heating system		200	0	0
Total		360	0	0
FUNDING				
TRANSFER TO CORPORATE SERVICES:				
General Capital Resources		1,830	800	800
Grant - HMRI		7,485	7,485	7,485
Grants - Regional Housing Pot		4,577	4,577	4,577
Grants - Other		750	750	750
Total		14,642	13,612	13,612
TRANSFER TO LAW, HR & ASSET MGT:				
General Capital Resources		3,683	3,700	3,700
Revenue, Reserves and Contributions		300	300	300
Total		3,983	4,000	4,000
TRANSFER TO TECHNICAL SERVICES:				
General Capital Resources		360	0	0
Total		360	0	0

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WIRRAL COUNCIL

CABINET – 4 NOVEMBER 2010

REPORT OF THE DIRECTOR OF TECHNICAL SERVICES

ENVIRONMENTAL STREETSCENE SERVICES CONTRACT - VALUE ENGINEERING

1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to update Cabinet of progress of an ongoing Value Engineering exercise carried out jointly by Biffa and Technical Services, as requested by Cabinet in the budget resolution of 16th October 2008 (Minute 219d refers).
- 1.2 This report builds on the previous report to Cabinet of 23rd July 2009 that highlighted a £285k additional requirement for the contract but also that additional income has been realised from Garden Waste Recycling Credits. This report also highlighted the need to fund a contractual Property Count Uplift that we expect to equate to annual growth of around £25k per year, along with the impact of the annual inflation adjustment as laid down in the contract conditions (£406k per year).
- 1.3 In this report Cabinet is requested to approve this additional contract requirement and the Property Count Uplift but also approve a number of short term Value Engineering Budget Options to help contribute towards the Council's overall efficiency savings. The detailed financial implications of each of these Value Engineering options is of a commercially sensitive nature and has therefore been included as a press exempt appendix to this report.
- 1.4 Finally the report provides an update on expenditure to date, on the Capital Waste Infrastructure Development Grant and seeks approval for the removal of the revenue support element from the 2011/12 budget, along with approval of proposed expenditure of the remaining grant monies. This being the last year in which this grant will be available to the authority.

2.0 BACKGROUND

- 2.1 The new Environmental Streetscene Services contract was awarded to Biffa Waste Services in May 2006 and came into force on 22nd August 2006.
- 2.2 During the past four years, the contract has achieved significant successes including the following:
 - The borough wide roll-out of the grey bin Alternate Weekly Collection service to over 138,000 properties, including collections on Bank Holidays;
 - The restructuring and expansion of the garden waste service to over 108,000 properties;
 - The significant improvement in local environmental quality through better street cleansing and related activities has meant we have achieved the challenging Public Service Agreement (PSA) standard.

- 2.3 A comprehensive report outlining the progress of the contract including contract management arrangements and realisation of proposed benefits was presented to Cabinet on 24th May 2007.
- 2.4 At the meeting on 3rd April 2008, Cabinet approved the use of 2008/9 Waste Capital Infrastructure Grant to fund the roll-out of co-mingled recycling facilities to multi-occupancy properties and on-street recycling facilities in primary and secondary retail areas, and also the progression of the procurement exercise for garden waste treatment facilities (Minute 576 refers).
- 2.5 At Cabinet on 15th January 2009, the new Garden Waste Composting Facilities contract commencing 1st April 2009 was awarded (Minute 340 refers). This report highlighted financial savings that need to be taken into account as a result of awarding the new contract as well as a number of other issues such as the proposed use of Recycling Credits and financial pressures on the Department's Waste and Environment budgets that would be the subject of a further report.
- 2.6 At Cabinet on 23rd July 2009 (Minute 72 refers) a Contract Review report highlighted the need to fund a contractual Property Count Uplift that we expect to equate to annual growth of around £25k per year. Additionally the contract contains a requirement to adjust core payments and contract rates in line with movements in the RPI index. Both of these issues are covered in more detail within section 4.0 of this report.
- 2.7 The current value of the core contract with Biffa is £11.779M for 2010/11 consisting £7.449M for waste collection and £4.332M for street cleansing.

3.0 PROPOSED VALUE ENGINEERING OPTIONS CURRENTLY UNDER ACTIVE DEVELOPMENT IN PARTNERSHIP WITH BIFFA

I have been actively working in partnership with Biffa to develop a range of value engineering proposals as detailed below.

Option 3.1: - Remove "Additional School Cleansing" requirement from the Environmental Streetscene Contract (VE1)

Throughout the life of the Biffa contract, this extra street sweeping element of the contract has not been delivered. This is due to no "dewatering" facility being available to Biffa to drain off their mechanical sweepers. Biffa have experienced significant "down time" travelling to their depot to use a temporary facility they have provided. It was agreed that the additional cleansing around schools be suspended to account for this "down time", and avoid an additional "tipping away" fee being levied by Biffa on the Council. The MWDA have subsequently provided a dewatering facility at Bidston, hence there is now an opportunity to re-evaluate the need for this resource. This issue is being considered in conjunction with other initiatives to review the operational approach to street cleansing to provide dedicated teams working within their own 'local' areas.

Targeted Start Date For Initiative: April 2011

Potential Financial Implications: See Appendix

Option 3.2: - Removal of 7-year Break Clause from the Environmental Streetscene Contract to automatically extend the contract to run its full 14-year term (VE2)

The Environmental Streetscene Contract commenced in August 2006. It is a 14-year contract (i.e. to August 2020) with a 7-year Break Clause (effective at August 2013) and an option to extend the contract for a further 7 years (to August 2027). Biffa have indicated that they would be keen to secure the longer-term contract in advance in return for reducing the contract price and preliminary negotiations have suggested a figure stated in the appendix.

Whilst this option will realise financial savings without any reduction to services, it is important to note that pursuing this option would prevent the Council from testing the market in three years time, or from entering into joint procurement exercises with other Districts on Merseyside for current waste collection services. Even so, it is important to note this does not preclude the Council taking action against the contractor in the event of poor contractual performance. Biffa's satisfactory performance to date and the co-operative partnering arrangement we have nurtured gives me no reason to doubt their ability or dedication to this contract both now and in the future.

Targeted Start Date For Initiative: April 2011

Potential Financial Implications: See Appendix.

Biffa have also indicated that further savings could be offered in the event that the Council were prepared to agree at this time to let the contract run its full term i.e. until August 2027.

Option 3.3: – Alter Payment Terms For the Environmental Streetscene Contract to include quarterly payments in advance (VE3)

Given the size of the of the operation, Biffa have significant sums of money tied up with financing capital funding requirements, this being subject to relatively high financing charges. In comparison, the Council receives a relatively lower capital investment income from its own reserves. Hence there is any opportunity for the Council to provide contract payments in advance, thus providing a potential financial benefit to both partners. In conjunction with the Director of Finance and after receiving appropriate financial calculations from Biffa, I have reached agreement on terms for providing quarterly payments in advance for the core work provided under the Environmental Streetscene Contract. This arrangement was introduced in May 2010 and is anticipated to result in a discounted payment (i.e. saving to the Council) on an ongoing basis as detailed in the Appendix.

Actual Start Date For Initiative: May 2010

Financial Implications: See Appendix

Option 3.4: - Move to a 4-day working week for the grey/green bin collection service (VE4)

The current Environmental Streetscene Contract calls for green and grey bins to be emptied Monday to Friday including bank holidays. The terms and conditions of employees that transferred to Biffa from the existing contractor at the start of the

contract did not include a requirement to work Bank Holidays. Hence Biffa are forced to pay disproportionate compensation to crews to operate on Bank Holidays.

An alternative approach would be to operate all collections Tuesday to Friday, in the same manner as the garden waste service. This proposal would result in some initial disruption to the public, as Biffa advise that up to 50% of collection days may need to be changed to accommodate the need to extend the remaining working days and change operational collection route boundaries. Additionally, it will take some time to negotiate new contracts for the operatives and changes may not be able to be implemented until the new Materials Recovery Facility (MRF) is built at Gillmoss, due to capacity issues at the MRF at Bidston. It should also be noted that this initiative will require the support of the MWDA in terms of making tipping facilities available for longer opening hours to cater for the extended working days.

Many Districts have opted to operate services over 4 days due to additional benefits, such as freeing up maintenance time for vehicles, utilising vehicles for additional duties on Mondays, and allowing for an extra contingency day for catching up on collections suspended due to bad weather. This option is often favoured by operatives, which can simplify the negotiating process and minimise the financial implications of changing terms and conditions of employee contracts. Under this proposal, Good Friday would still operate as a normal collection day. At this stage it is estimated this could achieve an annual revenue saving as detailed in the Appendix.

All costs associated with notifying individual properties of the changes, i.e. the printing and delivery of revised collection calendars, would be met by Biffa.

Targeted Start Date For Initiative: April 2012

Potential Financial Implications: See Appendix

4.0 ONGOING CONTRACT GROWTH REQUIREMENTS

4.1 The Environmental Streetscene Contract includes for an annual review and adjustment of contract payments in line with the requirement to collect waste from an increase in the number of households and the impact of movement in base RPI figures over the preceding 12 months. These adjustments apply on each 12 month anniversary of the contract start date, in August of each year and have been detailed as follows.

4.2 Annual Property Count Uplift

The contract includes an obligation to vary the contract by an agreed formula on an annual basis to reflect additional new properties coming on stream during the preceding twelve months. The full year effect of this increase from August 2010 is likely to be £25,000. Cabinet are now requested to agree the Property Count Uplift, along with the associated budgetary implications, from August 2010.

4.3 Annual RPI Inflationary Adjustment

The Environmental Streetscene Services Contract allows for an annual uplift of the contract sum each August by reference to the prevailing rate of inflation as defined by the Index of Retail Prices (all items).

The contract sum was not amended in August 2009 as inflation was negative at that time, being -1.3%. As there is no provision within the terms of the contract to reduce the annual sum it was agreed that there would be no adjustment until inflation returned to a positive figure. The contract sum would then be uplifted to reflect the current inflation rate, reduced accordingly to include the previous negative percentage.

The Retail Price Index in the year to August 2010 increased by 4.7%, giving an effective uplift to the contract of 3.4% when the previous year's negative element is taken into account.

Application of the adjusted rate of inflation to the contract sum of £11.95m gives an additional requirement from August 2010 of £406,000 per annum. This will impact on the 2010-2011 budget in the sum of £237,000, with a further requirement in 2011-2012 of £169,000.

Cabinet are requested to note and approve the impact on this year's budget. In future years it is proposed that there will be an annual review of the financial aspects of the contract including RPI Inflation and Property Count Uplift to be reported to Cabinet in October. This will enable appropriate allowances and estimates to be included in future budgets for both of these core growth items.

5.0 UPDATE ON CAPITAL WASTE INFRASTRUCTURE DEVELOPMENT GRANT (WCIG)

- 5.1 The Council has, over the past few years, received a capital grant which is to be used for the development of Wirral's waste infrastructure to meet the strategic aims of the service. This grant has been used to fund a number of initiatives, which have been reported to Cabinet on a regular basis.
- 5.2 In 2008-2009, the Council received a Waste Infrastructure Capital Grant of £551,000, with a further £549,000 and £202,000 payable in 2009-2010 and £2010-2011 respectively. As part of the 2008/09 Estimates Report, the Director of Finance offered to use part of this grant to finance existing revenue expenditure which was agreed in the sum of £292,700, subsequently reducing to £202,000 in 2010-2011, the latter comprising the whole of the grant receivable this year. This temporary saving has been effected by transferring budgeted revenue expenditure of a capital nature, such as equipment and replacement wheelie bins, into the capital programme and using an equivalent sum of grant to finance this expenditure.
- 5.3 As 2010-2011 is the last year of the grant, it will be unavailable to finance existing revenue expenditure in 2011-2012, resulting in unachievable grant income of £202,000 within Technical Services revenue budget. Cabinet are now requested that this grant requirement be deleted from the 2011-2012 base budget.
- 5.4 The current status of the remaining £222,100 capital expenditure on this grant has been summarised below.

Expenditure To Date on WCIG 2010-2011	
Initiative	Expenditure (£)
CCTV System to aid enforcement of fly tipping.	£12,500
Refuse & Recycling vehicle signage to raise awareness of waste issues.	£41,755
Equipment for parks patrol officers to aid dog fouling enforcement.	£4,997
Total Expenditure To Date	£59,252

Proposed Expenditure on WCIG 2010-2011	
Initiative	Expenditure (£)
Recycling signage for multi occupancy properties.	£12,000
Bins, bags & boxes for recycling/refuse collections.	£55,848
New and replacement litter bins.	£95,000
Proposed Expenditure November 2010 to March 2011	£162,848

Cabinet is requested to note progress on expenditure to date and approve proposals for further expenditure for the remainder of the year as detailed above.

6.0 FINANCIAL IMPLICATIONS

6.1 Summary of Financial Implications

The key financial implications, arising from the initiatives contained within the main body of this report, have been summarised below.

Initiative	Implementation Year/Financial Implications (savings/growth shown carries forward into subsequent years unless stated otherwise)		
	2010/2011	2011/2012	2012/2013
Value Engineering Options 3.1 to 3.4 (VE1 to VE4) as detailed in the Appendix	-£123,000	-£315,000	-
4.2 Adjustment arising from growth in households	£25,000	£ 25,000	-
4.3 ESC contract Annual RPI inflation adjustment.	£237,000	£406,000	-
5.3 Deletion of WCIG grant support to revenue account.		£202,000	-

6.2 From 2011/12 onwards the net effect of the ongoing contract growth requirements (£633k p.a.) offset by the Value Engineering Options outlined in section 3.0 and summarised/detailed in the Appendix to this report.

7.0 STAFFING IMPLICATIONS

7.1 The management of the Environmental Streetscene Services contract including implementation of any value engineering budget options approved by Cabinet will be contained within existing staffing resources.

8.0 HUMAN RIGHTS IMPLICATIONS

8.1 There are no specific human rights implications arising from this report.

9.0 EQUAL OPPORTUNITIES IMPLICATIONS

9.1 There are no specific equal opportunity implications arising from this report.

10.0 PLANNING IMPLICATIONS

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

11.0 COMMUNITY SAFETY IMPLICATIONS

11.1 There are no implications under this heading.

12.0 ANTI-POVERTY IMPLICATIONS

12.1 There are no implications under this heading.

13.0 SOCIAL INCLUSION IMPLICATIONS

13.1 There are no implications under this heading.

14.0 LOCAL AGENDA 21 IMPLICATIONS

14.1 All current and planned activity surrounding waste collection aims to reduce overall waste arising and divert waste from landfill, supporting LA 21 objectives.

15.0 ACCESS TO INFORMATION ACT

15.1 No background papers have been used in the preparation of this report.

16.0 LOCAL MEMBER SUPPORT IMPLICATIONS.

16.1 The Environmental Streetscene Services Contract affects all Wards across the Borough.

17.0 RECOMMENDATIONS

17.1 Cabinet is requested to: -

- (1) Approve the value engineering initiatives as detailed within sections 3.1, 3.2 & 3.3 of this report and delegate authority to the Director of Technical Services to finalise and implement these initiatives;

- (2) Endorse in principle, the value engineering option contained within section 3.4 of this report and request that the Director of Technical Services provide further reports to Cabinet on the detailed implications associated with the full introduction of this initiative;
- (3) Note and approve the budget growth items relating to ongoing contract growth requirements associated with the annual Property Count Uplift, annual RPI inflationary adjustment and the ending of the ongoing capital grant support to the revenue account as detailed within sections 4.2, 4.3 and 5.3 of this report;
- (4) Endorse the proposal to report to Cabinet on an annual basis on the financial aspects of the Contract including RPI Inflation and Property Count Uplift and include an appropriate allowance for these in future year's budgets; and
- (5) Note the progress to date on expenditure of the Waste Capital Infrastructure Grant and approve the proposals to spend any remaining grant as detailed within section 5.4 of this report.

DAVID GREEN
DIRECTOR, TECHNICAL SERVICES

WIRRAL COUNCIL

CABINET – 4th NOVEMBER 2010

REPORT OF THE DIRECTOR OF TECHNICAL SERVICES

PROPOSED GATING ORDER POLICY - SECTION 129 OF THE HIGHWAYS ACT 1980

1.0 EXECUTIVE SUMMARY

1.1 Members are asked to consider and approve a Gating Order Policy for Wirral.

2.0 BACKGROUND

2.1 Gating Orders are covered by S129 of the Highways Act 1980 and the (Gating Orders) (England) Regulations 2006.

2.2 It should be noted that the making of Gating Orders is a discretionary power and there is no statutory requirement for a local authority to approve Gating Orders.

2.3 The Council has received requests as set out in Appendix 1 and it is necessary, therefore, for the Council to agree a policy for the consideration of these and future applications.

3.0 PROPOSED POLICY

3.1 It is proposed that the following policy is adopted for consideration of Gating Orders.

3.2 Applications will only be considered if they fulfil (a) and (b) as set down in the Gating Order Regulations i.e.

- (a) the premises adjoining or adjacent to the highway are affected by crime or anti-social behaviour
- (b) the existence of the highway is facilitating the persistent committing of criminal offences or anti-social behaviour

In addition it is proposed that the following criteria must apply before the Council will consider commencing the statutory Gating order procedure:

1. A Crime and Anti-Social Behaviour report for the previous 12 months is commissioned from the Wirral Joint Community Safety Team to assess whether there is a case for an order to be considered (i.e. that a and b above apply).
2. It can be shown that concerns of crime and anti-social behaviour genuinely outweigh opposition from non-residents.
3. That there is a suitable alternative route.
4. That other measures such as CCTV have been unsuccessful.

5. A written statement is received in support of the application from the Wirral Area Commander for Merseyside Police.
6. That there is an identified budget for the installation and maintenance of gates at the relevant location or that the matter be referred to the appropriate Area Forum for consideration for funding from one of their own funding streams.

3.3 Where all of the above criteria are met, the Authority consider the commencement of the statutory Gating Order procedure.

4.0 ADDITIONAL CONSIDERATIONS

- 4.1 Even where evidence is produced which confirms that criminal or anti-social behaviour exists, it may not be possible to close a section of highway due to the absence of a defined boundary structure to close up to i.e. public open space areas
- 4.2 Consideration must also be given to ensuring that Gating Orders do not cause excessive inconvenience to highway users and the design ensures that gates are wheelchair accessible.

5.0 GATING ORDER PROCEDURE

- 5.1 The proposed Order has to be advertised, local residents and statutory organisations consulted and written representations invited as to whether or not the proposed gating order should be made.
- 5.2 The Public Notice of a draft Order is then advertised requesting any written representations within 21 days.
- 5.3 If public objections are received, an authority may determine that a public inquiry needs to be held. Alternatively the Council may determine the matter without public inquiry but taking account of objections received. If no objections are received the Council can make the Order.
- 5.4 Once an order has been made, Section 129D of the Highways Act 1980 allows individuals to challenge the making of an order in the High Court within 6 weeks of the order being made on a procedural basis.
- 5.5 Gating orders should be reconsidered after a reasonable period of time when statistical evidence shows that the level of anti-social behaviour and criminal activity has been reduced and the highway can be re-opened following due consideration and consultation. Public consultation is required for this.

6.0 FINANCIAL AND STAFFING IMPLICATIONS

- 6.1 The Technical Services Department does not currently have a budget for gating orders and the four implemented so far have had to be funded from the highway maintenance revenue budget. The estimated cost of erecting gates is between £4000 and £5000 per site, depending on the size and complexity of each location, plus the ongoing maintenance costs, the value of which is unknown. Legal and advertising costs are additional to this.

- 6.2 In view of the number of requests now being received, it has been determined that there is a need to establish a policy for Gating Orders to ensure a uniform approach to all requests.
- 6.3 Members will be aware of the pressures on the highway maintenance budget and clearly as indicated in paragraph 3.2.6 identification of financial resources from within existing budgets will be necessary prior to agreeing to each order being implemented.
- 6.4 One possible source of future funding to be explored is from within the You Decide allocation to Area Forums.
- 6.5 In the guide list of services in the Forum questionnaire, alley gating is referred to under the Community Safety heading. However, the Forum remit is for funding to be allocated on the most requested suggestions, depending on the overall cost.
- 6.6 2010/11 funding has already been allocated but this type of funding could be available for future years.

7.0 EQUALITY IMPACT ASSESSMENT

- 7.1 No negative impact on any equality group has been identified as a result of this policy.
- 7.2 Consideration is given to ensuring that gating orders do not cause excessive inconvenience to highway users and the design ensures that gates are wheelchair accessible.

8.0 PLANNING IMPLICATIONS

- 8.1 It will be necessary to consult with planning officers where requests may affect a conservation area or gates exceed 2.0 metres in height.

9.0 COMMUNITY SAFETY IMPLICATIONS

- 9.1 The Gating Order policy will assist in dealing with crime and anti-social behaviour.

10.0 HUMAN RIGHTS IMPLICATIONS

- 10.1 There are no known implications arising under this heading.

11.0 LOCAL AGENDA 21 IMPLICATIONS

- 11.1 There are no known implications arising under this heading.

12.0 SOCIAL INCLUSION IMPLICATIONS

- 12.1 There are no known implications arising under this heading.

13.0 ANTI-POVERTY IMPLICATIONS

- 13.1 There are no known implications arising under this heading.

14.0 ACCESS TO INFORMATION ACT

14.1 The Highways Act 1980 and (Gating Orders) (England) Regulations 2006 have been referred to in the preparation of this report.

15.0 LOCAL MEMBER SUPPORT IMPLICATIONS

15.1 This report is of interest to all Council Members.

16.0 RECOMMENDATIONS

16.1 Cabinet is requested to approve the gating order policy as set down in paragraphs 3 and 4 of this report.

DAVID GREEN
DIRECTOR OF TECHNICAL SERVICES

Appendix 1

Requests have been received for gates to be erected at the following locations:

- 1) Larkhill Way / Dereham Drive Footpath, Upton
- 2) Olivia Close to Eastview Close, Noctorum
- 3) Wethersfield Road, Noctorum
- 4) Rear of 149 Home Farm Road, Woodchurch
- 5) Path between 60 and 62 Davenham Avenue, Oxton
- 6) Path adjacent to 47 Malpas Road, Wallasey
- 7) Path adjacent to 2 Deans Way, Birkenhead
- 8) Path from Town View to Ridley Street, Oxton
- 9) Various paths and highway around St Edwards Close, Birkenhead
- 10) Beaconsfield Road Underpass

WIRRAL COUNCIL

CABINET – 4 NOVEMBER 2010

REPORT OF THE DIRECTOR OF TECHNICAL SERVICES

WIRRAL COASTAL STRATEGY AND ACCEPTANCE OF ENVIRONMENT AGENCY GRANT

1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to inform Members of the Wirral Coastal Strategy which will provide the business case for the management of the Wirral coastline in accordance with the policies in the adopted Shoreline Management Plan (SMP).
- 1.2 Members are asked to approve acceptance of Environment Agency grant to undertake the Wirral Coastal Strategy.

2.0 BACKGROUND

- 2.1 Members will be aware that the policies in the Shoreline Management Plan from Great Orme to Southport which relate to Wirral were adopted by Cabinet on 2nd September 2010. The Shoreline Management Plan is a high-level document which sets out policies based on broad assessments of coastal processes and also broad assessment of flood and coastal erosion risks and benefits.
- 2.2 It is recognised by the Environment Agency (EA) that further, more detailed study is required to build on the broad assessments made in the SMP in order to develop a robust business case for delivery of the SMP policies. This further study, a coastal strategy, will be undertaken in line with current Flood and Coastal Erosion Risk Management Guidance to determine, where future investment is required at the coast, provide the business case for grant-in-aid for that investment and also provide a timescale for delivering the SMP policies.
- 2.3 A scoping exercise (Wirral Coastal Viability Study (WCVS)) has already been undertaken to determine whether there was sufficient understanding at the appropriate level of detail of the coastal processes affecting Wirral and the level of confidence in the estimates made regarding flood and coastal erosion risk.
- 2.4 The WCVS acknowledged that whilst there is a good level of data and knowledge relating to the Wirral coast, the improvements made to coastal defences during the past 40 years have generally been undertaken in isolation in response to specific local problems, without the benefit of a strategic approach. The study concluded that there is now a requirement to undertake a strategic review of flood and coastal erosion risk management, utilising recent work carried out to better understand coastal processes at Wirral and to look for opportunities to maximise the benefits from future coastal defence improvements. This will be done by identifying areas where a strategic approach can be implemented, either by carrying out works in parallel, or by tying into other developments in the coastal zone such as regeneration works.
- 2.5 Based on this need an approach was made to the EA, who now administer grant-in-aid for flood and coastal erosion risk management, for funding to undertake a Wirral Coastal Strategy. The approach was successful and the EA have approved £208,000 grant to carry out the Wirral Coastal Strategy during 2010/11 and 2011/12.

3.0 WIRRAL COASTAL STRATEGY

3.1 Whilst the Wirral Coastal Viability Study concluded that a detailed assessment of the Wirral coast was required, it did carry out in part an assessment of the existing business case that is used to inform the EA's medium term plan for future capital investment. The WCVS identified 4 priority areas which it recommended should be the focus of the Wirral Coastal Strategy. These areas are:

- West Kirby Flood Reduction Scheme
- Hoylake and Meols Sea Wall
- Wallasey Embankment Reinforcement
- Kings Parade Flood Alleviation

The Coastal Strategy will firstly confirm the level of flood and coastal erosion risk at these (and other) locations and then confirm the business case for investment in these areas. The Coastal Strategy will also identify opportunities for working in partnership with regeneration proposals in the same areas. By doing this the strategy will deliver a sustainable plan of management actions that meet current economic, social and environmental criteria.

3.2 With the exception of a small length between Rock Ferry and Seacombe, the whole of the Wirral Coast is of International Importance for Nature Conservation. The Shoreline Management Plan assessed the likely impact of the proposed policies on the environment through its Strategic Environmental Assessment. A requirement of the Wirral Coastal Strategy will be to develop the Strategic Environmental Assessment to ensure that any actions undertaken in delivering the SMP policies do not produce adverse environmental impacts or where impacts are identified they are appropriately mitigated in line with the requirements of the Habitats Regulations.

3.3 The Coastal Strategy will also link in with other strategic initiatives in the region such as:

- Tidal Dee Flood Risk Strategy
- Mersey Coastal Park Strategy
- Wirral Strategic Flood Risk Assessment
- Water Framework Directive
- Wirral Local Development Framework

to ensure that actions delivered through the Wirral Coastal Strategy are in line with these other strategic initiatives.

3.4 Additionally the Wirral Coastal Strategy will aim to deliver the local actions identified in the Shoreline Management Plan, which are required to inform the review of the SMP in the next 10 years. The coastal strategy is an ideal vehicle for taking these actions forward and the outputs from the local studies will help to inform not only the next SMP review but also the strategy itself.

3.5 The Wirral Coastal Strategy will have outputs which will progress future capital investment in Wirral's coastal defences. Project Appraisal Reports (PARs) will be produced for each area where the business case is robust enough to justify future works. Submission of these Project Appraisal Reports to the Environment Agency will be the basis of the applications for grant aid for those projects already identified on the EA's Medium Term Plan. Successful progression of the PARs will allow the EA to give financial and technical approval to the works and approval for grant aid.

4.0 FINANCIAL IMPLICATIONS

4.1 The Wirral Coastal Strategy is estimated to cost £208,000. An application for 100% grant funding has been approved by the Environment Agency.

5.0 STAFFING IMPLICATIONS

5.1 Any future staffing requirements to deliver the Shoreline Management Plan policies through the Coastal Strategy will be entirely funded from Environment Agency Grant-in- Aid.

6.0 EQUAL OPPORTUNITIES/EQUALITY IMPACT ASSESSMENT

6.1 An Equalities Impact Assessment was undertaken in 2008 for the delivery of the coastal defence service. The assessment found that coastal defence policy provides positive benefits to all by ensuring access to the coast by reducing the risk of erosion and flooding.

7.0 HEALTH IMPLICATIONS/IMPACT ASSESSMENT

7.1 There are no implications under this heading.

8.0 COMMUNITY SAFETY IMPLICATIONS

8.1 There are no implications under this heading.

9.0 LOCAL AGENDA 21 IMPLICATIONS

9.1 In order to comply with Habitats Regulations the Wirral Coastal Strategy will develop the Strategic Environmental Assessment which forms part of the Shoreline Management Plan. In addition an appropriate assessment will be undertaken as part of the Wirral Coastal Strategy to assess the impacts on European designated habitats.

10.0 PLANNING IMPLICATIONS

10.1 Planning Policy Statement 25 Supplement "Development and Coastal Change" identifies Shoreline Management Plans as forming an important element of the evidence base for Local Development Frameworks. The Policy recommendations from the SMP and their delivery through the Wirral Coastal Strategy will therefore need to be taken into account in formulating the policies in Wirral's Core Strategy.

10.2 The PPS 25 supplement also indicates that Planning applications in areas subject to coastal change should be subject to an assessment of the vulnerability of the proposed development to coastal change and any impact on coastal change.

11.0 ANTI-POVERTY IMPLICATIONS

11.1 There are no implications under this heading.

12.0 HUMAN RIGHTS IMPLICATIONS

12.1 There are no implications under this heading.

13.0 SOCIAL INCLUSION IMPLICATIONS

13.1 There are no implications under this heading.

14.0 LOCAL MEMBER SUPPORT IMPLICATIONS

14.1 This report has relevance for all Wards, but with particular relevance to coastal Wards.

15.0 BACKGROUND PAPERS

15.1 The following papers have been used in the preparation of this report:

- Flood and Coastal Erosion Risk Management Appraisal Guidance, Environment Agency, March 2010
- Adoption Of The Shoreline Management Plan, Cabinet 2nd September 2010
- Wirral Coastal Viability Study Volume 1 : Main Report, AECOM, March 2010

16.0 RECOMMENDATIONS

16.1 Cabinet is requested to :

- (1) Approve acceptance of the Environment Agency grant in the sum of £208k;
- (2) Approve the production of the Wirral Coastal Strategy as described in this report;
- (3) Increase the Technical Services Capital programme by £208,000 to undertake the relevant study.

DAVID GREEN, DIRECTOR
TECHNICAL SERVICES

WIRRAL COUNCIL

CABINET – 4th November 2010

REPORT OF THE INTERIM DIRECTOR OF CORPORATE SERVICES

MERSEYSIDE ENVIRONMENTAL ADVISORY SERVICE CONTRACT RENEWAL 2010/11

1. EXECUTIVE SUMMARY

- 1.1 The Council jointly funds the Merseyside Environmental Advisory Service, which provides specialist advice on the Local Development Framework and planning applications. Technical expertise and funding is shared between the 5 Merseyside District Councils and Halton Borough Council, thus providing economies of scale and specialist shared services that could not be effectively provided at District level. Sefton Council is the lead authority for procurement of the service.
- 1.2 This report asks Cabinet to agree to the renewal of the contract for provision of this important advisory service for the one year period to 31st March 2011 in accordance with paragraph 5.1.2 of the Council's Contract Procedure Rules. Funding is to be shared between the Corporate Services and Technical Services Departments and can be accommodated within existing budgets.

2. Introduction

- 2.1 The Merseyside Environmental Advisory Service (MEAS) is based in Maghull and provides a range of specialist advisory services to subscribing Authorities on a wide range of statutory functions. These services include advice on current and emerging European and national environmental policies, assistance with Local Development Plan Document preparation (including the joint Merseyside Waste Development Plan Document), Sustainability Appraisal, Strategic Environmental Assessment and Appropriate Assessment under the Habitats Directive. In support of development management decisions, MEAS advises on site-specific environmental matters, including the analysis of Environmental Assessments. The MEAS has provided advice on a series of major planning applications in recent years, including the Neptune proposals at New Brighton and the Wirral Waters proposals.
- 2.2 The MEAS has been established for a number of years, having been set up to support the core Districts of Sefton, St Helens and Knowsley. More recently, Liverpool City Council, Wirral and Halton have become partners, with annual contracts. Management is provided through a directing group drawn from senior officers in the 6 Authorities, who provide overall direction and monitor performance and workload.

2.3 Funding for 2009/10 was divided as follows:

District	09/10 contribution	% of Core Budget	Actual work % 09/10	10/11 core contribution (assumes 0% inflation)	% of Core Budget
Sefton	£95,267	24.7%	27.1%	£95,267	24.7%
Knowsley	£95,267	24.7%	19.5%	£95,267	24.7%
St Helens	£95,267	24.7%	23.9%	£95,267	24.7%
Halton	£15,943	4.2%	7.3%	£15,943	4.2%
Wirral	£31,673	8.2%	11.5%	£31,673	8.2%
Liverpool	£50,985	13.3%	10.7%	£50,985	13.3%
Totals	£384,402			£384,402	

This table also shows the proposed 2010/11 contribution, which reflects the actual amount of work carried out on behalf of each District in the past and the potential for growth in service provision. As in previous years (Cabinet 4th February 2010, Minute 311 refers and Cabinet 10th December 2008, Minute 314 refers), the core Districts have continued to subsidise Halton, Wirral and Liverpool. The core Districts remain concerned that a more equitable distribution of funding should be achieved.

2.5 Cabinet agreed at its meeting on 4th February 2010, that additional work, over and above that already timetabled and costed (MEAS provide itemised breakdowns of officer time by project) should be paid for on a 'Pay by project' basis, with MEAS billing Wirral Council for additional time, at already established rates (para 1.8 of the draft legal agreement submitted by MEAS). Such additional work and cost will normally arise from proposals such as Wirral Waters, where a proportion of the planning application fee has been directed to the cost of specialist MEAS advice. The core funding to Wirral for 2010/11 has remained at £31,673, a figure that has remained unchanged for the last two financial years, reflecting the low level of inflation and the absorption of costs by MEAS.

3. Benefits

3.1 The service provided by MEAS offers the following benefits:

- The service provides good value for money, when set against the cost of commissioning private consultants for individual pieces of work;
- MEAS combines local knowledge with technical expertise not otherwise available or economic for individual Districts to provide;

- It provides a capacity to provide common approaches to local environmental issues (an approach supported by national advice, including the White Paper 'Strong and Prosperous Communities');
- Specialist planning policy advice on waste, minerals and contaminated land; and
- Preparation of pan-Merseyside Local Development Framework Documents, such as the Joint Merseyside Waste Development Plan Document, Supplementary Planning Documents, Minerals Evidence Base and Renewable Energy Evidence Base (these last two being supporting documents to Wirral's Local Development Framework Core Strategy).

4. Other Considerations

- 4.1 MEAS is a key specialised unit that provides support to the Merseyside Districts. This shared service is staffed by experienced, specialist staff, whose skills would otherwise have to be provided in-house in each District or by external private consultants. The costs of providing the service by others than MEAS would require additional staffing resources in each District to provide support for statutory development control and development plan functions.
- 4.2 Members are asked to consider a further single year's contribution to MEAS, rather than a longer-term contract renewal. This is because sub-regional arrangements are still to be reviewed, following the setting up of the City Region Cabinet and its constituent Environment and Waste Board. Wirral is the lead authority on the development of the Environment and Waste Board and that Board will consider the most effective way of delivering the shared services currently provided by MEAS (subject to any proposals then being agreed by each District's Cabinet).

5. Summary

- 5.1 MEAS provides a significant technical contribution to several important areas of planning policy and development management. Continuation of this service will continue to provide Wirral with access to high quality, low cost, specialist environmental advisory service at a time when the need for such services is increasing.
- 5.2 Whilst funding can be provided from existing resources, current constraints limit commitment to the current year, after which the situation will need to be reviewed in consideration of the budgetary position at that time and any revised arrangements that the City Region Cabinet propose. Any additional costs beyond the agreed work programme and budget will have to be funded on a 'Pay by Project' basis, reflecting in part additional income to the authority gained as a result of planning fees on major applications (such as Wirral Waters) that generate the additional work for MEAS.

6. Financial implications

- 6.1 Current funding is provided from existing Corporate Services Departmental budget, alongside a similar contribution from Technical Services Department (50:50). The funding requirement of £31,673 for 2010/11 can be accommodated within Corporate Services budget (£15,836.50) and Technical Services budget (£15,836.50). This

figure has not increased since 2008/2009, reflecting the absorption of increased costs by efficiency measures within MEAS. Any additional funding requirements for work over and above this budget will be funded from departmental resources, including the relevant planning application fee, subject to the Directors of Technical Services and Corporate Services delegated powers.

- 6.2 The contract commitment is time-limited to 31st March 2011, reflecting the need to reconsider the provision of joint services to the sub-region in the future.
- 6.3 The funding agreement sought by this report does not include contributions towards the preparation of the Joint Merseyside Waste Development Plan Document, for which Cabinet made provision at its 30th June 2005 meeting (Minute 80 refers).

7. Staffing implications

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

8. Equal Opportunities/Equality Impact Assessment

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

9. Community Safety implications

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

10. Local Agenda 21 implications

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

11. Planning implications

- 11.1 The services provided by MEAS support statutory functions in development control and development planning. Without such expert and specialist advice, the Council would be at risk of making unsound decisions.

12. Anti-poverty implications

- 12.1 There are no implications arising directly from this report.

13. Human Rights implications

- 13.1 There are no implications arising directly from this report.

14. Social Inclusion implications

- 14.1 There are no implications arising directly from this report.

15. Local Member Support implications

- 15.1 There are no implications arising directly from this report.

16. Background Papers

16.1 The following background paper has been used in the preparation of this report:

‘Strong and Prosperous Communities – The Local Government White Paper’,
Department for Communities and Local Government, October 2006

RECOMMENDATION

In accordance with paragraph 5.1.2 of the Council’s Contract Procedure Rules, Cabinet agrees to extend the MEAS contract on the terms described above for the 2010/11 financial year, until 31st March 2011, at a cost for core services of £31,673 for 2010/11.

K. ADDERLEY

Interim Director of Corporate Services

This report was written by Richard Lewis in the Strategic Development Division of Corporate Services, who can be contacted on 0151 691 8222.

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WIRRAL COUNCIL

CABINET – 4TH NOVEMBER 2010

REPORT OF THE INTERIM DIRECTOR OF CORPORATE SERVICES

MERSEY TIDAL POWER PROJECT

1. EXECUTIVE SUMMARY

- 1.1 This report informs Members of progress to date with the Mersey Tidal Power Project being developed by Peel Energy and the North West Development Agency (NWDA).
- 1.2 The report recommends that Members note the work undertaken by Peel Energy/NWDA to date, welcome the commitment by Peel to comprehensive public consultation and gives the Interim Director of Corporate Services delegated authority to provide detailed comments on the Statement of Community Consultation and Draft Communications Plan in line with the Council's agreed protocols for public consultation, including the Statement of Community Involvement.

2. Background to the Mersey Tidal Power Project

- 2.1 In 2006 Peel Energy, in partnership with the North West Development Agency (NWDA) (and supported by the Mersey Basin Campaign) set out to explore the potential, the impacts and the implications of utilising the Mersey Estuary's renewable energy potential. A large scheme has the potential to meet the electricity needs of up to 260,000 homes. The work has comprised two phases:

Phase 1 – “Power From the Mersey” Pre – Feasibility Study – October 2007

- 2.2 A consortium of consultants led by Buro Happold was commissioned by Peel Energy and the NWDA in July 2006 to undertake what was described as a 'pre-feasibility' study – “Power from the Mersey”. The primary objective of the study was to undertake a full and open assessment of the options available for the generation of renewable energy and to undertake a preliminary assessment of viability. The Estuary was divided into four study zones and the initial screening process identified 9 potentially viable tidal power technologies.

Phase 2 – Feasibility Stage – September 2009

- 2.3 Peel Energy and the NWDA commenced the phase 2 feasibility stage of the project in September 2009. This stage aims to identify a single preferred tidal power scheme that stands the greatest chance of delivering the maximum

affordable energy from tidal resources in the Mersey Estuary, having regard to impacts on the environment, shipping, business and the community, as well as options for mitigation or compensation. This phase is also considering potential wider economic and social benefits from the project including the development of facilities and skills to support the development of renewable energy technologies and their supply chains; improvements to local infrastructure; and the potential for the development of a leisure opportunity and tourist attraction around the completed project. The work, which is being undertaken by a consortium of consultants, breaks down into three stages.

Stage 1 – Preparation of a long list of applicable technologies

2.4 This first stage comprised a technical screening exercise to identify a long list of potential tidal power technologies which could be used in the Mersey Estuary. Each technology was evaluated against a set of criteria relating to the characteristics of the estuary, the maturity of the technology and the delivery framework. A key factor is the shape of the estuary which has significant implications for the speed of flow of tidal waters – quickest in the narrows, slower in the upper estuary. It also has implications for the size and length of structures which might be required. Other factors such as navigation by shipping, impact on fisheries, sea level rise and ecology (which is particularly significant on the Estuary) were considered.

2.5 The list of candidate technologies was based on the knowledge and experience of the team members, the findings of the Mersey Tidal Power Phase 1 work and the much earlier Mersey Estuary tidal power studies (including those produced in connection with the Mersey Barrage proposals in the late 1980s). The consultants also drew on experience of tidal power schemes either in operation or being developed elsewhere - in particular the (now completed) work being done to assess tidal power generation potential in the Severn Estuary (see paragraph 2.12 of this report below). The report identified four main technologies to take through to stage 2 for further assessment:-

- Tidal impounding barrage - incorporating conventional turbines similar to those routinely used in low head hydroelectric power applications. The tidal barrage concept is based on developing a head difference (in water levels) as the tide rises or falls. Once the head difference between the impounded zone (the basin) and the natural estuary has reached a suitable value, turbines located in the barrage would start operation.
- Tidal power gate – which could perform as a very low-head barrage – containing a grid of specially designed, smaller turbines. This is the kind of technology used to produce power from, for example, reservoir spillways and sluices and involves a much smaller change in water levels in the impounded basin;
- Tidal fence – a means of capturing energy from the natural or constrained speed of the tidal flow – with either horizontal- or vertical-axis turbines - designed for generating electricity in open streams;

- Spectral marine energy converter (SMEC) - an alternative tidal fence based on a new proprietary device that concentrates the energy contained in a large body of slow-moving water into a smaller body of fast-flowing water using the Venturi effect. This is still at an early stage of development.

2.6 The Stage 1 report emphasises that tidal power technology is rapidly evolving (many devices – particularly those intended to be installed in open water to capture tidal energy - are still at concept stage) and as such it may be appropriate in the future to bring new options into the assessment or reintroduce options which were previously screened out.

2.7 The Stage 1 work was published in February 2010 – the results of the study are in the public domain and are available on the project website both as a full report and as a non-technical summary at:

<http://www.merseytidalpower.co.uk/>

Stage 2 – appraisal of the long list of technologies and formulation and appraisal of scheme options to identify a shortlist

2.8 In this stage, the long list of potential technologies identified under stage 1 is being used to develop several possible power schemes. The study examines the technology options in two broad bands – deeper water (located approximately Tranmere/Rock Ferry to Dingle) and – shallower water (located approximately Eastham Docks to Garston Dock).

2.9 The work aims to identify the locations and the layouts that provide the best energy yield within the constraints of the estuary. Each potential scheme was assessed for potential impacts on shipping, marine ecology, flood risk, drainage, water quality, contamination and sedimentation. The results of this assessment would feed into revisions to scheme layout design to mitigate potentially harmful impacts and improve their sustainability rating. Other key considerations include the energy yield of each option and likely construction, installation and operation costs (including grid connection issues); commercial viability (including project financing and the likelihood of securing Government backing and/or private sector investment) and socio-economic impacts and benefits; land allocations, regeneration initiatives, planning commitments and potential for land-side access and infrastructure.

2.10 The report will be accompanied by a shadow sustainability appraisal and habitats regulations assessment. Consultation took place in July 2010 on a Sustainability Scoping Report: Approach to Sustainability Issues which summarised the project teams approach to ensuring that sustainability issues are considered throughout the course of the project. Council officers have provided the consultants with the sustainability objectives for Wirral's Local Development Framework to ensure a consistency of approach and Merseyside Environmental Advisory Service are also inputting into the process on behalf of all the Merseyside Local Authorities.

- 2.11 At the end of Stage 2, the project team will be in a position to select a shortlist of potential schemes from which, during Stage 3, to select the preferred option for which planning permission will be sought. The results of the stage 2 work were – at the time of writing – expected to be published at the end of October. This will be the first opportunity for Council officers and other stakeholders to input and comment on the main Stage 2 Report which has been undertaken exclusively by Peel Energy’s consultants.
- 2.12 As Members will be aware, the Department of Energy and Climate Change (DECC) published the Severn Tidal Power Feasibility Study on the 18th October 2010 and announced that there was no strategic case for public funding of a scheme to generate energy in the Severn Estuary and that other low-carbon options represented a better deal for taxpayers and consumers. Commercial viability and potential for Government funding forms part of the Stage 2 work as indicated above, but the implications of the DECC announcement for the Mersey Tidal Power Project are as yet unclear at the time of writing.

Stage 3 – Selection of the preferred scheme option

- 2.13 This phase has not yet started, and will involve further refinement and appraisal of the short list of scheme options identified in stage 2 leading to the selection of a final preferred scheme including the route for grid connection, supporting infrastructure, construction compound and possible visitor centre. The aim is to complete this short-listing work by the end of March of 2011.

3. Consenting process

- 3.1 Peel Energy intend to submit a planning application for the finalised Mersey Tidal Scheme in early 2012. Under current legislation an application for the finalised scheme would probably fall to be considered by the Infrastructure Planning Commission (IPC) established under the 2008 Planning Act to determine proposals for nationally significant infrastructure projects. A key element in guiding the decision-making process of the IPC are National Policy Statements which are intended to establish the UK’s infrastructure needs for the future. However, to date a National Policy Statement for tidal energy has not been produced and therefore in the case of the Mersey Tidal Power project, the Infrastructure Planning Commission would prepare a recommendation to the Secretary of State for Energy and Climate Change would make the ultimate decision.
- 3.2 However, the new Government has said that it will bring forward legislation to replace the Infrastructure Planning Commission (IPC), and incorporate its functions within a Major Infrastructure Unit as part of the Planning Inspectorate by April 2012, with final decisions made by the Secretary of State. In the meanwhile, Peel Energy indicate that they intend to continue to work within the guidance provided by the IPC. They expect that there will be clear arrangements for dealing with projects - like Mersey Tidal Power - that are of national importance. Other public agencies including the Marine

Management Organisation, Natural England and the Environment Agency will also advise the IPC, Planning Inspectorate and Government.

- 3.3 Once the application is submitted to the IPC or its successor, under current arrangements, the Council has the option of preparing (in consultation with the local community) and submitting a local impact report (LIR) to the IPC describing the likely effects of the proposal on the local authority's area. Commissioners must have regard to the LIR in determining an application and may reject an application – even if in accordance with a National Policy Statement – if there are adverse effects that outweigh the benefits.

4. Stakeholder engagement/public consultation

- 4.1 Members may recall that Peel Energy gave a presentation to Members in October 2009 on Peel Energy's activities (including Mersey Tidal Power) alongside an update by Peel Developments on Wirral Waters.
- 4.2 For the Mersey Tidal Power Project, Peel Energy have established a key stakeholder advisory group comprising local authorities (including Wirral), regulatory and environmental organisations, which met for the first time in November 2009 and has met three times during 2010. A number of technical groups are proposed - to date an environment technical group has met. There have been a number of individual meetings with groups and organisations such as the Northwest Tidal Energy Group, Navigation Stakeholder Group, Mersey Estuary Forum, RSPB and Cheshire Wildlife Trust.
- 4.3 Council Officers, and Neptune Developments met with Peel Energy in April this year to brief them on the New Brighton Regeneration proposals and the linkages it has to the NWDA supported New Brighton Pier Feasibility Study completed in 2009 including the potential for the pier to be used as a test facility for tidal energy technologies.
- 4.4 A dedicated website (www.merseytidalpower.co.uk), video and e-briefing are now 'live' and this includes downloads of all publicly available documents.
- 4.5 The publication of the stage 2 report at the end of October 2010 is identified by Peel as a key stage in terms of wider public consultation and (subject to the views of local authorities) is likely to be disseminated through public meetings and exhibitions. A draft Communications Plan was issued by Peel Energy/NWDA in August 2010 which details a range of mechanisms for engagement with the community, local authorities and other stakeholders. There will be an extensive programme of meetings with special interest groups and others, press briefings, articles, newsletters and so on. Online consultation will be encouraged through the website.
- 4.6 This first round of community consultation is expected to take place from mid-November 2010 to the end of January 2011. The project Communication Plan indicates engagement with Local Authorities, Elected Members, Government Ministers and MPs (among many others) to take place between

October 2010 and March 2011. Other proposed engagement includes Industry and Community Events, local and national press and public consultation.

Draft Statement of Community Consultation

4.7 As an initial stage of the IPC consenting process, Peel Energy have produced a draft Statement of Community Consultation which they are required to prepare and have regard to the views of Local Authorities on its content. This is a key stage in the process as IPC commissioners must take account of the views of the local authority and others on the adequacy of the developer's publicity and consultation in deciding whether an application can be accepted for examination. The draft document circulated for local authority comment includes a brief summary of the background to the project, the key aims of consultation, the role of local authorities and the IPC, and the proposed consultation stages (mainly focusing on round 1). The statement identifies three 'consultation audiences' (in addition to statutory consultees):

- Local communities and businesses within a 'Community Consultation Zone' stretching to approximately 2 miles from the potential locations for the power scheme.
- Interest Groups, including clubs and associations, whose activities are based on the estuary
- The wider public in the Liverpool City Region, West Cheshire and Warrington

4.8 The main proposed consultation mechanisms identified are public exhibitions (in the community consultation zone and municipal centres of local authorities adjoining the application site between November 2010 and mid January 2011), community briefings, Interest group workshops, through the web site, local media and availability of documents for public inspection at Council Offices and local libraries. Peel Energy intends to produce a short non-technical document for local communities summarising the proposals and outlining the matters on which comments are sought and the date of consultation events. Following the close of consultation, a report of responses will be produced alongside the Stage 3 report identifying how issues raised have or will be addressed through the project.

4.9 The second round of consultation will take place once the stage 3 - preferred scheme stage work - is completed, early in 2011, with a third round of public consultation to follow once the application is ready for submission.

5. Financial Implications

5.1 There are no financial implications arising directly out of this report. The cost implications to the Council of producing the Local Impact Report as part of the IPC application process are as yet unknown. However, this is anticipated to

be a detailed and specialist piece of work and may require the engagement of consultancy support.

6. Staffing Implications

6.1 There are no staffing implications arising directly out of this report

7. Equal Opportunities Implications

7.1 There are no equal opportunities implications arising directly out of this report

8. Community Safety Implications

8.1 There are no community safety implications arising directly out of this report.

9. Local Agenda 21 Implications

9.1 The Mersey Tidal Power Scheme has the potential to generate significant amounts of renewable energy, contributing to the achievement of national targets for renewable energy generation and reducing carbon emissions.

10. Planning Implications

10.1 These are identified in the main body of the report – the finalised Mersey Tidal Power scheme is likely to be submitted to the Infrastructure Planning Commission or its successor body for approval, with the Council having the status of consultee, and preparing a Local Impact Report on the proposal.

10.2 Public consultation on the emerging scheme will be carried out in accordance with the Council's consultation protocols, including the Local Development Framework Statement of Community Involvement.

10.3 The Local Development Framework Core Strategy Draft Preferred Options Report (approved by Cabinet on September 23rd for the purposes of Public Consultation (minute 143 refers) notes in paragraph 17.5 that the Mersey Tidal Power Project is likely to be the most significant local source of renewable energy, alongside proposals to extend off-shore windfarms in Liverpool Bay. Draft Preferred Option 14 –Decentralised Energy - indicates that opportunities to use tidal power in the River Mersey will be encouraged subject to appropriate environmental controls including a project level habitats regulations assessment to select the most suitable design and location and assess the impact of construction and operation.

11 Anti-Poverty Implications

11.1 There are no anti-poverty implications arising directly from this report.

12. Human Rights Implications

12.1 There are no human rights implications arising from this report.

13 Social Inclusion Implications

13.1 There are no social inclusion implications arising directly from this report. .

14. Local Member Support Implications

14. This Report will have implications for all Ward Members.

15 Background Papers

15.1 These can be viewed at www.merseytidalpower.co.uk

16. Recommendations

16.1 Members note the work undertaken by Peel Energy/NWDA to date and welcome the commitment by Peel to comprehensive public consultation on the Mersey Tidal Power Project.

16.2 That the Interim Director of Corporate Services be given delegated authority to provide detailed comments on the Statement of Community Consultation and draft Communications Plan in line with the Council's agreed protocols for public consultation including the Statement of Community Involvement.

K Adderley
Interim Director of Corporate Services

This report has been prepared by John Entwistle in the Forward Planning Section who can be contacted on 691 8221

WIRRAL COUNCIL

CABINET – 4 NOVEMBER 2010

REPORT OF THE INTERIM DIRECTOR OF CORPORATE SERVICES

SUPPORT FOR WIRRAL'S COASTAL RESORT TOWNS

1 Executive Summary

- 1.1 This report informs Members that along with other seaside local authorities, Wirral has been allocated a revenue grant of £200,000 to boost action in driving forward economic regeneration in their priority seaside towns – New Brighton, Hoylake and West Kirby.
- 1.2 The report outlines the type of economic activities the resources can support, and seeks Members views on how they wish to allocate the money between the three coastal resorts and how they want to involve the relevant Area Forums in the consultation and decision making process.

2. Background

- 2.1 In March 2010 the previous Government launched its latest strategy for seaside towns – *Strategy for Seaside Success: Securing the future of seaside economies*. To coincide with this announcement Wirral along with 24 other local authorities in England was awarded a grant of £200,000.
- 2.2 Seaside resorts have always played a unique role in our history, heritage and culture. However in recent years, many of the UK's seaside towns have struggled economically. Some seaside towns have managed to reinvent themselves, not only in making them attractive locations to visit, but also great places to live and work
- 2.3 The aim of the strategy is to ensure seaside towns have the necessary support they need to build on their heritage and take advantage of new opportunities to develop strong economies and communities for the future.
- 2.4 The £200,000 support to Wirral has been allocated to the seaside local authorities with the highest level of deprivation in accordance with the Index of Multiple Deprivation 2007. This recognises the particular challenges these areas face, which may be improved by new and innovative approaches in seaside towns.
- 2.5 The allocation in the form of a revenue grant was awarded to Wirral in March 2010. The new coalition government decided to review all the investment decisions made by the previous government and local authorities were requested to hold back from committing the money until the review was completed. The Government has now confirmed that the Council can allocate this resource.

3. Activities that can be supported

- 3.1 The guidance provided by the Department of Communities and Local Government (DCLG) in terms of what activities can be supported isn't prescriptive. However the key tenets are the need to drive regeneration and support economic development. Therefore interventions that will have the greatest impact in this respect will be encouraged.
- 3.2 Examples of new ideas and approaches local authorities are already taking to boost economic regeneration are as follows, but this is by no means exhaustive:
- Investment in new ways to improve economic prosperity focussing on innovation and collaboration with public, private and community, voluntary and faith organisations;
 - Creation of new workspaces that will support & grow local economies;
 - Support to voluntary and community sector programmes targeted at the most disadvantaged in the local labour market;
 - Enhancing neighbourhood management approaches, which build community capacity to boost local renewal;
 - Developing local practical skills training to stimulate employment and self employment opportunities;
 - Achieving "gold standard" of customer service in tourism and leisure sectors.

4. Methodology and Next Steps

- 4.1 The funding allocated to Wirral under this initiative is a "one off" and will not be repeated in future years. Projects or proposals that can clearly show long term sustainable economic benefits therefore will have the greatest chance of succeeding.
- 4.2 Members views are sought on how they wish to allocate the £200,000 between the three coastal resorts and what involvement the appropriate Area Forums should have with respect to the principles of the Big Society.

5. Financial Implications

- 5.1 The resources were transferred from DCLG to Wirral at the end of March 2010. The grant is not limited to a specific financial year so there is flexibility as to when the funding is spent.

6. Staffing implications

- 6.1 There are no staffing implications arising directly out of this report. The initiative will be managed by Officers from the Corporate Services Department from existing resources.

7. Equal Opportunities implications

7.1 Implementation of successful project proposals is likely to bring about equal opportunities improvements and benefits

8. Community Safety implications

8.1 There are no implications arising from this report.

9. Local Agenda 21 implications

9.1 There are no implications arising from this report.

10. Planning implications

10.1 There are no immediate planning implications arising from this report.

11. Anti-poverty implications

11.1 Implementation of successful project proposals is likely to bring about significant benefits in this respect.

12. Human Rights implications

12.1 There are no implications arising from this report.

13. Social inclusion implications

13.1 Implementation of successful project proposals is likely to bring about significant benefits in this respect.

14. Local Member Support implications

14.1 This report has positive implications for the New Brighton, Hoylake & Meols and West Kirby & Thurstaston wards. Implementation of successful project proposals is likely to bring about significant benefits to residents in these areas.

15. Background Papers

15.1 Background papers in relation to this report are held by the Special Initiatives Team within Corporate Services Department.

16. Recommendations

16.1 Members views are sought on the allocation of the £200,000 between the three coastal resorts and the role of the appropriate Area Forums in the consultation and decision making process for this funding.

Kevin Adderley

Interim Director of Corporate Services

This report has been prepared by Neil Mitchell who can be contacted on 691 8423.

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WIRRAL COUNCIL

CABINET – 4th November 2010

REPORT OF THE INTERIM DIRECTOR OF CORPORATE SERVICES

Joint European Support for Sustainable Investment in City Areas (JESSICA)

1. Executive Summary

- 1.1 This report updates Cabinet on the proposals for establishing a Joint European Support for Sustainable Investment In City Areas (JESSICA) programme in Merseyside.
- 1.2 This report sets out the background to JESSICA and the process to date of working with the Igloo consortium to create a sustainable investment fund.
- 1.3 Cabinet are asked to consider the background information and note the importance of JESSICA as a future funding instrument and agree to provide 'in principle' match funding to a Merseyside portfolio of assets that will allow the sub region to access £30m of European Regional Development Fund (ERDF) monies to invest in development activity, subject to legal advice and specific conditions. For this we are being advised by Cobbetts LLP. The list of preliminary identified sites are contained within Appendix A of this report which is commercially confident.

2. Background

- 2.1 As detailed within the report to Cabinet on the 22nd July 2010, the development process for JESSICA has been long and protracted because of the complexity involved in the technical nature of the fund. JESSICA is a funding instrument that provides a financial loan to a development which will essentially be required to be returned to the fund, with a rate of interest. It does not provide GAP funding support as the money will not be offered as grant and therefore does not address market viability issues like other EU grants have. One of the biggest risk to Merseyside at this stage is that if the £30m of European Regional Development Fund (ERDF) monies invested in JESSICA in Merseyside is not spent, then this money will either be spent elsewhere in the North West or returned to the European Commission under 'de-commitment' rules.
- 2.2 JESSICA will enable the creation of an Urban Development Fund for Merseyside (the MUDF) with appropriate management arrangements. The

- fund will support the private sector and the main aim will be to use the Fund to lever in maximum private investment by sharing risks innovatively. The Fund will invest in the property market in the area where the commercial banks and institutions no longer have appetite but opportunity to make returns exists – it addresses market failure in the debt markets. Lending rates are extremely high at the moment and the Fund would provide an incentivised rate of interest to developers.
- 2.3 Given the levels of complexity, the lack of available sites in LA ownership and match funding, Local Authorities took a decision not to undertake the lead role for JESSICA themselves. The risks in operating an Urban Development Fund (UDF), taking accountable body status for both the ERDF and the UDF activity are significant for any Local Authority particularly give the current financial climate. The significant unresolved issues over the risks resulted in the decision to support a private sector bid rather than leading a public sector one. Following a procurement round operated by the European Investment Bank (EIB), the Igloo Consortium emerged as the only organisation to submit proposals to deliver the Merseyside UDF and secured approval from EIB to proceed to the Stage 2 Business Planning Process.
- 2.4 Members are asked to note here that the Rest of the North West JESSICA element will be managed by Manchester City Council on behalf of the other LA's in the North West. They will procure a private sector fund manager and have used a number of key assets alongside financial support from the Manchester Pension Fund. The Rest of the North West (RONW) UDF is allocated £20m of ERDF but the NWDA also allocated and additional £10m of Single Programme money to align to the RONW UDF making this model more 'workable' in the flexibility and ability to fund a slightly different type of project.
- 2.5 Officers explored the practicalities of this approach in Merseyside but a number of issues prevented a similar approach from being taken. The issues were raised with each of the Merseyside Regeneration Directors who all concurred that the risks involved to the Local Authorities made it preferable to work with the Private Sector. Initial discussions with the Merseyside Pension Fund were unviable at that stage.
- 2.6 Therefore, Merseyside Local Authorities Chief Executives made the decision to support in principle, a private sector led bid for UDF.

3. Current Position

- 3.1 For Merseyside, the Igloo Consortium is proposing to establish the Merseyside UDF (M-UDF) as a Company Limited by Guarantee. Igloo's

Consortium has a strong track record working together on other similar regeneration funds and consists of:

- Aviva as Fund Manager – one of Europe's leading Fund Managers and Institutional Investors. M-UDF will be operated by the Aviva team responsible for the Igloo Regeneration Fund and will have access to Aviva's investment analysis resources.
- Royal Bank of Canada as Banking Advisor - leading advisor and funder for infrastructure globally, specialising in PPP structures with access to both the capital and banking markets.
- Igloo Regeneration Limited as Investment Manager – manager of the Blueprint PPP in East Midlands and the Igloo Regeneration Fund. Igloo will manage the investment portfolio.
- GVA Grimley as Investment Agent - National market leading adviser in all aspects of commercial property and long-time retained advisor to Merseyside Authorities. GVA will work with local promoters to identify suitable investments.

3.2 The M-UDF will invest in accordance with an Investment Policy that provides a framework for that has been set in consultation with local partners and stakeholders. The Northwest Urban Investment Fund will screen investments. Please note that this framework will be based on the North West Operation Programme Investment Frameworks for Action Areas 3.2 and 4.2 (Strategic Sites).

3.3 The Igloo Consortium will be paid fees to operate the Fund which are:

- Substantially linked to Fund performance
- Funded to a large part out of the projects invested in
- Lower net cost than traditional ERDF management costs which tend to be around 3% of ERDF

3.4 The risk attached to the Fund will be managed by the Consortium as professional advisors. The risks include:

- Inability to secure match funding
- Inability to identify suitable investments
- Potential exposure to ERDF and State Aid rules
- Loss of funds due to poor investment selection

3.5 Cobbetts LLP have been appointed by The Mersey Partnership to provide independent legal advice on two parts of this process for Liverpool City Region partners. In the first instance, Cobbetts are providing advice on the best way to set out governance arrangements for the M-UDF in terms of how the Local Authorities are represented. Future reports will be brought back to Cabinet for decision on this aspect of the proposal.

- 3.6 Igloo's bid is progressing and the LCR Chief Executive's letter of support provided was a crucial enabling measure for allowing the submission to go forward. However, lack of clarity on potential sources of match funding for the bid have prevented the North West Urban Investment Fund (NWUIF) from awarding preferred bidder status to Igloo. At the last Investment Board meeting of NWUIF, it was agreed that a further extension of time to early November would be given to Igloo to enable them to work with the Merseyside Local Authorities and NWDA to attempt to address the match funding issue.
- 3.7 The main issue currently facing Merseyside JESSICA is the need to identify £30m UDF level match funding to draw down the ERDF from the Regional Holding Fund (RHF). This is an European Union regulatory requirement. Without addressing and resolving this UDF match funding issue, it will not be possible for the JESSICA fund to be set up and delivered within the sub-region. Cabinet are asked to note JESSICA's importance and the potential of bringing in significant amounts of private sector & external investment that will be attached to the £30m ERDF monies. JESSICA will also provide significant long term downstream benefits to LCR, particularly once the ERDF has been 'washed' through and wider scope of activity can be delivered and associated wider private sector investment and involvement that could be attracted.
- 3.8 Due to the importance of the UDF match funding issue, the EIB has requested to the Igloo consortium that an in principle letter of agreement/guarantee is demonstrated to address the match issue. The Rest of the North West (RONW) fund already has provided an in principle guarantee of providing upfront UDF level match funding.
- 3.9 Although there is a positive prospect that the European Commission will agree to an amendment in the regulatory requirements and allow match at 'Project' level and therefore negate the need for UDF level match, there is no certainty of this actually being adopted and the timescales for approval may be longer than envisaged – currently December 2010. Whilst project level match is clearly preferable, the uncertainty around the proposed change in regulations requires that alternative match plan be devised to demonstrate to NWUIF and EIB that there is credible investment proposition in Merseyside.

4. Next Steps

- 4.1 In order to offer an in principle letter of intent to provide 'holding' match funding it is important that Merseyside Partners fully understand the risks of doing this. To this end, Cobbetts LLP have been asked to advise on the potential risks of providing this match funding.

- 4.2 Alongside this, Officers will explore how an independent valuation of the asset portfolio can be conducted with the cost being met by the M-UDF. The assets would be used by undertaking the following strategy:

Title restriction' on assets placed within the fund and these assets used as 'holding temporary match' (£30m Portfolio)

- 4.3 A £30m portfolio of assets identified (not including assets with outstanding mortgages) and 'restriction of title' placed upon those assets in favour to the UDF. Local Authorities (L/A's) will retain ownership of all assets (and liabilities). The restriction on title will prevent L/A's from disposal of these assets whilst under restriction but there will be an option for authorities to seek consent to substitute assets or cash of equal value at anytime, thus allowing authorities to have the control to remove and change assets, but ensuring that there is a commitment from the L/A's to ensure that the level and value of match is maintained to enable the UDF's ERDF obligations to be adhered to. All assets will require an independent valuation.
- 4.4 NWDA have adopted this approach in providing match for the Regional Holding Fund (RHF) and this 'holding temporary match' will operate on a similar principle to that of the RHF and assets will be placed within the Urban Development Fund (UDF) as a means to draw down the ERDF. These assets do not need to be developed as projects and do not need to development sites. NWDA have advised that a mixture of sites have been assigned as temporary match in the Holding Fund and that the restriction on title placed on these sites has not proven prohibitive.
- 4.5 Subject to change in EU regulatory requirements and agreeing to project level match, as projects are developed with their own match, assets within the UDF can be substituted and removed from the UDF and restriction lifted. If the EU regulatory requirements are not changed and project level match not permitted, it will be necessary for local authorities to have a Plan B as 'real match' will be required to allow ERDF to be invested. This will require Igloo and L/As to work together to identify which assets could ultimately become projects and be invested through the UDF structure to attract ERDF funding and provide the necessary match. In this scenario, the 'holding temporary' match assets will be substituted for by Plan B assets and JESSICA will effectively become a fund for public sector projects as it is unlikely that the private sector/banks would engage with this process by placing their assets within UDF (charge against them). It should be noted by Cabinet that there is a positive prospect of regulatory changes being made towards the end of this year and thus not require Plan B, although it is prudent at this stage to consider all options and eventualities.

- 4.6 The portfolio of assets temporarily matched into the fund by a restriction on title will have no risk of ownership change or claw-back (Subject to Legal Advice). All risks will be placed at project level by the UDF fund manager through a legal offer letter. In addition, if the UDF doesn't make investments into projects or the fund winds up, the restriction on title is removed from assets and returned back to the local authorities.
- 4.7 The main identified risk / liability to assets within the UDF, other than inability to utilize or dispose of the asset (whilst the title restriction applies) if substitute match is not available.
- 4.8 The 'holding temporary match' seems to be the best option for local authorities to consider at this stage in dealing with the UDF match issue.
- 4.9 However, Local Authorities also have the option of providing portfolio assets for UDF match that will also be directly developed as projects. This is an ideal scenario as both match level issue and project level delivery is achieved. There are also various options available to the UDF in the way it draw-downs ERDF from the RHF (project by project).
- 4.10 This option may be difficult to achieve for 1st round JESSICA investments due to project readiness & timescales for spend and delivery.
- 4.11 Assets that are delivered as 'projects' via the UDF will ultimately become the project level and subject to all contractual obligations of ERDF offer letter (performance, expenditure, claw-back) and loan conditions. The L/A would be entitled to a proportionate level of return once realized.
- 4.12 Whilst a considerable amount of work has gone into the development of a suitable arrangement for a Merseyside UDF, there is still a lot of work to do to ensure that the Local Authorities interests are reflected within the company limited by guarantee. If successful, the M-UDF will be exactly what Government are looking for in terms of a private/ public mechanism for generating economic growth on a sustainable basis. LCR partners will become members of the M-UDF under the current proposals but must be stated here that the Investment Board, which will consist of the private sector only, chaired by an independent private sector representative, will solely be responsible for investment decisions. This process will need to be managed very carefully to avoid potential conflict of interest and one of the immediate tasks is to set out a policy of how this will be managed. Further reports will be brought back to Cabinet on the matter in due course.

Wirral Match

- 4.13 Wirral Officers have undertaken an exercise to identify a potential £5m asset value of match funding. The sites that have been identified have development potential which could potentially become M-UDF 'projects'. The proposed sites are identified in Appendix A of this report (which is commercial in confidence).
- 4.14 Before committing Wirral Council to any definitive arrangement Officers will review the figures and sites as this exercise has been carried out quickly for indicative purposes. Some of the sites identified above could benefit from having the ability to finance development activity via the Merseyside UDF.
- 4.15 Additionally, to prevent any of these assets being locked into an agreement when market conditions determine that the assets can be brought to the market for development, a reserve list of assets has been identified. These assets do not have development potential but they do have a book value to allow them to be included as match funding. No assets will be tied up in this process that would prevent future development opportunity.

5.1 Risk Analysis

- 5.1 There are a number of risks in relation to Merseyside partners supporting the Igloo Consortium. In particular, these are:

RISK	Description	Control
ERDF De-commitment	If Merseyside cannot establish a suitable delivery arrangement for the Merseyside UDF, the £30m ERDF allocation would need to be spent elsewhere in the North West or worst case scenario, handed back to the EU under de-commitment rules in 2015.	To align the UDF with the emerging LCR Local Enterprise Partnership proposals and ensure the money is spent on viable Merseyside projects and to support the Igloo Consortia in establishing a fit for purpose Urban Development Fund for Merseyside
Local Authority Control	That the LA's do not have a role in the UDF that ensures it delivers against its original objectives.	To agree a governance structure for the UDF that fully reflects the Local Authorities interests in the delivery of fund activity in line with a robust investment policy
Round 2	Round 2 activity post 2015 can fund non ERDF activity as the money will effectively be 'recycled'. A new investment framework and a different structure will be required to deliver this.	To ensure LA's have a role within the development of a new structure for the role and that if the first round UDF has not delivered, LA's can influence EIB to look at re-procuring and re-designing the UDF arrangements.

Projects with regeneration benefits and projects that cannot be supported by Local Authorities	That projects with the ability to generate commercial returns are given precedence over projects that have more regeneration benefits and strategic importance to LCR partners. There is also the risk of the M-UDF Investment Board supporting projects that cannot be supported by Local Authorities.	Officers from each LA will work with Igloo to identify potential opportunities with LA assets and private sector led schemes, particularly those that have secured other funding to address gap funding issues. There will also have to be agreement reached if projects have potential to create a conflict of interest with LA's. A policy will need to be adopted to avoid this situation.
Matched assets for the Holding Fund	That Local Authorities assets are placed at risk in being used as holding match funding.	That the risks are set out and a strategy for managing them is developed. Further legal advice is being sought.
The EC do not make the expected regulatory changes to the JESSICA rules	The holding match within the fund will be required to be replaced by projects that are classed as 'developable'. The main risk is that the projects could not be brought forward in time to meet the programme timescales.	A new strategy would need to be adopted at this stage. The worse case scenario Merseyside would have to allow the ERDF to be spent elsewhere in the NW of de-committed and lost to the NW region. However, the holding match would be 'repatriated'.

Legal Advice

- 5.2 Cobbetts LLP has been asked to comment on the risks to the LA assets with placing a restriction on title in favour of the holding fund. Cobbetts' initial in principle advice is that the risks to an LA in terms of losing rights and interests in the asset are minimal, provided the contractual arrangements and restriction itself are suitably drafted and provide appropriate flexibility. However for the restriction to have any value in terms of providing the match it will have to be designed to include the flexibility to replace assets with those of an equivalent value or cash. This in turn means that assets are not locked down and if the fund was unable to spend then the ERDF would be re-allocated or worst case, de-committed, thus potentially freeing the restricted asset from being tied in as match.
- 5.3 The point is that the assets are effectively security to hold against the £30m ERDF, to ensure that the ERDF may be gathered and spent at all. If it were not these assets securing the ERDF it would need to be something else, hence the need to ensure some flexibility.
- 5.4 It must be noted that any letter of in principle match funding would be conditional on a restriction on title being the requirement. If EIB were to require additional commitment, this would be brought back to LCR Cabinet. Further legal advice will be sought prior to progressing any further than the in principle letter.

6. Financial implications

- 6.1. At present, the only financial implications are the costs of the independent legal advice. Members have agreed to previously contribute £5,000 to a LCR fund that all LA's have paid into. Any additional costs resulting from the development of the project will be reported back to Cabinet.

7. Staffing implications

- 7.1. Existing Officer time will be required to support the development of this and to also support the private sector navigate the programme as and when it starts.

8. Equal Opportunities/Equality Impact Assessment (EIA)

- 8.1. The JESSICA programme will be compliant with ERDF regulations.

9. Community Safety implications

- 9.1. There are no direct Community Safety implications arising from this report.

10. Local Agenda 21 implications

- 10.1 None as a direct result of this report.

11. Planning implications

- 11.1 There are no direct planning implications arising from this report.

12. Anti-poverty implications

- 12.1 All of the activities outlined will help to reduce poverty and deprivation.

13. Human Rights implications

- 13.1 There are no implications arising directly from this report.

14. Social Inclusion implications

- 14.1 The approach outlined helps to promote social inclusion.

15. Local Member Support implications

- 15.1. There are no implications arising directly from this report.

16. Background Papers

16.1 Background papers to the JESSICA initiative can be obtained by contacting Alan Evans on 0151 691 8426.

Recommendations

Cabinet are asked to:

- i.) Endorse the continued development of this project and receive further reports in due course
- ii.) Agree to provide in principle 'holding' match funding to draw down ERDF to Merseyside to the value of £5m against Council owned assets (to be determined definitively once legal advice has been received). This will be subject to the analysis of the risks of placing a restriction on title of the assets identified.
- iii.) A further report on this matter to be brought back to a future Cabinet.

Kevin Adderley
Interim Director of Corporate Services

WIRRAL COUNCIL

CABINET – 4th November 2010

REPORT OF THE INTERIM DIRECTOR OF CORPORATE SERVICES

Liverpool City Region European Funding Proposal

1. EXECUTIVE SUMMARY

- 1.1 This report advises Members of three European Funding bidding opportunities available to the Council and recommends that bids are made for this funding because of the beneficial effects securing such funding will have on tackling worklessness, supporting apprenticeships and supporting businesses in key employment areas.
- 1.2 The ESF funding bids have to be submitted by 17th November 2010 because of the requirements of Government Office. If funding applications are not submitted by this date then the Council will not be able to access this funding for the benefit of Wirral resident.
- 1.3 Any bids for funding that are approved to the Council will be reported back in detail to Cabinet before the funding is accepted.

2. Funding Opportunities Available

- 2.1 There are three European funding opportunities available to the Council and these are detailed in the following sections.

3. European Social Fund: Worklessness

- 3.1 £6.3million of European Social Fund (ESF) is available to the Liverpool City Region (LCR) from Government Office North West (GONW) routed through Knowsley Council as lead accountable body for the City Employment Strategy (CES). This funding is to support activities to address worklessness delivered from December 2010 to June 2012. The deadline for submission of proposals for this element is 17th November 2010.
- 3.2 The modelling of expected participant volumes and outcomes by area is shown in the table below.

Table 2: Expected Participant Volumes and Outcomes by Local Authority Area

Area	Expected Participant Volumes			Job Outcomes	
	IB/ESA	JSA	Total	Total	Jobs Sustained at 6 months
Knowsley	392	240	631	254	159
Liverpool	1,155	833	1,988	791	494
Sefton	464	345	809	323	202
St. Helens	391	219	609	246	154
Wirral	599	364	962	386	241
Merseyside	3,000	2,000	5,000	2,000	1,250

- 3.3 Resources will support a range of activities that are consistent with the Employment and Skills Continuum that underpins the delivery of CES activities to date. In order to meet the outputs and outcomes detailed above, proposals are expected to focus on pre-employment support, transition into work and in-work assistance activities. The main priority group will be those in receipt of Incapacity Benefit/Employment Support Allowance, which will account for 60% of participant volumes. Proposals are also requested to highlight how they will support individuals to secure “green jobs” e.g. low carbon economy.
- 3.4 The participant outcomes for Wirral represent 19% of the Merseyside total. However, while this provides an indicative allocation for Wirral up to £1,197,000, this does not represent an automatic 19% share of the total allocation to Wirral Council. Firstly, the ESF specification clearly states that resources will not be awarded in strict local authority blocks. Proposals will be welcomed from non local authority CES partners wishing to deliver across the LCR. Examples could include Merseytravel, Greater Merseyside Connexions, Trade Union Congress Union Learn. Secondly, a small proportion of the total allocation will be required to resource performance and programme management at the level of the City Region. This amount is still to be determined.
- 3.5 It is important for Members to note that in parallel to this activity, local authorities across the Liverpool City Region have commenced discussion at Chief Executives and Regeneration Directors regarding the future direction of local employment programme delivery. This has centred on the option to establish joint working arrangements for employment delivery, potentially through a special purpose vehicle. Wirral Council’s response to this has been consistent, in that we would not object should other local authority areas wish to proceed with this model but that it does not correspond or provide added value to Wirral’s historical approach as a commissioner, rather than deliverer,

of services. In addition it was stressed that this should not exclude or reduce Wirral's opportunity to secure this additional ESF opportunity.

- 3.6 Knowsley Council envisages contracting with a small number of organisations and the assessment process will place emphasis on partnership and cross-boundary working. Members are asked to support an approach that maximises Wirral's opportunity to deliver activity relevant to local priorities and consistent with historic delivery where possible. Any proposal will require 50% match funding and Officers are working to ensure that the maximum grant amount is levered.

4. European Social Fund: Apprenticeships

- 4.1 £3.1million of ESF is available to the LCR from GONW routed through Knowsley Council as lead accountable body for the CES. This funding is to support the provision of apprenticeship places delivered from December 2010 to June 2012. The deadline for submission of proposals for this element is 17th November 2010.

- 4.2 The detail of this element is still to be agreed. Outline discussions at the Employment and Skills Board and the 14-19 Sub Regional Group have proposed the development of Liverpool City Region Apprenticeship Company. This model is directly contrary to Wirral's current apprentice programme in that it requires increased contributions from employers over and above apprentice wage costs and distracts from an employer commitment to employing apprentices by utilising a Community Interest Company as an intermediary.

- 4.3 Members are asked to support an approach which will enable Officers to challenge the intention to limit contracts to a single delivery organisation and subsequently submit a proposal to extend delivery of the current Wirral Apprentice programme, subject to satisfying ESF regulations regarding eligible expenditure and identifying the required 50% match funding. Should this approach be unsuccessful, officers will aim to maximise Wirral's opportunity to deliver appropriate activity via this element of ESF funding.

5. European Regional Development Fund: Business Support

- 5.1 Approximately £7.5million of European Regional Development Fund (ERDF) will be available to the Liverpool City Region via the North West Operational Programme. A revised framework has been released under ERDF measure 4.2 which offers funding to support linkages to key employment areas. This revised framework is focused on business support activity which has the potential to enable elements of the business support functions that operate out of Invest Wirral.

- 5.2 Officers are preparing a project proposal for Wirral which will be fed into the LCR development process. Members are asked to note that any proposal will require 50% match funding and Officers are working to ensure that the maximum grant amount is levered. An indicative figure for the match funding request is £480,000 over two years.
- 5.3 Further reports will be brought back to Members regarding the ERDF element as soon as greater detail is known. Activity is scheduled to commence from April 2011 for a two year period.

6. Additional Considerations

- 6.1 Members will be aware that this funding opportunity is presented prior to Cabinet consideration of the findings of *Wirral's Future. Be a part of it*. The closing date of 17th November 2010 for return of ESF proposals is based on the GONW requirement to commit the funds by December 2010 and there is because of these requirements no way in which this timescale can be changed. Current activity commissioned by Wirral Council within the Working Wirral programme is contracted to 31st March 2011. Therefore, subject to member approval and the identification of match funding, there is the opportunity to design, develop and submit a supplementary programme to fund additional delivery from 1st April 2011 to 30th June 2012.
- 6.2 The continuing drive within the specification for greater integration of services across organisational and geographic boundaries will also require consideration. This could be addressed by working with other local authority areas to develop minimum standards, share good practice, establish peer review processes etc. This would be similar to elements of the delivery model adopted for the Liverpool City Region Future Jobs Fund programme. This approach contracted individually with each local authority area, but developed minimum agreed standards.

7. FINANCIAL IMPLICATIONS

- 7.1 Knowsley Council, acting in its capacity as lead authority for Employment and Skills and as the Secretariat for the City Employment Strategy will be the accountable body for this ESF allocation. However liability will be passed to organisations who subsequently receive ESF funds. Successful proposals will have to ensure compliance with European financial and audit requirements. Outputs will be agreed with Knowsley Council and if not achieved, the Council may be subject to clawback. Full details of financial implications will be brought to members to consider prior to accepting an ESF grant offer letter.
- 7.2 Proposals for this additional ESF resource require the identification of clean match funding. While there are clear constraints on finding this level of match funding, Officers will explore options from the Working Wirral Programme in

order to assess the actual level of available budget and maximise the potential that this ESF opportunity provides.

7.3 Owing to the potential value of the worklessness element, Members should note that Wirral Council may be obliged to tender a competitive process via the Official Journal of the European Community (OJEU) in order for a third party provider to deliver the activity. With regard to the apprenticeship element of the activity, this will be dependant on the proposed delivery approach and will not be required should delivery of the activity be delivered "in-house".

7.4 As a requirement of the contract, Wirral Council and subsequent third party delivery organisations will be required to purchase the appropriate Management Information System. Costs for this will be included in the ESF proposal and members will be made aware of any potential future liability that this could present, prior to the acceptance of the grant offer letter from Knowsley Council.

8. STAFFING IMPLICATIONS

8.1 Where possible, Wirral Council staffing costs required to manage delivery of the proposed activity will be included in the proposal submitted to Knowsley Council.

9. EQUAL OPPORTUNITIES IMPLICATIONS

9.1 This activity will provide activity to support a range of priority customers group who are currently under-represented in the labour market to secure sustainable employment.

10. COMMUNITY SAFETY IMPLICATIONS

10.1 There are no direct community safety implications arising from this report.

11. LOCAL AGENDA 21 IMPLICATIONS

11.1 There are no implications arising directly from this report

12. PLANNING IMPLICATIONS

12.1 There are no direct planning implications arising from this report.

13. ANTI-POVERTY IMPLICATIONS

13.1 This activity will provide activity to support a range of priority customers group who are currently under-represented in the labour market to secure sustainable employment.

14. HUMAN RIGHTS IMPLICATIONS

14.1 There are no implications arising directly from this report.

15. SOCIAL INCLUSION IMPLICATIONS

15.1 This activity will provide activity to support a range of priority customers group who are currently under-represented in the labour market to secure sustainable employment.

16. LOCAL MEMBER SUPPORT IMPLICATIONS

16.1 There are no implications arising directly from this report.

17. BACKGROUND PAPERS

17.1 Working Wirral: European Social Fund Complementary Strand report to Wirral Council Cabinet 23rd July 2008

18. RECOMMENDATIONS

18.1 To maximise the funding resources available to the Council for the development of activity to tackle worklessness and to support apprenticeships, it is recommended that funding application(s) as set out in this report are submitted by the Interim Director of Corporate Services by the required date of 17th November 2010.

18.2 That a further report on the outcome of the ESF bid(s) is brought back in due course for approval of Cabinet prior to acceptance of funding.

18.3 That Officers develop an ERDF funding bid for measure 4.2 (supporting linkages to key employment areas) and report back to Cabinet in due course.

KEVIN ADDERLEY
Interim Director of Corporate Services

WIRRAL COUNCIL

CABINET – 4 NOVEMBER 2010

REPORT OF THE DIRECTOR OF LAW, HR AND ASSET MANAGEMENT

BYRNE AVENUE RECREATION CENTRE, BYRNE AVENUE, ROCK FERRY

1. EXECUTIVE SUMMARY

- 1.1 This report advises Members of the current position of the proposed Community Asset Transfer of Byrne Avenue Recreation Centre to the Byrne Avenue Community Trust and seeks instructions on the way forward.

2. Background

- 2.1 Cabinet has received a series of reports explaining the circumstances in which the Council has taken control of this building together with information regarding the substantial structural repair problems associated with the property.

- 2.2 The report submitted to Cabinet on 2nd September 2010 advised Members of the current position of the proposed Community Asset Transfer of Byrne Avenue Recreation Centre to the Byrne Avenue Community Trust (BACT). It was resolved that :-

- 1) Option 1, as set out in the report, be approved, and BACT continue through the Community Asset Transfer Process with a final deadline set of 17 September 2010 for the receipt of all the information required for its second stage submission; and
- 2) A further report be submitted to Cabinet for consideration at its meeting scheduled for 4 November 2010 to advise Members of the outcome of the Community Asset Transfer process in respect of this building.

- 2.3 The evaluation of the second stage submission in February 2010 raised concern in three key areas and additional information was requested in respect of repairs, funding and the business plan.

3.0 Present Position

- 3.1 BACT submitted additional information prior to the deadline of 17th September 2010 as set by Cabinet. This is considered further below.

Repairs

- 3.2 The cost of the refurbishment of the centre is substantial and BACT had estimated the refurbishment costs at £750,000 in their second stage submission received in February 2010. The repairs costs were broken down by area and description. Overall estimates were provided to cover roof repairs, lintol repairs, façade repairs, window repairs, car parking, electrics, heating, plasterwork, fire alarms, security alarms, PA systems, phones/cctv , fees and contingencies.

- 3.3 BACT was requested to provide a more detailed breakdown of the repairs including details of the structural repairs required.
- 3.4 In the additional information, BACT provided a quotation from a specialist contractor to carry out structural repairs to the pool surround, estimated at £212,000. In giving its estimate the company recommended that core samples are taken at various locations, together with dust analysis to determine the full extent of the deterioration. The budget figure for the testing is £5,000. The company make the proviso that only when a more extensive survey is carried out will the full extent of the repairs required be known and the budget figure will either increase or decrease on a pro rata basis. The Council's internal estimate for the repair of the pool surround is £396,200. This involves the full break out and replacement of the floor which is a different approach from that of an in situ repair. The Director of Technical Services has advised that the cost of carrying out large scale concrete repairs often substantially increases when the full extent of the deterioration is known.
- 3.5 Neither estimate provided can at this stage give certainty as to the final cost of the structural repair to the pool surround.
- 3.6 To provide additional information BACT commissioned a firm of building surveyors to provide a breakdown of the essential repairs necessary for the centre to re-open. This figure covers a narrower range of works than initially provided and does not include the structural repairs listed above. The essential repairs are estimated at £100,000. This figure is covered in the original estimate provided of £750,000 but does not include any mechanical works such as ventilation/filtration systems or the installation of heat exchange systems, professional and other fees. The report has assumed that all other elements of the building are satisfactory and are legislatively compliant eg disabled access, electrics. In light of the exclusions listed and other work required, it is Council officers' opinion that the expenditure actually required is likely to increase substantially.
- 3.7 Officers are concerned that the additional breakdown received from BACT to enable the centre to reopen does not cover the full extent of work required and that BACT's estimate of £750,000 for the full refurbishment of the building may increase (to in the region of £1,000,000).

Funding

- 3.8 Other than providing a list of potential funding bodies, BACT has provided no indication as to eligibility or likelihood of success, or the timescale, involved in obtaining the necessary finance. Although no formal offers of funding will be made by grant providers or commercial lenders until the property has been secured, it is possible to assemble an 'in principle' package to demonstrate funder's interest in the proposal. This would allow the Council to form a judgement as to the likelihood of success in funding the scheme. Further information will be required to more accurately establish the prospects for grant funding.

Business Plan

- 3.9 Initially seven years annual expenditure forecasts with detailed five year forecasts were received from BACT but no profit and loss accounts. Three years profit and loss accounts have now been received in the additional information however they do not

correspond with the earlier forecast information and do not show the impact of grants/loans and the repayment of the latter.

- 3.10 The full second stage application, including the additional information received, has been re-assessed as a complete resubmission by business advisors, from the Corporate Services Department. Overall, they remain of the view that the business plan is aspirational. Concern remains that it does not present a sound business case for the investment required to re-open the centre. The financial forecasts are, in the view of Council officers, inadequate to make a judgement with regard to sustainability and, as stated above, insufficient information was supplied to assess the likelihood of achieving funding.

Evaluation

- 3.11 The evaluation panel comprising Head of Asset Management, Head of Housing and Regeneration and officers from Sports and Recreation and Asset Management met to re-score the submission having received the additional information. The panel agreed with the concerns raised by the business advisors in the Corporate Services Department. A further six months has elapsed since the Stage 2 submission in February 2010 and since BACT was advised of the further information required. Although some of the points raised have been addressed BACT has still not provided sufficient information to enable its proposal to be substantiated as to its sustainability and financial viability.
- 3.12 The submission was evaluated using a scoring matrix under the following headings: sustainability of the project, community based benefits and outcomes, organisational structure, capability and skills, access to finance, use of space and collaboration. BACT scored 33% in the evaluation matrix.
- 3.13 In the opinion of the assessment panel the submission was particularly unsatisfactory in terms of sustainability of the project and access to finance.
- 3.14 Although not part of their submission, BACT has circulated a paper to Members with a request for £350,000 contribution from the Community fund, paid over two years, to contribute to the cost of the essential repairs. This is attached as an appendix to this report. BACT says it would then source the required funds to complete the refurbishment works which they have estimated at £400,000, but they do not say where this funding will come from. BACT has advised that they have agreed an initial interest free loan from an individual as working capital to re-launch the business, although no details have been provided.
- 3.15 BACT representatives attended a meeting with The Head of Asset Management and The Head of Housing and Regeneration on 18th October to discuss their application. They advised that they have spent a considerable amount of time in preparing the business plan and obtaining estimates for their second stage submission under the Community Asset Transfer. They also confirmed their full commitment to reopening the facility.
- 3.16 The building has been empty and under Council control since June 2009 and is costing the Council approximately £23,000 a year in empty rates, services and security for which there is no existing budget.

3.17 As reported above there are significant doubts over cost of the repairs, likelihood of achieving the necessary funding and the overall viability of the business model. It is necessary therefore to make a decision on the future of this property in accordance with the following options:-

4.0 Future Options

4.1 Option 1 - Continue with the Community Asset Transfer Process

4.2 If Members are minded to approve the transfer of the building under Community Asset Transfer, it is suggested that a deadline be set for BACT to produce sufficient evidence to demonstrate the probability of securing the necessary funding to deliver the repair and refurbishment of the building. In light of the condition of the building and the need to reduce the Council's ongoing liabilities, it is proposed that the deadline be 31st March 2011. It is also suggested that a response is given to the request for support from the Community Fund.

4.3 The Community Asset Transfer Policy advises that the Council will, subject to the availability of funding and the anticipated economic life of a building, carry out essential repairs to the main elements of any building, which it agrees to transfer under the Community Asset Transfer process, before any transfer is completed.

4.4 Substantial amounts of money are required to repair/ refurbish this building. The Community Fund would normally be used for this purpose. However, the anticipated level of expenditure at Byrne Avenue could take a substantial proportion of the total monies available and this could have a major impact on the Fund's ability to support other applications currently in the CAT process.

4.5 The facility does not have a strategic fit with the Council's core swimming pool provision. Bidders have been previously advised that there will be no contribution from Council resources because of this and the level of expenditure required to repair and refurbish this building. In the circumstances, taking into account the assessment of the business plan by Business Advisors from The Corporate Services Department and the evaluation by the assessment panel, Cabinet may conclude that it would be inappropriate for the Council to allocate resources from the Community Fund or the Council's own capital or revenue funding.

4.6 Option 2 - Disposal to a Partner Organisation

4.7 The Council's Disposal Policy sets out the procedure for the disposal of surplus assets. In accordance with the policy, the disposal of the property to partner organisations should be considered before an open market sale. This will include examining the site's potential for social/affordable housing, prior to the asset being offered for sale in the open market.

4.8 The viability of using this site for social/affordable housing has been discussed with the Head of Housing and Regeneration. The site is outside the HMRI area and although housing is a possibility, if taken forward by a registered social landlord it is likely to need grant funding which is currently in very short supply from the Homes and Communities Agency. It is considered that it will be very difficult to identify funding for some time to come.

4.9 No other partner interest has been identified.

4.10 **Option 3 - Disposal of the building in the Open Market**

4.11 A sale of the building would remove all liability from the Council and there would be no delay in marketing the building. The market will determine whether the building is refurbished and reused or demolished and site redeveloped. The risk is that, on disposal, the Council would have no further control over the building which could be left vacant and unused by the purchaser and, therefore, may become vandalised and detrimental to the surrounding area.

4.12 **Option 4 - Disposal of the Cleared Site**

4.13 This would require the demolition of the building. The demolition costs, including a type 3 asbestos survey, are estimated at £160,000. There is no budget identified to meet this expenditure. This option would ensure the building is not left empty for a long period, if an alternative use cannot be found. There would be a delay before the site could be marketed whilst the building is being demolished. Demolition removes the possibility of the existing building being reutilised. Any delay in disposing of the building will result in additional empty property costs. It is estimated that a capital receipt is likely to be in excess of the cost of the demolition.

4.14 In respect of disposal options, a sale of the building on the open market would be the recommended choice (option 3).

5.0 **Conclusion**

5.1 The BACT group has put in considerable time and effort to bring forward its proposal for the asset transfer of this facility, and the group remains committed to achieving a successful transfer. It has provided further information to support its original Stage 2 application, and its proposals have been re-evaluated in the light of this submission. In the view of Council officers it is likely that the costs of repairing and refurbishing the building will exceed the sums identified by BACT, and at this stage officers cannot confirm that the necessary funding will be secured. In addition, the financial information provided is insufficient to make a judgement as to the future financial sustainability of the organisation. If the transfer proposal is to proceed further officer support will be required to the process. In the meantime the building remains a liability to the Council. On balance therefore it is recommended that no further action be taken to proceed with an asset transfer of the building and that it be sold on the open market in line with Option 3 above.

6.0 **Financial implications**

6.1 BACT has circulated the attached report to members with a request for £350,000 contribution from the Community fund paid over two years to contribute to the cost of the essential repairs. BACT would then source the required funds to complete the refurbishment works which they have estimated at £400,000.

6.2 4.3 to 4.5 explains the basis on which the Community Fund would normally be used to support Community Asset Transfer and the particular circumstances relating to this property.

- 6.3 If the Council were to sell the property it should achieve a capital receipt. The actual sale price would be determined by the market although a disposal for social housing may only achieve a reduced receipt.
- 6.4 There is no guarantee that the cost of demolition would be recovered in the disposal price achieved particularly in the current market.
- 6.5 The annual costs being incurred by the Council in retaining this vacant building in empty business rates electricity, insurance, rental of temporary fencing around the pool, security and boarding up is approximately £23,000. There is no existing revenue budget for this property and currently these monies are being met from the Strategic Assets budget.

7.0 Staffing implications

- 7.1 There are no staff directly employed to look after these premises, therefore there are no staffing implications arising directly from this report.

8.0 Equal Opportunities implications/Equality Impact implications

- 8.1 The building is unused and recreational needs are currently being met at other facilities. The recent refurbishment of the Oval includes a high level of provision for disabled access.

9.0 Community Safety implications

- 9.1 The building is currently empty and could attract anti social behaviour.

10.0 Local Agenda 21 implications

- 10.1 None arising directly from this report.

11.0 Planning implications

- 11.1 The site is designated as being in a Primarily Residential Area on the Unitary Development Plan adopted by the Council in February 2000. UDP Policy HS15 allows for non-residential uses which would not result in a detrimental change in the character of the area. Reuse as an indoor sports centre would not require planning permission. Planning consent would, however be required for the redevelopment of the site for other uses.
- 11.2 The site is not subject to the restrictions contained within the Interim Planning Policy for New Housing Development adopted by the Council in October 2005.

12.0 Anti-poverty implications

- 12.1 None arising directly from this report.

13.0 Human Rights implications

- 13.1 None arising directly from this report.

14.0 Social Inclusion implications

14.1 None arising directly from this report.

15.0 Local Member Support implications

15.1 The property is in the Rock Ferry Ward.

16.0 Background Papers

16.1 Cabinet Reports, Byrne Avenue Recreation Centre
28th May 2009.
24th September 2009.
2nd September 2010.

17.0 RECOMMENDATIONS

That:

17.1 Byrne Avenue Community Trust be thanked for their time and effort in pursuing an asset transfer.

17.2 In the absence of a financially robust proposal for transfer no further action be taken to proceed with an asset transfer of Byrne Avenue baths.

17.3 The Director of Law, HR and Asset Management be instructed to dispose of the property on the open market.

Bill Norman

Director of Law, HR and Asset Management

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Byrne Avenue Baths Rock Ferry, Birkenhead



Introduction

Byrne Avenue baths was opened in 1933 to provide facilities for swimming and recreation for local residents. In the three quarters of a century that followed continued 'Byrne Avenue' provided a place for sport, leisure and social activities for successive generations of Wirral people.

Byrne Avenue Baths faced closure in 1997 as part of Council cost saving but was kept open when local residents and users groups took over management. Sadly, following a long battle to find money to meet mounting maintenance cost the facility finally closed to the public in February 2009 and was handed back to Wirral Council.

Rather than demolish the building, which would mean the pool and adjacent halls would be lost forever, Wirral Council saw an opportunity to include Byrne Avenue Baths in its plans for transferring community buildings into community ownership – if the right partner could be found to take it on.

Over the last 18 months a group of local people who grew up going to Byrne Avenue to learn to swim, play table tennis and football and who now use the centre as parents as well as sportsmen, began talks with the Council to re-open Byrne Avenue Baths as a community-run leisure and community centre once more.

Byrne Avenue Community Trust (BACT)

About BACT

- Set up by group of parents who themselves were (and still are users) all of whom are now successful in business
- Invitation to residents, former user groups and community organisations to join ownership and management

Byrne Avenue Community Centre

The building has always been much more than a pool as it has housed Water Polo, Dancing, Roller Skating, Boxing, Martial arts, Indoor Cricket, Indoor Hockey to name a few.

The building has many assets and we have plans to maximise its potential to secure its future with a much broader range of community based amenities.

Plans for Re-Opening

For Byrne Avenue Baths to re-open the Council asked us to provide proof that we can bring the building into an appropriate state of repair and prove we can generate enough money to run it as a community facility.

We have submitted detailed plans to repair the building to a standard that will allow it to re-open within 9 months, given approval on November 4th 2010. A plan for ongoing refurbishment and redevelopment over the following 2 years that will allow us to improve the facilities on offer and increase the revenue generated from their use.

Building Report

Byrne Avenue Baths closed because the Trust that managed it to 2009 was unable to keep up with building and planned maintenance needed in a building nearly 80 years old.

Building surveyors Grantley Lowe Associates report has provided clear indication that the building is structurally solid with exception of the pool surround which will need to be one of the first things to be dealt with if the building is to re-open. Work is also needed to improve the general deterioration associated with a building of this size and age, but deemed to be more superficial than structural.

Cost of repairs

Based on work carried out by our specialist advisers we calculate the total cost of all the repairs and refurbishment we see as needed over the next 3 years to be around £750k with a 25% contingency built in.

If agreement with the Council can be reached we have pledged to carry out this work in two tranches. The first tranche of £350,000 will provide immediate repairs and refurbishment to reopen the pool.

The second phase of work, which we expect to overlap the first phase, will take approximately 3 months and at a cost of approximately £400,000. This will provide refurbishment of the hall side of the building, the upstairs rooms and will include all fitments including leisure equipment.

Local builders/workers

It is our intention to source and utilise local companies for the tendering of the works such as JFW Construction Ltd, M-BE Construction, Northwest Construction, Kimptons plus other local companies.

We are also keen to encourage local skills and apprentice training in contracts let for such works.

Community ownership

Although our plans pre-date the change of Government nationally, they reflect the government's focus on 'Big Society' and offer an example of what can be achieved if councils and local people working together.

We see the 'Big Society' as providing:-

- A closer working relationship with all age community groups
- Better community engagement
- Improvement in community health and well being
- Engagement with local youths and groups to assess their needs and requirements
- Decision making by the local community to the future of this building
- Facilities for disabled groups
- Close working arrangements with other local facilities

The legal entity of the new BACT Board including Local community members is ready to be formally completed as a Charitable Trust on acceptance of the proposal.

Staffing

It is the intention of the BACT board to fill as many of the positions with local people and will implement a training program to support ongoing potential growth.

Funding

Part of the Asset Transfer requirement was the funding and we have approached numerous funding groups. In each case we meet and exceed all the assessment criteria but this cannot be progressed until we have the building under ownership.

Some of the funding groups are as follows:

Sport England
The Lottery
Biffa
Community Builders
SEIF (Social Enterprise Investment Funding)
Carbon Trust
Cammell Lairds
Tesco
Levers
Peter Johnson Foundation
Peel Holdings
BT
Individuals plus Gift Aid
Charitable Trusts
Oxton Secret Gardens
Community Fundraising
Corporate Sponsorship

With public sector funding cuts looming we have checked where we would stand in securing the funding we need from these partners and have been reassured nothing has changed – if we can get started soon.

We would like the council to consider a contribution to these works from the asset transfer monies put aside by Council Leadership to support transfer of building to community ownership. We suggest that this could be equivalent to the cost of demolition, saved ongoing costs whilst empty, plus the cost of sales and legal transfer of the property/land to a new owner. Consideration could be given to this being split over two fiscal years.

We have also agreed an initial interest free loan from an individual as working capital to re-launch the business.

In conclusion we are still extremely confident that funding can be raised but it is the time of the process that could create issues with another winter approaching.

Re-Opening the Centre

Given the potential of available initial part funding it is proposed that we could open the doors within a six month period. The first full tranche of refurbishment work would, given the available funds, take no more than 9 months from approval being provided.

As part of this work we will be sourcing local labour to tidy the external areas, painting the fence etc.

To address resident concerns over parking we plans to allocate around 15-20 car park spaces within the grounds of the centre and (subject to planning consent) will look to make additional car park provision for users/visitors.

We have submitted a detailed business plan to run the centre without Council subsidy once it is re-opened. To reduce the running costs of a swimming pool, which are without doubt the largest single cost, we plan to install a biomass Combined Heat and Power generator which will dramatically reduce costs as part of what we believe will be one of the most ecologically sustainable Community Centre with Pool in the country! We are also planning to use solar panels, as the centre of the roof area lends itself to this technology.

Proposal

We understand that if we can't get support to re-open Byrne Avenue it is likely to be earmarked for demolition, and the cost of knocking down the building has been estimated to be around £160,000, and sale of the site under current market conditions will see a community asset lost and little in the way of a capital receipt

Whilst its future is decided Wirral Council is spending £23,000 per year keeping Byrne Avenue closed.

Taken together these costs would go a long way towards meeting the first tranche or repair costs we have agreed are needed with the Council.

Our proposal is as follows:

- a) The Community Asset Transfer fund stands as quoted at £4.5m and we request that support of up to £350k over two years (8% of available funds) be provided to reopen the building in a speedy timeframe. Of this £150k will be used to deal with those issues that must be addressed before the centre can be re-opened, with the balance used to redecorate and redo the fixtures and fittings within the changing and pool surround areas.
- b) BACT will source the required funds to complete the refurbishment at an approximate cost of £400k.

We are happy to accept any questions and are willing to meet to discuss any points within this proposal.

We can be contacted via the following:

John Fennah
BACT Board
07740 122393
john@argusdistribution.co.uk

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WIRRAL COUNCIL

CABINET – 4 NOVEMBER 2010

REPORT OF DIRECTOR OF LAW, HR & ASSET MANAGEMENT

APPOINTMENT OF MEMBERS TO SERVE ON THE SCHOOL APPEAL PANELS AND OF APPEAL PANEL CHAIRS

Executive Summary

The Cabinet is advised of the statutory requirement to appoint members to sit on both School Admission and Exclusion Appeals.

This report invites the Cabinet to consider four applications from members of the public to sit on School Admission Panels as members.

1. Background

- 1.1. When an admission authority refuses a child a place at a particular school, the parent has the right to appeal the decision to an Independent Appeal Panel under the School Standards and Framework Act 1998.
- 1.2. Where a pupil has been permanently excluded by a Head Teacher following a disciplinary offence, parents have a right of appeal to an Independent Appeal Panel.
- 1.3. Members are aware that the School Standards and Framework Act 1998 has made significant alterations to the constitution of Appeals Panels.
- 1.4. In respect of Admission Appeals, Schedule 24 of the Act provides that where an Appeal Panel is established by an LEA under Section 94 or by an LEA jointly with one or more school governing bodies, it must consist of three or five members appointed by the LEA from the following categories:-
 - (a) People who are eligible to be Lay Members. This means people without personal experience in the management of any school or the provision of education in any school (disregarding experience as a school governor or in another voluntary capacity). There must be at least one Lay Member on each Panel;
 - (b) People who have experience in education; who are familiar with educational conditions in the LEA's area; or who are parents of registered pupils at a school. At least one Panel Member must fall within this category.

- 1.5 In respect of Exclusion Appeals, Paragraph 2(1) of the schedule to the Maintained Schools Regulations 2002 provides that:-

An appeal pursuant to arrangements made by a Local Education Authority under regulation 6(1) shall be to an appeal panel constituted in accordance with this paragraph. An appeal panel shall consist of three or five members appointed by the authority from:-

- (a) Persons who are eligible to be Lay Members.
- (b) Persons who are, or have been within the previous five years, Head Teachers of maintained schools, and
- (c) Persons who are or have been governors of maintained schools, provided they have served as a governor for at least twelve consecutive months within the last six years, and who are not teachers or Head Teachers.

- 1.6 Additional members are also sought on behalf of the Governing Bodies of Catholic and Church of England Voluntary Aided Schools hearing Exclusion Appeals and applications received will be forwarded to the schools and Diocesan offices for appropriate consideration.

2. Role of Panel Members

- 2.1. Panel Members are expected to play an active part in the questioning of both the presenting officer and the appellants, showing favour to neither party, avoiding expressing personal opinions during the course of a hearing, or making the case for either party, and being conscious at all times of acting, and being seen to act, independently of the Admission Authority. Having heard all the evidence, the Panel must withdraw to reach a decision as to whether to uphold or reject the appeal.

3. Training of Panel Members

- 3.1. Admission Authorities must arrange and fund training for appeal Panel Members, covering the specific functions of their role, as described in the School Admission Appeals Code of Practice, and in accordance with the requirement in the Appeals Regulations.
- 3.2 Panel Members must not take part in hearings until they have received appropriate training.

4. Applications Received

4.1 I attach as an appendix copies of the applications received.

4.2 Considering each application in turn, I would comment as follows:-

- 1) Janet Nash – the applicant is retired with occasional work as a Facilitator in Liverpool University and she is a governor of the Hospitals' School. There appears to be no bar to the applicant

sitting as a Lay Member and a Panel Member on both Community and Voluntary Controlled Panels and CE and RC voluntary Aided Panels.

- 2) Brenda Thompson – the applicant is a former teacher. She would therefore be disqualified from sitting as a Lay Member but there would appear to be no bar to the applicant sitting as a Panel Member with experience of education on Community and Voluntary Controlled Panels and CE and RC Voluntary Aided Panels with the exception of schools where she has taught or had connection with.
- 3) Melanie Worthington – the applicant is self-employed and currently sits on the Schools Appeals for Calday Grange Grammar School. She has attended training on School appeals held at the Town Hall, Wallasey in February 2010. There would appear to be no bar to the applicant sitting as a Lay Member on both Community and Voluntary Controlled Panels and CE and RC Voluntary Aided Panels, with the exception of schools at which her children are pupils.
- 4) Deborah Skupski – the applicant is a housewife. There would appear to be no bar to the applicant sitting as a Lay Member and a Panel Member with experience of education on both Community and Voluntary Controlled Panels and CE and RC Voluntary Aided Panels, with the exception of schools at which her children are pupils.

4.3 Appointments will be reviewed on an annual basis.

5. Financial and Staffing Implications

Members of the Appeals Panel are entitled to travelling and subsistence allowances and to financial loss allowances if their membership of the Panel leads to the loss of income. There are no staffing implications.

6. Equal Opportunities Implications/Equality Input Assessment

None.

7. Community Safety Implications

None.

8. Local Agenda 21 Implications

None.

9. Planning Implications

None.

10. Anti-poverty Implications

None.

11. Social Inclusion Implications

None.

12. Local Member Support Implications

None.

13. Background Papers

No such papers were used in the production of this report other than the correspondence with the applicant.

14. Recommendations

- 1) Cabinet is recommended to appoint to the pool of Lay Members of the Appeals Panel:-

Janet Nash
Melanie Worthington
Deborah Skupski

- 2) Cabinet is recommended to appoint to the pool of persons with experience in education for the Appeals Panel:-

Janet Nash
Brenda Thompson

Bill Norman
Director of Law, HR & Asset Management

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