



# Cabinet

<b>Date:</b>	<b>Thursday, 13 October 2011</b>
<b>Time:</b>	<b>6.15 pm</b>
<b>Venue:</b>	<b>Committee Room 1 - Wallasey Town Hall</b>

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## AGENDA

### 1. 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.

## CHILDREN'S SERVICES AND LIFELONG LEARNING

### 3. CHILD POVERTY STRATEGY ACTION PLAN - PROGRESS REPORT (Pages 1 - 30)

## FINANCE AND BEST VALUE

### 4. MERSEYSIDE PENSION FUND ACCOUNTS (Pages 31 - 38)

### 5. AUDIT COMMISSION - MPF ANNUAL GOVERNANCE REPORT (Pages 39 - 60)

### 6. STATEMENT OF ACCOUNTS 2010-11 (Pages 61 - 232)

7. **AUDIT COMMISSION - ANNUAL GOVERNANCE REPORT (Pages 233 - 274)**
8. **ANNUAL GOVERNANCE STATEMENT 2010-11 (Pages 275 - 294)**
9. **MEDIUM TERM FINANCIAL STRATEGY 2012-15 (Pages 295 - 318)**
10. **CAPITAL STRATEGY 2012-15 (Pages 319 - 336)**
11. **INFORMATION AND COMMUNICATION TECHNOLOGIES (ICT) STRATEGY 2011-14 (Pages 337 - 386)**
12. **INFORMATION AND COMMUNICATION TECHNOLOGIES SECURITY POLICY (Pages 387 - 426)**
13. **RISK MANAGEMENT STRATEGY AND THE MANAGEMENT OF RISK AND OPPORTUNITY (Pages 427 - 452)**
14. **CORPORATE RISK REGISTER (Pages 453 - 464)**
15. **ALLOCATION OF RE-PROVISION / RESTRUCTURING COSTS (Pages 465 - 468)**
16. **CAPITALISATION OF STATUTORY REDUNDANCY PAYMENTS (Pages 469 - 472)**
17. **LOCAL GOVERNMENT RESOURCE REVIEW BUSINESS RATES REFORM**

Report to follow.

This paper follows the report at Cabinet on 22 September. Consultation on the proposals ends on 24 October 2011. Officers are preparing a response, but need to take account of a full analysis of the eight technical papers which is still being undertaken nationally, and with colleagues in the Liverpool City Region and SIGOMA.

**18. SINGLE FRAUD INVESTIGATION SERVICE**

Report to follow.

Due to late notification of a DWP consultation paper which requires a response in a tight timescale.

**CORPORATE RESOURCES**

**19. REPORT TO THE CORPORATE GOVERNANCE CABINET COMMITTEE: INDEPENDENT REVIEW**

Report to follow.

Cabinet will receive a copy of the first report to the Corporate Governance Committee. The first meeting of that Committee is yet to

be arranged.

20. **PROCUREMENT STRATEGY (Pages 473 - 502)**
21. **BUSINESS CONSULTANCY SERVICES (Pages 503 - 506)**
22. **CONTRACT FOR THE PROVISION OF MILK, BREAD AND MORNING GOODS (Pages 507 - 510)**
23. **JOB EVALUATION (Pages 511 - 516)**

#### **COMMUNITY AND CUSTOMER ENGAGEMENT**

24. **CUSTOMER ACCESS STRATEGY (Pages 517 - 546)**

#### **SOCIAL CARE AND INCLUSION**

25. **ASSISTIVE TECHNOLOGY RE-TENDER (Pages 547 - 552)**
26. **INTRODUCTION OF NEW PROCEDURE FOR ALLOCATION OF BLUE BADGE PARKING FOR DISABLED PEOPLE (Pages 553 - 562)**
27. **UPDATE ON PUBLIC HEALTH REFORM (Pages 563 - 570)**

#### **HOUSING AND COMMUNITY SAFETY**

28. **WIRRAL'S HOUSING MARKET RENEWAL PROGRAMME - END OF YEAR REPORT 2010/11 AND WIRRAL'S HOUSING INVESTMENT PROGRAMME 2011/12 (Pages 571 - 588)**
29. **PRIVATE SECTOR HOUSING AND REGENERATION ASSISTANCE POLICY 2011/12 (Pages 589 - 602)**
30. **SUPPORTING PEOPLE CONTRACTS (Pages 603 - 610)**
31. **SUPPORTING PEOPLE CONTRACT - PROVISION OF SERVICE TO OFFENDERS (Pages 611 - 616)**

#### **STREETSCENE AND TRANSPORT SERVICES**

32. **CHANGING ROLE OF THE REGIONAL FLOOD AND COASTAL COMMITTEE (Pages 617 - 624)**
33. **ANY OTHER URGENT BUSINESS APPROVED BY THE CHAIR (PART 1)**

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

34. **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.

**35. EXEMPT APPENDIX - JOB EVALUATION (Pages 625 - 626)**

Appendix to agenda item 23.

Exempt by virtue of paragraph 3 as the appendix contains commercially sensitive information.

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

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

## WIRRAL COUNCIL

### CABINET

13<sup>TH</sup> OCTOBER 2011

<b>SUBJECT:</b>	<b>CHILD POVERTY STRATEGY AND ACTION PLAN – PROGRESS REPORT</b>
<b>WARD/S AFFECTED:</b>	<b>ALL</b>
<b>REPORT OF:</b>	<b>CHIEF EXECUTIVE</b>
<b>RESPONSIBLE PORTFOLIO HOLDER:</b>	<b>CLLR ANN MCLACHLAN</b>
<b>KEY DECISION:</b>	<b>NO</b>

#### **1.0 EXECUTIVE SUMMARY**

- 1.1 The local authority has a statutory duty to work with partners to develop a Wirral Child Poverty Strategy as set out in the Child Poverty Act 2010.
- 1.2 This report sets out the work that has been undertaken to date, in accordance with the report to Cabinet on the 14<sup>th</sup> April 2011, to develop a Wirral Child Poverty Strategy and action plan in partnership with local organisations and agencies, including the voluntary, community and faith sector. This includes the contribution of the Wirral Child and Family Poverty Working Group, which was established to make recommendations to the Council and its partners about a local Child Poverty Strategy and action plan.
- 1.3 The report further provides a progress report on the £10,000 policy option agreed by Cabinet and Council in February 2010 to invest in targeted engagement with Wirral organisations and local communities and sets out the proposed next steps in relation to the further development of the action plan.
- 1.4 The report also sets out the links between Wirral's local approach and the development of a strategy for the Liverpool City Region, which has been shaped by the City Region Commission on Poverty and Life Chances, chaired by Frank Field MP.

#### **2.0 RECOMMENDATIONS**

- 2.1 It is recommended that:
  - Cabinet notes the progress that has been made to date in relation to the development of a child and family poverty strategy for Wirral, including the excellent contribution of the Wirral Child and Family Poverty Working

Group, and approves the draft strategy and initial action plan at **Appendix 1**;

- Cabinet authorises the Chief Executive to undertake further consultation on the draft strategy and prepare a final version for approval and adoption by the Council and partners;
- Cabinet authorises the Chief Executive (and any other officer nominated by him) to undertake any other steps and action incidental and conducive to finalising the strategy and progressing the action plan, including working with relevant partners and stakeholders as considered necessary and appropriate;
- Cabinet agrees that the Wirral Child and Family Poverty Working Group should continue to meet to oversee the further development of the strategy.

### **3.0 REASON FOR RECOMMENDATIONS**

- 3.1 The local authority has a statutory duty to develop a local strategy in partnership with others to tackle child poverty in line with the Child Poverty Act 2010. This report requests Cabinet to agree a series of recommendations in respect of the progress that has been made and further planned work, in order to discharge that duty.

### **4.0 BACKGROUND AND KEY ISSUES**

- 4.1 The Child Poverty Bill 2010 received Royal Assent and became an Act of Parliament prior to the General Election. The Act established national targets for the reduction of child poverty and placed duties on local authorities and other local delivery partners to work together to tackle child poverty.
- 4.2 The Rt Hon Frank Field MP was asked by the coalition government to lead a National Review of Poverty and Life Chances to study the extent of poverty in the UK and making recommendations to help less affluent families. The report of this review was published in December 2010, followed by a national strategy 'A New Approach to Child Poverty: Tackling the Causes of Disadvantage and Transforming Families' Lives'. The national policy context is set out in more detail in **Appendix 1** to this report.
- 4.3 The Liverpool City Region Child Poverty and Life Chances Commission, which has also been led by the Rt Hon Frank Field MP, has overseen the development of a City Region strategy and action plan. This is being considered through City Region governance arrangements during October.
- 4.4 As set out in the Cabinet report of the 14th April 2011, it was evident at the outset of developing a Wirral response to the Child Poverty Act that this should recognise the expertise and experience across the public and voluntary, community and faith sectors in the borough and harness this within the context of current financial challenges. In light of this, the local authority established a local advisory group to review the evidence and make recommendations to the Council and its partners about local action to tackle child poverty. Representation on this group (the Wirral Child and Family Poverty Working Group) is drawn from the voluntary, community and faith,

housing, health, and education, employment and skills sectors. It is chaired by a representative from the voluntary, community and faith sector. It has Elected Member representatives from all parties. The current membership of the Working Group is detailed in **Appendix 2** to this report.

- 4.5 The discussions of the Working Group have informed the development of the draft 'Roots and Wings' strategy which is set out at **Appendix 1**. Central to these discussions have been the need for all partners to work with each other to add value to existing provision and the need to utilise the positive assets of local communities in raising the aspirations of children and families. This is reflected in the 'Roots and Wings' title which places a positive focus on aspiration and achievement.
- 4.6 The Working Group took a lead role in developing a consultation event for local stakeholders, which took place in June 2011 at the Floral Pavilion and was aimed at gathering knowledge and ideas. This event was attended by approximately 100 providers and practitioners from a range of organisations working with children and families in Wirral.
- 4.7 The outcomes of the consultation event described in 4.6 have informed the initial action plan (included in **Appendix 1**) alongside the draft strategy. It is proposed that further work is undertaken to develop this action plan as outlined in paragraphs 4.8 and 4.9 below and that a more detailed action plan, including resource implications, is presented to a future meeting of Cabinet alongside a final draft of the strategy. This report will also include:
- Proposed performance management and governance arrangements for delivering the strategy and action plan, Proposed performance management and governance arrangements for delivering the strategy and action plan, setting out clearly accountability for the action plan and how it will be delivered and monitored through local partnerships;
  - Details about how the delivery of the strategy and action plan will link to other strategies and plans including the Council's Corporate Plan, the Sustainable Community Strategy, the Children and Young People's Plan and local Neighbourhood Plans;
  - An Equality Impact Assessment.
- 4.8 It is therefore proposed that the draft strategy and initial action plan (at **Appendix 1**) provides a framework for further discussions with partners through a series of dedicated planning meetings which will be scheduled during November. It is also intended that further engagement with partners on the strategy and action plan is undertaken through key partnership forums including the Local Strategic Partnership's Executive Board and Children's Trust Board. An element of this work, as highlighted in the initial action plan, will be to ensure that Wirral is responding appropriately to the priorities identified in the Liverpool City Region strategy; it is proposed that City Region colleagues are invited to planning meetings as appropriate in order to facilitate this.

4.9 The final action plan will also be informed by the following activities:

- The Council's budget for 2011-12 includes £10,000 to support targeted engagement in respect of developing the strategy. This is being used to evaluate the impact of existing local initiatives and programmes on families in poverty with a particular focus on identifying what interventions have been most successful in supporting parents into sustainable employment.
- The current consultation to develop Neighbourhood Plans for Wirral's Area Forum areas (set out in a report to Cabinet of the 23<sup>rd</sup> June 2011) includes questions which will supplement evidence about child poverty issues. The information will help us to better understand the services and characteristics local neighbourhoods should have in terms of successfully supporting family life and addressing issues of poverty within communities.

## **5.0 RELEVANT RISKS**

5.1 The development of a risk register for the child poverty and action plan will be included as part of performance management and governance arrangements. Failure to develop and implement a child poverty strategy and action plan will expose the Council to risk of challenge for failing to discharge a statutory duty.

## **6.0 OTHER OPTIONS CONSIDERED**

6.1 This report sets out the approach being undertaken to identify options for action by the Council and its partners in relation to eliminating child poverty in Wirral.

## **7.0 CONSULTATION**

7.1 The approach set out in this report has been developed to incorporate a targeted approach to consultation and engagement with local partners, families and communities about child poverty issues.

7.2 To ensure that interested parties and stakeholders continue to be engaged, information relating to the meetings and discussions of the Wirral Child and Family Poverty Working Group is published on the Council's website, alongside the findings of the consultation event held in June 2011.

## **8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

8.1 The role of the voluntary, community and faith sector in tackling the complex problems faced by children and families living in poverty and in identifying those at risk is recognised through appropriate representation on the Wirral Child and Family Poverty Working Group. In addition, the group is being chaired by a representative from the voluntary, community and faith sector. The sector will be a key partner developing and delivering Wirral's strategy and action plan.



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

9.1 The activities described in this report are being progressed using existing staff resources from a number of departments. Resource implications of Wirral's Child Poverty Strategy and action plan will be considered as appropriate by the Council and partners as proposed in 4.7.

9.2 The costs of developing the final strategy and action plan will be met from within existing resources.

## **10.0 LEGAL IMPLICATIONS**

10.1 The local authority has statutory duties in relation to the Child Poverty Act 2010, which will be progressed through the delivery of the activities set out in this report.

## **11.0 EQUALITIES IMPLICATIONS**

11.1 The Child Poverty Strategy will have a clear focus on supporting those who are disadvantaged, including the delivery of specific services and through ensuring that all of Wirral's diverse communities are equally able to access services. The final strategy and action plan will have a full equalities impact assessment attached, the initial stage of which will inform consultation and engagement activities relating to the draft strategy.

## **12.0 CARBON REDUCTION IMPLICATIONS**

12.1 This report has no specific carbon reduction implications.

## **13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

13.1 This report has no specific planning and community safety implications.

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## **APPENDICES**

Appendix 1 – Draft Child Poverty Strategy and Initial Action Plan

Appendix 2 – Wirral Child and Family Poverty Working Group Membership

## **REFERENCE MATERIAL**

'A New Approach to Child Poverty: Tackling the Causes of Disadvantage and Transforming Families' Lives; Government's Child Poverty Strategy (Department of Work and Pensions and Department of Education, April 2011)

'Opening Doors, Breaking Barriers: A Strategy for Social Mobility (ODPM, April 2011)

'The Foundation Years: preventing poor children becoming poor adults'; the report of the Independent Review on Poverty and Life Chances (Frank Field MP, December 2010)

'Early intervention: the next steps'; an independent report to HM Government (Graham Allen MP, 2011)

<http://www.liverpoolcitystrategyces.org.uk/> for information about City Region child poverty needs assessment, including Wirral summary

**SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>
<b>CABINET: CHILD POVERTY STRATEGY AND ACTION PLAN</b>	<b>14<sup>th</sup> April 2011</b>



# ROOTS & WINGS

**BUILDING FOUNDATIONS, ACHIEVING DREAMS**

## OUR VISION

As partners in the future of Wirral, we will work together to reduce the numbers of children and young people living in poverty and support them to build the foundations for prosperous, healthy and happy lives. We will also work together to raise the aspirations of all of our children and young people and their families so that their dreams for themselves and their communities can be achieved.

We are clear that the best way to achieve this vision is through:

- Ensuring that children and families can easily access the services they need and that partners work together to provide more joined up approaches to eliminating poverty and deprivation;
- Targeting our efforts to make work the best route out of poverty for Wirral families;
- Providing effective support for Wirral families who need help to manage debt or issues of financial exclusion;
- Maximising the impact of all we do to improve the life chances of Wirral's children;
- Recognising and supporting the role that safe and high quality neighbourhoods and thriving communities can have in transforming lives.

We will not be complacent about this vision. We will challenge ourselves and each other to maintain a clear focus on working together and taking practical action to achieve our common goals of reducing poverty and harnessing the talent and ambitions of Wirral's children, families and communities. *We want everyone in Wirral to sign up to our vision; you can do this at [www.wirral.gov.uk/rootsandwings](http://www.wirral.gov.uk/rootsandwings)*

If I had two wishes, I know what they would be  
I'd wish for Roots to cling to, and Wings to set me free;

Roots of inner values, like rings within a tree, and Wings of independence to seek my  
destiny.

Roots to hold forever to keep me safe and strong,  
To let me know you love me, when I've done something wrong;

To show me by example, and help me learn to choose,  
To take those actions every day to win instead of lose.

Just be there when I need you, to tell me it's all right,  
To face my fear of falling when I test my wings in flight;

Don't make my life too easy, it's better if I try,  
And fail and get back up myself, so I can learn to fly.

If I had two wishes, to make my dreams come true,  
And they could just be granted, by someone such as you;

I wouldn't ask for money or any shop-bought things,  
The greatest gifts I'd ask for are simply Roots and Wings.

(inspired by A Child's Bedtime Song taken from Denis Waitley's *Excerpts From the Seeds of  
Greatness Treasury*)

## **CONTENTS**

### **1. POLICY BACKGROUND**

### **2. UNDERSTANDING CHILD POVERTY**

### **3. TAKING ACTION IN WIRRAL**

### **4. WORKSTREAMS**

- 4.1 Ensuring that children and families can easily access the services they need and that partners work together to provide more joined up approaches to recognising and addressing poverty
- 4.2 Targeting our efforts to make work the best route out of poverty for Wirral families
- 4.3 Providing effective support for Wirral families who need help to manage debt or issues of financial inclusion
- 4.4 Maximising the impact of all we do to improve the life chances of Wirral's children and young people
- 4.5 Recognising and supporting the role that safe and high quality neighbourhoods and thriving communities can have in transforming lives.

## 1. POLICY BACKGROUND

The development of Wirral's child and family poverty strategy is set against a policy background of key legislation, independent reviews and national and sub-regional strategies. These are described in the following pages.

### *Child Poverty Act 2010*

The Child Poverty Act 2010 sets the ambition to end child poverty by 2020, and highlights the associated national and local actions required. The commitment to end child poverty was maintained by the Coalition Government elected in May 2010. The Coalition Programme for Government included a number of initiatives related to the eradication of child poverty, including intentions to reform the tax credit system; free early education for disadvantaged 2 year olds; re-focusing of Sure Start on the neediest families and; re-focusing of Sure Start funding for outreach services to increase the number of Sure Start Health Visitors. Advisory guidance was published by the Child Poverty Unit in September 2010 to support local authorities in carrying out their duties. This covers the key areas of the duty to cooperate, to understand local needs, and to develop and deliver a strategy.

### *Independent Review on Poverty and Life Chances, led by Frank Field MP*

In December 2010, the Independent Review on Poverty and Life Chances led by Frank Field MP, produced the report 'The Foundation Years: preventing poor children becoming poor adults'. That report emphasised that:

"We have found overwhelming evidence that children's life chances are most heavily predicated on their development in the first five years of life. It is family background, parental education, good parenting and the opportunities for learning and development in those crucial years that together matter more to children than money, in determining whether their potential is realised in adult life. The things that matter most are a healthy pregnancy; good maternal mental health; secure bonding with the child; love and responsiveness of parents along with clear boundaries, as well as opportunities for a child's cognitive, language and social and emotional development. Good services matter too: health services, Children's Centres and high quality childcare. Later interventions to help poorly performing children can be effective but, in general, the most effective and cost-effective way to help and support young families is in the earliest years of a child's life".

### *Independent Review on Early Intervention, led by Graham Allen*

In July 2010, the Government announced the setting up of an independent commission on early intervention to be chaired by Graham Allen, MP for Nottingham North. An initial report, 'Early Intervention: The Next Steps', setting out the rationale for early intervention, was published in January 2011. A second report, published in June 2011, detailed the new funding options needed to resource early intervention. In the context of the Allen report, the term 'Early Intervention' is used to refer to the general approaches, plus specific policies and programmes, which help to give children aged 0 to 3 years, the

social and emotional foundation they need to reach their full potential, and to those which help older children become the good parents of tomorrow.

In the 'Early Intervention: The Next Steps' report, Graham Allen comments that:

"There are now two competing cultures: the dominant one – of late intervention – and the growing one – of Early Intervention. It is not an either/or – we must continue to swat the mosquitoes but we can drain the swamp too. The bleak truth is that decades of expensive late intervention have failed. Major social problems have got worse not better: despite heroic frontline efforts tackling the symptoms, their causes often remain unaddressed".

A second report from Graham Allen, titled 'Early Intervention: Smart Investment, Massive Savings' sets out how we can pay for those programmes within existing resources and by attracting new non government money. The report argues that:

Early Intervention investment has the potential to make massive savings in public expenditure, reduce the costs of educational underachievement, drink and drug abuse, teenage pregnancy, vandalism and criminality, court and police costs, academic underachievement, lack of aspiration to work and the bills from lifetimes wasted while claiming benefits.

#### *Review of Early Years Foundation Stage – Dame Claire Tickell*

In July 2010, the Government asked Dame Clare Tickell to carry out an independent review of the Early Years Foundation Stage (EYFS) to consider how this could be less bureaucratic and more focused on supporting children's early learning. The Foundation Years refers to a child's earliest years in life, from pregnancy to age five.

The report concluded that particular attention should be given to ensuring that children who have specific needs, or come from particularly disadvantaged backgrounds, are identified and supported as early as possible, given the overwhelming evidence of the positive impact that this has. Ensuring a close working relationship between those people in health, early years and education alongside parents and carers is an absolute pre-requisite to this. The Tickell report added that more needs to be done to "oil the wheels of multi-agency working, particularly for children who need additional support".

#### *Fair Society, Healthy Lives – Sir Michael Marmot*

In November 2008, Professor Sir Michael Marmot was asked by the Secretary of State for Health to chair an independent review to propose the most effective evidence-based strategies for reducing health inequalities in England from 2010. The review concluded:

"People with higher socioeconomic position in society have a greater array of life chances and more opportunities to lead a flourishing life. They also have better health. The two are linked: the more favoured people are, socially and economically, the better their health".

The Marmot review determined that reducing health inequalities will require action on six policy objectives:

- Give every child the best start in life
- Enable all children, young people and adults to maximise their capabilities and have control over their lives
- Create fair employment and good work for all
- Ensure healthy standard of living for all
- Create and develop healthy and sustainable places and communities
- Strengthen the role and impact of ill health prevention

### *The National Strategy*

Further to the findings of the national reviews led by Frank Field MP and Graham Allen MP, the Government launched a new strategy document in 2011 - 'A New Approach to Child Poverty: Tackling the Causes of Disadvantage and Transforming Families' Lives'. The strategy was released at the same time as the Government's Social Mobility Strategy, "Opening Doors, Breaking Barriers: A strategy for Social Mobility". The Government argues that increasing social mobility and achieving social justice will ultimately contribute towards success in ending child poverty.

This is the Government's first national Child Poverty Strategy, setting out a new approach to tackling poverty for this Parliament and up to 2020. Central to the strategy are:

- Strengthening families
- Encouraging responsibility
- Promoting work
- Guaranteeing fairness
- Providing support to the most vulnerable

The government argues that income measures and targets do not tell the full story. "Our radical programme of reform to deliver social justice will focus on combating worklessness and educational failure and preventing family and relationship breakdown with the aim of supporting the most disadvantaged groups struggling at the bottom of society".

Addressing the root causes of poverty and not just the symptoms means recognising the importance of the context in which a child is raised, alongside factors including education and income. Therefore, there is a focus on strong families, relationships and parenting support.

The government will measure the success of this approach to tackling child poverty through a new set of indicators.

There are still many complexities within this approach and the new national strategy recognises that more needs to be done to identify extreme poverty.

*Liverpool City Region Child Poverty and Life Chances Strategy 2011 – 2014 (currently being considered through City Region governance arrangements)*

The work being undertaken by Wirral is linked to a wider Liverpool City Region approach. The Liverpool City region Child Poverty and Life Chances Commission, also chaired by Frank Field MP, was established to lead activity across the region and has driven the development of the Liverpool City Region Strategy which has two broad aims. These are underpinned by seven strategic actions and are the areas that the Commission will focus its efforts on during the life of this strategy (2011-14).

**Aim 1: Ensure the best possible start in life for children and young people to improve their life chances**

**Actions**

1. Support effective parenting and drive improvements in foundation years services
2. Enhance children's social and emotional development and reduce gaps in educational achievement
3. Promote prevention and early intervention approaches to reduce health inequalities
4. Improve the quality of places and support strong communities to minimise the impact of disadvantage

**Aim 2: Maximise Family Income**

**Actions**

1. Improve access to suitable financial services and support families to make good financial decisions
2. Optimise employment opportunities by removing barriers to good quality and sustainable employment
3. Support parents to progress in work

The long-term Liverpool City Region approach that will be delivered through three strategies up to 2020 – coinciding with the National Child Poverty Strategy target date to eradicate child poverty.



## 2. UNDERSTANDING CHILD AND FAMILY POVERTY

There is extensive debate about the way in which child poverty is measured; however, the use of household income to measure poverty is the most universally accepted method and provides us with statistics about levels of child poverty in the UK, the Liverpool City Region and Wirral.

### *Child Poverty in the UK*

The UK has one of the worst rates of child poverty in the industrialised world.

Nearly 4 million children are living in poverty in the UK (after housing costs).

The proportion of children living in poverty grew from 1 in 10 in 1979 to 1 in 3 in 1998. Today, 30 per cent of children in Britain are living in poverty.

It is estimated that 1.9 million children live in workless households.

*Source: End Child Poverty website*

### *Child Poverty in the Liverpool City Region*

The Liverpool City Region is home to 1.5 million people, which includes around 327,000 children in 191,000 families. The City Region comprises the boroughs of Halton, Knowsley, Sefton, St. Helens, Wirral and the City of Liverpool. Together these districts make up a functional economic area with approximately 90% of all residents both living and working in the City Region.

Around 90,000 children in the Liverpool City Region are growing up in poverty.

The majority of children in poverty in the City Region live in lone parent families (77%)

Most children living in poverty in the City Region live in households claiming Income Support (IS) or Job Seekers Allowance (JSA); the City Region has a higher proportion of lone parent families on IS / JSA benefit than England.

Over 85% of City Region children living in poverty are under 16 years of age, and nearly 60% are under 11.

All local authority areas in the City Region, including Wirral, have severe concentrations of child poverty.

*Source: Draft LCR Poverty and Life Chances Strategy*

### *Child Poverty in Wirral*

24.2% of children in Wirral are living in poverty – around 17,000 of our children and young people

Nearly 15,000 of these children and young people are under 16

The overall statistics mask huge differences in child poverty within the borough – a number of wealthier areas in Wirral have very low – or no – rates of child poverty whilst in some areas the levels can be as high as 72% of children under 16 living in poverty

Free School Meals data is an important and up-to-date method of identifying children and young people from low income families - the percentage of pupils who are eligible for Free School Meals in Wirral primary schools is greater than both national and North West averages

### *Which areas are most affected by child poverty in Wirral?*

The tables below compare the neighbourhoods and communities with the highest and lowest percentages of children under 16 living in poverty. This demonstrates the stark differences in different parts of Wirral. Wirral has 11 Area Forums, which represent groups of electoral wards. The Area Forum areas most affected by child poverty, as indicated in the tables below, are Bidston & Claughton, Birkenhead, Tranmere & Rock Ferry, Liscard and Seacombe, and Leasowe, Moreton & Saughall Massie.

<b>Highest</b>			<b>Lowest</b>		
<b>Community / Neighbourhood</b>	<b>Area Forum</b>	<b>% children</b>	<b>Community / Neighbourhood</b>	<b>Area Forum</b>	<b>% children</b>
Ilchester Road	Bidston & Claughton	72.2%	The Beacons	Heswall, Pensby & Thingwall	1.8%
Mayor Road	Bidston & Claughton	69.9%	Wirral Country Park	Heswall, Pensby & Thingwall	1.7%
Paterson Street	Birkenhead, Tranmere & Rock Ferry	63.9%	Davenport Road	Heswall, Pensby & Thingwall	1.7%
Leasowe Sports Centre	Leasowe, Moreton & Saughall Massie	63.8%	Bertram Drive	West Wirral	1.7%
Seacombe Ferry	Liscard & Seacombe	63.8%	Dawpool Drive	Bromborough and Eastham	1.6%
St Catherines Hospital	Birkenhead, Tranmere & Rock Ferry	62.4%	Cawfield Drive	Greasby, Frankby, Irby, Upton & Woodchurch	1.6%
Harrogate Road	Birkenhead, Tranmere &	62.3%	Whitfield Common	Heswall, Pensby &	1.5%

	Rock Ferry			Thingwall	
Bidston Moss	Bidston & Claughton	62.0%	Huwell Drive	Greasby, Frankby, Irby, Upton & Woodchurch	1.5%
Graving Docks	Bidston & Claughton	61.6%	Langdale Road	Bebington & Clatterbridge	1.3%
Expressway Business Park	Birkenhead, Tranmere & Rock Ferry	61.6%	Upland Road	Greasby, Frankby, Irby, Upton & Woodchurch	1.3%
Union Street	Liscard & Seacombe	59.2%	Heswall Golf Course	Heswall, Pensby & Thingwall	0.0%
Victoria Fields	Birkenhead, Tranmere & Rock Ferry	58.1%	Wirral Country Park	Greasby, Frankby, Irby, Upton & Woodchurch	0.0%

Source: HMRC, NI116, August 2008

### *Which groups of children and families are most affected?*

Wirral is amongst the ten most deprived areas for employment in the country. Children whose parents are among the long-term unemployed are more likely to be affected by poverty and, in the east of the borough, there are concentrations of long-term unemployment and low skills in some of the most disadvantaged communities in England.

A related issue for Wirral is the fact that there is a significant minority (9%) of Wirral's young people who are not in education, employment and training. Despite year on year reductions in this group, which have been achieved in light of the recession, numbers are still too high. Young people from disadvantaged areas and vulnerable groups, including those with learning difficulties and disabilities and looked after children, are disproportionately represented.

Many socially-excluded children can become involved in offending and anti-social behaviour very early in their lives and the positive or negative experiences they have around the age of 12 can have a long-lasting impact on their later life chances. Studies show that there is a link between low income, social isolation and youth offending.

Children in one parent families are more likely to be affected by poverty. The communities and neighbourhoods with the highest number of lone parent benefit claimants are to be found in the Bidston and Claughton Area Forum area.

Whilst Wirral's teenage conception rate has declined in line with the national average, teenage pregnancy is still an issue for Wirral not least because of the often complex factors that can be involved and the likelihood that the children of teenage parents will be affected by poverty. Between 1998 and 2008, Wirral achieved a 21% reduction in the teenage conception rate (in 2008 the rate was 40.1 conceptions for every 1,000 women

aged between 15-17 years). In 2009, however, conception rates in Wirral increased to 44.0 per 1,000 women aged 15-17 years.

Young parents represent 12.2% of the total numbers of young people not in education, employment and training. 11.6% of mothers aged below 20 take up 'Care to Learn' funding to cover childcare costs to return to education or training. This is used as a marker to identify how well areas are engaging with young parents. Wirral is performing less well than the Merseyside (12.22%) and North West (17.7%) averages.

The recently launched national strategy estimates that, nationally, the proportion of children in relative poverty is significantly higher in families where at least one member is disabled than families where no one is disabled. Wirral has higher than the regional and national averages of working age adults who are disabled according to data from the Annual Population Survey (March 2010). 21.9% of the working age population is disabled. This indicates that addressing the impact of poverty on children in families where a parent is disabled is an issue for Wirral. The consultation undertaken with partners and practitioners to inform the development of the Wirral strategy suggests that we need to do more to understand the impact of poverty on children in families with a member who has learning disabilities or mental health issues.

Children with disabilities are more likely to be affected by poverty. In Wirral, Broadly 22% (16,800) children at any one time will have additional needs which require some extra support through targeted services; these may be individual or multi-agency services. These services support groups of children and their families such as those with special educational needs or disability or those requiring parenting support. A high proportion of these children will be living in the more disadvantaged areas. Within this group of 16,800 approximately 2,300 children have more complex needs which require a high level of specialist support.

The consultation also highlighted that young people leaving care in Wirral are more likely to experience issues of poverty – this reflects the evidence about these young people's attainment. Although at Key Stage 2 young people in care in Wirral do better than national comparator figures, they do less well than the Wirral average and at Key Stage 4 the attainment gap between looked after children and other pupils has increased in recent years.

Wirral has a relatively small but increasing minority of families from other cultures. More needs to be done to understand how issues of poverty might be impacting on these families.

Domestic violence is of particular concern in respect of children and families, an issue which has been highlighted in the consultation to date. There is a high incidence of violence to young women aged 16-25 who are pregnant. A significant number of people accessing the services offered by the Family Safety Unit as a result of domestic violence have chronic drug or alcohol dependencies or mental health issues and they are also likely to face economic hardship.

### **3. TAKING ACTION IN WIRRAL**

#### *Developing our strategy and action plan*

We know that, beyond what the child poverty statistics tell us about levels of income, living in poverty is not just about struggling to make ends meet. Its impact differs from one family to another. What we also know is that children in poverty are more likely to do less well in school, to have poor employment prospects and poor health in later life. And when they have children of their own, these outcomes are likely to continue.

The data shows us that child poverty in Wirral is linked to a wide range of deprivation issues – amongst them worklessness, poor housing, poor health and low levels of educational attainment and skills. There can also be other issues such as domestic violence, abuse or neglect, child or parental illness or disability, socially unacceptable or criminal behaviour, drug or alcohol use and family dysfunction. Referrals to the local authority regarding children in need in Wirral are highest from those deprived areas that are most affected by child poverty. Tackling poverty in Wirral therefore means addressing a range of complex problems within families and communities.

We have taken a number of steps to develop a meaningful strategy and action plan to address child and family poverty in Wirral which takes into account the range of issues and services which are involved.

Firstly, we set out its extent and nature in our first Wirral Child and Family Poverty Needs Assessment. This is in line with the statutory requirements set out in the Child Poverty Act. The needs assessment sets out detailed information about the local population and the range of issues which can influence deprivation and poverty. It draws on the Joint Strategic Needs Assessment developed by NHS Wirral.

The statistics referred to throughout this report are based on the data in the needs assessment, which will be updated on a regular basis.

At the outset of developing the strategy, it was recognised that the data was only part of the story about child poverty in Wirral. Alongside this, we needed to understand what activity is already making a difference locally and what is already being considered in terms of future services by partners in Wirral.

Much has been done nationally and at the Liverpool City Region level to understand different levels of poverty and the impact of poverty on family life and the achievement and aspirations of children and young people. This understanding has informed the debate in Wirral about the action we should take.

Wirral has a strong tradition of effective partnership working. For example, the Children's Trust arrangement in Wirral is already involved in actions to improve outcomes for the most vulnerable children through improving universal provision and delivering targeted programmes, many of which benefit those living in or at risk of poverty. Wirral's Economic Development and Skills Partnership focuses on maximising employment and skills outcomes for local people and has also had clear results.

Wirral also recognises the important role that is played by the voluntary, community and faith sector in contributing to better outcomes for children and families across Wirral. In recognition of this, and the need to harness and build on existing strengths in a challenging financial climate, the local authority established an independent advisory forum to look at child poverty and to make recommendations about a local strategy. This forum is called the Wirral Child and Family Poverty Working Group.

A consultation event took place at the Floral Pavilion, New Brighton in June 2011 to engage the views of approximately 100 stakeholders from the community, voluntary and faith sector as well as the public sector. Those views have supported the development of this draft strategy.

A project is being commissioned specifically to recruit a cohort of families in Wirral who have been supported through specific employability programmes. A series of interviews will be undertaken with these families. The focus of this evaluation project will be to gather information about barriers to employment and what works best in supporting families.

Gathering information to support our child poverty strategy is also central to the neighbourhood planning process currently being undertaken in Wirral. Local communities are being asked to tell us what they want for their neighbourhoods, with targeted questions linked to issues such as access to employment and training advice and services for children and young people.

*Our approach – increasing the impact of what we do*

Our vision sets out what we believe should be the workstreams for tackling child poverty in Wirral. These are:

- 1. Ensuring that children and families can easily access the services they need and that partners work together to provide more joined up approaches to recognising and addressing poverty;**
- 2. Targeting our efforts to make work the best route out of poverty for Wirral families;**
- 3. Providing effective support for Wirral families who need help to manage debt or problems of financial exclusion;**
- 4. Maximising the impact of all we do to improve the life chances of Wirral's children and young people;**
- 5. Recognise and support the role that safe and high quality neighbourhoods and thriving communities can have in transforming lives.**

Through the discussions undertaken by Wirral's Child and Family Poverty Working Group and consultation on the issues, we already know that there is much good practice in place supporting families in poverty or at risk of poverty. The consultation has also

told us that we could do better in terms of the way we work together as partners on these agendas in Wirral to increase the impact of what we do on reducing child poverty.

A key principle for working in partnership has developed from the work undertaken in Wirral to develop the strategy and action plan. This is the need to use the language of aspiration and hope when we talk about our children, families and communities in Wirral.

The initial action plan at the end of this document sets what we will now do to take forward the key issues and challenges we have identified through looking at the evidence and talking to partners and local people. All of the actions we will take as part of this strategy will be driven by the need to make an impact in and to add value to our local strategies for investment, jobs and skills and our plans for Wirral's children and young people and local neighbourhoods.

The national target date for eradicating child poverty is 2020 – this strategy and action plan is the starting point for ensuring that the Council, partners and the wider community work together in every way possible to achieve this in Wirral.

#### *The Council's role*

The Council has a duty to facilitate the delivery of Wirral's strategy through supporting partners to work together and helping innovation to thrive. In recognition of this leadership role, the Council will:

- Ensure that measures to tackle child poverty are central to its budget, corporate planning and commissioning activities, both the services that we commission and where we join up our budgets with others;
- Support the development of local approaches to working with our most vulnerable families over and above the services we already commission for children and families, led by the voluntary, community and faith sector;
- Pursue opportunities such as the use of Community Budgets to drive more effective allocation of our resources in line with the needs of families and local communities;
- Put in place clear monitoring and reporting processes to evaluate the impact of our action plan.

#### **4. WORKSTREAMS**

##### **Workstream 1: Ensuring that children and families can easily access the services they need and that partners work together to provide more joined up approaches to recognising and addressing poverty**

Partnership working in Wirral to improve outcomes for children and young people is recognised as being of an extremely high standard.

A clear finding of the consultation in relation to issues of child and family poverty is that partners in Wirral can do more to join up the provision of advice and support and ensure that those working at the front line of services, whether this is in Council or partner facilities or in community and voluntary organisations, have the knowledge they need to effectively support and signpost families to the services they need.

##### **Workstream 2: Targeting our efforts to make work the best route out of poverty for Wirral families**

The evidence in Wirral, including what we have learnt through consulting with partners, families and children and local communities, tells us that we can do more to break down barriers to employment and training to make work the best route out of poverty and that for different target groups and individuals these barriers may be very different.

There can be specific barriers to employment for particular target groups, including lone parents, people with mental health issues and/or disabilities, young offenders, people who do not engage, homeless / rough sleepers, people with alcohol / drug dependency, ethnic minority communities, deprived communities, young people not in education, employment or training (NEET) and young people who have been looked after children. Data demonstrates that employment rates for these groups are lower than the average.

Evidence suggests a particular barrier to employment for adults and young people in target groups is not being 'workplace ready' when they enter employment or work-based training opportunities – this can include, for example, lack of basic numeracy or literacy skills.

A key barrier – actual or perceived – is childcare. Partners need to explore further issues of access and affordability to ensure that flexible and safe provision is developed to meet the needs of families as well as taking practical action to promote the value of childcare as a realistic option for working parents.

For some parents, the high costs of transport plus the availability and reliability of public transport can become prohibitive particularly for those in low-paid jobs. Low travel horizons, i.e. a reluctance to travel to employment and training opportunities, can also be particularly common in some deprived communities.

There is also a perception that there is a shortage of work that is particularly suitable to some parents, for example, part-time jobs fitting around nursery or school hours; term-time employment; and jobs providing more than very limited financial gains.



Many parents who do work are trapped in a cycle of low skills, low-paid employment with limited career prospects and increased chances of moving between benefits and work. Supporting parents to progress in work is identified as a key area for lobbying and action in the Liverpool City Region Strategy.

### **Workstream 3: Providing effective support for Wirral families who need help to manage debt or problems of financial exclusion**

We know that many people on Wirral, especially those on low incomes and in the most deprived areas, do not have access to some financial products and that lack of a bank account or affordable credit puts people in some areas at greater risk of having to turn to 'loan sharks' and other unregulated lending provision.

We also know that families in Wirral are experiencing 'over-indebtedness' or problem debt that is not manageable in relation to their income and that these individuals tend to be concentrated at the lower end of the income scale.

The Government's definition of fuel poverty is when a household needs to spend more than 10% of its disposable income to adequately heat their home. 17.1% of Wirral households are currently estimated to be in fuel poverty, which although is below the average for both the Liverpool City Region (18.3%) and the North West (18.1%) it is higher than the national average for England (15.6%). The majority of households living in fuel poverty tend to be living in areas where income is low and property standards are poor. Due to the economic climate and rising energy costs, fuel poverty is again reportedly increasing.

### **Workstream 4: Maximising the impact of all we do to improve the life chances of Wirral's children and young people**

Access to high quality early years provision including schools, maintained, private, voluntary and independent settings and provision of services through Sure Start Children's Centres can provide children with a strong foundation for future development. Support for families in parenting and other programmes can also impact on life chances for individual children.

We also know that involvement of some parents in supporting their children is sometimes inconsistent. Some have low aspirations. Such parents often fail to engage with services which will enable the development of their child. As a consequence, there is an outcome of children facing a poverty of experience.

Language rich environments are crucial for a child's ability to communicate effectively and develop their social and emotional capabilities to their full potential. Research has demonstrated that approximately 50% of children in socially disadvantaged areas have significant language delay on entry to school. These children are more likely to have poor employment prospects and develop mental health issues later in life.

The most damaging factors to a young child's emotional and social development include: poor maternal mental health; harsh and inconsistent parenting, the lack of good quality play and learning experiences and parents with learning difficulties. In some

communities and families, the issue of poor parenting is multi-generational. The consultation undertaken in Wirral also suggests however that the impact of older family members playing a significant role in parenting can be extremely positive.

Successful progress has been made in the Early Years Foundation Stage with continuous improvement, including in the lowest achieving children. Children eligible for free school meals and those living in the 3% most deprived areas of Wirral have improved their attainment at a higher rate than the rest of the Wirral. However, areas with the highest levels of deprivation continue to have lower attainment than areas with the lowest levels of deprivation.

The gap in attainment between children eligible for a free school meal and those who are not increases as children progress through their education in Wirral. Overall, the attainment of Wirral pupils is often above the national averages but there is a significant difference or 'gap' between attainment in the most affluent areas and the most deprived. The latest data demonstrates that, whilst the gap between Free School Meal and non-Free School Meal pupils in the attainment of 5+ A\*-C GCSE is narrowing each year, it is still higher than the national gap or that found in similar areas to Wirral.

The latest data available about young people in Wirral from low income backgrounds who have progressed to higher education in comparison to their peers shows that the gap continues, one which is greater than can be found nationally. By age 19, the gap in the attainment of a Level 3 qualification is 31.8%, greater than the national gap and the largest gap of all the Liverpool City Region authorities.

Health inequalities manifest themselves from the start of life and are linked to other factors of poverty and deprivation. Mothers in deprived areas of Wirral are more likely to smoke in pregnancy and have low birth weight babies. They are also less likely to breastfeed their babies and more likely to suffer from post-natal depression. Children with lower birth weight have been shown to have poorer health and poorer cognitive development at ages 3 and 5. There is a strong correlation between a mother's level of education and her children's health. There are differences in obesity levels between children aged 2 to 15 in rich and poor families.

There is an increasing recognition of the benefits of early intervention programmes, the intention of which is to support a focus on preventative services in the early years and beyond. A particularly important issue is the identification of families who fail to access existing services. The national focus has been set by the development of the Early Intervention Grant, a specific funding stream, which will run from 2011 until 2015. The intention is to enable local authorities and their partners to pool funding in order to target disadvantage and achieve better results.

This funding in Wirral will support projects aimed around:

- Supporting families in difficult circumstances
- Supporting children and young people with disabilities
- Promoting positive behaviour in children, young people and families

These focus of this commissioning is to benefit both the young people and the local community by working proactively to identify problems early and stop them developing.

### **Workstream 5: Recognise and support the role that safe and high quality neighbourhoods and thriving communities can have in transforming lives**

There is recognition that there is low community cohesion in some areas and there is a need to increase 'ownership' of issues by those communities. Although there are many examples of successful community projects in Wirral, many grown from within communities, there remain some communities which lack self-confidence and aspiration. True community engagement and solutions generated by local people is a critical factor in a strategy that needs to address a range of issues and challenges in local areas.

Increasing capacity, community spirit, self help, sustainability, emotional resilience and cohesion are some of the underlying keys to reducing poverty and unlocking generational poverty traps.

Access to local services can be a factor in compounding other factors linked to poverty such as financial exclusion and health inequalities. Deprived areas often lack local financial services such as banks and cash points. Where access to supermarkets is restricted, disadvantaged families have little option but to buy their food from more expensive local shops.

There are many examples across the borough of community facilities being used to deliver services locally with the aim of increasing engagement. Key to thriving communities is the provision of positive activities for young people. Equally, however, there are communities where availability of community spaces are limited, leading to residents having to travel. As a result, families living in poverty can be further excluded.

High housing costs relative to income can impact significantly on poverty and make it difficult for families to move out of deprivation. The ability of families to access housing is hampered by high property prices and rents; 25.6% of all households in Wirral are, in theory, unable to afford open market accommodation of an appropriate size. This applies to 65.4% of all lone parent households and 36.7% of households where the head of household is not in employment.

A clear picture of the need for affordable housing is the 897 (6.34%) applicants who are registered as of December 2010 who have an urgent need for re-housing resulting from their current accommodation being unsuitable.

Poor housing standards lead to high energy bills due to inadequate heating and insulation, and can also adversely affect education, social development, and life chances. There is also an overlap with health inequalities in particular where homes are cold and damp. This can exacerbate or be one of the causes of respiratory and cardiovascular diseases such as childhood asthma, impacting significantly on children's educational achievements and school attendance.

Homelessness is more likely in low income families and is often a result of unaffordable housing costs. Although overall homelessness rates have fallen, the three main reasons

for homelessness in Wirral in 2009/10 were the termination of assured short hold tenancy (22%), mortgage arrears (18%) and parents no longer willing or able to accommodate older children (12%). Of the cases where homelessness could not be prevented in the time available and who were accepted as unintentionally homeless, the majority (65%) were considered to be priority need because the household included dependent children.

Whilst overall crime rates within Wirral compare well with other areas of the country, this masks some high rates of crime that are experienced within Wirral's most deprived areas. The distribution of the levels and patterns of crime and disorder across the Borough closely parallels the distribution of multiple deprivation, especially for young people, and there is a correlation between childhood poverty and a number of crime issues. Crime within the most deprived wards remains at higher levels (Bidston, Claughton, Birkenhead, Rock Ferry and Tranmere, Woodchurch, Leasowe, Moreton, and Saughall Massie).

Anti-Social Behaviour (ASB) has reduced over the last four years, but some 42% of all ASB incidents are related to young people and analysis shows that of these 20% of the young people concerned were under the influence of alcohol. Between Jan – March 2010 just three Area Forums (Birkenhead /Tranmere /Rock Ferry, Bidston /Claughton and Liscard /Seacombe) counted for 47.1% of all ASB incidents in Wirral. The Stronger Communities Initiative identifies hotspots where agencies need a co-ordinated focused approach to tackling crime and deprivation. In April 2010, the Morpeth Dock area was identified as a 'vulnerable locality' and a multi agency working group established. This area has the highest rates for both young offenders and young victims within Wirral.

**ROOTS AND WINGS: INITIAL ACTION PLAN**

<b>Workstream</b>	<b>Areas for action in Wirral</b>	<b>What can we do?</b>
<p><b>Integrate activity to reduce child and family poverty across Wirral</b></p>	<p><b>Ensure partners and communities are engaged in the vision for eliminating child poverty in Wirral</b></p>	<ul style="list-style-type: none"> <li>▪ Ensure that the draft strategy for Wirral is developed in partnership through targeted delivery planning sessions and discussions at partnership meetings</li> <li>▪ Ensure that issues relating to child poverty highlighted by local people through the recent Neighbourhood Plan consultation are reflected in final Plans</li> </ul>
	<p><b>Improve information sharing about best practice and successful interventions</b></p>	<ul style="list-style-type: none"> <li>▪ Develop the 'Roots and Wings' website as a place for sharing information in Wirral</li> <li>▪ Provide regular email updates to practitioners and providers engaged in developing the strategy and action plan to encourage information sharing and innovation</li> </ul>
	<p><b>Engage more families through more accessible services and outreach</b></p>	<ul style="list-style-type: none"> <li>▪ Work closely across the public and voluntary, community and faith sectors to develop joined up approaches to engaging families through our network of facilities and community spaces</li> </ul>
	<p><b>Ensure that services for families and disadvantaged groups are able to respond effectively when child poverty is identified as an issue</b></p>	<ul style="list-style-type: none"> <li>▪ Roll out the free Children's Workforce Development Council child poverty training module to staff and volunteers working with children and families</li> <li>▪ Undertake further work to evaluate services for families and target groups, for example people with learning disabilities or mental health issues, to develop specific actions for raising awareness and improving signposting</li> </ul>
<p><b>Target efforts to make work the best route out of poverty for Wirral parents</b></p>	<p><b>Remove barriers to employment for parents and target groups</b></p>	<ul style="list-style-type: none"> <li>▪ Use the findings of the 'what works' evaluation project to drive partner approaches to ensuring that parenting and employment programmes are meeting the needs of families in relation to aspirations and readiness for work</li> </ul>

		<ul style="list-style-type: none"> <li>▪ Develop further links between JobCentrePlus and Children's Centres</li> <li>▪ Work with contractors for the Department of Work and Pensions Work Programme and European Social Fund Families with Multiple Disadvantage to ensure issues for Wirral families are being understood and addressed</li> <li>▪ Undertake a specific planning session with partners to explore access to and flexibility of childcare</li> <li>▪ Consider what further partners can do to support target groups into employment including through the Apprenticeship Programme and working with employers</li> <li>▪ Work with partners to address specific travel issues impacting on access to opportunities for children and families in poverty, for example those emerging from the Council's consultation on Neighbourhood Plans</li> </ul>
	<b>Support parents to progress in work</b>	<ul style="list-style-type: none"> <li>▪ Undertake a specific planning session to explore Wirral's approach, including in respect of actions outlined in the Liverpool City Region, which include working with local employers to promote and implement a living wage across the City Region</li> </ul>
<b>Provide effective support for Wirral families who need help to manage debt or problems of financial exclusion</b>	<b>Improve access to suitable financial services</b>	<ul style="list-style-type: none"> <li>▪ Identify opportunities for making information more widely available through local networks and community assets</li> <li>▪ Explore how fuel poverty interventions can link to wider issues of financial exclusion for Wirral families</li> <li>▪ Work with City Region colleagues to develop a City Region Financial Inclusion Forum and review local arrangements for sharing best practice and expertise</li> </ul>
	<b>Improve financial literacy</b>	<ul style="list-style-type: none"> <li>▪ Identify opportunities for making debt management training more widely available, for example through community organisations working in the areas most affected by financial exclusion</li> <li>▪ Work with schools to ensure financial issues are covered within the curriculum</li> </ul>
<b>Maximise the impact of all we do to</b>	<b>Support effective parenting</b>	<ul style="list-style-type: none"> <li>▪ Investigate opportunities to promote life skills and</li> </ul>

<b>improve the life chances of Wirral's children and young people</b>		<p>positive parenting, including through increasing take up of parenting classes</p> <ul style="list-style-type: none"> <li>▪ Explore how the role of volunteers can be expanded, building on existing activity – for example, where children's centres are already working closely with grandparents, carers and wider family members</li> </ul>
	<b>Promote social and emotional development</b>	<ul style="list-style-type: none"> <li>▪ Build on existing initiatives to promote the importance of early language and communication skills with parents and carers</li> <li>▪ Pilot a school readiness index to provide evidence about the effectiveness of Foundation Years services</li> </ul>
	<b>Close the education and attainment gap</b>	<ul style="list-style-type: none"> <li>▪ Work with schools to share best practice, for example about the use of pupil premium payments in improving the attainment of disadvantaged pupils</li> </ul>
	<b>Promote prevention and early intervention approaches to reduce health inequalities</b>	<ul style="list-style-type: none"> <li>▪ Ensure that priorities being led through the ChaMPs public health network are included in partner plans and activities as appropriate</li> </ul>
<b>Recognise and support the role that safe and high quality neighbourhoods and thriving communities can have in transforming lives</b>		<ul style="list-style-type: none"> <li>▪ Ensure Neighbourhood Plans developed in consultation with local people reflect real community need and build on community assets</li> <li>▪ Explore targeting of specific communities</li> <li>▪ Explore opportunities for creative employment developments and social enterprises (e.g. community shops, community-led childcare) which meet community need, tackle issues of engaging families and which can help plug gaps in the availability of suitable work opportunities, including for particular target groups</li> <li>▪ Develop the role of community champions, mentors and peer-support, particularly in more deprived communities and look at more structured ways of identifying children most in need of role models</li> <li>▪ Ensure that housing services are linked to pathways of support for families in poverty or at risk of poverty</li> </ul>

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**Wirral Child and Family Poverty Working Group Membership (as at October 2011)**

Bev Morgan, Homestart-Wirral (Chair)
Cllr George Davies
Cllr Sheila Clarke
Cllr Mark Johnston
Rev Steve Mansfield, Vicar of St James with St Bede, Birkenhead
Jill Quayle, Tranmere Community Project
Frances Street, Wirral Community NHS Trust
Faith Everest, Wirral Metropolitan College
Chris Allen, Forum Housing Association
Debbie Veevers, Job Centre Plus
Fiona Johnstone, Director of Public Health
Harriet Wignall-Parry, Tranmere Community Project

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**WIRRAL COUNCIL**

**CABINET**

**13 OCTOBER 2011**

<b>SUBJECT:</b>	<b>MERSEYSIDE PENSION FUND STATEMENT OF ACCOUNTS 2010/11</b>
<b>WARD/S AFFECTED:</b>	<b>ALL</b>
<b>REPORT OF:</b>	<b>DIRECTOR OF FINANCE</b>
<b>RESPONSIBLE PORTFOLIO HOLDER:</b>	<b>COUNCILLOR STEVE FOULKES</b>
<b>KEY DECISION?</b>	<b>YES</b>

## **1.0 EXECUTIVE SUMMARY**

- 1.1 The purpose of this report is to present Members with the audited Statement of Accounts of Merseyside Pension Fund for 2010/11 and to respond to the Annual Governance Report (AGR) from the Audit Commission.

## **2.0 RECOMMENDATION**

- 2.1 That the Cabinet note the Statement of Accounts for 2010/11, and the Annual Governance Report.

## **3.0 REASONS FOR RECOMMENDATION**

- 3.1 Under the Audit Commission Act 1998 and the Audit Commission Code of Audit Practice for Local Government, the District Auditor reports on the Pension Fund Financial Statement, as part of those of the Council.
- 3.2 As the Pension Fund receives a separate AGR, this report has already been considered by the Pensions Committee on 19 September 2011 and the Audit and Risk Management Committee on 28 September 2011.

## **4.0 BACKGROUND AND KEY ISSUES**

- 4.1 The purpose of the Statement of Audited Accounts is to present the overall financial position of the Pension Fund as at 31 March 2011 in accordance with prescribed guidance.
- 4.2 Following changes to regulations for 2011; the un-audited statement of accounts was not presented to either the Pensions Committee or to the Audit and Risk Management Committee. Following this change, there was a meeting of the Governance and Risk Working Party on 14 July 2011 at which there was a training session on how the accounts for MPF are put together and an explanation of the changes made as a result of the newly introduced International Financial Reporting Standards (IFRS). The draft accounts were also made available to Members at this meeting.

- 4.3 The District Auditor has issued an unqualified opinion, and stated that the accounts present fairly the financial position of Merseyside Pension Fund as at 31 March 2011. The accounts as now shown will form the basis of the Annual Report for the year ended 31 March 2011.

#### **OVERVIEW OF THE ACCOUNTS**

- 4.4 The accounts are attached as an appendix to this report. The key features are
- The Fund has a value of £5.1bn at the account date of 31 March 2011 from £4.7bn at 31 March 2010.
  - The net cash-flow to the Fund from dealing with Members was down to £3m from £30m in the previous year due in part to the early retirement programme adopted by many employers.
  - The return on investments during the year was £407m following on from a rise of £1154m in the previous year.
  - It should also be noted that there has been significant volatility in asset values since the balance sheet date.
  - The introduction of IFRS requires a transitional net asset statement as at 1 April 2009 and this is included in the accounts.

#### **AMENDMENTS MADE TO THE ACCOUNTS**

- 4.5 The key changes made to the accounts during the audit process in response to misstatements identified by the Audit Commission were.
- (a) There was no transitional net asset statement for 1 April as required under International Financial Reporting Standards. This has now been added.
  - (b) There was a misanalysis of £139m investment in Amundi Global Emerging Markets and £134m investment in M&G Global Emerging Markets categorised as equity investments rather than pooled investments. This has been reversed in the amended accounts.
  - (c) There was an understatement of private equity due to valuations being late of £13.8m. Up to date valuations were obtained and the result was that the value of the fund increased by £13.8m and the 'Profit and losses on disposals of investments and changes in value of investments increased by £13.8m.
  - (d) There was an understatement of net assets caused by the omission of a position of 100,000 shares in L'Oreal Prime de Fidelité. This was amended resulting in an increase in the Fund Account of £728,000.
- 4.6 There were also changes made as a result of disclosure errors identified by the Audit Commission.
- (a) Two disclosure notes have been added to disclose £0.5m incorrectly categorised as equities and the other derivative positions held at 31 March 2011.

- (b) The note on Contributions Receivable (3) was amended to include the fact that a proportion of the regular contributions from employers include an element of past service deficit.
- (c) Changes were made to a small number of typographic errors and mis-castings.

## **FINDINGS AND ACTION PLAN**

- 4.7 The Audit Commission had only one matter to report on the quality of financial statements, as detailed below.

### **Disclosure of pooled and internally managed investments**

The accounts initially disclosed internally managed investment balances in aggregate only. Pooled investment vehicles were also disclosed in aggregate only. Whilst this disclosure does comply with the SORP, in my opinion this does not give the reader of the accounts adequate information on the nature of these investments.

Officers agreed with this observation with the caveat that the intention had been to comply with SORP requirements during the production of the first set of accounts produced under the new IFRS.

- 4.8 The Audit Commission has made two recommendations as detailed below.

**R1** Ensure that any changes to the investment ledger after it has been reconciled with the general ledger are also reflected in the accounts.

**R2** Review the latest available information on unquoted investments as part of a formal process considering potential adjusting post balance sheet events between the preparation and members' approval of the accounts.

- 4.9 Officers have agreed to both of these recommendations and have responded as detailed below.

**R1** A review of information flows is currently being undertaken. One outcome will be that a final review of reconciliation work be undertaken by the newly appointed Group Accountant.

**R2** In future years, a formal request will be made to Capital Dynamics to provide an updated 31 March valuation in August.

## **5.0 RELEVANT RISKS**

- 5.1 Not relevant for this report.

## **6.0 OTHER OPTIONS CONSIDERED**

- 6.1 Not relevant for this report.

## **7.0 CONSULTATION**

7.1 Not relevant for this report.

## **8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

8.1 There are no implications arising directly from this report

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

9.1 There are no implications arising directly from this report.

## **10.0 LEGAL IMPLICATIONS**

10.1 There are no implications arising directly from this report.

## **11.0 EQUALITIES IMPLICATIONS**

11.1 There are no implications arising directly from this report.

## **12.0 CARBON REDUCTION IMPLICATIONS**

12.1 There are no implications arising directly from this report.

## **13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

13.1 There are no implications arising directly from this report.

**REPORT AUTHOR:** Paddy Dowdall  
Investment Manager  
telephone: (0151) 242 1310  
email: [paddydowdall@wirral.gov.uk](mailto:paddydowdall@wirral.gov.uk)

FNCE/228/11

## **APPENDICES**

The Statement of Accounts is attached as an appendix to this report.

## **REFERENCE MATERIAL**

The Statement of Accounts plus relevant working papers and the AGR from the Audit Commission were used in the production of this report.

**SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>
<b>Audit and Risk Management Committee</b>	<b>28 September 2011</b>
<b>Pensions Committee</b>	<b>19 September 2011</b>
<b>Pensions Committee</b>	<b>27 September 2010</b>
<b>Audit and Risk Management Committee</b>	<b>28 September 2010</b>
<b>Pensions Committee</b>	<b>22 September 2009</b>
<b>Audit and Risk Management Committee</b>	<b>23 September 2009</b>
<b>Pensions Committee</b>	<b>29 September 2008</b>
<b>Audit and Risk Management Committee</b>	<b>30 September 2008</b>

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## Fund Account - for year ended 31 March 2011

	Note	2011 £'000	2010 £'000 Restated
<b>Contributions and Benefits</b>			
Contributions receivable	3	266,747	250,473
Transfers in		19,273	21,932
Administration Income		326	125
		<b>286,346</b>	<b>272,530</b>
Benefits payable	4	259,911	219,135
Leavers	5	18,589	19,658
Administration expenses		4,778	3,965
		<b>283,278</b>	<b>242,758</b>
<b>Net additions from dealings with members</b>		<b>3,068</b>	<b>29,772</b>
<b>Return on Investments</b>			
Investment Income	6	88,540	86,374
Profit and losses on disposal of investments and changes in value of investments	7	330,903	1,080,102
Taxes on income		-1,988	-2,350
Investment Management Expenses	9	-10,300	-9,745
<b>Net return on Investments</b>		<b>407,155</b>	<b>1,154,381</b>
<b>Net increase (-decrease) in the Fund during the year</b>		<b>410,223</b>	<b>1,184,153</b>
Net Assets of the Fund at the start of the year		4,705,649	3,521,496
<b>Net Assets of the Fund at the end of year</b>		<b>5,115,872</b>	<b>4,705,649</b>

## Net Assets Statement as at 31 March 2011

	Note	2011 £'000	2010 £'000 Restated	01/04/09 £'000
<b>Investment Assets</b>				
Equities	7	1,725,620	1,888,567	1,277,175
Pooled Investment Vehicles		2,960,106	2,459,616	1,908,688
Derivative Contracts		756	33	130
Direct Property		251,935	210,225	199,535
Short Term Cash Deposits		59,570	56,207	74,089
Other Investment Balances		89,555	62,893	63,866
		<b>5,087,542</b>	<b>4,677,541</b>	<b>3,523,483</b>
<b>Investment Liabilities</b>	8	<b>-37,114</b>	<b>-5,607</b>	<b>-22,413</b>
		<b>5,050,428</b>	<b>4,671,934</b>	<b>3,501,070</b>
<b>Non Current Assets</b>	10	<b>30,844</b>	<b>15,670</b>	<b>11,545</b>
<b>Current Assets</b>	11	<b>50,586</b>	<b>30,961</b>	<b>30,412</b>
<b>Current Liabilities</b>	11	<b>-15,986</b>	<b>-12,916</b>	<b>-9,986</b>
<b>Net Assets of the Fund as at 31 March 2011</b>		<b>5,115,872</b>	<b>4,705,649</b>	<b>3,533,041</b>

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# Annual governance report

Merseyside Pension Fund  
Audit 2010/11



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Traffic lights  
Red ■ Amber ◆ Green ●



# Key messages

**This report summarises the findings from my 2010/11 audit of the accounts of Merseyside Pension Fund (the Pension Fund) which is substantially complete.**

	Our findings
Audit opinion	●

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## **Audit opinion and financial statements**

- Subject to satisfactory completion of outstanding matters I plan to issue an unqualified audit opinion on the accounts of Merseyside Pension Fund.
- I identified two material errors in the accounts, the omission of a Net Assets Statement as at 1 April 2009, and a mis-classification of £273m pooled investments as equity. The Pension Fund has agreed to amend the accounts for both of these items.
- I identified a small number of other disclosure errors and one non-trivial accounting error, all of which the Pension Fund has agreed to amend.

# Before I complete my audit

## I confirm to you

My report includes only matters of governance interest that have come to my attention in performing my audit. My audit is not designed to identify all matters that might be relevant to you.

### **Independence**

I can confirm that I have complied with the Auditing Practices Board's ethical standards for auditors, including ES 1 (revised) - Integrity, Objectivity and Independence. I can also confirm there were no relationships resulting in a threat to independence, objectivity and integrity.

The Audit Commission's Audit Practice has not undertaken any non-audit work for the Pension Fund during 2010/11.

## I ask you to confirm to me

### **I ask the Pension Fund Committee to:**

- consider the matters raised in this report before recommending approval of the Pension Fund accounts to Wirral Borough Council's (the Council's) Audit and Risk Management Committee (the ARMC).
- take note of the adjustments to the Pension Fund's accounts which are set out in this report (Appendix 2);
- recommend the approval of the letter of representation (Appendix 3) to the ARMC on behalf of the Pension Fund before I issue my opinion and conclusion; and
- recommend the ARMC approve management's response to the proposed action plan (Appendix 4).

### **I ask the ARMC to:**

- consider the matters raised in this report and the recommendations of the Pension Committee before it:
  - approves the Council's financial statements;
  - approves the letter of representation (Appendix 3) before I issue my opinion and conclusion; and
  - agrees a response to the proposed action plan (Appendix 4).

# Financial statements

---

**The Pension Fund’s financial statements are an important means by which the Council accounts for its stewardship of the funds. The members of the ARMC have final responsibility for these statements. It is important that the members of the ARMC consider my findings before adopting the Council’s financial statements.**

## **Opinion on the financial statements**

Subject to satisfactory clearance of outstanding matters, I plan to issue an audit report including an unqualified opinion on the financial statements. Matters outstanding are:

- I have not received a final set of accounts including all the amendments agreed on audit
- I have yet to complete elements of my testing, in particular on:
  - Contributions, and
  - Investments

Appendix 1 contains a copy of my draft report for inclusion in the Council’s Statement of Accounts.

I received the Annual Report for the Pension Fund on 1 September. If there are no material inconsistencies with the financial statements governance statement and the Governance Statement reflects compliance with the Local Government Pension Scheme (Administration) Regulations 2008 and related guidance, I will issue an unqualified opinion. Appendix 1a contains a copy of my draft report for inclusion in the Pension Fund’s Annual Report.

## **Errors in the financial statements**

I identified two material errors in the Pension Fund’s accounts. The first is that, in common with most local government pension funds, the accounts did not include a Net Assets Statement as at 1 April 2009. It is a requirement of IFRS 1 First time adoption of IFRS that bodies include a comparative Net Assets Statement at the date of transition to IFRS. The second is a misclassification of two investments totalling £273m as equity rather than pooled investments.

I also identified one non-material error in the value of investments and a small number of other disclosure errors.

The Pension Fund management has agreed to amend the accounts for all of the errors I identified.

For details of all of the amended errors, see Appendix 2.

The Pension Fund management are also amending the draft accounts to increase the value of investments by £6.7m. In accordance with its accounting policy, the Pension Fund had used the latest audited accounts (as at 30 September 2010) to value an unquoted investment. However, by the time of our audit, accounts as at 31 December 2010 were available for the investment and we identified the movement in valuation.

## Recommendation

### Recommendation

- R1** Ensure that any changes to the investment ledger after it has been reconciled with the general ledger are also reflected in the accounts.
- R2** Review the latest available information on unquoted investments as part of a formal process considering potential adjusting post balance sheet events between the preparation and members' approval of the accounts.

## Specific risks and areas of judgement

In planning my audit I identified specific risks and areas of judgement that I have considered as part of my audit.

### Key audit risk and our findings

#### Key audit risk

#### Finding

#### 1. Triennial Actuarial Valuation Review

The Fund has completed a Triennial Actuarial Valuation Review reflecting its position at 31 March 2010. Whilst this is not a direct audit opinion risk, it is a key issue as regards the ongoing governance of the Fund. There are risks of increased deficits leading to additional costs from increased employer contributions.

An actuarial valuation is attached to the Pension Fund's accounts.  
No employer has defaulted on their contributions in the year.

#### 2. Move to 'OpenAir' system

The Fund replaced the system used to monitor and control internally managed investments, 'Shareholder', with the 'OpenAir' system in 2010/11. There is a risk that the balances will not be accurately transferred between systems and a risk that effective controls are not in place in the new system.

Internal Audit reconciled the closing book cost figures from 'Shareholder' to the opening book cost figures within 'OpenAir'. They did not identify any discrepancies.



### 3. Impact of voluntary redundancy

I am aware that Wirral Council is undergoing a voluntary redundancy process whereby a significant number of employees will leave in 2010/11. This may affect the capacity of the finance team to deliver materially correct statements within agreed timescales.

The Pension Fund provided its accounts for audit within the statutory deadline on 28 June.

### 4 First time application of International Financial Reporting Standards

From 2010/11 the Pension Fund is required to adopt the International Financial Reporting Standards (IFRS) Code. The Code sets out the proper accounting practices that bodies must follow and requires some additional disclosures for 2010/11.

We found one material error in the Pension Funds application of IFRS – in common with most local government pension funds the Fund omitted a transitional Net Asset Statement.

### 5 Financial pressures – contributing employers

We are aware that contributing bodies to the pension fund are under financial pressure and in many cases are offering voluntary early retirement, voluntary redundancy and possibly may need to make compulsory redundancies in the near future. This may place additional workload on the Pensions team in dealing with the large volume of severance arrangements

We did not find evidence of any backlog in pensions administration as a result of an increase in workload from increased numbers of severance cases in contributing bodies.

### 6 Reconciliations between AXiSe and the General Ledger

The Pension Fund did not carry out reconciliations between the values in AXiSe Pensions Payroll and membership administration systems to those in the General Ledger in 2009/10. These are essential procedures which are intended to give the Pension Fund assurance that transactions in the fund account are correctly stated as well as providing controls assurance over receipts and payments in key areas.

The Pension Fund has reconciled lump sums in AXiSe and the ledger.  
We have asked for evidence of a reconciliation of other transactions.

### 7 Timeliness of contributions

Regulation 42(2) of the Local Government Pension Scheme Regulations 2008 requires employer authorities to pay employee contributions to the administering authority within 19 days of the end of the month to which they relate. Our review of contributions in 2009/10 found that whilst most bodies pay on time, some smaller bodies missed these deadlines regularly, breaching the regulations.

We have asked for evidence of the timeliness of contributions from employer authorities.

### 8 Valuation of unquoted investments

The Pensions Statement of Recommended Practice (SORP) requires the valuation of investments to be at market value or where the value is not readily ascertainable, at the Fund's estimate of 'fair value'. The Pension Fund's accounting policies describe the methodology used for these investments as 'at manager's valuation' and the process followed for both alternatives and private equity relies on valuations reports provided by the investment managers and/or administrators. It is essential that the preparers of the pension fund financial statements are satisfied that the valuations provided by these specialists comply with the requirements of the SORP. Guidance issued by Pensions Research Advisory Group (PRAG) provides a framework of due diligence for preparers of Pension Fund statements

The Pension Fund developed a due diligence questionnaire based on the PRAG framework. It has used this when considering the valuation of investments.

### 9 Contract with Capital Dynamics

The Pension Fund's private equity valuation process relies on monitoring undertaken by Capital Dynamics Ltd under an arrangement dating back to 1991. Our review in 2009/10 of the contract identified that the contract is out of date and does not specify the valuation work.

A new contract with Capital Dynamics Ltd was signed in June 2011.

### 10 Compensatory added years

The Pension Fund's receipts and payments were overstated by £12m in 2009/10 due to the incorrect inclusion of compensatory added years (CAYs). CAYs are awarded under the Local Government Regulations 2000 and therefore fall outside of the LGPS. The LGPS (Misc) Regulations 2009 now permit employers to convert CAYs into pension service, however there has to be a resolution by the employing authority to do this conversion by 31 March 2012.

The Pension Fund managers have confirmed that no employing authority has made a resolution to convert CAYs into pension service. (I have asked that members also confirm this in the letter of representation). The Pension Fund has therefore excluded CAYS from its income and expenditure in 2010/11. It has also amended the comparative figures for 2009/10.

## Significant weaknesses in internal control

### I have not identified any significant weaknesses in internal control

I only report those weaknesses I identify during the course of the audit that are relevant to preparing the financial statements. I am not expressing an opinion on the overall effectiveness of internal control.

## Quality of your financial statements

I consider aspects of your accounting practices, accounting policies, accounting estimates and financial statements disclosures.

I have only one matter to report to you:

### Accounting practices, policies, estimates and financial closures

Issue	Findings and recommendations
<p><b>1. Disclosure of pooled and internally managed investments</b></p> <p>The accounts initially disclosed internally managed investment balances in aggregate only. Pooled investment vehicles were also disclosed in aggregate only. Whilst this disclosure does comply with the SORP, in my opinion this does not give the reader of the accounts adequate information on the nature of these investments.</p>	<p>The Pension Fund management agreed that the information could be enhanced and agreed to change the disclosure to be more useful to the user of the accounts.</p>

## Letter of representation

Before I issue my opinion, auditing standards require me to ask you and management for written representations about your financial statements and governance arrangements. I have included a draft at Appendix 4

# Appendix 1 – Draft independent auditor’s report to the members of Wirral Borough Council

---

## Opinion on the pension fund accounting statements

I have audited the pension fund accounting statements for the year ended 31 March 2011 under the Audit Commission Act 1998. The pension fund accounting statements comprise the Fund Account, the Net Assets Statement and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of Wirral Borough Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010.

## Respective responsibilities of the Director of Finance and auditor

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the Director of Finance is responsible for the preparation of the pension fund’s Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAC Code of Practice on Local Authority Accounting in the United Kingdom. My responsibility is to audit the accounting statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practices Board’s Ethical Standards for Auditors.

i For inclusion in the Council’s Statement of Accounts

## Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements sufficient to give reasonable assurance that the accounting statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the fund; and the overall presentation of the accounting statements. I read all the information in the explanatory foreword [and the *annual report*<sup>i</sup>] to identify material inconsistencies with the audited accounting statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

## Opinion on accounting statements

In my opinion the pension fund's accounting statements:

- give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2011 and the amount and disposition of the fund's assets and liabilities as at 31 March 2011 other than liabilities to pay pensions and other benefits after the end of the scheme year and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

## Page 49 **Opinion on other matters**

In my opinion, the information given in the explanatory foreword [and the content of the *Annual Report*<sup>ii</sup>] for the financial year for which the accounting statements are prepared is consistent with the accounting statements.

<sup>i</sup> I will insert these words if there are no matters arising from my review of the Council's annual report.

<sup>ii</sup> I will insert these words if I have no matters arising from my review of the Council's annual report.

# Appendix 1a – Draft independent auditor’s report for inclusion in Pension Fund Annual Report

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Draft independent auditor’s report to the members of Wirral Borough Council

## Opinion on the pension fund accounting statements

I have audited the pension fund accounting statements for the year ended 31 March 2011 under the Audit Commission Act 1998. The pension fund accounting statements comprise the Fund Account, the Net Assets Statement and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of Wirral Borough Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and of Audited Bodies published by the Audit Commission in March 2010.

## Respective responsibilities of the Director of Finance and auditor

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the Director of Finance is responsible for the preparation of the pension fund’s Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. My responsibility is to audit the accounting statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practices Board’s Ethical Standards for Auditors.



## Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements sufficient to give reasonable assurance that the accounting statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the fund; and the overall presentation of the accounting statements. I read all the information in the annual report to identify material inconsistencies with the audited accounting statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

## Opinion on accounting statements

In my opinion the pension fund's accounting statements:

- give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2011 and the amount and disposition of the fund's assets and liabilities as at 31 March 2011 other than liabilities to pay pensions and other benefits after the end of the scheme year; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

## Opinion on other matters

In my opinion, the information given in the annual report for the financial year for which the accounting statements are prepared is consistent with the accounting statements.

## Matters on which I report by exception

I have nothing to report in respect of the governance statement on which I report to you if, in my opinion the governance statement does not reflect compliance with the Local Government Pension Scheme (Administration) Regulations 2008 and related guidance.

# Appendix 2 – Amendments to financial statements

I identified the following misstatements during my audit and management have adjusted the financial statements. I bring them to your attention to aid you in fulfilling your governance responsibilities.

Adjusted misstatement	Nature of adjustment	Fund account		Net assets statement	
		Dr £000s	Cr £000s	Dr £000s	Cr £000s
Transitional IFRS net asset statement omitted	Include net assets statement as at 1 April 2009				
Misanalysis of investments	£139m investment in Amundi Global Emerging Markets and £134m investment in M&G Global Emerging Markets categorised as equity investments rather than pooled investments				
10,000 units in L'Oreal Prime de Fidelité omitted from net assets statement	Increase value of investments in net assets statement and increase change in market value of investments in funds account		728	728	



## Other disclosure errors

- a small number of typographic errors and mis-castings
- gross up £4m Forward Euro contracts and £4m associated liabilities in investments disclosure note
- £0.5m transitional fund manager balance categorised as equity rather than cash
- The contributions note does not disclose that an element of regular employer contributions represents deficit funding

# Appendix 3 – Letter of representation

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## Merseyside Pension Fund - Audit for the year ended 31 March 2011

I confirm to the best of my knowledge and belief, having made appropriate enquiries of other directors and officers of the Merseyside Pension Fund (the Fund), the following representations given to you in connection with your audit of the Fund's financial statements for the year ended 31 March 2011.

### **Compliance with the statutory authorities**

I have fulfilled my responsibility under the relevant statutory authorities for preparing the financial statements in accordance with the Code of Practice for Local Authority Accounting in the United Kingdom which give a true and fair view of the financial position and financial performance of the Fund for the completeness of the information provided to you, and for making accurate representations to you.

### **Supporting records**

All relevant information and access to persons within the entity has been made available to you for the purpose of your audit, and all the transactions undertaken by the Fund have been properly reflected and recorded in the financial statements.

### **Irregularities**

I acknowledge my responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud or error.

I also confirm that I have disclosed:

- my knowledge of fraud, or suspected fraud, involving either management, employees who have significant roles in internal control or others where fraud could have a material effect on the financial statements;
- my knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others; and
- the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

## **Law, regulations, contractual arrangements and codes of practice**

I have disclosed to you all known instances of non-compliance, or suspected non-compliance with laws, regulations and codes of practice, whose effects should be considered when preparing financial statements.

Transactions and events have been carried out in accordance with law, regulation or other authority. The Fund has complied with all aspects of contractual arrangements that could have a material effect on the financial statements in the event of non-compliance.

All known actual or possible litigation and claims, whose effects should be considered when preparing the financial statements, have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

## **Accounting estimates including fair values**

I confirm the reasonableness of the significant assumptions used in making the accounting estimates, including those measured at fair value.

## **Related party transactions**

I confirm that I have disclosed the identity of the Fund's related parties and all the related party relationships and transactions of which I am aware. I have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirement of the framework.

## **Compensatory added years (CAYs)**

No employing authority has made a resolution to convert CAYs into pension service.

## **Subsequent events**

All events subsequent to the date of the financial statements, which would require additional adjustment or disclosure in the financial statements, have been adjusted or disclosed.

# Appendix 4 – Action Plan

---

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
6	Ensure that any changes to the investment ledger after it has been reconciled with the general ledger are also reflected in the accounts.	3	Group Accountant	Yes	A review of information flows has already begun.	June 2012
6	Review the latest available information on unquoted investments as part of a formal process considering potential adjusting post balance sheet events between the preparation and members' approval of the accounts.	3	Group Accountant	Yes		Sept 2012

# Appendix 5 – Glossary

---

## Annual governance statement

A statement of internal control prepared by an audited body and published with the financial statements.

## Audit opinion

On completion of the audit of the financial statements, I must give my opinion on the financial statements, including:

- whether they give a true and fair view of the financial position of the audited body and its spending and income for the year in question; and
- whether they have been prepared properly, following the relevant accounting rules.

## Opinion

If I agree that the financial statements give a true and fair view, I issue an unqualified opinion. I issue a qualified opinion if:

- I find the statements do not give a true and fair view; or
- I cannot confirm that the statements give a true and fair view.

## Materiality and significance

The Auditing Practices Board (APB) defines this concept as ‘an expression of the relative significance or importance of a particular matter for the financial statements as a whole. A matter is material if its omission would reasonably influence users of the financial statements, such as the addressees of the auditor’s report; also a misstatement is material if it would have a similar influence. Materiality may also be considered for any individual primary statement within the financial statements or of individual items included in them. We cannot define materiality mathematically, as it has both numerical and non-numerical aspects’.

The term ‘materiality’ applies only to the financial statements. Auditors appointed by the Commission have responsibilities and duties under statute, as well as their responsibility to give an opinion on the financial statements, which do not necessarily affect their opinion on the financial statements.

‘Significance’ applies to these wider responsibilities and auditors adopt a level of significance that may differ from the materiality level applied to their audit in relation to the financial statements. Significance has both qualitative and quantitative aspects.

## **Weaknesses in internal control**

A weakness in internal control exists when:

- a control is designed, set up or used in such a way that it is unable to prevent, or detect and correct, misstatements in the financial statements quickly; or
- a control necessary to prevent, or detect and correct, misstatements in the financial statements quickly is missing.

An important weakness in internal control is a weakness, or a combination of weaknesses that, in my professional judgement, are important enough that I should report them to you.

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



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## WIRRAL COUNCIL

### CABINET

13 OCTOBER 2011

<b>SUBJECT</b>	<b>STATEMENT OF ACCOUNTS 2010/11</b>
<b>WARD/S AFFECTED</b>	<b>ALL</b>
<b>REPORT OF</b>	<b>DIRECTOR OF FINANCE</b>
<b>RESPONSIBLE PORTFOLIO HOLDER</b>	<b>COUNCILLOR STEVE FOULKES</b>
<b>KEY DECISION</b>	<b>YES</b>

#### **1.0 EXECUTIVE SUMMARY**

- 1.1. The Council Constitution allocates responsibility for the approval of the Statement of Accounts to the Audit & Risk Management Committee. The Statement for 2010/11 was published on 4 July 2011 and was then subject to audit. The District Auditor presented his findings within the Annual Governance Report (AGR) together with any additional update to the Audit and Risk Management Committee on 28 September 2011.
- 1.2 The Statement of Accounts includes the Merseyside Pension Fund (MPF) accounts as Wirral Council is the Administering Authority for MPF. As MPF receives a separate Annual Governance Report this was considered by the Pensions Committee on 19 September 2011 and the Audit and Risk Management Committee on 28 September 2011 as part of approving the Accounts.

#### **2.0 RECOMMENDATION**

- 2.1 That Cabinet note the Statement of Accounts for 2010/11 and the Annual Governance Report.

#### **3.0 REASON FOR RECOMMENDATION**

- 3.1 Audit & Risk Management Committee has responsibility for approving the Statement of Accounts on behalf of the Council which is a requirement under the Accounts and Audit Regulations 2003, as amended in 2011.

#### **4.0 BACKGROUND AND KEY ISSUES**

##### **INTRODUCTION**

- 4.1 The purpose of the Statement of Accounts is to present the overall financial position of the Council at 31 March 2011 in accordance with prescribed guidance supported by the Statement of Recommended Practice (SORP) which is updated annually and specifies the accounting principles and practices required to prepare a Statement of Accounts which present fairly the position of a local authority.

- 4.2 The Accounts and Audit Regulations 2003, as amended in 2011, state that the Statement of Accounts must be approved by an appropriate Committee no later than 30 September. This is a change for 2010/11 as by 30 June 2011 I had to sign the Accounts certifying that they represent a true and fair view of the financial position of the Authority. This I did on 4 July 2011 when the accounts were issued to all Members of this Committee and also made publicly available. On 14 July 2011 a briefing session was held for Members of the Audit and Risk Management Committee with the session open to all Members of the Council on understanding the published financial accounts. The session included:-
- Overview - legal requirements, roles, responsibilities and the process.
  - Accounts and Audit Regulations 2011.
  - International Financial Reporting Standards.
  - Statement of Accounts 2010/11, changes for 2010/11, review of the contents and highlight of the key areas.
- 4.3 The Accounts are subject to audit and if the Audit Commission requires any material amendments to the Accounts, then under the Audit Commission Act 1998 and the Audit Commission Code of Audit Practice for Local Government the District Auditor reports on the financial statements. As stipulated by the Regulations, these are reported to the Audit and Risk Management Committee prior to 30 September.
- 4.4 The Accounts are produced in accordance with the statutory accounting framework laid down by the Accounts and Audit Regulations 2003. The framework is further supported by the Statement of Recommended Practice (SORP). The SORP is updated annually and specifies the accounting principles and practices required to prepare a Statement of Accounts which present fairly the position of a local authority.

#### **AMENDMENTS TO THE STATEMENT OF ACCOUNTS**

- 4.5 There are a number of amendments to the financial statements that have been requested by the District Auditor and are detailed in the Annual Governance Report (Appendix 2).
- 4.6 The amendments have not changed the level of General Fund balance or reserves and provisions at 31 March 2011 which remain as reported to Cabinet on 23 June 2011
- 4.7 Besides commenting on the Financial Statement the Annual Governance Report also includes a Value for Money conclusion. The District Auditor has identified that whilst the Council is achieving cost reductions it is not able to demonstrate that it is improving efficiency and productivity in some areas with the Highways and Engineering Services (HESPE) contract quoted as an example.

## **COMMENTS**

- 4.8 The Statement of Accounts was published on 4 July 2011 which was after the deadline of 30 June 2011. The production of the Accounts presented the Council, particularly the Financial Services Division, with a number of challenges primarily from 2010/11 being the first year upon which the Accounts were fully prepared under International Financial Reporting Standards (IFRS).
- 4.9 Under the IFRS the Council is expected to improve and enhance its asset records and systems. This has been highlighted in the Annual Governance Report from 2008/09 onwards and there has been considerable work undertaken to make improvements. A new asset accounting system was procured and implemented in 2009/10 and into 2010/11. This involved the transferring of thousands of records on buildings, previously held on spreadsheets, onto the system. Work on enhancing the Vehicles, Plant and Equipment records, and supporting systems, whilst progressing, has not been within the required timescales and it is acknowledged that there remain issues to be addressed.
- 4.10 The amendments made as a result of the audit have been mainly around assets although there are a number resulting from the reduced quality assurance undertaken in 2010/11. The time available has been curtailed due to the reduced capacity within the Division which eroded the allocated contingency period and resulted from the need to prepare the Accounts under IFRS (with the need to restate previous years) having taken longer than planned.
- 4.11 Reference has been made to the adequacy of resources to support the preparation of the Statements, and for the subsequent Audit. Following the completion of the annual Accounts a review is undertaken and lessons learned to be put in place to seek improvements for the next year. This year this will include an assessment of the options to secure additional staffing resources in order to ensure compliance with statutory requirements. The Annual Governance Report and comments from the Audit Commission, as identified in the Action Plan in Appendix 5, assist in the preparation of future Statement of Accounts.
- 4.12 In terms of the financial position. Whilst there have been amendments to the Accounts there have been no changes to the level of the General Fund balance, reserves and provisions which remain as reported to Cabinet on 23 June 2011.

## **ANNUAL GOVERNANCE STATEMENT**

- 4.13 This Statement is the subject of a separate report on this agenda and, although not required to be included in the Statement of Accounts, is included as it shows how the Council has ensured the effectiveness of its systems for ensuring that it operates legally and that public money is properly used and accounted for. Cabinet on 22 September 2011 considered a report on Corporate Governance which has influenced the final version of the Annual Governance Statement for 2010/11.

## **5.0 RELEVANT RISKS**

- 5.1 The District Auditor has identified a number of concerns in his report. If not addressed by the Council then there are potential risks that the Council will not be able to meet its statutory requirements in respect of the Statement of Accounts. There are also concerns relating to value for money, emanating from the HESPE contract in that the Council needs to demonstrate improved efficiency and productivity from major contracts.

## **6.0 OTHER OPTIONS CONSIDERED**

- 6.1 The Statement of Accounts has to be produced in accordance with statutory guidance and the Statement is then subject to review by the appointed Auditor.

## **7.0 CONSULTATION**

- 7.1 There has been no specific consultation in respect of this report.

## **8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

- 8.1 There are none arising directly from this report.

## **9.0 RESOURCE IMPLICATIONS**

- 9.1 The amendments to the Statement of Accounts 2010/11 have not changed the level of General Fund balance or reserves and provisions at 31 March 2011 which remain as reported to Cabinet on 23 June 2011.
- 9.2 The Annual Governance Report makes reference to the adequacy of the level of staffing resources within the Financial Services Division. A further report will be brought to Cabinet on the options available when the issues raised have been reviewed and considered.
- 9.3 There are no IT implications arising from this report.

## **10.0 LEGAL IMPLICATIONS**

- 10.1 It is a legal requirement to publish the Statement of Accounts by 30 September 2011.

## **11.0 EQUALITIES IMPLICATIONS**

- 11.1 There are none arising directly from this report.

## **12.0 CARBON REDUCTION IMPLICATIONS**

- 12.1 There are none arising directly from this report.

## **13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

- 13.1 There are none arising directly from this report.

**REPORT AUTHOR:** Tom Sault  
Head of Financial Services  
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email: tomsault@wirral.gov.uk

## **APPENDIX**

Statement of Accounts 2010/11.

## **BACKGROUND PAPERS**

Annual Governance Report for Wirral Council issued by the Audit Commission  
September 2011.

## **REFERENCE MATERIAL / SUBJECT HISTORY**

<b>Council Meeting</b>	<b>Date</b>
Audit & Risk Management Committee	28 September 2011
Pensions Committee	19 September 2011
Audit and Risk Management Committee	28 September 2010

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## **Statement of Accounts 2010/11**

**These draft statements demonstrate the financial performance of Wirral Council for the financial year ending 31 March 2011.**

**These draft accounts are subject to consideration by the Audit and Risk Management Committee  
28 September 2011**

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## EXPLANATORY FOREWORD

### 1. INTRODUCTION

- 1.1 This foreword explains the Council's overall financial position including the main influences on the accounts and aims to assist in the understanding of the accounting statements.

### 2. ABOUT THE STATEMENT OF ACCOUNTS

- 2.1 The Statement of Accounts demonstrates the financial performance of the Council for the year-ended 31 March 2011 and shows the financial position at the end of that period. The Statement has been prepared and presented in accordance with prescribed guidance (the Code of Practice on Local Authority Accounting and Reporting Standards).

- 2.2 As far as possible plain language has been used throughout this publication. As technical language is required in some areas a definition of financial terms has been included. A Summary of Accounts, highlighting the main information contained within the Statement, is also available and is published on the Council website at [www.wirral.gov.uk](http://www.wirral.gov.uk).

- 2.3 A brief description of the main statements and areas covered:-
- Statement of Responsibilities sets out the responsibilities of the Council and of the Director of Finance.
  - Annual Governance Statement shows how the Council has ensured the effectiveness of systems for ensuring it operates legally and that public money is properly used and accounted for.
  - Main Financial Statements comprise four key statements:-
    - Movement in Reserves Statement shows the movement on the different reserves that the Council holds.
    - Comprehensive Income and Expenditure Statement shows all income and expenditure for the Council.
    - Balance Sheet shows the financial standing of the Council at 31 March 2011 detailing all assets and liabilities.
    - Cash Flow Statement shows the inflows and outflows of cash arising from transactions with other parties.
  - Notes to the statements provide further detail and explanation of the items contained within the Main Financial Statements.
  - The Collection Fund and notes cover the Council Tax and Non-Domestic Rates collected and paid to the precepting authorities and the national Non-Domestic Rate pool.
  - Pension Fund covers the financial position of the Merseyside Pension Fund which is managed by Wirral Council.
  - Glossary of Financial Terms explains the technical terms used.

2.4 The main changes in the Statement this year relate to the full implementation of International Financial Reporting Standards (IFRS). This has required changes to the form of the main financial statements and an increase in the number of notes. IFRS also changed the treatment of certain transactions and balances so the amounts presented in the 2010/11 statements are different from the equivalent figures presented in the Statement of Accounts 2009/10. The note dealing with the impact of the adoption of IFRS provides further details of the accounting changes and do not impact upon the level of spend and the Council Tax.

### **3. REVIEW OF THE FINANCIAL YEAR**

#### **3.1 REVENUE EXPENDITURE AND INCOME**

3.1.1 The spending on services provided to the people of Wirral is met from Government Grants and the local taxpayer through the Council Tax. For 2010/11 the increase in Council Tax was 1.67%. The Council spent over £250 million on services in 2010/11 which was met from a combination of Government Grants, Non-Domestic Rates and Council Tax.

3.1.2 The financial position is regularly monitored, particularly for those areas most prone to variation. The Coalition Government announced reductions in grant funding with Wirral's funding reduced by £5.5 million. Whilst actions were taken to maintain spending within the resources available, pressures within Adult Social Services and Children's Services for care services resulted in overspending within these areas. Offsetting the overspends were one-off benefits from the treasury management activities and increased grant receipts in respect of Housing and Council Tax benefit through changes in the management and processing of applications. As a consequence the overall position for 2010/11 was a net overspend of £0.3 million on revenue.

3.1.3 At the end of the year there was £15.1 million in General Fund balances with the main contributions being from:-

- Connexions Pension Reserve of £4.7 million being no longer required following revisions to the Council's pension liabilities.
- Insurance Fund of £4.4 million due to continued improvements in the management of claims liability.
- Housing Benefit reserves and provisions of £2.2 million as a result of improvements in processing and recovery of grant from Government.

A proportion of these balances are planned to be used in 2011/12 and a minimum of £6 million represents a prudent level of General Fund balance consistent with sound financial management.

3.1.4 In response to the impending reductions in Government funding for the public sector, the Council in autumn 2010 sought to reduce the workforce through the Early Voluntary Retirement / Voluntary Severance Scheme. This will result in over 1,100 individuals leaving the Council between December 2010 and July 2011. The Comprehensive Income and Expenditure Account reflects the £21.3 million of severance costs that the Council has either paid, or had to make provision for, in 2010/11.

## **3.2 CAPITAL EXPENDITURE AND INCOME**

- 3.2.1 During 2010/11 £59 million was spent on capital projects including the acquisition and improvement of assets and infrastructure. The largest project was in respect of education services with the completion of the new Woodchurch High School and Park Primary School with funding secured for the Birkenhead Girls Academy. A large number of schools have benefitted from lesser modernisation and improvement works. Investment into regeneration continued with the New Heartlands Housing Market Renewal Initiative targeting areas in Birkenhead and Wallasey and the redevelopment of New Brighton continued. Improvements to highways, bridges and road safety projects included the ongoing Bidston Viaduct scheme.
- 3.2.2 The main source of funding came from grants allocated by Central Government for specific schemes or projects and primarily investment in schools. In 2010/11 £44 million of grants were received to fund the total spend of £59 million with the balance met from a combination of borrowing and capital receipts generated from the sale of surplus assets.

## **3.3 BALANCE SHEET**

### **3.3.1 Balances, Provision and Reserves**

The Council seeks to maintain a level of balance sufficient to meet any unforeseen events. In agreeing the 2010/11 Budget it was anticipated that the balance would be £6.5 million by 31 March 2011. The level is based upon an assessment of the risks involved in managing the overall budget and recent experiences in terms of spending compared to the budgets allocated. With reductions in the level of spend £6 million is considered to be adequate.

The General Fund balance will vary as a result of the financial decisions of the Council. When setting the annual budget sums in excess of the prudent level can be, and are, used to help provide for services. For example the 2011/12 Budget included the use of £2.8 million on a range of one-off initiatives.

Whilst the General Fund balance is available to meet non-specific pressures, provisions and reserves are amounts set aside to meet specific future liabilities. They are regularly reviewed to assess whether they are adequate for the purpose intended and whether the sums involved are still required. At 31 March 2011 the major reserves within the total of £90 million were in respect of the Insurance Fund, Housing Benefit, Working Neighbourhoods Fund and School balances. The latter are only available for use by the schools. Within the £25 million of provisions the majority related to the Early Voluntary Retirement / Voluntary Severance Scheme costs, Insurance Fund and Housing Benefit.

The Balance Sheet at 31 March 2011 shows a net asset position of £197 million. The net worth of the Balance Sheet excluding the Net Pensions Liability is a net asset position of £532 million. Further information in respect of the Pensions Liability is covered in the section on Retirement Benefits.

### 3.3.2 **Assets and Investments**

As part of the rolling programme of valuations a further series of assets were revalued during the year. In total the Council had an asset portfolio valued at £699 million at 31 March 2011 and included land and buildings as well as infrastructure assets such as roads.

Total investments at 31 March 2011 were £136 million with the majority of investments being on a short term basis with financial institutions. Throughout 2010/11, as in previous years, the over-riding approach was one of security and liquidity with the diminution in investment return being the acceptable risk / reward consequence. The investment income during the year totalled £1.7 million.

### 3.3.3 **Outstanding Debts and Borrowing**

The major sources of funding for Council borrowing have traditionally been private sector institutions (banks and building societies) and the Public Works Loans Board (PWLB). As part of effective treasury management, opportunities presented by the market to generate interest savings are pursued and this proactive management is undertaken in line with approved Government and statutory guidance (Code of Practice for Treasury Management in Public Services).

In managing debt the aims are to reduce the overall exposure to interest rate movements, to lower long-term interest charges paid and smooth the maturity profile without compromising longer-term stability. Debt rescheduling has become more challenging and places greater emphasis on the timing and type of new borrowing. No debt rescheduling took place in 2010/11.

At 31 March 2011 the long term debt totalled £256 million. Of this, £171 million was with financial institutions and £85 million with the PWLB with this being spread over a range of maturity dates. This also includes the debt of the former Merseyside County Council which Wirral manages on behalf of the other Local Authorities and agencies.

### 3.3.4 **Retirement Benefits**

All authorities fully adopt the accounting policies contained with International Accounting Standard 19 "Employee Benefits". The principle behind IAS19 is that an organisation should account for retirement benefits when it is committed to pay them, even if the actual payment will be many years in the future. The actuaries engaged by the Council have estimated the underlying long term commitment to pay retirement benefits to be £335 million at 31 March 2011.

The recognition of this liability in the accounts has a substantial effect on the net worth of the Council and is subject to variation each year as it is dependent upon both the national and the global economic situation. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy. The deficit on the Local Government Pension Scheme will be made good by increased contributions over the remaining working life of employees as assessed by the actuary.

The liability for teachers' discretionary added year payments rests with the Council and under scheme regulations is funded on a "pay as you go" basis with annual payments to retired teachers.

### **3.4 CLIMATE CHANGE AND SUSTAINABILITY**

3.4.1 Positive actions to address climate change and sustainability continue. These include enhancements around the recycling and waste agenda; the move towards technological rather than paper based systems; the better use of buildings; environmental and sustainability considerations are factored into major building schemes and Council energy consumption is reducing with plans to reduce this further. There is support for the wider community through home insulation initiatives and community buildings grants.

### **3.5 GOVERNANCE**

3.5.1 The Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

3.5.2 The Annual Governance Statement, although no longer required as part of the Statement of Accounts, has been included. The Leader and Chief Executive concluding that the governance arrangements have been operating effectively during the year and proposing to take any necessary steps to ensure that any matters needing to be addressed will be taken to further enhance governance arrangements.

## **4. RECENT AND FUTURE DEVELOPMENTS**

### **4.1 BUDGET 2011/12**

4.1.1 The Council Budget for 2011/12 saw a nil Council Tax rise from 1 April 2011 as for other Councils in England as the Government offered additional grant funding to those setting a zero increase.

4.1.2 The Budget reflects the impact of the Government Spending Review 2010 which sought to reduce the national deficit and resulted in a reduction in Wirral's grant funding for 2011/12. The consultation exercise "Wirral's Future – Be A Part Of It" has been important in shaping future priorities and identifying efficiencies.

### **4.2 FORWARD PLANS**

4.2.1 The Vision for Wirral seeks to achieve a more prosperous and equal Wirral which is founded on a strong, vibrant local economy with high levels of employment. The Medium Term Financial Strategy and Annual Budget underpin the Corporate Plan in seeking to achieve Wirral's Vision.



- 4.2.2 There are increasing pressures from delivering services where demand and expectations are rising against the limited funding available. This is expanded upon in the Medium Term Financial Strategy. The regularly updated reports on the Projected Budgets for future years include actions proposed to address any gap between the projected spend and likely resources.
- 4.2.3 Value for money remains a key area. The Council continues to identify and implement a range of actions to deliver efficiencies and greater value for money to ensure services are delivered in the most effective way.

### **4.3 ECONOMIC POSITION**

- 4.3.1 The global economic situation has affected, and will continue to affect public services in a variety of ways. The pressures on the Government to address the public sector deficit have been widely publicised and this will place further pressure upon the public sector and the financial position of the Council.
- 4.3.2 As in preceding years the impact upon the accounts was in respect of income and, in recognition of the ability of individuals to meet their financial obligations, a further increase was made in the sums set aside for potential bad debts.
- 4.3.3 Based upon the information presently available the Council's Projected Budget for 2012/15 shows a gap between the planned spend and likely resources of around £80 million. This equates to a further 25% reduction in the net spend of the Council and will lead to further difficult decisions around the provision of services and the priorities of the Council over the coming years.
- 4.3.4 Measures taken in 2010/11, and in the Budget 2011/12, seek to help support local businesses and the citizens of Wirral. The level of balances, including provisions and reserves, is at a level to help mitigate any impact upon the financial position.

## **5. CONCLUSIONS**

- 5.1 The Statement of Accounts provides information about Council expenditure and income for the year and the overall financial position at the end of the financial year. The Statement is a key element in reporting how Council finances have been managed whereas the Council Tax Explained booklet issued with the Council Tax demands at the beginning of each year sets out the plans for the year.
- 5.2 The Council continues to strive to promote and enhance all aspects of financial management and successfully managed its finances during 2010/11. The Council will face a number of challenges in future years but it retains a sound financial base, including the General Fund balance plus the specific provisions and reserves, from which it can respond.

**IAN COLEMAN**

**DIRECTOR OF FINANCE**



## STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

### The Council's Responsibilities

The Council is required to:-

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Director of Finance;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

### The Director of Finance's Responsibilities

The Director of Finance is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practice as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the SORP).

In preparing this Statement of Accounts the Director of Finance has:-

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent; and
- complied with the local authority SORP.

The Director of Finance has also:-

- kept proper accounting records which were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the Statement of Accounts provides a true and fair view of the financial position of Wirral Council at 31 March 2011 and its Income and Expenditure for the year ended 31 March 2011.

Ian Coleman  
Director of Finance

Date: 28 September 2011

**ANNUAL GOVERNANCE STATEMENT 2010/2011**

This Statement will be included after it, and these Accounts are further considered at Audit and Risk Management Committee on 28 September 2011.

# **Main Financial Statements**

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**MOVEMENT IN RESERVES STATEMENT**

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting and dwellings rent setting purposes. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the council.

	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Council Reserves £000
<b>Balance at 31 March 2009</b>	8,282	80,485	9,472	13,090	111,329	134,712	246,041
<b>Movement in reserves during 2009/10</b>							
Surplus or (deficit) on the provision of services	(15,100)	-	-	-	(15,100)	-	(15,100)
Other Comprehensive Income and Expenditure	-	-	-	-	-	(103,080)	(103,080)
<b>Total Comprehensive Income and Expenditure</b>	<b>(15,100)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(15,100)</b>	<b>(103,080)</b>	<b>(118,180)</b>
Adjustments between accounting basis and funding basis under regulations (Note 8)	33,938	-	(425)	16,167	49,680	(49,680)	-
<b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>	<b>18,838</b>	<b>-</b>	<b>(425)</b>	<b>16,167</b>	<b>34,580</b>	<b>(152,760)</b>	<b>(118,180)</b>
Transfers to/from Earmarked Reserves (Note 9)	(13,362)	13,362	-	-	-	-	-
<b>Increase/Decrease in 2009/10</b>	<b>5,476</b>	<b>13,362</b>	<b>(425)</b>	<b>16,167</b>	<b>34,580</b>	<b>(152,760)</b>	<b>(118,180)</b>
<b>Balance at 31 March 2010</b>	<b>13,758</b>	<b>93,847</b>	<b>9,047</b>	<b>29,257</b>	<b>145,909</b>	<b>(18,048)</b>	<b>127,861</b>

(Table continues on following page)

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	General Fund Balance £000	Ear- marked General Fund Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Council Reserves £000
<b>Balance at 31 March 2010</b>	<b>13,758</b>	<b>93,847</b>	<b>9,047</b>	<b>29,257</b>	<b>145,909</b>	<b>(18,048)</b>	<b>127,861</b>
<b>Movement in reserves during 2010/11</b>							
Surplus or (deficit) on the provision of services	32,425	-	-	-	32,425	-	32,425
Other Comprehensive Income and Expenditure	-	-	-	-	-	35,289	35,289
<b>Total Comprehensive Income and Expenditure</b>	<b>32,425</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>32,425</b>	<b>35,289</b>	<b>67,714</b>
Adjustments between accounting basis and funding basis under regulations (Note 8)	(34,729)	-	(775)	1,587	(33,917)	33,917	-
<b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>	<b>(2,304)</b>	<b>-</b>	<b>(775)</b>	<b>1,587</b>	<b>(1,492)</b>	<b>69,206</b>	<b>67,714</b>
Transfers to/from Earmarked Reserves (Note 9)	3,610	(3,610)	-	-	-	-	-
<b>Increase/ Decrease in 2010/11</b>	<b>1,306</b>	<b>(3,610)</b>	<b>(775)</b>	<b>1,587</b>	<b>(1,492)</b>	<b>69,206</b>	<b>67,714</b>
<b>Balance at 31 March 2011</b>	<b>15,064</b>	<b>90,237</b>	<b>8,272</b>	<b>30,844</b>	<b>144,417</b>	<b>51,158</b>	<b>195,575</b>

**COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT**

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

2009/10				2010/11		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
37,855	32,119	5,736	Central services to the public	40,637	32,771	7,866
97,316	30,257	67,059	Cultural, environmental, regulatory and planning services	102,529	31,178	71,351
388,031	310,342	77,689	Education and children's services	419,336	322,994	96,342
19,778	7,017	12,761	Highways and transport services	21,296	7,132	14,164
159,360	144,656	14,704	Other housing services	157,908	139,929	17,979
120,691	34,060	86,631	Adult social care	147,666	46,242	101,424
5,183	(22)	5,205	Corporate and democratic core	7,307	1,932	5,375
1,585	-	1,585	Non distributed costs	(55,267)	-	(55,267)
<b>829,799</b>	<b>558,429</b>	<b>271,370</b>	<b>Cost of Services</b>	<b>841,412</b>	<b>582,178</b>	<b>259,234</b>
78,442	-	78,442	Other operating expenditure (Note 10)	55,560	-	55,560
74,731	38,244	36,487	Financing and investment income and expenditure (Note 11)	31,287	3,880	27,407
-	371,199	(371,199)	Taxation and non specific grant income (Note 12)	-	374,626	(374,626)
		<b>15,100</b>	<b>(Surplus) or Deficit on Provision of Services</b>			<b>(32,425)</b>
		(11,625)	Surplus or deficit on revaluation of Property, Plant and Equipment assets			15,975
			Surplus on revaluation of PFI liability			(5,163)
		(55)	Surplus or deficit on revaluation of available for sale financial assets			-
		114,760	Actuarial gains/losses on pension assets / liabilities			(46,101)
		<b>103,080</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>(35,289)</b>
		<b>118,180</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>(67,714)</b>

**BALANCE SHEET**

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

<b>31 March 2010 £000</b>		<b>Notes</b>	<b>31 March 2011 £000</b>
713,720	Property, Plant & Equipment	13	684,858
13,402	Investment Property	14	14,105
1,131	Intangible Assets	15	813
11,073	Long Term Investments	16	11,295
68,018	Long Term Debtors	41	64,296
<b>807,344</b>	<b>Long Term Assets</b>		<b>775,367</b>
68,711	Short Term Investments	16	62,603
2,099	Assets Held for Sale	19	2,957
278	Inventories		343
66,153	Short Term Debtors	17	55,813
34,558	Cash and Cash Equivalents	18	58,372
<b>171,799</b>	<b>Current Assets</b>		<b>180,088</b>
19,372	Short Term Borrowing	16	17,715
65,953	Short Term Creditors	20	61,190
2,110	Provisions	21	16,731
<b>87,435</b>	<b>Current Liabilities</b>		<b>95,636</b>
6,937	Provisions	21	8,583
261,108	Long Term Borrowing	16	256,416
493,448	Other Long Term Liabilities	23,38 39,42	396,517
2,354	Capital Grants Receipts in Advance	35	2,728
<b>763,847</b>	<b>Long Term Liabilities</b>		<b>664,244</b>
<b>127,861</b>	<b>Net Assets</b>		<b>195,575</b>
145,909	Usable Reserves	22	144,417
(18,048)	Unusable Reserves	23	51,158
<b>127,861</b>	<b>Total Reserves</b>		<b>195,575</b>



**CASH FLOW STATEMENT**

The Cash Flow Statement shows the Changes in Cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

<b>2009/10</b> <b>£000</b>		<b>2010/11</b> <b>£000</b>
15,100	Net (surplus) or deficit on the provision of services	(32,425)
(46,462)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	(2,353)
3,575	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	2,226
(27,787)	<b>Net cash flows from Operating Activities (Note 24)</b>	(32,552)
7,930	Investing Activities (Note 25)	614
17,459	Financing Activities (Note 26)	8,124
(2,398)	<b>Net increase or decrease in cash and cash equivalents</b>	(23,814)
(32,160)	Cash and cash equivalents at the beginning of the reporting period	(34,558)
(34,558)	<b>Cash and Cash equivalents at the end of the reporting period (Note 18)</b>	(58,372)

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# **Notes to the Main Financial Statements**

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## NOTES TO THE MAIN FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES

#### General

The accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 (the Code), as recommended by CIPFA, supported by guidance notes on the application of accounting standards. The accounting convention adopted is historical cost modified for the valuation of certain categories of non current assets and financial instruments. They are also prepared on a going concern basis. The Code of Practice specifies the principles and practices of accounting required to prepare a Statement of Accounts which provides a true and fair view of the financial position and transactions of the Council and is based on approved international accounting standards, except where these might conflict with specific statutory accounting requirements.

In accordance with the Code the Council has adopted a number of principles to be followed in selecting accounting policies to be used and the corresponding use of disclosures needed to help users to understand those adopted policies and how they have been implemented. In doing so, the Council tries to ensure that the policies adopted are the most suitable to its particular circumstances for the purpose of providing a true and fair view of the financial position and transactions of the Council. Policies are reviewed regularly to ensure their appropriateness and are changed as necessary to maintain this position. In such cases a full disclosure will be provided.

The concepts that the Council has regard to in selecting and applying these policies are:-

The qualitative characteristics of financial information

- Understandability.
- Relevance.
- Materiality.
- Reliability.
- Comparability.

Pervasive accounting concepts

- Accruals.
- Going concern.
- Primacy of legislative requirements.

Accounting policies can be defined as the principles, bases, conventions, rules and practices applied that specify how the transactions and other events are to be reflected in the financial statements through recognising, selecting measurement bases for, and presenting assets, liabilities, gains, losses and changes in reserves.

The 2010/11 Statement of Accounts is the first to have been prepared in accordance with International Financial Reporting Standards as adopted and amended as necessary in the Code.

There are several changes in accounting policy required as a result of the move from the UK's generally accepted accounting principles based on the Statement of Recommended Practice (SORP) to the IFRS based Code. The main changes are detailed below:-

- Cash and cash equivalents.
- Government grants and other contributions and donated assets.
- Employee benefits.
- Investment properties.
- Assets held for sale and discontinued assets.
- Property, plant and equipment.
- Leases.

### **Accruals of Income and Expenditure**

The Council's Statement of Accounts is kept on an accruals basis, in accordance with the Code of Practice.

To account for income and expenditure in the financial year in which goods and services are received or rendered, amounts included in the accounts are based on actual invoices received or raised after the year end. Where actual amounts are not known estimates are included based on an assessment of the value of goods and services received or rendered. Any estimates are calculated using the best available information.

Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. If debts are not likely to be settled, the balance of the debtor is written down and a charge made to revenue for income that may not be collected.

Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows set out by contract.

### **Capital Receipts**

Sales of assets give rise to capital receipts if the receipt exceeds £10,000. These are recorded on an accruals basis and, if required, are divided into a reserved part (based on applicable statutory requirements) and a usable part (the balance).

Usable receipts are credited to the Capital Receipts Reserve and are available to finance capital expenditure. Reserved receipts are credited to the Capital Adjustment Account and there they reduce the Council's Capital Financing Requirement. The Secretary of State has determined that, under provisions included in the Local Government Act 2003, the Council is required to pay over to the Department for Communities and Local Government (DCLG) a proportion of receipts derived from the disposal of housing land.

## **Cash and Cash Equivalents**

Cash includes all bank credit balances and overdrafts held by the Council as part of its normal cash management, including all deposit accounts accessible without notice.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Cash and cash equivalents include cash in hand and deposits held at call with financial institutions.

## **Contingent Assets and Liabilities**

These are not accrued in the accounting statements but will be disclosed by way of notes if there is a possible obligation/receipt which may require a transfer, payment or receipt of economic benefits. The note discloses the nature of the asset or liability and an estimate of its financial effect.

## **Debt Redemption (The Minimum Revenue Provision)**

Debt is redeemed as and when it falls due. Under regulations issued by the Department for Communities and Local Government, the Council has approved an MRP Statement. Detailed rules have been replaced by a single duty to charge an amount of MRP which the Council considers 'prudent'.

The Council approved the following MRP policy for the 2010/11 financial year:

- (a) The MRP charge in relation to borrowing for capital expenditure incurred prior to 2007/08 will be unaffected by the regulations.
- (b) The MRP in relation to capital expenditure incurred in 2007/08 and 2008/09, where the expenditure is funded by supported borrowing, is calculated on the basis of the Regulatory method.
- (c) The MRP in relation to capital expenditure incurred in 2007/08 and 2008/09, where the expenditure is funded by unsupported borrowing, is calculated on the basis of the Asset Life Method. This means that MRP will be charged to the revenue account in line with the Council's depreciation policy for assets. For assets with a life greater than 25 years MRP will be over 25 years.
- (d) Where an amount has been used to reduce a liability arising from a Finance lease or PFI arrangement rather than being charged to revenue, a charge equal to that amount will be added to the annual MRP charge.

Ex-Merseyside County Council debt is managed in a separate Fund. Interest is charged to constituent Authorities at the average rate for the Fund. Principal repayments are made on the basis of equal instalments over 38 years commencing 1 April 1988.

## **Employee Benefits**

### **Benefits payable during employment**

Benefits payable during employment cover short-term employee benefits (other than termination benefits) that are due to be settled within 12 months of the year end. They include benefits such as salaries, paid annual leave and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of outstanding leave that staff have earned but not taken before the year end. The accrual is charged to the Service lines within the Comprehensive Income and Expenditure Accounts but then reversed out through the Movements in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

### **Termination benefits**

Termination benefits are dealt with separately from other employee benefits because the event which gives rise to an obligation is the termination rather than employee service. Termination benefits are payable as a result of either:

- a) An employer's decision to terminate an employee's employment before the normal retirement date, or
- b) An employee's decision to accept voluntary redundancy in exchange for those benefits. Termination benefits are often lump-sum payments.

The benefits are charged on an accruals basis to Service lines in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to the termination of the employments or has made an offer to encourage voluntary redundancy.

### **Post employment benefits**

Employees of the Council are members of two separate pension schemes which provide members with defined benefits (retirement lump sums and pensions) related to pay and service. The schemes are as follows: -

- The Teachers' Pension Scheme, administered by Capita Hartshead on behalf of the Department for Education (DfE) for teachers. The arrangements for this scheme mean that liabilities for these benefits cannot be identified with the Council. The scheme is, therefore, accounted for as if it were a defined contributions scheme - no liability for future payments of benefits is recognised in the Balance Sheet and revenue accounts are charged with the employer's contributions payable to the Teachers' Pensions Agency in the year. The pension cost charged to the accounts is the contribution rate set on the basis of a notional fund.
- The Local Government Pension Scheme, administered by the Merseyside Pension Fund for all other employees. From 1 October 1987 the Council has administered this fund on behalf of all scheduled and admitted bodies. The Council operates a defined benefit scheme and costs are charged to the Council's accounts on the basis of a three-yearly actuarial valuation. In 2010/11 the contribution represented 17.6% of pensionable pay. The latest valuation was at 31 March 2010 and determined the contributions for the years 2011/14.



Further information on the specific accounting policies may be found in the section dealing with the Merseyside Pension Fund.

Post employment benefits are accounted for in accordance with IAS19. The principle behind this is that an organisation should account for retirement benefits when it is committed to give them, even if the actual payment will be many years in the future. This reflects the Council's commitment in the long-term to increase contributions to make up any shortfall in attributable net assets in the Pension Fund.

The liabilities of the Merseyside Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method - i.e. an assessment of the future payments that will be made in relation to future retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc and projections of projected earnings for current employees.

The assets of the Merseyside Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:-

- quoted securities - bid market value.
- unquoted securities - professional estimate.
- unitised securities - average of the bid and offer rates.
- property - market value.

The change in the net pension's liability is analysed into seven components:-

- (i) current service cost - the increase in liabilities as a result of years of service earned this year, allocated to the revenue accounts of services for which the employees worked.
- (ii) past service gains - the increase in liabilities arising from current year decisions where the effect relates to years of service earned in earlier years, debited to the Surplus or Deficit on the Cost of Services in the Comprehensive Income and Expenditure Statement.
- (iii) interest cost - the expected increase in the present value of liabilities during the year as they move one year closer to being paid, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- (iv) expected return on assets - the annual investment return on the Fund assets attributable to the Council, based on an average of the expected long-term return, credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
- (v) gains/losses on curtailments - the results of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees, debited or credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
- (vi) actuarial gains/losses - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions. These are affected in the Pension Reserve.
- (vii) contributions paid to Merseyside Pension Fund - cash paid as employer's contributions to the Pension Fund.

Statutory provisions limit the Council to raising Council Tax to cover the amounts payable by the Council to the Pension Fund in the year. In the Movement in Reserves Statement on the General Fund Balance this means that there is an appropriation to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the Pension Fund and any amounts payable to the Fund but unpaid at the year-end.

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirement. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are either accrued in the year of the decision to make the award or reimbursed to the Pension Fund over a five-year period.

### **Events after the Balance Sheet Date**

Where a material event occurs after the Balance Sheet date, favourable or unfavourable, which provides evidence of conditions that existed at the Balance Sheet date, the amounts recognised in the Statement of Accounts are adjusted to reflect this.

Where a material event occurs after the Balance Sheet date, that is indicative of conditions that arose after the Balance Sheet date, the amounts recognised in the Statement of Accounts are not adjusted to reflect this

Events after the Balance Sheet date are reflected up to the date when the Statement of Accounts are authorised for issue, which is the date they are validated by the Director of Finance.

### **Exceptional Items and Prior Year Adjustments**

Exceptional items are, where appropriate, included in the cost of services to which they relate in order to give a fair representation of the accounts.

Material adjustments applicable to prior years arising from changes in accounting policy or from the correction of fundamental errors are accounted for by restating the comparative figures for the preceding period in the Statement of Accounts and supporting notes. If there is a material effect on the outturn for the preceding period this is disclosed where practicable.

### **Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of an entity and a financial liability or equity instrument in another. The term "financial instrument" covers both financial assets and liabilities and includes, amongst others, trade receivables and payables, borrowings, financial guarantees, bank deposits and loans receivable.

### **Initial Recognition**

Financial instruments will be recognised on the Balance Sheet when, and only when, the holders become a party to the contractual provisions of the instrument, i.e. when the purchasers become committed to the purchase or, in the case of the loan, the cash changes hands. Sales and disposals of financial assets will be recognised in the same way.

Trade receivables and payables will, in contrast, only be recognised when the goods and services have actually been delivered or received.

### **Initial Measurement**

Financial assets and liabilities are measured initially at fair value less transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability.

### **Financial Liabilities**

Financial liabilities are initially measured at fair value and carried at their amortised costs. Annual charges to the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability multiplied by the effective rate of interest for the instrument.

### **Financial Assets**

Financial Assets are classified into two types:

- Loans and Receivables – assets that have fixed or determinable payments but are not quoted in an active market.
- Available for sale – assets that have a quoted market price and/or do not have fixed or determinable payments.

### **Loans and Receivables**

Loans and receivables are initially measured at fair value and carried at amortised costs. Annual credits to the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made this means that the amount presented in the Balance Sheet is the outstanding principal receivable and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year of the loan agreement. Where assets are identified as impaired because of a likelihood arising from a past event that payment due under the contract will not be made, the asset is written down and a charge is made to the Comprehensive Income and Expenditure Statement.

### **Available for Sale Assets**

Available for sale assets are initially measured and carried at fair value. Where there are no fixed or determinable payments, income is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable to the Council.

Financial assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:-

- Instruments with quoted market prices – the market price.
- Other instruments with fixed or determinable payments – discounted cash flow analysis.
- Equity Share with no quoted market price – appraisal of the valuation.

Changes in fair value are balanced by an entry in the Available for Sale Reserve and the gain/loss is recognised in the surplus or deficit on revaluation of available for sale financial assets. The exception is where an impairment loss has been incurred. These are debited to the Comprehensive Income and Expenditure Statement along with any net gains/losses for the asset accumulated in the Reserve. Where fair value cannot be measured reliably the instrument is carried at cost (less any impairment).

**Instruments entered into before 1 April 2006**

The Council has entered into a number of financial guarantees that are not required to be accounted for as financial instruments. These guarantees are reflected in the Statement of Accounts if a provision or contingent liability note is required.

**Disclosure of the nature and risk arising from Financial Instruments**

The Council activities expose it to a variety of financial risks such as:

- Credit risk – the risk that other parties might fail to pay amounts due.
- Liquidity risk – insufficient funds available to meet commitments.
- Market risk – financial loss as a result of changes in interest rates.

In order to minimise these risks the Council complies with the CIPFA Prudential Code, the CIPFA Treasury Management in Public Services Code of Practice and Investment Guidance issued through the Local Government Act 2003.

**Foreign Currency**

The Council maintains its accounts in sterling. Income and expenditure arising from transactions undertaken in foreign currency are converted into sterling at the exchange rate in operation at the date the transaction occurred.

**Government Grants and Other Contributions**

Government grants and other contributions are accounted for on an accruals basis and recognised in the accounting statements when the conditions for their receipt have been complied with and there is reasonable assurance that the grant or contribution will be received. This also applies to grants in respect of revenue expenditure funded from capital under statute.

Specific revenue grants and contributions are credited to the relevant service to match the expenditure to which they relate. General revenue grants, such as Revenue Support Grant and the contribution from National Non-Domestic Rates, are made to finance the general activities of the Council and are credited to the Comprehensive Income and Expenditure Statement in the year receivable.

Grants related to the funding of capital expenditure are credited to financing and investment income and expenditure at the foot of the Comprehensive Income and Expenditure Statement when the conditions regarding their use are met. This income is reversed out in the Movement in Reserves Statement to either the Capital Adjustment Account, if the grant has been used to finance capital expenditure in the year or to the Capital Grants Unapplied Account until it is applied. Grants with conditions attached are held as receipts in advance in the Capital Grants Receipts in Advance in the Movement in Reserves Statement. The grant is credited to the Comprehensive Income and Expenditure Statement when the conditions no longer apply.

The Area Based Grant is a non-ring fenced general grant, for which no conditions on its use are imposed as part of the grant determination ensuring full local control over how the funding can be used. It is not restricted to achieving Local Area Agreement targets. ABG is a general grant and is included in the Comprehensive Income and Expenditure Statement with other general grant income sources.

## **Group Accounts**

Group Accounts are covered by IFRS3 Business Combinations.

An assessment of the criteria for the completion of group accounts has been undertaken and the conclusion reached that there was no requirement to produce such accounts. Only the Council's share of Joint Arrangements that are not entities have been included in the Statement of Accounts.

## **Intangible Assets**

Expenditure on assets that do not have physical substance but are identified and controlled by the Council (e.g. software licences) is capitalised when it will bring benefits to the Council for more than one financial year. The balance is amortised to the relevant service revenue account over the economic life of the investment to reflect the pattern of consumption of benefits.

A purchased intangible asset is capitalised at cost. Internally developed intangible assets are only capitalised if there is a readily ascertainable market. They are reviewed for impairment at the end of the first full financial year following operation.

## **Investment Properties**

The Council classifies investment properties as property which is held exclusively for revenue generation or for the capital gains that the asset is expected to generate. In this respect, the asset is not used directly to deliver the Council's services. Any property that is used to facilitate the delivery of services as well as earn rentals or for capital appreciation does not meet the definition of an investment property is accounted for as property, plant and equipment.

An investment property is measured initially at cost. After initial recognition, investment property is measured at fair value. A gain or loss arising from a change in the fair value of investment property is recognised in the Comprehensive Income and Expenditure Statement for the period in which it arises. The fair value of investment property reflects the market conditions at the Balance Sheet date. An investment property held at fair value is not depreciated.

## **Joint Arrangements that are not Entities (JANE)**

A JANE is a contractual arrangement under which the participants engage in joint activities that do not create an entity because it would not be delivering a service or carrying on a trade or business of its own.

Under a JANE the Council engages in a joint activity with another organisation, but this arrangement is not carrying out a trade or business of its own. The Council accounts for its own transactions within the arrangement, for example, income and expenditure arising within the JANE.

## Leasing

Leases are classified as either finance leases or operating leases based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee. Whether a lease is a finance lease or an operating lease depends on the substance of the transaction rather than the form of any legal agreement.

### The Council as Lessee

#### Finance Lease

The Council, as lessee, recognises finance leases as assets and liabilities at amounts equal to the fair value of minimum lease payments. Minimum lease payments are apportioned between the finance charged and the reduction of the outstanding liability. The finance charge is calculated so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

The depreciation policy for assets held under finance leases is consistent with the depreciation policy for owned assets.

#### Operating Leases

Lease payments under an operating lease are recognised as an expense on a straight line basis over the lease term.

### The Council as Lessor

#### Finance Lease

The Council, as lessor, recognises assets held under finance lease as receivable at an amount equal to the net investment in the lease. The lease payment receivable is treated as repayment of principal and finance income. The finance income is calculated so as to produce a constant periodic rate of return on the net investment.

#### Operating Lease

Items of property, plant and equipment subject to operating leases are presented according to the nature of the asset.

Income from operating leases is recognised on a straight line basis over the lease term. Depreciation policy for depreciable leased assets is consistent with the depreciation policy for other similar assets.

#### Arrangements containing a lease

An arrangement comprising a transaction that does not take the legal form of a lease but conveys a right to use an asset (e.g. an item of property, plant and equipment) in return for a payment or a series of payments, may be accounted for as though the arrangement is, or contains, a lease.

Determining whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether:

- a) fulfilment of the arrangement is dependent on the use of a specific asset or assets.
- b) The arrangement conveys a right to use the asset.



## **Local Taxes**

### **Council Tax**

Council Tax debtors are shown exclusive of the proportions attributable to the major preceptors. Council Tax income for the financial year credited to the Comprehensive Income and Expenditure Statement is the accrued income for the year together with the share of the surplus/deficit on the Collection Fund at the end of the previous financial year. The difference between this amount and the Council Tax income credited to the General Fund is a reconciling amount in the Movement in Reserves Statement.

### **National Non-Domestic Rates**

A National Non-Domestic Rates creditor represents the amount collected on behalf of the Government but not yet paid over at the Balance Sheet date. A National Non-Domestic Rates debtor represents the amount collected on behalf of the Government but overpaid at the Balance Sheet date.

## **Non-Current Assets held for sale and Discontinued Operations**

### **Non-Current Assets held for sale**

The Council classifies assets as non-current assets held for sale if the carrying amount is to be recovered through a sale rather than through continued use. The criteria for such a classification also includes the asset being available for immediate sale in its present condition, the sale must be highly probable, there must be a management plan to sell the asset and it is being actively marketed. The sale also has to be expected to be completed within one year from the date of classification, although there are exceptions.

Assets classified as held for sale are valued at the lower of carrying value immediately prior to classification and fair value less costs to sell where known. If assets no longer meet the criteria to be classified as held for sale, they are reclassified back to non-current assets and valued at the lower of its carrying amount before it was classified as held for sale: adjusted for depreciation, amortisation or revaluations that would have been recognised had it not been classified as held for sale, and its recoverable amount at the date of the decision not to sell.

### **Discontinued operations**

The consequences of discontinued operations will be presented separately in the Comprehensive Income and Expenditure Statement.

To qualify as discontinued operations, activities must cease completely. Prior periods presented in the financial statements are restated for discontinued operations so that current and prior periods relate to all operations that have been discontinued by the end of the reporting period being presented.

### **Non-Distributed Costs**

The definition of non-distributed costs is limited to past service costs of surplus assets, settlements, curtailments, unused IT facilities, other unrealisable assets, impairment losses and depreciation relating to specific assets and revenue costs.

## Overheads

In line with Best Value Accounting Code of Practice 2010/11, charges or apportionments for the costs of support services are made to all users. Support service costs are allocated using the most appropriate basis available, for example, allocated on the basis of actual time spent by staff on the various services. Other bases are used to allocate computing costs which are allocated on the amount of central processing use and Service Level Agreements. Administrative Buildings are allocated on the basis of area occupied. The costs of the Corporate and Democratic core and of Non-Distributed costs are each allocated to a separate objective expenditure head and are not apportioned to other expenditure heads.

## Private Finance Initiative (PFI)

Where the Council has entered into a PFI or similar contract then the Council will recognise the asset and liability on the Balance Sheet and account for it as if it was a finance lease if:-

- this involves an operator constructing, acquiring or enhancing and then operating and managing an asset in order to provide or enable the Council to provide services to the public; and,
- the Council controls or regulates the services provided through use of the asset and has a significant residual interest in the asset.

The Council will then recognise the asset and liability on the Balance Sheet and account for it as if it was a finance lease. The remaining service element of the contract payment will be charged to revenue as incurred.

## Property, Plant and Equipment

### Recognition

All expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis in the accounts. Expenditure on the acquisition of or expenditure that adds to, and not merely maintains, the value of an existing asset, is capitalised, and classified as property, plant and equipment, provided that it yields benefits to the Council and the services it provides, for a period of more than one year. This excludes expenditure on routine repairs and maintenance of fixed assets that is charged directly to service revenue accounts. It does, however, include expenditure such as the acquisition of land and buildings, and the construction and enhancement of roads, buildings and other structures.

A de minimis level of £10,000 applies. The cost of any project with expenditure below £10,000 is charged to revenue rather than being capitalised.

The Council maintains a detailed asset register of all assets that it owns and recognises under finance leases and PFI contracts. The basis of valuation and depreciation for each category of asset is included in a note to the Statement of Accounts.

### Measurement

Property, plant and equipment are valued on the basis recommended by CIPFA and in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by The Royal Institution of Chartered Surveyors (RICS). Property, plant and equipment are classified according to the Code.



The following are included in the Balance Sheet using the measurement basis:-

- Infrastructure assets and community assets are included in the Balance Sheet at historic cost net of depreciation, where appropriate.
- Other land and buildings, vehicles, plant and equipment are included at fair value.
- Property, plant and equipment under construction are held at cost.
- Surplus assets are included at fair value.

In accordance with CIPFA guidance, all assets, with the exception of infrastructure, were revalued by the end of March 2003. Qualified valuers employed within the Department of Law, HR and Asset Management, using the valuation techniques referred to above, undertook the valuation exercise. A further valuation of all assets was undertaken on the basis of a rolling programme by March 2011.

Increases in valuations are credited to the Revaluation Reserve except where they arise from the reversal of an impairment or revaluation loss previously charged to the surplus or deficit on the provision of services.

Revaluation gains are depreciated with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost. This amount is transferred each year from the Revaluation Reserve to the Capital Adjustment Account. The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date when it came into existence. Gains arising before that date have been consolidated in the Capital Adjustment Account.

Assets are recognised into components for depreciation purposes when the component has a significant cost compared to the total cost of the item and a different useful life to the remainder of the asset. Enhancement expenditure requires the de-recognition of the component replaced or restored, and the new component reflected in the carrying amount even where parts of an asset were not previously recognised as a separate component.

The Council does not capitalise borrowing costs where it is incurred during the period the asset is under construction.

### **Impairment**

The value of each category of assets is reviewed at the end of each reporting period to assess whether there is any evidence of impairment loss. This would arise, for example, from a significant decline in the asset's market value, evidence of obsolescence or physical damage, a change in the regulatory environment within which the Council operates or a commitment to undertake a significant re-organisation. All impairment is written off against any revaluation gains attributable to the relevant asset in the Revaluation Reserve, with any excess being charged directly to the service.

The reversal of both impairments and revaluation losses made to services cannot exceed the carrying amount that would have been determined / net off amortisation or depreciation / had no impairment or revaluation loss been recognised for the asset in prior year. The reversal of an impairment loss is recognised in the circumstance that the increase in value is mirrored by the reversal of the event that caused the original impairment to be recognised. Impairment is also charged where there has been expenditure that has not resulted in any upward revaluations.

**Depreciation**

Depreciation is charged on all Property, Plant and Equipment assets with a finite useful life apart from non-depreciable land, community assets and assets that are not yet available for use (i.e. under construction). It is calculated on the amount at which the asset is included in the Balance Sheet less an estimate for its residual value. Revaluation gains are also depreciated with an amount equal to the difference between current values depreciated charged on assets and the depreciation that would have been chargeable based on their historic cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

**Disposals**

When an asset is disposed of or decommissioned, the value of the asset in the Balance Sheet is written off to the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals are credited to the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account.

No assets are revalued immediately prior to disposal unless legislation requires/allows the Council to do so.

Amounts in excess of £10,000 are classified as capital receipts. Such receipts from disposals are accounted for on an accruals basis and credited to the Capital Receipts Reserve. A proportion of receipts relating to housing disposals are paid over to Central Government as a 'housing pooled capital receipt'. This is charged to the Net Operating Cost section of the Comprehensive Income and Expenditure Statement and the same amount is appropriated from the Usable Capital Receipts Reserve and credited to Movement in Reserves Statement.

**Charges to Revenue for Fixed Assets**

All general fund service revenue accounts, including support services and trading accounts, are charged with the following amounts to record the real cost of all fixed assets used in the provision of services:-

- Depreciation attributable to the assets used by the relevant service.
- Impairment/revaluation losses attributable to the clear consumption of economic benefits on non-current assets used by the service.
- Amortisation of intangible fixed assets attributable to the service.

The financing of capital expenditure from revenue is disclosed separately as an appropriation in the Movement in Reserves Statement.

**Provisions**

The Council sets aside provisions for specific future expenses that are likely or certain to be incurred but the amount and timing of which cannot yet be determined accurately. They are only made where there is a present obligation based on a past event. It is probable that a transfer of economic benefit will occur and a reliable estimate can be made of the obligation.

Provisions are charged to an appropriate service line in the Comprehensive Income and Expenditure Statement in the year the Council becomes aware of the obligation. When payments for expenditure are incurred to which the provision relates they are charged directly to the provision. They are reviewed at the Balance Sheet date and adjusted as necessary to reflect the current best estimate.

The principal provisions relate to bad debts and insurance. The former have been deducted from debtors in the Balance Sheet, rather than being shown in provisions. As part of compliance with IFRS7, "Financial Instruments: Disclosure", amounts shown as due from debtors are individually or collectively (for debts that are not significant) reviewed for impairment. Any known uncollectable debts will be written off to the appropriate service account. The insurance provision relates to outstanding liability claims. The figure is the sum indicated by actuaries as being required to fund claims for years up to and including 2010/11.

### **Revenue Expenditure funded from Capital under Statute**

Revenue expenditure funded from capital under statute represents expenditure that may be capitalised but does not result in the creation of an asset. It is amortised to revenue over an appropriate period consistent with the consumption of the economic benefits controlled by the Council. Consequently, these items are normally written off as expenditure to the relevant service revenue account in the year of payment. If financed from existing capital resources or borrowing, a transfer to the Capital Adjustment Account from the Movement in Reserves Statement reverses out the amounts charged to the Comprehensive Income and Expenditure Statement so that there is no impact on the level of Council Tax.

### **Repurchase of Borrowing**

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Comprehensive Income and Expenditure Statement in the period during which the repurchase or early settlement is made.

Where repurchase has taken place as part of a restructuring of borrowing with substantially the same overall economic effect when viewed as a whole, the premiums or discounts can respectively be deducted from or added to the amortised cost of the new or modified loan. The write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate. If the repurchase has been determined as substantially different, the premiums or discounts are immediately fully written off to revenue.

For premiums and discounts that have been charged to the Comprehensive Income and Expenditure Statement, Government regulations allow for the impact on the General Fund balances to be spread over future years with an offset through a transfer to the Financial Instrument Adjustment Account shown within the Movement in Reserves Statement.

Balances held in the Financial Instrument Adjustment Account will be written off to revenue in accordance with the Government regulations.

## Reserves

Amounts set aside for purposes falling outside the definition of provisions are considered as reserves. Reserves are an accumulation of previous years' surpluses, deficits and transfers and are categorised as either "Usable" or "Unusable". Reserves include earmarked reserves set aside for specific policy purposes and balances that represent resources set aside for purposes such as general contingencies and cash flow management. Reserves are created by appropriating amounts through the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year to score against the cost of services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back to the Movement in Reserves Statement so that there is no net charge against Council Tax for the expenditure.

The Usable reserves held at 31 March 2011 include:-

- General Fund.
- Earmarked Reserves.
- Capital Receipts Reserve.
- Capital Grants Unapplied.
- Capital Grants Received in Advance.

The Unusable reserves include:-

- Revaluation Reserve.
- Available for Sale Financial Instrument Reserve.
- Pension Reserve.
- Capital Adjustment Reserve.
- Financial Instrument Adjustment Account.
- Collection Fund Adjustment Account.
- Short Term Accumulating Compensated Absences Account.

Unusable reserves are kept to manage the accounting process and they do not represent usable resources for the Council. Usable reserves are those the Council may use to fund either revenue or capital expenditure.

An estimation technique applies to the Insurance Fund Liability Reserve which is similar to that referred to in the section on provisions.

## Value Added Tax (VAT)

Income and expenditure excludes any amounts related to VAT, as VAT collected is payable to HM Revenue and Customs and VAT paid is recoverable from them. VAT is included in the Comprehensive Income and Expenditure Statement only if it is irrecoverable.

Please see the Glossary of Financial Terms for an explanation of technical terms and abbreviations.

## **2. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED**

For 2010/11 the only change relates to FRS 30 Heritage Assets. The impact of this reporting standard will be in the 2011/12 accounts.

## **3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES**

In applying the accounting policies set out, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The following are critical judgements that have been made in the process of applying the accounting policies and that have the most significant effect on the amounts recognised in the Statement of Accounts are:

- There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

## **4. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY**

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2011 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
<b>Property, Plant and Equipment</b>	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £0.4 million for every year that useful lives had to be reduced. Over a period of 5 years (before the next valuation takes place) this could result in an error of £2.1 million - this is not material.
<b>Pensions Liability</b>	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £16.879 million. However, the assumptions interact in complex ways. During 2010/11, the Council's actuaries advised that the net pensions liability had reduced by £87.76 million. This reduction includes: <ul style="list-style-type: none"> <li>• a reduction in the actuarial valuation of expected liabilities due to changes in scheme benefits of £58.824 million;</li> <li>• an increased actuarial valuation of scheme assets of £31.212 million;</li> <li>• reduced pension costs recognised for the scheme of £12.6 million</li> <li>• employer contributions actually paid of £28.091 million.</li> </ul>

This list does not include assets and liabilities that have recently observed market price.

## 5. MATERIAL ITEMS OF INCOME AND EXPENSES

Items in the Comprehensive Income and Expenditure Statement that are not disclosed on the face of the statement but are material include pension costs and curtailments within Non Distributed costs line. These two items amount to a credit of £58.8 million.

## 6. EXCEPTIONAL ITEMS

Exceptional Items are disclosed in this note as, due to their nature and for the infrequency of the events giving rise to them, this allows the readers to have a better understanding of the financial performance for the year in comparison to previous years.

A total of £21.3 million in additional Termination Benefits (referred to in note 40) have been incurred during 2010/11. The detail of how this has affected the outturn of the services is given below. This shows the amounts included in each service line:

<b>Statement of Account Line</b>	<b>£000</b>
Central Services to the Public	787
Cultural, Environmental, Regulatory & Planning	3,905
Children's and Educational Services	5,642
Highways and Transport Services	722
Housing Services	1,101
Adult Social Care	8,372
Corporate & Democratic Core	261
Trading Services	554
<b>Total</b>	<b>21,344</b>

A past service pension gain of £60.8 Million is included within the Non-Distributed Costs line in the Comprehensive Income and Expenditure Statement. This follows the Chancellor of the Exchequer's June 2010 budget announcement to changes in public sector pension arrangements. Future pension increases will be based on the anticipated lower Consumer Price Index rather than on the Retail Price Index. Past service costs and curtailments form the total Non- distributed Costs total.

<b>Non-Distributed Costs Line</b>	<b>£000</b>
Past Service Gain	(60,849)
Curtailments	5,582
<b>Total</b>	<b>55,267</b>

## 7. EVENTS AFTER THE BALANCE SHEET DATE

There are no events after the Balance Sheet date.



## 8. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note details the adjustments that are made to the total Comprehensive Income and Expenditure recognised by the Council in the year, in accordance with proper accounting practice, to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

2009/10	Usable Reserves			Movement in Usable Reserves £000	Movement in Unusable Reserves £000
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000		
<b>Adjustments primarily involving the Capital Adjustment Account:</b>					
<b>Reversal of items debited or credited to the CIES:</b>					
Depreciation of non current assets	27,630	-	-	27,630	(27,630)
Impairment and revaluation losses of non current assets	19,629	-	-	19,629	(19,629)
Movement in market value of investment property	863	-	-	863	(863)
Amortisation of intangible assets	274	-	-	274	(274)
Capital grant and contributions applied	(50,080)	-	-	(50,080)	50,080
Revenue Expenditure Funded from Capital under Statute	1,958	-	-	1,958	(1,958)
Amount on non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	35,297	-	-	35,297	(35,297)
<b>Insertion of items not debited or credited to the CIES:</b>					
Statutory Provision for the repayment of debt - (Minimum revenue provision)	(9,322)	-	-	(9,322)	9,322
Statutory Repayment of Debt (Finance Lease Liabilities)	(1,547)	-	-	(1,547)	1,547
Statutory Repayment of Debt (PFI)	(640)	-	-	(640)	640
Capital expenditure charged against the General Fund	(624)	-	-	(624)	624
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>					
Net increase after capital financing	-	-	16,167	16,167	(16,167)
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>					
Transfer of cash sales proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and expenditure Statement	-	3,581	-	3,581	(3,581)
Use of the Capital Receipts Reserve to finance capital expenditure	-	(4,000)	-	(4,000)	4,000

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*(Table continued from previous page)*

2009/10	Usable Reserves			Movement in Usable Reserves £000	Movement in Unusable Reserves £000
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000		
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipt pool	6	(6)	-	-	-
<b>Adjustments primarily involving the Financial Instruments Adjustment Account:</b>					
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year with statutory requirements	(134)	-	-	(134)	134
<b>Adjustments primarily involving the Pensions Reserve:</b>					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	42,635	-	-	42,635	(42,635)
Employers pension contributions and direct payments to pensioners in the year	(30,802)	-	-	(30,802)	30,802
<b>Adjustments primarily involving the Collection Fund Adjustment Account:</b>					
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(398)	-	-	(398)	398
<b>Adjustments primarily involving the Accumulated Absences Account:</b>					
Amount by which officers remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from the remuneration chargeable in the year in accordance with statutory requirements	(807)	-	-	(807)	807
<b>Total adjustments</b>	<b>33,938</b>	<b>(425)</b>	<b>16,167</b>	<b>49,680</b>	<b>(49,680)</b>

2010/11	Usable Reserves			Movement in Usable Reserves £000	Movement in Unusable Reserves £000
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000		
<b>Adjustments primarily involving the Capital Adjustment Account</b>					
<b>Reversal of items debited or credited to the CIES</b>					
Depreciation of non current assets	19,446	-	-	19,446	(19,446)
Impairment and revaluation losses of non current assets	34,701	-	-	34,701	(34,701)
Movement in market value of investment property	(2,382)	-	-	(2,382)	2,382
Amortisation of intangible assets	329	-	-	329	(329)
Capital grant and contributions applied	(45,622)	-	-	(45,622)	45,622
Revenue Expenditure Funded from Capital under Statute	4,169	-	-	4,169	(4,169)
Amount on non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	10,979	-	-	10,979	(10,979)
<b>Insertion of items not debited or credited to the CIES</b>				-	-
Statutory Provision for the repayment of debt - (Minimum revenue provision)	(9,619)	-	-	(9,619)	9,619
Statutory Repayment of Debt (Finance Lease Liabilities)	(1,242)	-	-	(1,242)	1,242
Statutory Repayment of Debt (PFI)	(1,969)	-	-	(1,969)	1,969
Capital expenditure charged against the General Fund	(192)	-	-	(192)	192
<b>Adjustments primarily involving the Capital Grants Unapplied Account</b>				-	-
Net increase after capital financing	-	-	1,587	1,587	(1,587)
<b>Adjustments primarily involving the Capital Receipts Reserve</b>				-	-
Transfer of cash sales proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and expenditure Statement	-	2,242	-	2,242	(2,242)
Use of the Capital Receipts Reserve to finance capital expenditure	-	(3,000)	-	(3,000)	3,000
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipt pool	17	(17)	-	-	-

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*(Table continued from previous page)*

2010/11	Usable Reserves			Movement in Usable Reserves £000	Movement in Unusable Reserves £000
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000		
<b>Adjustments primarily involving the Financial Instruments Adjustment Account</b>				-	-
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year with statutory requirements	(328)	-	-	(328)	328
<b>Adjustments primarily involving the Pensions Reserve</b>				-	-
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(11,765)	-	-	(11,765)	11,765
Employers pension contributions and direct payments to pensioners in the year	(31,185)	-	-	(31,185)	31,185
<b>Adjustments primarily involving the Collection Fund Adjustment Account</b>				-	-
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(815)	-	-	(815)	815
<b>Adjustments primarily involving the Accumulated Absences Account</b>				-	-
Amount by which officers remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is Different from the remuneration chargeable in the year in accordance with statutory requirements	749	-	-	749	(749)
<b>Total adjustments</b>	<b>(34,729)</b>	<b>(775)</b>	<b>1,587</b>	<b>(33,917)</b>	<b>33,917</b>

## 9. TRANSFERS TO/FROM EARMARKED RESERVES

The Council keeps a number of reserves in the Balance Sheet that have been set up to earmark funding for future spending plans. These are held for costs which are likely to be incurred but their timing is not certain and they cannot be met from annual budgets. A review of Reserves was carried out as part of the 2011/12 budget setting process. The following describes each earmarked reserve where the balance is in excess of £0.2 million on either 31 March 2010 or 31 March 2011.

Earmarked Reserves	Balance at 1 April 2008 £000	Movement 2008/09 £000	Balance at 1 April 2009 £000	Movement 2009/10 £000	Balance at 31 March 2010 £000	Movement 2010/11 £000	Balance at 31 March 2011 £000
Housing Benefit	10,816	3,179	13,995	1,300	15,295	(3,140)	12,155
Schools Balances	11,931	(2,717)	9,214	(787)	8,427	3,306	11,733
Working Neighbourhood Fund	-	5,524	5,524	6,255	11,779	(1,477)	10,302
Insurance Fund	14,713	(639)	14,074	(293)	13,780	(4,243)	9,537
Debt Restructuring	6,103	919	7,022	919	7,941	-	7,941
Reserve Schools Harmonisation	-	300	300	300	600	5,282	5,882
Minimum Revenue Provision	2,000	2,400	4,400	-	4,400	-	4,400
Community Fund Asset Transfer	-	-	-	-	-	3,721	3,721
Local Pay Review	3,335	2,155	5,490	885	6,375	(3,617)	2,758
Intranet Development	1,683	-	1,683	(50)	1,633	750	2,383
One Stop Shop / Libraries IT Networks	333	40	373	(25)	349	1,436	1,784
Supporting People Programme	2,392	(252)	2,140	(507)	1,632	(81)	1,551
Schools Capital Schemes	904	1,483	2,387	(1,012)	1,375	(320)	1,055
Group Repair	171	532	703	177	880	112	992
Strategic Asset Review	-	-	-	866	866	(59)	808
Home Adaptations	233	-	233	-	233	333	566
Cosyhomes Insulation	-	-	-	-	-	531	531
Merseyside Information Service Termination Costs	-	-	-	-	-	500	500
Libraries (Planned Preventative Maintenance)	-	-	-	-	-	486	486
Matching Fund	339	35	374	21	395	81	477
Heritage Fund	206	120	326	95	420	-	420
Schools Automatic Meter Readers	-	-	-	415	415	-	415
Regeneration Schemes Fund	-	-	-	-	-	388	388
Schools Contingency	478	(109)	369	-	370	-	370
West Wirral Schemes	-	-	-	175	175	157	332
Local Area Agreement Reward	-	-	-	380	380	(50)	331
Property Maint Disabled Access	-	-	-	100	100	211	311
Street Lighting (Energy Investment)	-	310	310	-	310	-	310
Primary Care Trust Physical Activities	-	300	300	-	300	-	300
Sports Centre Contingency	300	-	300	-	300	-	300
Schools Service IT	-	204	204	90	294	-	294
Summer Term Reserve	-	280	280	-	280	-	280
Homeless Prevention	-	-	-	120	120	156	276
Seaside Town Strategy	-	-	-	200	200	-	200
Connexions Partnership Pension	-	1,380	1,380	3,310	4,690	(4,690)	-
Other Reserves	10,818	(1,711)	9,107	427	9,534	(3,386)	6,148
	66,755	13,733	80,488	13,361	93,848	(3,613)	90,237

### Housing Benefit

There is an ongoing issue relating to the previous Housing Benefit Supporting People arrangements, the potential claw-back of subsidy against recent years and sums set-aside for the further development of integrating supporting IT systems.

### **Schools Balances**

These reserves are earmarked for use purely by the schools. The balance consists of: -

	<b>£000</b>
Schools Underspending	12,496
Schools overspending	<u>(763)</u>
Net Schools balances	<u>11,733</u>

### **Working Neighbourhood Fund**

Working Wirral resources are used to commission activity to deliver the Investment Strategy priorities of tackling worklessness, improving skills levels and increasing enterprise, business growth and investment. The reserve represents the sums identified for the delivery of the programme which covers a number of years.

### **Insurance Fund**

This is primarily required to cover possible liability insurance claims. The overall estimate of the amount required to cover these is based on an actuarial investigation which seeks to estimate the ultimate claims arising in respect of each risk period, adjusted to allow for any subsequent deterioration in the Council's claims experience. The basis for calculating the provision is claims not yet reported but anticipated.

### **Debt Restructuring and Financing**

To cover the premiums associated with the early repayment of debt, future interest rate increases and costs associated with the termination of leases.

### **Schools Harmonisation**

To fund the potential costs associated with implementing Phase 2 of the local pay review which relates to those employees within schools.

### **Minimum Revenue Provision (MRP)**

The Capital Finance and Accounting Regulations 2008 introduced new methods for calculating the MRP. The reserve has been established to offset any resultant increase in costs.

### **Community Fund Community Asset Transfer**

The Community Fund grant has been allocated by Wirral Partnership Homes and this is the balance of the grant to implement the Community Fund Asset Transfer. The funding is to be used by 31 March 2012.

### **Local Pay Review**

The amount identified, and set-aside, to fund the costs of implementing proposals to harmonise and simplify working arrangements as well as meeting the requirements arising from the implementation of equal pay legislation.

### **IT / Intranet Development**

For the expansion and development of ICT services in the implementation of the programme agreed as part of the IT Strategy.

### **One Stop Shop / Libraries IT Network**

To develop the Information Technology systems within the One Stop Shops and libraries as part of the provision of a more integrated service.

**Supporting People Programme**

Permission has been granted from the Department for Communities and Local Government to retain any administration and specific programme grant for use in future years. This reserve is to be spent on a number of initiatives to support people in need to live in their own homes.

**Schools Capital Schemes**

The reserve was set aside for the delivery and completion of capital schemes within schools.

**Group Repair**

This sum relates primarily to funding towards the 'Triangles Property Renovation Scheme'. Residents and landlords also contribute to the cost of the works, with the balance being utilised to support future renovation schemes.

**Strategic Asset Review**

Reserve established to support the implementation of the review and includes funding for Guinea Gap and capacity building activities.

**Home Adaptations**

To facilitate a programme of minor adaptations to improve standards of living.

**Cosy Homes Insulation**

To facilitate a programme of insulation in homes throughout Wirral.

**Merseyside Information Service**

This has been created to cover any further potential costs from the winding up of this organisation. It will be used when the accounts for the services have been finalised.

**Planned Preventative Maintenance Libraries**

Fund held to complete a programme of planned preventative maintenance at a number of Wirral Libraries.

**Matching Fund**

The aim is to provide funds for any special initiatives that may arise involving grants, which will need to be matched by the Council.

**Heritage Fund**

To provide funding for individuals, associations and communities to enhance the recording, preservation and protection of the urban, maritime and rural heritage of Wirral.

**Schools Automatic Meter Readers**

Reserve established to cover the running costs of installation and maintenance of automatic meter readers in Wirral schools. This initiative to introduce meters over a three year period to assist schools in the implementation of the Carbon Reduction Commitment.

**Regeneration Schemes Fund**

For the costs associated with any externally funded and grant supported schemes within regeneration that in the future, when completed, require additional funding.

**Schools Contingency**

Created to cover formula errors that would have been unknown at the time schools budgets were set. Such adjustments may result in an additional budget being allocated from this reserve.

**West Wirral Schemes**

To support regeneration schemes in West Kirby and Hoylake. The reserve is to be used as match funding for any capital schemes developed in the future.

**Local Area Agreement Reward**

To fund agreed allocations of performance grant held by Wirral Council acting as the LAA accountable body. These will be paid to LAA partners in accordance with grant conditions.

**Property Maintenance Disabled Access**

To fund a number of changes to Council buildings to improve access.

**Energy Investment – Street Lighting**

This sum relates to a policy option to pilot the implementation of an energy efficient Street Lighting Programme due to be implemented.

**Sports Centre Contingency**

To assist in developing the programme for youth participation in sporting activities.

**Primary Care Trust – Physical Activities**

Funding from the primary care trust for health related schemes. These will take place in Council sports centres and be organised by Sport Development.

**Schools Service IT**

The service is fully funded from schools contributions and this reserve supports the service in the event of changing demands for IT services from schools.

**Schools Summer Term**

To cover the cost of advisory teachers in the summer term in the event of schools not deciding to purchase services.

**Homelessness Prevention**

The fund is used to offer loans to prevent repossessions and evictions.

**Seaside Town Development**

The Area Forums have developed a programme of work that will occur in 2011/12 based on utilising a Government Grant, and will be funded from the reserve.

**10. OTHER OPERATING EXPENDITURE**

<b>2009/10 £000</b>		<b>2010/11 £000</b>
43,111	Levies	44,564
6	Payments to the Government Housing Capital Receipts Pool	17
35,325	Gains / losses on the disposal of non-current assets	10,979
<b>78,442</b>	<b>Total</b>	<b>55,560</b>

**11. FINANCING AND INVESTMENT INCOME AND EXPENDITURE**

<b>2009/10 £000</b>		<b>2010/11 £000</b>
15,590	Interest payable and similar charges	14,489
24,888	Pensions interest cost and expected return on pensions assets	17,765
(4,055)	Interest receivable and similar income	(1,703)
169	Income and expenditure in relation to investment properties and changes in their fair value	(3,072)
(105)	Gains and losses on trading accounts	(72)
<b>36,487</b>	<b>Total</b>	<b>27,407</b>

**12. TAXATION AND NON SPECIFIC GRANT INCOME**

<b>2009/10 £000</b>		<b>2010/11 £000</b>
128,719	Council tax income	132,013
124,094	Non domestic rates	137,844
68,306	Non-ringfenced government grants	63,149
50,080	Capital grants and contributions	41,620
<b>371,199</b>	<b>Total</b>	<b>374,626</b>



**13. PROPERTY, PLANT AND EQUIPMENT****Movements on Balances****Movements in 2010/11:**

	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equip- ment £000	Infra- structure Assets £000	Comm- unity Assets £000	Surplus Assets £000	Assets Under Con- struction £000	Total Property, Plant and Equipment £000
Cost or Valuation							
At 1 April 2010	601,975	17,493	113,087	25,356	1,696	42,157	801,764
additions	24,814	1,108	9,508	634	480	7,214	43,758
revaluation increases/ (decreases) recognised in the Revaluation Reserve	(21,691)	-	-	-	378	-	(21,313)
revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(30,168)	-	-	-	(945)	(3,526)	(34,639)
derecognition - disposals	(13,284)	(783)	-	-	(245)	-	(14,312)
assets reclassified (to)/from Held for Sale	(976)	-	-	-	-	40	(936)
other movements in cost or valuation	20,005	-	-	150	1,122	(19,602)	1,675
<b>At 31 March 2011</b>	<b>580,675</b>	<b>17,818</b>	<b>122,595</b>	<b>26,140</b>	<b>2,486</b>	<b>26,283</b>	<b>775,997</b>
<b>Accumulated Depreciation and Impairment</b>							
At April 2010	58,042	8,521	21,481	-	-	-	88,044
depreciation charge	14,645	2,167	2,571	-	63	-	19,446
depreciation written out to the Revaluation Reserve	(14,460)	-	-	-	-	-	(14,460)
impairment losses (/reversals) recognised in the Revaluation Reserve	-	-	-	-	(6)	-	(6)

*(Table continues on following page)*

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	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equip- ment £000	Infra- structure Assets £000	Comm- unity Assets £000	Surplus Assets £000	Assets Under Con- struction £000	Total Property, Plant and Equipment £000
impairment losses /(reversals) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-
derecognition - disposals	(1,196)	(634)	-	-	(55)	-	(1,885)
derecognition - other	-	-	-	-	-	-	-
other movements in depreciation and impairment	-	-	-	-	-	-	-
<b>At 31 March 2011</b>	<b>57,031</b>	<b>10,054</b>	<b>24,052</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>91,139</b>
Net Book Value							
at 31 March 2010	543,933	8,972	91,606	25,356	1,696	42,157	713,720
at 31 March 2011	523,644	7,764	98,543	26,140	2,484	26,283	684,858

**Comparative Movements in 2009/10:**

	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equip- ment £000	Infra- structure Assets £000	Comm- unity Assets £000	Surplus Assets £000	Assets Under Con- struction £000	Total Property, Plant and Equipment £000
Cost or Valuation							
At 1 April 2009	641,372	20,901	102,550	25,891	1,000	27,761	819,475
additions	8,299	1,703	10,537	748	532	21,699	43,518
revaluation increases/ (decreases) recognised in the Revaluation Reserve	2,187				1,547		3,734
revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(8,857)			(68)	(8,333)		(17,258)
derecognition - disposals	(41,967)	(5,212)		(1,276)	(2,201)		(50,656)
assets reclassified (to)/from Held for Sale							-
other movements in cost or valuation	941	101		61	9,151	(7,303)	2,951
<b>At 31 March 2010</b>	<b>601,975</b>	<b>17,493</b>	<b>113,087</b>	<b>25,356</b>	<b>1,696</b>	<b>42,157</b>	<b>801,764</b>
<b>Accumulated Depreciation and Impairment</b>							
At April 2009	48,884	10,255	19,056	-	-	-	78,195
depreciation charge	22,494	2,711	2,425	-	-	-	27,630
depreciation written out to the Revaluation Reserve	(6,537)						(6,537)
impairment losses /(reversals) recognised in the Revaluation Reserve	(1,214)						(1,214)
impairment losses /(reversals) recognised in the Surplus/Deficit on the Provision of Services							-
derecognition - disposals	(2,516)	(4,463)					(6,979)

*(Table continues on following page)*

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	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equip- ment £000	Infra- structure Assets £000	Comm- unity Assets £000	Surplus Assets £000	Assets Under Con- struction £000	Total Property, Plant and Equipment £000
derecognition - other							-
other movements in depreciation and impairment	(3,069)	18			(1)		(3,052)
<b>At 31 March 2010</b>	<b>58,042</b>	<b>8,521</b>	<b>21,481</b>	<b>-</b>	<b>(1)</b>	<b>-</b>	<b>88,043</b>
Net Book Value							
at 31 March 2009	592,488	10,646	83,494	25,891	1,000	27,761	741,280
at 31 March 2010	543,933	8,972	91,606	25,356	1,697	42,157	713,721

## Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation:

Other Land and Buildings - 20-50 years

Vehicles, Plant, Furniture & Equipment - 10% to 35% of carrying amount

Infrastructure – 10-120 years

## Capital commitments

The major commitments at 31 March 2011 are:

	£000
Cathcart Street Primary	1,900
Pensby Park co-location	398
Challenge Fund New Housing	2,400

Similar commitments at 31 March 2010 were £64.2 million

## Revaluations

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. All valuations were carried out internally. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

	<b>Other Land and Buildings £000</b>	<b>Surplus Assets £000</b>	<b>Total £000</b>
Carried at historical cost			
valued at fair value as at:			
31 March 2011	66,417	1,175	67,592
31 March 2010	54,981	-	54,981
31 March 2009	125,711	800	126,511
31 March 2008	260,537	-	260,537
31 March 2007	57,753	-	57,753
<b>Total Cost or Valuation</b>	<b>565,399</b>	<b>1,975</b>	<b>567,374</b>

## 14. INVESTMENT PROPERTIES

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

	<b>2010/11</b> <b>£000</b>	<b>2009/10</b> <b>£000</b>
Rental income from investment property	715	721
Direct operating expenses arising from investment property	(25)	(27)
Net gain	690	694

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

The following table summarises the movement in the fair value of investment properties over the year:

	<b>2010/11</b> <b>£000</b>	<b>2009/10</b> <b>£000</b>
Balance at start of the year	13,402	14,041
Additions:		
Net gains / losses from fair value adjustments	2,382	(863)
Transfers:		
To Property, Plant and Equipment	(1,679)	224
Balance at end of the year	14,105	13,402

## 15. INTANGIBLE ASSETS

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets relate to purchased licences.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The major item of software relates to the Oracle financial systems and has been assigned a 10 year life.

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £329,000 charged to revenue in 2010/11 was charged to IT cost centres and then absorbed as an overhead across all the service headings in the Net Expenditure of Services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

The movement on Intangible Asset balances during the year is as follows:

<b>Intangible Assets</b>	<b>2010/11</b>	<b>2009/10</b>
	<b>£000</b>	<b>£000</b>
Balance at 1 April	1,131	1,124
Purchases	11	280
Amortisation for the year	(329)	(273)
<b>Balance at 31 March</b>	<b>813</b>	<b>1,131</b>

## 16. FINANCIAL INSTRUMENTS

### GAINS AND LOSSES ON FINANCIAL INSTRUMENTS

The gains and losses recognised in the Comprehensive Income and Expenditure Account in relation to financial instruments in 2010/11 consist of the following items:

	<b>Financial Liabilities 2010/11</b>	<b>Financial Assets 2010/11</b>		
	<b>Liabilities Measured at amortised cost £000</b>	<b>Loans and Receivables £000</b>	<b>Available for sale assets £000</b>	<b>Total £000</b>
Interest expense	(14,495)	-	-	
Impairment losses	-	6	-	
<b>Interest payable and similar charges</b>	<b>(14,495)</b>	<b>6</b>	<b>-</b>	<b>(14,489)</b>
Interest Income	-	1,363	340	
Gains on derecognition	-	-	-	
<b>Total Interest and Investment Income</b>	<b>-</b>	<b>1,363</b>	<b>340</b>	<b>1,703</b>
Gains on revaluation			1	
<b>Surplus arising on revaluation of financial assets</b>			<b>1</b>	
<b>Net gain/ (loss) for the year</b>	<b>(14,495)</b>	<b>1,369</b>	<b>341</b>	

This compares with the gains and losses recognised in the Comprehensive Income and Expenditure Account in relation to financial instruments in 2009/10:

	<b>Financial Liabilities 2009/10</b>	<b>Financial Assets 2009/10</b>		
	<b>Liabilities Measured at amortised cost £000</b>	<b>Loans and Receivables £000</b>	<b>Available for sale assets £000</b>	<b>Total £000</b>
Interest expense	(16,773)	-	-	
Impairment losses	-	131	-	
<b>Interest payable and similar charges</b>	<b>(16,773)</b>	<b>131</b>	-	<b>(16,642)</b>
Interest Income	-	3,443	231	
Gains on derecognition			381	
<b>Interest and Investment Income</b>	<b>-</b>	<b>3,443</b>	<b>612</b>	<b>4,055</b>
Gains on revaluation			55	
<b>Deficit arising on revaluation of financial assets</b>			<b>55</b>	
<b>Net gain/ (loss) for the year</b>	<b>(16,773)</b>	<b>3,574</b>	<b>667</b>	



**FINANCIAL INSTRUMENTS BALANCES**

The borrowings and investments disclosed in the Balance Sheet are analysed across the following categories:

<b>Financial Liabilities</b>						
<b>Carrying Amount at 31.03.2010 £000</b>		<b>Nominal Value £000</b>	<b>Accrued Coupon Interest £000</b>	<b>Stepped Interest Adjustment £000</b>	<b>Un-amortised Premium £000</b>	<b>Carrying Amount at 31.03.2011 £000</b>
	<b>Short term borrowing</b>					
16,932	PWLB	14,500	727	-	-	15,227
2,404	Financial Institutions	-	2,455	-	-	2,455
36	Other public bodies	33	-	-	-	33
<b>19,372</b>		<b>14,533</b>	<b>3,182</b>	<b>-</b>	<b>-</b>	<b>17,715</b>
	<b>Long term borrowing</b>					
89,954	PWLB	85,779	-	-	(522)	85,257
170,942	Financial Institutions	173,600	-	3,796	(6,417)	170,979
212	Other public bodies	180	-	-	-	180
<b>261,108</b>		<b>259,559</b>	<b>-</b>	<b>3,796</b>	<b>(6,939)</b>	<b>256,416</b>
<b>280,480</b>	<b>TOTAL</b>	<b>274,092</b>	<b>3,182</b>	<b>3,796</b>	<b>(6,939)</b>	<b>274,131</b>

In accordance with the 2011 Code, the carrying amounts for financial liabilities at 31 March 2011 are shown at amortised cost. The table above provides an analysis of the components which make up the amortised cost.

<b>Financial Assets</b>					
<b>Carrying Amount at 31.03.2010 £000</b>		<b>Nominal Value £000</b>	<b>Accrued Coupon Interest £000</b>	<b>Impairment £000</b>	<b>Carrying Amount at 31.03.2011 £000</b>
	<b>Loans and Receivables</b>				
34,558	Cash and cash equivalents	58,372			58,372
68,711	Current Assets - Investments	60,133	494		60,627
2,599	Long term - Investments	4,011	316	(532)	3,795
<b>105,868</b>		<b>122,516</b>	<b>810</b>	<b>(532)</b>	<b>122,794</b>
	<b>Available for sale financial assets</b>				
	Current Assets - Investments				1,976
8,474	Long term - Investments				7,500
<b>8,474</b>					<b>9,476</b>
<b>114,342</b>	<b>TOTAL</b>				<b>132,270</b>

In accordance with the 2011 Code, the carrying amounts at 31 March 2011 for financial assets classified as loans and receivables, are shown at amortised cost and available for sale, and shown at fair value. Under IFRS short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value are classified as cash equivalents and have been excluded from the table above. The balances of cash and cash equivalents are analysed within a separate disclosure note.

## FAIR VALUE OF ASSETS AND LIABILITIES CARRIED AT AMORTISED COST

The Council's financial liabilities and financial assets represented by loans and receivables are carried in the Balance Sheet at amortised cost. The 2010 SORP requires the Fair Values of these assets and liabilities to be disclosed for comparison purposes. Fair Value is defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. The Fair Value of a financial instrument on initial recognition is generally the transaction price. The Council's debt outstanding at 31 March 2011 consisted of loans from the Public Works Loan Board (PWLB), market loans from banks and loans from other public bodies.

The PWLB has provided the Council with Fair Value amounts in relation to its debt portfolio. The PWLB has assessed the Fair Values by calculating the amounts the Council would have had to pay to extinguish the loans on 31 March 2011.

For the Council's market and other public bodies loans the lenders were requested to provide details of the Fair Values on each loan. Three banks responded to this request and provided details based on the estimated breakage costs of the loans. In the absence of Fair Values being provided by the remaining lenders, the Council has assessed Fair Value using the equivalent PWLB interest rates ruling on 31 March 2011.

<b>Carrying Amount at 31.03.2010 £000</b>	<b>Fair value as at 31.03.2010 £000</b>		<b>Carrying Amount at 31.03.2011 £000</b>	<b>Fair value as at 31.03.2011 £000</b>
		<b>Financial Liabilities:</b>		
		<u>Borrowings</u>		
106,886	119,072	PWLB	100,484	110,857
173,346	242,651	Financial institutions	173,434	234,670
248	248	Other public bodies	213	213
<b>280,480</b>	<b>361,971</b>	<b>Total Financial Liabilities</b>	<b>274,131</b>	<b>345,740</b>

The fair value is greater than the carrying value because the Council's loans include a number of loans where the interest payable is higher than the rates available for similar loans at the Balance Sheet date. This requirement to pay interest rates above the current market loan rates increases the amount that the Council would pay if the lender requested or agreed to early repayment of the loans.

In the case of the Council's investments, these consisted of term deposits, money market funds, a European Investment Bank (EIB) bond and a Gilt. The contractual arrangements for term deposits do not permit premature repayment, therefore, the fair values have been assessed as being the same as the carrying amount on the Balance Sheet. The money market funds, EIB bond and Gilt are already shown in the Balance Sheet at fair value based on their quoted market price.

<b>Carrying Amount at 31.03.2010 £000</b>	<b>Fair value as at 31.03.2010 £000</b>		<b>Carrying Amount at 31.03.2011 £000</b>	<b>Fair value as at 31.03.2011 £000</b>
		<b>Financial Assets:</b>		
34,558	34,558	Cash and cash Equivalents	58,372	58,372
71,310	71,310	Loans and Receivables	64,422	64,422
8,474	8,474	Available for sale financial assets	9,476	9,476
<b>114,342</b>	<b>114,342</b>	<b>Total Financial Assets</b>	<b>132,270</b>	<b>132,270</b>

The nature and extent of risks arising from financial instruments are set out in Note 47.

**17 DEBTORS**

	<b>31 March 2011 £000</b>	<b>31 March 2010 £000</b>	<b>31 March 2009 £000</b>
Central government bodies	12,978	26,682	28,512
Other local authorities	4,396	5,793	2,550
NHS bodies	500	70	506
Collection Fund	4,988	5,255	14,297
Public corporations and trading funds	11	-	3,630
Other entities and individuals	32,940	28,353	20,495
<b>Total</b>	<b>55,813</b>	<b>66,153</b>	<b>69,990</b>

**18 CASH AND CASH EQUIVALENTS**

The balance of Cash and Cash Equivalents is made up of the following elements:

	<b>31 March 2011 £000</b>	<b>31 March 2010 £000</b>
Cash held by the Authority	(3,694)	7,923
Bank current accounts	11,716	20,635
Short-term deposits with building societies	50,350	6,000
<b>Total Cash and Cash Equivalents</b>	<b>58,372</b>	<b>34,558</b>

**19 ASSETS HELD FOR SALE**

	<b>Current</b>	
	<b>2010/11 £000</b>	<b>2009/10 £000</b>
<b>Balance outstanding at start of year</b>	<b>2,099</b>	<b>1,933</b>
Assets newly classified as held for sale	1,077	1,245
Revaluation gains	45	286
Impairment losses	(24)	(3)
Assets declassified as held for sale:	(70)	-
Disposals	(170)	(1,362)
<b>Balance outstanding at year-end</b>	<b>2,957</b>	<b>2,099</b>

**20. CREDITORS**

	<b>31 March 2011 £000</b>	<b>31 March 2010 £000</b>	<b>31 March 2010 £000</b>
Central government bodies	11,846	14,176	12,573
Other local authorities	7,059	463	1,970
NHS bodies	300	33	801
Public corporations and trading funds	90	63	1,217
Other entities and individuals	41,895	51,218	49,174
<b>Total</b>	<b>61,190</b>	<b>65,953</b>	<b>65,735</b>

## 21. PROVISIONS

The following are the main provisions made by the Council:-

### Bad Debts

This provision has been deducted from the debtors figure in the Balance Sheet and therefore does not appear in the provisions total.

	Balance at 1 April 2010 £000	Movement in 2010/11 £000	Balance at 31 March 2011 £000
Council Tax	6,693	(309)	6,384
Housing Benefit	5,488	621	6,109
Sundry Debtors	4,676	1,813	6,489
Summons Costs	676	(84)	592
	<b>17,533</b>	<b>2,041</b>	<b>19,574</b>

### Others

The provisions figure shown in the Balance Sheet comprises:-

	Balance at 1 April 2010 £000	Movement in 2010/11 £000	Balance at 31 March 2011 £000
<b>Short Term</b>			
EVR/Severance	-	8,748	8,748
Working Neighbourhood	-	4,096	4,096
Insurance Fund	1,000	200	1,200
Community Fund Asset Transfer	-	690	690
Land Charges	-	569	569
Planned Preventative Maintenance Provision	-	254	254
Energy Conservation	-	230	230
Other	1,109	(165)	944
	<b>2,109</b>	<b>14,622</b>	<b>16,731</b>
<b>Long Term</b>			
Insurance Fund	3,282	1,248	4,530
Housing Benefit	3,153	(200)	2,953
Working Neighbourhood	-	487	487
Other	503	110	613
	<b>6,938</b>	<b>1,645</b>	<b>8,583</b>

### Early Voluntary Retirement/Voluntary Severance Scheme

In autumn 2010 the Early Voluntary Retirement / Voluntary Severance Scheme commenced which will result in over 1,100 individuals leaving the Council by July 2011. With this process having been largely completed, and the dates for the individuals agreed, the Council are required to identify funding for this in the 2010/11 accounts.

The severance costs to be incurred in 2011/12 of £8.7 million are required to be included in the 2010/11 accounts and a provision has been established to cover these payments.

### **Insurance Fund**

This is primarily required to cover possible liability insurance claims. The overall estimate of the amount required to cover these is based on an actuarial investigation, which seeks to estimate the ultimate claims arising in respect of each risk period. The basis for calculating the provision is claims actually reported as outstanding. The timing of future payments depends almost entirely upon when claims are settled, but are likely to run over a number of years.

### **Working Neighbourhood Fund**

There are a number of contractual commitments to schemes that the Working Neighbourhoods Fund supports. The provision contains the sums identified for the delivery of schemes to reduce worklessness, increase apprenticeships and award grants and amount to £4.583 million (£4.096 million as a short term debtor, £0.487 million as a long term debtor).

### **Housing Benefit**

The Council is able to claim subsidy for a substantial proportion of Housing and Council Tax Benefit payments made to eligible claimants. This involves the submission of annual claims to the Department for Work and Pensions (DWP) that are subject to audit by the Audit Commission.

There are a number of remaining outstanding claims issues requiring final settlement with the DWP. Changes in the interpretation of legislation and subsidy arrangements may require adjustments to be made to prior years. The Council reserves the right to challenge the reasonableness of any calculations in respect of claw-back.

### **Community Fund Community Asset Transfer**

The Community Fund grant has been allocated by Wirral Partnership Homes. The transfers of Moreton Community Centre, Heswall Hall and Victoria Hall are all committed to take place and this is for those costs that the Council is now due to pay.

### **Land Charges**

Provision for claims for searches carried out in previous years.

### **Planned Preventative Maintenance Provision**

Provision for works at play areas, golf courses, footpaths and sports centres.

### **Energy Conservation**

The acquisition of an automated metering system was committed in 2010/11 and this covers the funding of this purchase.

### **Other Provisions**

All other provisions are individually insignificant.

**22. USABLE RESERVES**

Usable Reserve	Balance at 1 April 2010 £000	Movement £000	Balance 31 March 2011 £000	Purpose of Reserve £000
General Fund	13,758	1,306	15,064	Resources available to meet future running costs for services.
Earmarked General Fund Reserves	93,847	(3,610)	90,237	See note 9 for further details.
Capital Receipts Reserve	9,047	(775)	8,272	Contains the proceeds of fixed asset sales that are available to meet future capital investment.
Capital Grants unapplied	29,257	1,587	30,844	Government Grants and contributions received in year for projects.
<b>Total</b>	<b>145,909</b>	<b>(1,492)</b>	<b>144,417</b>	

The balance on the General Fund is available for funding expenditure on services or in setting the Council Tax. The amounts relating to balances held by schools are accounted for as reserves and are not included in the General Fund Balance.

**23. UNUSABLE RESERVES**

<b>31 March 2010 £000</b>		<b>31 March 2011 £000</b>
151,296	Revaluation Reserve	138,192
475	Available for Sale Financial Instruments Reserve	476
262,544	Capital Adjustment Account	255,406
(4,124)	Financial Instruments Adjustment Account	(3,794)
(423,871)	Pensions Reserve	(334,820)
61	Collection Fund Adjustment Account	876
(4,429)	Accumulated Absences Account	(5,178)
<b>(18,048)</b>	<b>Total Unusable Reserves</b>	<b>51,158</b>



## Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost,
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2009/10		2010/11	
£000		£000	£000
<b>143,715</b>	<b>Balance at 1 April</b>		<b>151,296</b>
24,230	Upward revaluation of assets	6,075	
(7,281)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of services	(12,845)	
<b>16,949</b>	<b>Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services</b>		<b>(6,770)</b>
(5,583)	Difference between fair value depreciation and historical cost depreciation	(4,715)	
(2,997)	Accumulated gains on assets sold or scrapped	(1,619)	
(788)	Amounts written off to the Capital Adjustment Account resulting from IFRS restatement	-	
<b>(9,368)</b>	<b>Total amount written off to the capital Adjustment Account</b>		<b>(6,334)</b>
<b>151,296</b>	<b>Balance at 31 March</b>		<b>138,192</b>

### Available for Sale Financial Instruments Reserve

The Available for Sale Financial Instruments Reserve contains the gains made by the Council arising from increases in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments. The balance is reduced when investments with accumulated gains are revalued downwards or impaired and the gains lost or disposed of and the gains are realised.

<b>31 March 2010</b> <b>£000</b>		<b>31 March 2011</b> <b>£000</b>
<b>746</b>	<b>Balance at 1 April</b>	<b>475</b>
55	Upward revaluation of investments	2
-	Downward revaluation of investments not charged to the Surplus/ Deficit on the Provision of Services	(1)
(326)	Accumulated gains on assets sold and maturing assets written out to the Comprehensive Income and Expenditure Statement as part of Other Investment	-
<b>475</b>	<b>Balance at 31 March</b>	<b>476</b>

### Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different accounting arrangements for the consumption of non-current assets and for their financing under statutory provisions. The Account is charged with costs of acquisition, construction or enhancement of assets. Depreciation, impairment losses and amortisations of assets are charged to the Comprehensive Income and Expenditure Statement with postings from the Revaluation Reserve to convert fair values to an historical cost basis.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Council.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

2009/10		2010/11	
£000		£000	£000
297,360	<b>Balance at 1 April</b>		<b>262,544</b>
	<b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</b>		
(47,259)	Charges for depreciation and impairment of non-current assets	(54,147)	
12,702	Revaluation losses on Property, Plant and Equipment	4,759	
(274)	Amortisation of intangible assets	(329)	
(1,958)	Revenue expenditure funded from capital under statute	(4,169)	
(43,814)	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(10,979)	
<b>(80,603)</b>			<b>(64,865)</b>
	<b>Capital financing applied in the year:</b>		
4,000	Use of the Capital Receipts Reserve to finance new capital expenditure	3,000	
30,517	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	34,159	
11,509	Statutory provision for the financing of capital investment charged against the General Fund	17,994	
624	Capital expenditure charged against the General Fund and NRA balances	192	
<b>46,650</b>			<b>55,345</b>
(863)	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		2,382
<b>262,544</b>	<b>Balance at 31 March</b>		<b>255,406</b>

## Financial Instruments Adjustment Account

The Financial Instrument Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The balance in the Financial Instrument Adjustment Account at the end of the year represents the amount that should have been charged to the Comprehensive Income and Expenditure Statement in accordance with proper accounting practices under the Code of Practice, but which Statutory Provisions allow or require to be deferred over future years.

The Council uses the account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred but reversed out of the General Fund Balance to the Account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on council tax. The account was also used to defer the impact of the estimated impairment on the Council's Heritable Bank investment. The Statutory Provision which allowed the deferment of impairment costs expired in 2010/11 and therefore the estimated impairment has been posted back to the General Fund Balance.

<b>31 March 2010 £000</b>		<b>31 March 2011 £000</b>
<b>(4,257)</b>	<b>Balance at 1 April</b>	<b>(4,124)</b>
(75)	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from the finance costs chargeable in the year in accordance with statutory requirements	34
208	Adjustment to the estimated impairment of Heritable Bank Investment	-
-	Expiry of Statutory Provision to allow the impairment of Heritable Bank investment to be deferred.	296
<b>(4,124)</b>	<b>Balance at 31 March</b>	<b>(3,794)</b>

## Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2009/10 £000		2010/11 £000
(297,278)	<b>Balance at 1 April</b>	(423,871)
(114,760)	Actuarial gains or losses on pensions assets and liabilities	46,101
(42,635)	Reversal of items relating to retirement benefits debited or credited to the surplus or Deficit on the Provision of Services in the comprehensive Income and Expenditure Statement	11,765
30,802	Employer's pensions contributions and direct payments to pensioners payable in the year	31,185
<b>(423,871)</b>	<b>Balance at 31 March</b>	<b>(334,820)</b>

### Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2009/10 £000		2010/11 £000
(337)	<b>Balance at 1 April</b>	61
398	Amount by which council tax income credited to the comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	815
<b>61</b>	<b>Balance at 31 March</b>	<b>876</b>

**Accumulated Absences Account**

+

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2009/10		2010/11	
£000		£000	£000
(5,236)	<b>Balance at 1 April</b>		(4,429)
1,092	Settlement or cancellation of accrual made at the end of the preceding year	-	
(285)	Amounts accrued at the end of the current year	(749)	
<b>807</b>	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		(749)
<b>(4,429)</b>	<b>Balance at 31 March</b>		<b>(5,178)</b>

**24. CASH FLOW STATEMENT - OPERATING ACTIVITIES**

The cash flows for operating activities include the following items:

2009/10		2010/11	
£000		£000	
(10,036)	Interest received	(7,519)	
22,550	Interest paid	19,955	

**25. CASH FLOW STATEMENT - INVESTING ACTIVITIES**

2009/10		2010/11	
£000		£000	
40,843	Purchase of property, plant and equipment, investment property and intangible assets	45,875	
141,950	Purchase of short-term and long-term investments	103,000	
	Other payments for investing activities		
(3,575)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(2,226)	
(119,850)	Proceeds from short-term and long-term investments	(108,200)	
(51,438)	Other receipts from investing activities	(37,836)	
<b>7,930</b>	<b>Net cash flows from investing activities</b>		<b>614</b>

**26. CASH FLOW STATEMENT - FINANCING ACTIVITIES**

<b>2009/10 £000</b>		<b>2010/11 £000</b>
(10,000)	Cash receipts of short- and long-term borrowing	(10,000)
(564)	Other receipts from financing activities	(1,367)
2,187	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	3,211
25,836	Repayments of short- and long-term borrowing	16,280
-	- Other payments for financing activities	-
<b>17,459</b>	<b>Net cash flows from financing activities</b>	<b>8,124</b>

**27. AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS**

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Best Value Accounting Code of Practice. However, decisions about resource allocation are taken by the Council's Cabinet on the basis of monitoring reports analysed across departments. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year
- amounts charged to departments in relation to capital expenditure (depreciation for example) are reversed out through the Finance Department. In the Statement of Accounts these are reversed out through the Movement in Reserves Statement.
- Levies and reserves are treated as departmental costs

The income and expenditure by the Council department recorded in the budget reports for the year is as follows:

**2009/10**

<b>Departmental Income and Expenditure 2009/10</b>	<b>Adult Social Services £000</b>	<b>Children and Young People £000</b>	<b>Corporate Services £000</b>	<b>Finance £000</b>	<b>Law, HR and Asset Management £000</b>	<b>Technical Services £000</b>	<b>Merseytravel £000</b>	<b>Total £000</b>
Fees, charges and other service income	(57,188)	(84,614)	(8,126)	(43,324)	(16,181)	(41,903)	-	(251,336)
Government grants	(3,143)	(253,834)	(24,153)	(153,596)	(636)	(19)	-	(435,381)
<b>Total Income</b>	<b>(60,331)</b>	<b>(338,448)</b>	<b>(32,279)</b>	<b>(196,920)</b>	<b>(16,817)</b>	<b>(41,922)</b>	<b>-</b>	<b>(686,717)</b>
Employee expenses	38,324	246,682	8,508	33,082	13,534	27,306	-	367,435
Other service expenses	91,735	139,705	38,529	154,781	12,607	71,423	0	508,779
Support service recharges	18,314	31,104	6,434	12,129	10,458	12,803	26,305	117,546
<b>Total Expenditure</b>	<b>148,372</b>	<b>417,490</b>	<b>53,470</b>	<b>199,992</b>	<b>36,599</b>	<b>111,532</b>	<b>26,305</b>	<b>993,760</b>
Net Expenditure	<b>88,041</b>	<b>79,042</b>	<b>21,191</b>	<b>3,072</b>	<b>19,782</b>	<b>69,610</b>	<b>26,305</b>	<b>307,043</b>

### Reconciliation of Departmental Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement

This reconciliation shows how the figures in the analysis of departmental income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

	<b>2009/10 £000</b>
Net expenditure in the Departmental Analysis	307,043
Net expenditure of services and support services not included in the Analysis	
Amounts in the comprehensive Income and Expenditure Statement not reported to management in the Analysis	14,486
Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	21,187
<b>Cost of Services in Comprehensive Income and Expenditure Statement</b>	<b>271,370</b>



2009/10	[Direct- orate] Analysis £000	Services and Support Services not in Analysis £000	Amounts not reported to manage- ment for decision making £000	Amounts not included in I&E £000	Allocation of Recharges £000	Cost of Services £000	Corporate Amounts £000	Total £000
Fees, charges & other service income	(251,336)	-	-	4,055	-	(247,281)	-	(247,281)
Surplus or deficit on associates and joint ventures	-	-	-	-	-	-	-	-
Interest and investment income	-	-	-	-	-	-	(4,055)	(4,055)
Income from council tax	-	-	-	-	-	-	(128,719)	(128,719)
Government grants and contributions	(435,381)	-	(624)	5,472	-	(430,533)	(242,480)	(673,013)
<b>Total Income</b>	<b>(686,717)</b>	<b>-</b>	<b>(624)</b>	<b>9,527</b>	<b>-</b>	<b>(677,814)</b>	<b>(375,254)</b>	<b>(1,053,068)</b>
								-
Employee expenses	367,435		(13,862)	807	-	354,380	24,888	379,268
Other service expenses	508,779		-	(65,288)	-	443,491	64	443,555
Support Service recharges	117,546	-	-	-	-	117,546	-	117,546
Depreciation, amortisation and impairment	-	-		49,491	-	49,491	-	49,491
Interest Payments	-	-	-	(15,724)	-	(15,724)	15,590	(134)
Precepts & Levies	-	-	-	-	-	-	43,111	43,111
Payments to Housing Capital Receipts Pool	-	-	-	-	-	-	6	6
Gain or Loss on Disposal of Fixed Assets	-	-	-	-	-	-	35,325	35,325
<b>Total expenditure</b>	<b>993,760</b>	<b>-</b>	<b>(13,862)</b>	<b>(30,714)</b>	<b>-</b>	<b>949,184</b>	<b>118,984</b>	<b>1,068,168</b>
<b>Surplus or (deficit) on the provision of services</b>	<b>307,043</b>	<b>-</b>	<b>(14,486)</b>	<b>(21,187)</b>	<b>-</b>	<b>271,370</b>	<b>(256,270)</b>	<b>15,100</b>

## 2010/11

Departmental Income and Expenditure 2010/11	Adult Social Services £000	Children and Young People £000	Corporate Services £000	Finance £000	Law, HR and Asset Management £000	Technical Services £000	Merseytravel £000	Total £000
Fees, charges and other service income	(61,317)	(85,663)	(11,731)	(46,317)	(31,997)	(37,307)	-	(274,332)
Government grants	(2,658)	(255,248)	(8,753)	(160,543)	(142)	(92)	-	(427,436)
<b>Total Income</b>	<b>(63,975)</b>	<b>(340,911)</b>	<b>(20,484)</b>	<b>(206,859)</b>	<b>(32,139)</b>	<b>(37,399)</b>		<b>(701,768)</b>
Employee expenses	40,420	254,958	8,988	35,224	15,031	29,376	-	383,997
Other service expenses	106,628	157,584	36,573	142,750	22,448	57,615	27,344	550,942
Support service recharges	17,130	36,242	6,716	15,073	10,084	19,218	-	104,463
<b>Total Expenditure</b>	<b>164,178</b>	<b>448,784</b>	<b>52,277</b>	<b>193,047</b>	<b>47,563</b>	<b>106,209</b>	<b>27,344</b>	<b>1,039,402</b>
Net Expenditure	100,203	107,873	31,793	(13,813)	15,424	68,810	27,344	337,634

### Reconciliation of Departmental Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement

This reconciliation shows how the figures in the analysis of departmental income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

	<b>2010/11 £000</b>
Net expenditure in the Departmental Analysis	337,634
Net expenditure of services and support services not included in the Analysis	
Amounts in the comprehensive Income and Expenditure Statement not reported to management in the Analysis	(60,175)
Amounts included in the Analysis not included in the comprehensive Income and Expenditure Statement	(18,225)
<b>Cost of Services in Comprehensive Income and Expenditure Statement</b>	<b>259,234</b>

2010/11	Departmental Analysis £000	Services and Support Services not in Analysis £000	Amounts not reported to management for decision making £000	Amounts not included in I&E £000	Allocation of Recharges £000	Cost of Services £000	Corporate Amounts £000	Total £000
Fees, charges & other service income	(274,332)	-	-	1,703	-	(272,629)	-	(272,629)
Surplus or deficit on associates and joint ventures	-	-	-	-	-	-	-	-
Interest and investment income	-	-	-	-	-	-	12,918	12,918
Income from council tax	-	-	-	-	-	-	(132,013)	(132,013)
Government grants and contributions	(427,436)	-	-	1,468	-	(425,968)	(242,613)	(668,581)
<b>Total Income</b>	<b>(701,768)</b>	<b>-</b>	<b>-</b>	<b>3,171</b>	<b>-</b>	<b>(698,597)</b>	<b>(361,708)</b>	<b>(1,060,305)</b>
								-
Employee expenses	383,997		(60,175)	-	-	323,822	-	323,822
Other service expenses	550,942		-	(21,396)	-	529,546	-	529,546
Support Service recharges	104,463	-	-	-	-	104,463	-	104,463
Depreciation, amortisation and impairment	-	-		-	-	-	-	-
Interest Payments	-	-		-	-	-	14,489	14,489
Precepts & Levies	-	-		-	-	-	44,564	44,564
Payments to Housing Capital Receipts Pool	-	-		-	-	-	17	17
Gain or Loss on Disposal of Fixed Assets	-	-		-	-	-	10,371	10,979
<b>Total expenditure</b>	<b>1,039,402</b>	<b>-</b>	<b>(60,175)</b>	<b>(21,396)</b>	<b>-</b>	<b>957,831</b>	<b>70,049</b>	<b>1,027,880</b>
<b>Surplus or (deficit) on the provision of services</b>	<b>337,634</b>	<b>-</b>	<b>(60,175)</b>	<b>(18,225)</b>	<b>-</b>	<b>259,234</b>	<b>(291,659)</b>	<b>(32,425)</b>

## 28. TRADING OPERATIONS

The Council has established a number of trading units where the service manager is required to operate in a commercial environment and balance their budget by generating income from other parts of the Council or other organisations. Details of the major units, which follow, have a trading objective to break even:-

		2008/09		2009/10		2010/11	
		£000	£000	£000	£000	£000	£000
<b>(1) Highways Services</b> The Highways Services Operation ended in 2008-09. These services from 1 April 2009 have been provided by an external contractor, Colas.	Turnover	7,054		-		-	
	Expenditure	7,511		-		-	
	Surplus/(Deficit)		(457)		-		-
<b>(2) Vehicle Maintenance Unit</b> The Vehicle Maintenance Unit won the contract under open competition and still operates along the lines of the former CCT DSO.	Turnover	411		468		471	
	Expenditure	409		456		471	
	Surplus/(Deficit)		2		12		-
<b>(3) Building Cleaning</b> The Council manages a Building Cleaning operation on the basis of an agreement between the service provider and other departments.	Turnover	921		1,071		1,048	
	Expenditure	870		978		976	
	Surplus/(Deficit)		51		93		72
<b>(4) Grounds Maintenance Services</b> The Council operates its Grounds Maintenance Services for the maintenance of Council and other land on the basis of an agreement between the service provider and other Council departments and other bodies.	Turnover	5,737		1,619		1,645	
	Expenditure	5,687		1,619		1,645	
	Surplus/(Deficit)		50		-		-

There were no internal recharges in 2010/11 which accounts for the reduction in expenditure and income.

## 29. POOLED BUDGETS

Pooled funds enable health bodies and Local Authorities to work collaboratively to address specific local health issues. Health service resources can be used to deliver Local Authority services and vice versa.

Wirral Primary Care Trust is the host for a pooled budget for integrated community equipment services.

Wirral Council's contribution for 2010/11 is £520,000 (2009/10 £520,000) out of total expenditure of £2.043 million.

### 30. COMMUNITY FUND

The Community Fund was established following the Large Scale Voluntary Transfer of the Council's housing stock for a number of purposes including meeting transferred stock warranty claims, assisting to meet housing requirements, encouraging economic regeneration, helping to reduce crime and for other environmental benefits.

The Fund is administered and held in a separate bank account by Wirral Partnership Homes and its use is jointly controlled by representatives of Wirral Council and Wirral Partnership Homes. Wirral Council's accounts do not include the assets, income or expenditure of the Fund. Any grants paid to the Council from the Community Fund will, however, be included within the Council's accounts.

During 2010/11 the Fund received £2 million of income from savings relating to the refurbishment programme VAT arrangements, from the sale of former HRA assets and from interest earned on the Fund balances.

Expenditure of £8.6 million was incurred by the Fund in the year. This included payments of £8.1 million to Wirral Council comprising of £4.5 million for the Community Asset Transfer Programme, £2.6 million to support Investment and Regeneration Programmes and £1 million for the support of Housing initiatives.

<b>Community Fund Statement</b>	<b>£000</b>	<b>£000</b>
Balance at 1 April 2010		19,504
Movement 2010/11		
Income		
- Contributions arising from VAT savings	1,766	
- Property Sale	189	
- Interest received	81	2,036
Expenditure		
Grant Payments to Wirral Council	(8,061)	
Overton Community trust	(13)	
Your Wirral Grant Scheme	(526)	(8,600)
<b>Balance at 31 March 2011</b>		<b>12,940</b>

After allowing for potential warranty liabilities, at 31 March 2011 the Fund held £10.4 million for distribution. The large majority is for use on schemes administered by Wirral Partnership Homes. Wirral Council has also received approval for additional schemes financed from the Fund which will be expended during 2011/12.

### 31. MEMBERS' ALLOWANCES

The Council paid the following amounts to Members of the council during the year.

	<b>2010/11</b>	<b>2009/10</b>
	<b>£000</b>	<b>£000</b>
Salaries	11	12
Allowances	774	782
Expenses	22	20
<b>Total</b>	<b>807</b>	<b>814</b>

**32. OFFICERS' REMUNERATION**

The remuneration paid to the Council's senior employees is as follows:

	<b>Salary</b>	<b>Allowances</b>	<b>Compensation for loss of Office</b>	<b>Pension Contributions</b>	<b>Total inc Pension Contributions</b>
	£	£	£	£	£
<b>Financial Year 2010-11</b>					
Interim Chief Executive	123,334	726	-	21,706	145,766
Chief Executive (retired)	67,670	-	157,537	11,910	237,117
Director of Technical Services	112,848	2,556	-	19,861	135,265
Director of Finance	112,848	1,823	-	19,861	134,532
Interim Director of Adult Social Services	112,848	1,424	-	19,861	134,133
Director of Adult Social Services (retired)	64,182	929	152,339	11,296	228,746
Director Law, HR and Asset Management	107,205	297	-	18,868	126,370
	<b>700,935</b>	<b>7,755</b>	<b>309,876</b>	<b>123,363</b>	<b>1,141,929</b>
<b>Financial Year 2009-10</b>					
Chief Executive	135,384	390	-	23,414	159,188
Deputy Chief Executive & Director of Corporate Services	121,850	1,170	-	21,073	144,093
Director of Technical Services	112,520	2,340	-	19,523	134,383
Director of Finance	112,848	2,094	-	19,523	134,465
Director of Adult Social Services	107,250	1,170	-	18,546	126,966
Director of Regeneration	112,892	2,119	-	19,523	134,534
Director of Law, HR and Asset Management	104,428	-	-	18,058	122,486
Director of Childrens Services	112,892	1,798	-	19,523	134,213
	<b>920,064</b>	<b>11,081</b>	<b>-</b>	<b>159,183</b>	<b>1,090,328</b>

The Director of Regeneration retired in March 2010. During 2010/11 services of the former Regeneration Department have been re-allocated to other directorates.

The Deputy Chief Executive and Director of Corporate Services was formally appointed Chief Executive in April 2011, but at 31 March held the post of Interim Chief Executive.

The former Director of Children's Services has taken over responsibility for Adult Social Services as an Interim Director. Children's Services is currently headed by an Interim Director, but their total salary for the year is below £100,000.

Where an employer makes decisions which result in additional benefits paid to a member, this produces a strain on the Pension Fund. The costs of providing these additional benefits are calculated by the Pension Fund and recharged to the Council, who reimburse the Fund over 5 years. The main category of these costs relates to early retirement.

Remuneration band	2010/11 Number of Employees			2009/10 Number of Employees		
	General	Teaching	Total	General	Teaching	Total
£50,000 - £54,999	47	107	154	21	105	126
£55,000 - £59,999	38	77	115	10	76	86
£60,000 - £64,999	35	37	72	4	34	38
£65,000 - £69,999	20	22	42	3	18	21
£70,000 - £74,999	29	10	39	17	2	19
£75,000 - £79,999	9	5	14	1	6	7
£80,000 - £84,999	6	4	10	2	4	6
£85,000 - £89,999	2	3	5	0	6	6
£90,000 - £94,999	2	8	10	0	5	5
£95,000 - £99,999	3	4	7	0	2	2
£100,000 - £104,999	1	1	2	2	2	4
£105,000 - £109,999	2	6	8	1	0	1
£110,000 - £114,999	2	0	2	3	0	3
£115,000 - £119,999	3	1	4	1	1	2
£120,000 - £124,999	1	1	2	1	0	1
£125,000 - £129,999	1	0	1	0	0	0
£130,000 +	0	0	0	1	0	1
	<b>201</b>	<b>286</b>	<b>487</b>	<b>67</b>	<b>261</b>	<b>328</b>

The overall increase can be attributed to the number of employees that accepted an offer of early voluntary retirement or severance made to the general workforce during the year.

### 33. EXTERNAL AUDIT COSTS

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Council's external auditors:

	2010/11 £000	2009/10 £000
Fees payable to The Audit Commission with regard to external audit services carried out by the appointed auditor	357	390
Fees payable to The Audit Commission in respect of statutory inspection	-	17
Fees payable to The Audit Commission for the certification of grant claims and returns	128	128
Fees payable in respect of other services provided by the appointed auditor	22	15
<b>Total</b>	<b>507</b>	<b>550</b>



The fees for other services payable in both 2009/10 and 2010/11 related to work undertaken for the Council by the Audit Commission relating to the Public Interest Disclosure Act, Highways and Engineering Services Procurement Exercise and the National Fraud Initiative.

### 34. DEDICATED SCHOOLS GRANT

The Council's expenditure on schools is funded primarily by grant monies provided by the Department for Education, the Dedicated Schools Grant (DSG). DSG is ring fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance (England) Regulations 2008. The Schools Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable are as follows:

	Central Expenditure £000	Individual Schools Budget £000	Total £000
Final DSG for 2009-10			188,116
Brought forward from 2008-09			419
Carry forward to 2010-11 agreed in advance			(399)
Agreed budgeted distribution 2009-10	19,754	168,382	188,136
less: Actual central expenditure	(19,190)		(19,190)
less: Actual ISB deployed to schools		(168,382)	(168,382)
<b>Authority contribution for 2009-10</b>	<b>537</b>		<b>537</b>
Carry forward to 2010-11 agreed in advance			399
<b>Total carried forward to 2010-11</b>	<b>1,101</b>	-	<b>1,500</b>

	Central Expenditure £000	Individual Schools Budget £000	Total £000
Final DSG for 2010-11			194,032
Brought forward from 2009-10			1,500
Carry forward to 2011-12 agreed in advance			(1,537)
Agreed budgeted distribution 2010-11	20,974	173,021	193,995
less: Actual central expenditure	(19,851)		(19,851)
less: Actual ISB deployed to schools		(173,004)	(173,004)
<b>Authority contribution for 2010-11</b>	<b>182</b>		<b>182</b>
Carry forward to 2011-12 agreed in advance			1,537
<b>Total carried forward to 2011-12</b>	<b>1,305</b>	<b>17</b>	<b>2,859</b>

**35. GRANT INCOME**

The Council credited the following grants and contributions and donations to the Comprehensive Income and Expenditure Statement in 2010/11:

	<b>2010/11</b>	<b>2009/10</b>
	<b>£000</b>	<b>£000</b>
<b>Credited to Taxation and Non Specific Grant Income:</b>		
National Non Domestic Rates	137,844	124,094
Area Based Grant	37,662	31,976
Revenue Support Grant	20,016	28,643
Local Area Agreement Reward Grant	-	1,983
Local Authority Business Growth Incentive Grant	-	233
<b>Capital Grants :</b>	-	-
Standards Fund	25,600	31,027
Housing Market Renewal Initiative	3,090	5,099
Transport Supplementary Grant	2,366	3,254
Regional Housing Pot	2,355	3,273
Homes and Communities Agency Capital Grant	2,066	-
Childres Centres	1,709	462
Growth Point	1,567	-
Other Capital Grants (less than 200k)	1,509	1,097
North West Development Agency	728	1,917
Social Care Single Capital Pot - Extra Care	237	1,465
Waste Infrastructure	202	549
Environment Agency	190	1,157
Safer Stronger Communities Fund	-	207
National Lottery Fund	-	573
<b>Total Capital Grants</b>	<b>41,619</b>	<b>50,080</b>
<b>Total Credited to Taxation and Non Specific Grant Income</b>	<b>237,141</b>	<b>237,009</b>
<b>Credited to Services:</b>		
Dedicated Schools Grant	192,389	188,116
Housing Benefits	159,880	153,068
Standards Fund	26,043	23,883
6th Form	22,302	21,508
Sure Start	10,811	9,811
School Standards Grant	7,924	7,773
Other Young People's Learning Agency	7,292	-
16-19 Further Education Young People's Learning Agency	6,800	-
Schools Private Finance Initiative	5,472	5,472
School Standards Grant - Personalisation	2,738	-
Adults Social Care Reform	1,873	1,520
Aiming High for Disabled Children	1,640	521
Youth Justice Board	1,009	1,006
Think Family	649	13
Other	865	1,381
Rates Relief	359	374
Youth Opportunity	318	212
Winter Maintenance	297	-
<b>Total Credited to Services</b>	<b>448,661</b>	<b>414,658</b>

The Council has received a number of grants and contributions that have yet to be recognised as income as they have conditions attached to them. These will require the monies to be returned to the giver, if not spent in accordance with the conditions. The balances at the year-end are as follows:

	<b>31 March 2011 £000</b>	<b>31 March 2010 £000</b>
<b>Grants Receipts in Advance</b>		
Local Area Agreement Reward Grant	1,811	1,876
West Kirby Marine Lake	300	-
Mulberry Properties	275	275
Atherton Street	225	-
Other	117	202
<b>Total Grant Receipts in Advance</b>	<b>2,728</b>	<b>2,353</b>

### 36. RELATED PARTIES

The Council is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the council or to be controlled or influenced by the council. Disclosure of these transactions allows readers to assess the extent to which the council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

#### Central Government

Central government has effective control over the general operations of the Council - it is responsible for providing the statutory framework, within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in the subjective analysis in note 35 on reporting for resources allocation decisions. Grant receipts outstanding at 31 March 2011 are detailed in the same note.

#### Members

Members of the Council have direct control over the Council's financial and operating policies. The total of Members' allowances paid in 2010/11 is shown in note 31. Members of the Council are also Board Members of Wirral Partnership Homes (WPH) as well as Beechwood and Ballantyne Community Housing Association. Members have declared interests, where required, in items associated with these organisations. During the year the Council made payments of £3.3 million and £0.1 million respectively to these organisations. In addition as part of the development agreement WPH paid £8.1 million to the Council in respect of the Community Fund in support of community asset transfers and investment to support regeneration and housing.

A number of Members hold positions on the governing body of various voluntary organisations to which the Council gave grants of £0.8 million.

The relevant Members did not take part in any discussion or decision relating to the grants. Details of all these transactions are recorded in the Register of Members' Interest which is open to public inspection.

### Officers

No material declarations of interest were made in the year.

### Other Public Bodies

The Council has member representation on committees of the following organisations to which the Council pays a levy or precept

	<b>Membership</b>	<b>Precept/Levy</b> £000
Merseyside Police Authority	3	15,308
Merseyside Fire and Rescue Service	4	6,781
Merseyside Waste Disposal Authority	3	17,044
Merseyside Port Health	6	128
Merseytravel	1	27,344

The Council has a pooled budget arrangement with Wirral Primary Care Trust for the provision of integrated community equipment services. Further details are contained in note 29.

The Council acts as the administering authority to Merseyside Pension Fund and charged the Fund £4.876 million (2009/10 £3.838 million) for administration and investment management costs.

**37. CAPITAL EXPENDITURE AND CAPITAL FINANCING**

Summary of Capital Expenditure and Financing	2009/10	2010/11
	£000	£000
<b>Capital Investment</b>		
Property, Plant & Equipment	43,254	43,344
Intangible Assets	280	11
Asset Held for Sale	0	31
Revenue Expenditure Funded from Capital under Statute	20,319	14,840
Long Term Debtors	553	769
	<b>64,406</b>	<b>58,995</b>
<b>Sources of Finance</b>		
Borrowing supported by Government financial assistance	(7,347)	(6,375)
Borrowing unsupported by Government financial assistance	(3,821)	(5,300)
Capital Receipts	(4,000)	(3,000)
Government Grants and Other Contributions	(47,745)	(43,877)
Revenue Provision	(1,493)	(443)
	<b>(64,406)</b>	<b>(58,995)</b>

**38. LEASES****Council as Lessee****Finance Leases**

The Council has acquired a number of assets such as I.T. and grounds maintenance equipment, refuse collection and street cleansing vehicles under finance leases. These assets are carried in the Balance Sheet within Vehicles, Plant and Equipment at the following net amounts:

	31 March 2011 £000	31 March 2010 £000
Vehicles, Plant, and Equipment	4,169	5,493
	<b>4,169</b>	<b>5,493</b>

The Council is committed to make minimum payments under these leases. Such payments comprise an element for the interest in the property acquired and an element for finance costs payable by the Council while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

	31 March 2011 £000	31 March 2010 £000
Finance lease liabilities (net present value of minimum lease payments):		
• current	1,028	1,097
• non-current	2,045	2,804
Finance costs payable in future years	475	697
<b>Minimum lease payments</b>	<b>3,548</b>	<b>4,598</b>

The minimum lease payments will be payable over the following periods:

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2011 £000	31 March 2010 £000	31 March 2011 £000	31 March 2010 £000
Not later than one year	1,231	1,351	1,028	1,097
Later than one year and not later than five years	2,307	3,247	2,002	2,804
Later than five years	10	-	43	-
	<b>3,548</b>	<b>4,598</b>	<b>3,073</b>	<b>3,901</b>

### Council as Lessor

#### Operating Leases

The Council leases out property under operating leases for economic development purposes to provide suitable affordable accommodation for local businesses.

The future minimum lease payments receivable under non-cancellable leases in future years are:

	31 March 2011 £000	31 March 2010 £000
Not later than one year	600	747
Later than one year and not later than five years	812	1,322
Later than five years	17	66
	<b>1,429</b>	<b>2,135</b>

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

### **39. PRIVATE FINANCE INITIATIVE (PFI) AND SIMILAR CONTRACTS**

The Wirral Schools' PFI Scheme Project Agreement was originally signed in March 2001 and involved the rebuilding and/or refurbishment of one primary and eight secondary schools in Wirral. A Deed of Amendment was entered into on 9 September 2004 to extend the contract until July 2031.

The first phase of the Project (Construction Works) was completed on the final schools in August 2006 and the Council now receive support services in accordance with a detailed set of Output Specifications. These include building and services maintenance, grounds maintenance, catering, cleaning, caretaking, security, utilities and telecommunications.

The specifications for Support Services are not prescriptive and it is up to our PFI Partner, Wirral Schools' Services Ltd (WSSL) to devise a programme of service delivery which achieves the Council's Output Specifications. The success of this is measured by way of a payment mechanism and deductions system.

It is only in pre-agreed circumstances that WSSL is excused from performance. These situations are known as Relief Events and they include the declaration of any emergency by the Council, failure by any utility company, loss or damage to a road servicing a school or any strike affecting the relevant industry.

Other than under these clearly defined circumstances, risk on the above services is transferred to WSSL. There are examples of "Shared Risk" such as that on Utility Consumption, "Limited Risk" such as that on the maintenance of loose furniture, fittings and equipment and "No Risk" to WSSL whereby the costs of damage caused by an Act of Vandalism under specific conditions, rest with the Council.

The price for the provision of the services (i.e. the provision of the School accommodation and the Support Services) is essentially a fixed price for the duration of the term.

There are several provisos to this e.g. annual indexation in accordance with the Retail Prices Index and Value for Money Testing. The latter is carried out at five year intervals and basically involves a comparison between the current price paid for a particular service (such as cleaning or catering) with equivalent prevailing market costs. If the market average is higher or lower than the current cost by a certain amount, then any excess outside of that range leads to a price adjustment.

The Project Agreement will come to an end on its agreed expiry date of 31 July 2031. Thirty months prior to the Expiry Date, a Handback Survey will be carried out. This will detail each asset and component of each school and will report on the residual life of those assets. On the Expiry Date, the facilities will be handed back to the Council, at nil consideration, in a condition which complies with specific standards / life expectancies for individual components within each school.

The Council only has the right to terminate the contract if it compensates the contractor. Guidelines are clearly set out for rules governing Compensation on Termination, as classified under events of Project Co. Default or Council Default.

The contract was originally treated as an operating lease but with the introduction of IFRIC 12 'Service Concession Arrangements', has now been accounted for as a finance lease. The value of assets held under the Schools PFI scheme is shown below:

Bebington High, Hilbre High, Park High, South Wirral High, Weatherhead High, and Wirral Grammar schools have opted for Foundation status and as such the corresponding assets are no longer reflected in the balance sheet.

Valuation information for PFI assets recognised in the Balance Sheet:

	<b>Leasowe Primary £000</b>	<b>Park High £000</b>	<b>Prenton High £000</b>	<b>Wallasey High £000</b>	<b>Total £000</b>
<b>Movement in 2010/11</b>					
<b>Valuation</b>					
Valuation at 1 April 2010	2,998	11,852	4,921	9,915	29,686
Disposals	-	(11,852)	-	-	(11,852)
Accumulative Depreciation at 1 April 2010	(168)	(664)	(275)	(556)	(1,663)
Depreciation 2010/11	(76)	(224)	(125)	(250)	(675)
Adjustment for disposal	-	888	-	-	888
Accumulative Depreciation at 31 March 2011	(244)	-	(400)	(806)	(1,450)
<b>Net Book Value</b>					
at 31 March 2011	2,754	-	4,521	9,109	16,384
at 31 March 2010	2,830	11,188	4,646	9,359	28,023
<b>Comparative Movement in 2009-10</b>					
Valuation at 1 April 2009	2,998	11,852	4,921	9,915	29,686
Accumulative Depreciation at 1 April 2009	(101)	(398)	(165)	(334)	(998)
Depreciation 2009/10	(67)	(266)	(110)	(222)	(665)
Accumulative Depreciation at 31 March 2010	(168)	(664)	(275)	(556)	(1,663)



## Payments

Payments remaining to be made under PFI contracts are as follows:

	Services £000	Lease Liability £000	Interest £000	Life cycle costs £000	Total £000
Payable in 2011/12	3,131	2,081	2,114	570	7,896
Payable within 2 - 5 years	12,040	9,043	7,732	2,766	31,581
Payable within 6 - 10 years	14,442	13,610	7,704	3,720	39,476
Payable within 11 - 15 years	14,637	15,593	5,241	4,006	39,477
Payable within 16 - 20 years	14,833	20,947	2,132	1,564	39,476
Payable within 21 - 25 years	1,038	378	6	75	1,497
<b>Total</b>	<b>60,121</b>	<b>61,652</b>	<b>24,929</b>	<b>12,701</b>	<b>159,403</b>

The unitary payment in 2010/11 is £9,765,000 allocated as follows

	2010/11 £000	2009/10 £000
Service costs	3,921	3,806
Interest and similar charges	3,165	4,455
Lease liability	1,969	640
Life cycle costs	710	658
	<b>9,765</b>	<b>9,559</b>

The value of the outstanding lease liability is:

	2010/11 £000	2009/10 £000
Balance outstanding at start of year	68,786	69,426
Lease payments during the year	(1,969)	(640)
Other movements	(5,165)	-
	<b>61,652</b>	<b>68,786</b>

In calculating the future unitary payments to the end of the contract from 2011/12 onward the most up to date information available has been used. This gives a more accurate estimate of the total outstanding liability. However, substituting this information revises downward the original calculation of the liability at 31 March 2011 by £5.2 million. The annual unitary payment is increased by the Retail Price Index (RPI) less 10%. Going forward, the RPI has been estimated using figures provided by the Office of Budget Responsibility whereas previous calculations have relied on figures extracted from the operator's financial model.

## 40. TERMINATION BENEFITS

The Council in October 2010 offered all employees the opportunity to apply to leave through voluntary severance and/or early voluntary retirement. Over 1,100 individuals will have left the Council between December 2010 and July 2011. The Council in 2010/11 incurred £23.4 million of termination benefits (£2.5 million in 2009/10). This

includes a provision of £ 8.8 million that has been established to future benefits due to be paid in 2011/12.

Of this total £157,537 was payable to the Chief Executive, and £152,339 to the Director of Adult Social Services in the form of compensation for loss of office, as disclosed in note 32.

#### 41. LONG TERM DEBTORS

	<b>Repayment of former M.C.C. Debt £000</b>	<b>Regeneration Property Loans £000</b>	<b>Repayment of Council Mortgages £000</b>	<b>Total £000</b>
<b>Balance 1.4.2009</b>	<b>71,498</b>	<b>333</b>	<b>154</b>	<b>71,985</b>
Advances		553		553
Repaid/ reclassified £000	(4,469)		(51)	(4,520)
<b>Balances 31.3.2010</b>	<b>67,029</b>	<b>886</b>	<b>103</b>	<b>68,018</b>
<b>Balance 1.4.2010</b>	<b>67,029</b>	<b>886</b>	<b>103</b>	<b>68,018</b>
Advances		769		769
Repaid/ reclassified	(4,469)		(22)	(4,491)
<b>Balances 31.3.2011</b>	<b>62,560</b>	<b>1,655</b>	<b>81</b>	<b>64,296</b>

#### 42. DEFERRED CREDITS

These amounts relate to the Council's share of the receipts from sales of former council housing by Wirral Partnership Homes and Beechwood and Ballantyne Community Housing Association, as well as the balances on outstanding mortgages previously granted by the Council in respect of Right to Buy properties.

	<b>2009/10 £000</b>	<b>2010/11 £000</b>
Receipts for Sale of Former Council Houses	268	-
Outstanding mortgages	103	81
	<b>371</b>	<b>81</b>

### **43. PENSIONS SCHEMES ACCOUNTED FOR AS DEFINED CONTRIBUTION SCHEMES**

Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by the Department for Education. The Scheme provides teachers with specified benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The Scheme is technically a defined benefit scheme. However, the Scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The Council is not able to identify its share of underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2010/11, the Council paid £14.1 million to Teachers' Pensions in respect of teachers' retirement benefits, representing 14.1% of pensionable pay. The figures for 2009/10 were £13.9 million and 14.1%. There were no contributions remaining payable at the year-end.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis and detailed in Note 44.

In 2010/11 the Council paid £3.1 million by way of enhanced pensions, with an equivalent figure in 2009/10.

### **44. DEFINED BENEFIT PENSION SCHEMES**

#### **Participation in Pension Schemes**

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The Council participates in two post employment schemes:

- The Local Government Pension Scheme, administered locally by Wirral Council - this is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.
- Arrangements for the award of discretionary post retirement benefits upon early retirement - this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pensions liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due.

## Transactions Relating to Post-employment Benefits

The cost of retirement benefits is recognised in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

	Local Government Pension Scheme		Discretionary Benefits Arrangements		Unfunded Teachers Scheme	
	2010/11 £000	2009/10 £000	2010/11 £000	2009/10 £000	2010/11 £000	2009/10 £000
Comprehensive Income and Expenditure Statement						
<i>Cost of Services:</i>						
• current service cost	25,737	16,162	-	-	-	-
• past service Costs	(56,725)	25	(2,099)	-	(2,025)	-
• settlements and curtailments	4,618	1,145	-	-	964	415
<i>Financing and Investment Income and Expenditure</i>						
• interest cost	55,705	50,638	2,336	2,467	1,896	2,093
• expected return on scheme assets	(42,172)	(30,310)	-	-	-	-
<i>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</i>	(12,837)	37,660	237	2,467	835	2,508

(Table continues on following page)

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	Local Government Pension Scheme		Discretionary Benefits Arrangements		Unfunded Teachers Scheme	
	2010/11 £000	2009/10 £000	2010/11 £000	2009/10 £000	2010/11 £000	2009/10 £000
<i>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>						
• actuarial gains and losses	(44,580)	102,033	(2,489)	7,153	968	5,574
<i>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>	(57,417)	139,693	(2,252)	9,620	1,803	8,082
<i>Movement in Reserves Statement</i>						
• reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	12,837	(37,660)	(237)	(2,467)	(835)	(2,508)
<i>Actual amount charged against the General Fund Balance for pensions in the year:</i>						
• employers' contributions payable to scheme	25,117	25,390			3,094	3,082
• retirement benefits payable to pensioners			2,701	2,603		

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to the 31 March 2011 a gain of £46,101,000.

**Assets and Liabilities in Relation to Post-employment Benefits**

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

	Funded liabilities: Local Government Pension Scheme		Unfunded liabilities: Discretionary Benefits		Unfunded Teachers Scheme	
	2010/11 £000	2009/10 £000	2010/11 £000	2009/10 £000	2010/11 £000	2009/10 £000
Opening balance at 1 April	997,404	715,668	43,061	36,044	36,022	31,022
Current service cost	25,737	16,162	-	-		
Interest cost	55,705	50,638	2,336	2,467	1,896	2,093
Contributions by scheme participants	9,293	9,282	-	-		
Actuarial gains and losses	(49,851)	234,834	(2,489)	7,153	968	5,574
Benefits paid	(40,368)	(30,350)	(2,701)	(2,603)	(3,094)	(3,082)
Past service costs/ (gain)	(56,725)	25	(2,099)	-	(2,025)	
Entity combinations	-	-	-	-	-	-
Curtailments	4,618	1,145	-	-	964	415
Settlements	-	-	-	-	-	-
Closing balance at 31 March	945,813	997,404	38,108	43,061	34,731	36,022

**Reconciliation of fair value of the scheme (plan) assets:**

	Local Government Pension Scheme		Unfunded liabilities Discretionary Benefits	
	2010/11 £000	2009/10 £000	2010/11 £000	2009/10 £000
Opening balance at 1 April	652,616	485,456	-	-
Expected rate of return	42,172	30,310	-	-
Actuarial gains and losses	(5,271)	132,801	-	-
Employer contributions	25,390	27,720	2,701	2,603
Contributions by scheme participants	9,293	9,282	-	-
Benefits paid	(40,368)	(32,953)	(2,701)	(2,603)
Entity combinations	-	-	-	-
Settlements	-	-	-	-
Closing balance at 31 March	683,832	652,616	-	-

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date.

Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on scheme assets in the year was £52,371,000 (2009/10: £163,111,000).

<b>Scheme History</b>	<b>2006/07 £000</b>	<b>2007/08 £000</b>	<b>2008/09 £000</b>	<b>2009/10 £000</b>	<b>2010/11 £000</b>
<b>Present value of liabilities:</b>					
Local Government Pension Scheme	738,622	838,119	715,668	997,404	945,813
Discretionary Benefits	30,594	42,228	36,044	43,061	38,108
Teachers pension scheme	33,043	36,254	31,022	36,022	34,731
	<b>802,259</b>	<b>916,601</b>	<b>782,734</b>	<b>1,076,487</b>	<b>1,018,652</b>
<b>Fair value of assets:</b>					
Local Government Pension Scheme	579,891	582,775	485,456	652,616	683,832
<b>Surplus/(deficit):</b>					
Local Government Pension Scheme	(158,731)	(255,344)	(230,212)	(344,788)	(261,981)
Discretionary Benefits	(30,594)	(42,228)	(36,044)	(43,061)	(38,108)
Teachers pension scheme	(33,043)	(36,254)	(31,022)	(36,022)	(34,731)
<b>Total</b>	<b>(222,368)</b>	<b>(333,826)</b>	<b>(297,278)</b>	<b>(423,871)</b>	<b>(334,820)</b>

The liabilities show the underlying commitments that the Council has in the long run to pay post employment (retirement) benefits. The total liability of £334,820,000 has a substantial impact on the net worth of the Council as recorded in the Balance Sheet, resulting in an overall balance of £196.9 million. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy:

- the deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary.
- finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

The total contributions expected to be made to the Local Government Pension Scheme by the council in the year to 31 March 2012 is £24.0 million. Expected contributions for the Discretionary Benefits scheme in the year to 31 March 2012 are £2.7 million. Expected contributions to unfunded teachers pensions in the year to 31 March 2012 are £3.1 million.

### **Basis for Estimating Assets and Liabilities**

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by William

M. Mercer, an independent firm of actuaries, estimates for the Merseyside Pension Fund being based on the latest full valuation of the scheme as at 1 April 2009.

The principal assumptions used by the actuary have been:

	<b>Local Government Pension Scheme</b>	
	<b>2010/11</b>	<b>2009/10</b>
Long-term expected rate of return on assets in the scheme:		
Equity investments	7.5%	7.5%
Government Bonds	4.4%	4.5%
Other Bonds	5.1%	5.2%
Property	6.5%	6.5%
Cash / Liquidity	0.5%	0.5%
Other	7.5%	7.5%
Mortality assumptions:		
Longevity at 65 for current pensioners:		
• Men	21.4	20.4
• Women	24.1	23.2
Longevity at 65 for future pensioners:		
• Men	22.8	21.3
• Women	25.7	24.1
Rate of RPI inflation	3.4%	3.3%
Rate of CPI inflation	2.9%	2.8%
Rate of increase in salaries	4.4%	4.5%
Rate of increase in pensions	2.9%	3.3%
Rate for discounting scheme liabilities	5.5%	5.6%
Take-up of option to convert annual pension into retirement lump sum	50%	50%

The Discretionary Benefits arrangements have no assets to cover its liabilities. The Local Government Pension Scheme's assets consist of the following categories, by proportion of the total assets held:

	<b>2010/11</b>	<b>2009/10</b>
	<b>%</b>	<b>%</b>
Equity investments	60.7	63.6
Government bonds	10.7	12.1
Other bonds	6.7	6.6
Property	7.9	6.3
Cash/liquidity	2.3	2.6
Other	11.7	8.8
	<b>100.0</b>	<b>100.0</b>



## History of Experience Gains and Losses

The actuarial gains identified as movements on the Pensions Reserve in 2010/11 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2011:

	2006/07 %	2007/08 %	2008/09 %	2009/10 %	2010/11 %
Differences between the expected and actual return on assets	(0.03)	(9.82)	(29.56)	(20.35)	1.49
Experience gains and losses on liabilities	-	(2.40)	-	-	6.10

## 45. TRUST FUNDS

The Council acts as a trustee for a number of trust funds. These do not represent assets of the Council and have not been included in the Balance Sheet.

The E.F. Callister trust promotes youth development. The Stitt and Russell trusts exist to promote educational achievement.

	EF Callister £	Stitt Scholarship £	RJ Russell Prize £	Criminal Injuries £	Other £	Total £
<b>Balance 1 April 2009</b>	<b>372,822</b>	<b>36,298</b>	<b>85,288</b>	<b>41,999</b>	<b>90,220</b>	<b>626,627</b>
Income	-	182	427	-	12,428	13,037
Expenditure	-	-	-	(8,108)	(1)	(8,109)
<b>Balance 31 March 2010</b>	<b>372,822</b>	<b>36,480</b>	<b>85,715</b>	<b>33,891</b>	<b>102,647</b>	<b>631,555</b>
Income	-	182	374	-	12,786	13,342
Expenditure	-	-	-	(31,558)	(482)	(32,040)
<b>Balance 31 March 2011</b>	<b>372,822</b>	<b>36,662</b>	<b>86,089</b>	<b>2,333</b>	<b>114,951</b>	<b>612,857</b>

Fund assets are as follows:

	<b>Balance 1 April 2009 £</b>	<b>Balance 31 March 2010 £</b>	<b>Balance 31 March 2011 £</b>
Property	372,822	372,822	372,822
Investments			
Internal	238,110	238,014	216,968
Equities	6,922	6,922	6,922
Cash	8,773	13,797	16,145
	<b>626,627</b>	<b>631,555</b>	<b>612,857</b>

#### 46. CONTINGENT ASSETS AND LIABILITIES

##### Wirral Partnership Homes (WPH)

On the transfer of the Council housing stock in 2005, an environmental warranty was agreed with Wirral Partnership Homes (WPH). This warranty requires remediation of any environmental contamination. It has been agreed that the funding of such costs will be from the Community Fund that is administered by WPH and the Council.

The Community Fund is administered by WPH but all expenditure must be agreed by both WPH and the Council. The utilisation of the Fund by each organisation must be in accord with the agreed purposes of improving the economic, environmental and social well-being of Wirral's residents and compliance with the charitable objectives of WPH.

##### Pay Review

As a consequence of the National Joint Council (NJC) for Local Government Services pay award the Council is implementing a Local Pay Review which is being backdated to 1 April 2007. The review is addressing any equality issue in relation to equal pay for work of equal value, and whilst substantially complete the final cost is not yet known. The accounts include sums set aside as a contribution towards these additional costs.

The Council also undertook a negotiated settlement of its equal pay obligations. With the payment of back pay for certain employees relating to past years' service made a small number of cases remain to be settled and, to date, the Council has received a small number of claims. There is the likelihood of further potential liabilities or amounts that may be required to settle obligations.

##### Development and Investment

The Housing Market Renewal Initiative involves a substantial programme of clearance and redevelopment in Birkenhead and Wallasey. A potential liability exists if the developments do not proceed given the current economic and public funding situation.

## 47. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Council has adopted CIPFA's Code of Practice on Treasury Management and complies with The Prudential Code of Capital Finance for Local Authorities. This includes a Treasury Management Strategy that sets out the parameters for the management of risks associated with Financial Instruments. All Treasury Management activities are carried out in accordance with the strategy approved by the Council. The priority is to give security and liquidity, rather than yield, seeking the highest rate of return consistent with the proper levels of security and liquidity.

The main risks covered are:

- **Credit Risk:** The possibility that one party to a financial instrument will fail to meet their contractual obligations, causing a loss to the other party.
- **Liquidity Risk:** The possibility that a party will be unable to raise funds to meet the commitments associated with Financial Instruments
- **Market Risk:** The possibility that the value of an instrument will fluctuate because of changes in interest rates, market prices etc.

### Credit Risk

The Council manages credit risk by ensuring that investments are placed with counterparties having sufficiently high credit ratings as set out in the Treasury Management Strategy. Limits are also placed on the amount of money that can be invested with a single counterparty and for institutions that are part of the same banking group.

It must also be noted that although credit ratings remain a key source of information, the Council recognises that they have limitations and investment decisions are based on a range of market intelligence. Throughout 2010/11 the minimum criteria for new investments has been a long term rating of A+/A1/A+ (Fitch/ Moody's/ S&P) and a short term rating of F1/P-1/A-1 (Fitch/ Moody's/ S&P). The average credit rating for investments made in 2010/11 was AA this compares to the average credit rating of investments made in 2009/10 of AA-.

The table below summarises the nominal value of the Council's investment portfolio as at 31 March 2011 by the counterparty's country of origin and its credit rating. The table confirms that all investments were made in line with the Council's approved credit rating criteria:

Financial Institution / Instrument and Country	Credit Rating *		Maturity of Investment					Balance Invested as at 31.03.11 £000
	Long Term Rating	Short Term Rating	Cash Equivalent	0-3 Months	3-6 Months	6-12 Months	Over 12 Months	
			£000	£000	£000	£000	£000	
<b>LOANS AND RECEIVABLES</b>								
<u>Banks</u>								
UK	AA-	F1+	5,000	9,100	11,900	1,000		27,000
UK	A+	F1	6,700	4,000	4,000	15,000		29,700
<u>Building Societies</u>								
UK	A+	F1	-	2,000		10,700		12,700
<u>Other Local Authorities</u>								
	n/a	n/a	-	-	-	2,000	3,500	5,500
<b>TOTAL LOANS AND RECEIVABLES</b>			<b>11,700</b>	<b>15,100</b>	<b>15,900</b>	<b>28,700</b>	<b>3,500</b>	<b>74,900</b>
<b>AVAILABLE FOR SALE FINANCIAL ASSETS</b>								
Gilts	AAA	F1+			975		7,500	8,475
Other Externally Managed Funds	AAA	F1+		1,000				1,000
Money Market Fund	AAA	F1+	50,350					50,350
<b>TOTAL AVAILABLE FOR SALE ASSETS</b>			<b>50,350</b>	<b>1,000</b>	<b>975</b>	<b>-</b>	<b>7,500</b>	<b>59,825</b>
<b>Total Financial Instruments</b>			<b>62,050</b>	<b>16,100</b>	<b>16,875</b>	<b>28,700</b>	<b>11,000</b>	<b>134,725</b>

\* Credit rating is lowest common denominator equivalent derived from the rating allocated by the Agencies Fitch, Standard & Pools and Moody's

This table excludes the Council's impaired investment with Heritable Bank, but includes a risk assessment of cash equivalents.

The Council has an impaired loan and receivable of £2 million with Heritable Bank at an interest rate of 6.22% which was due to mature on 28 November 2008. Early in October 2008 Heritable Bank went into administration. 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. The Council has, therefore, decided to recognise an impairment based on it recovering 85p in the £.

## Trade Debtors

The credit risk associated with loans secured against property is minimal. Trade debtors are also subject to non payment, a bad debt provision is calculated for these based on the historic experience of levels of default. By include these provisions within the accounts the credit risk is recognised in the accounts.

<b>2009-10 Trade Debtors</b>	<b>2010-11</b>
<b>£000</b>	<b>£000</b>
16,425 Gross Debtors	15,353
4,676 Bad Debt Provision	6,489
<b>11,749 Net Trade Debtors</b>	<b>8,864</b>

## Liquidity Risk

The Council has access to borrowing facilities from the Public Works Loan Board. There is no perceived risk that the Council will be unable to raise finance to meet its commitments. The Council also has to manage the risk that it will not be exposed to replenishing a significant proportion of its borrowing at a time of unfavourable interest rates by aiming to have an even spread of maturities in each year.

The maturity analysis of the nominal value of the Council's debt at 31 March 2011 was as follows:

<b>Maturity of Borrowing (Years)</b>	<b>31.03.2011</b>	
	<b>£000</b>	<b>%</b>
<b>Short Term Borrowing</b>		
Less than 1 year	14,533	5.30
<b>Total Short Term Borrowing</b>	<b>14,533</b>	<b>5.30</b>
<b>Long Term Borrowing:-</b>		
Over 1 year under 2 years	16,635	6.07
Over 2 years under 3 years	29,535	10.78
Over 3 years under 4 years	12,536	4.57
Over 4 years under 5 years	7,036	2.57
Over 5 years under 10 years	26,288	9.59
Over 10 years under 20 years	36,529	13.33
Over 20 years under 40 years	33,000	12.04
Over 40 years under 60 years	79,500	29.00
Over 60 years under 70 years	18,500	6.75
<b>Total Long Term Borrowing</b>	<b>259,559</b>	<b>94.70</b>
<b>Total Borrowing</b>	<b>274,092</b>	<b>100.00</b>

## Market Risk

### (1) Interest Rate Risk:

The Council is exposed to risks arising from movements in interest rates. To give the Council maximum flexibility during the year's unsettled market conditions the Treasury Management Strategy did not place limits on the amount of debt that can be exposed to fixed or variable interest rates. At 31 March 2011 100% of the debt portfolio was held in fixed rate instruments.

Investments are also subject to movements in interest rates. As investments are made at fixed rates, but for shorter periods of time, there is greater exposure to interest rate movements. This risk has to be balanced against actions taken to mitigate credit risk.

If all interest rates had been 1% higher (with all other variables held constant) the financial effect on investment income would have been an increase of approximately £1,350,000. There would be no effect on interest payable on borrowings as all borrowings held are at fixed rates of interest.

The appropriate impact of a 1% fall in interest rates would be the same as above but with the movements being reversed.

**(2) Price risk:**

The Council only invests in AAA rated money market funds with a Constant Net Asset Value (CNAV) and, therefore, is only subject to very minimal price risk (i.e. the risk that the Council will suffer loss as a result of adverse movements in the price of financial instruments).

**(3) Foreign exchange risk**

The Council has no financial assets or liabilities denominated in a foreign currency. It, therefore, has no exposure to loss arising as a result of adverse movements in exchange rates.

#### 48. IMPACT OF THE ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The Statement of Accounts for 2010/11 is the first to be prepared on an IFRS basis. Adoption of the IFRS based Code has resulted in the restatement of various balances and transactions, with the result that some amounts presented in the financial statements are different from the equivalent figures presented in the Statement of Accounts for 2009/10. A number of other amendments have also been included which reflect changes that would have been made under Generally Accepted Accounting Practice (GAAP).

An explanation of the differences between the amounts presented on the 2009/10 financial statements and the equivalent amounts presented in the 2010/11 financial statements is set out in the following tables and notes that accompany the tables.

#### Reconciliation of net worth reported under previous GAAP to net worth under IFRS at the date of transition to IFRS (1 April 2009)

	Note	Previous GAAP £000	GAAP Amendments £000	IFRS Amendments £000	IFRS £000
Other Land & Buildings	4	587,396	-	5,092	592,488
Vehicles, Plant & Equipment	2	3,248	-	7,398	10,646
Infrastructure		83,494	-	-	83,494
Community Assets	4	26,249	-	(358)	25,891
Assets under construction		27,761	-	-	27,761
Surplus assets not held for sale	4	-	-	1,001	1,001
<b>Property, Plant &amp; Equipment</b>		<b>728,148</b>	<b>-</b>	<b>13,133</b>	<b>741,281</b>
Investment Property	4	10,990	(671)	3,722	14,041
Surplus	4	7,355	(606)	(6,749)	-
Intangible Fixed Assets		1,124	-	-	1,124
Long term investments		11,396	-	-	11,396
Long-term Debtors		71,985	-	-	71,985
<b>Long Term Assets</b>		<b>830,998</b>	<b>(1,277)</b>	<b>10,106</b>	<b>839,827</b>
Short term investments	5	74,332	-	(26,800)	47,532
Inventories		317	-	-	317
Short term debtors		69,990	-	-	69,990
Cash	5	5,360	-	(5,360)	-
Cash and cash equivalents	5	-	-	32,160	32,160
Assets held for sale	4	-	-	1,933	1,933
<b>Current Assets</b>		<b>149,999</b>	<b>-</b>	<b>1,933</b>	<b>151,932</b>

(Table continues on following 2 pages)

(Table continued from previous page)

	Note	Previous GAAP £000	GAAP Amendments £000	IFRS Amendments £000	IFRS £000
Short Term Borrowing		25,973	-	-	25,973
Creditors	1,2,3	74,398	-	(8,663)	65,735
Provisions (less than 1 year)	6	-	-	3,227	3,227
<b>Current Liabilities</b>		<b>100,371</b>	<b>-</b>	<b>(5,436)</b>	<b>94,935</b>
Provisions	6	11,022	-	(11,022)	-
Provisions (greater than 1yr)	6	-	-	7,795	7,795
Long Term Borrowing		270,221	-	-	270,221
Government Grants Deferred	3	126,116	-	(126,116)	-
<i>Other Long Term Liabilities:</i>					
Deferred Credits		549	-	-	549
Lease Liability	2	68,786	-	3,830	72,616
Net Pensions Liability		297,278	-	-	297,278
Capital Grants Receipts in Advance	3	-	-	2,324	2,324
<b>Long Term Liabilities</b>		<b>773,972</b>	<b>-</b>	<b>(123,189)</b>	<b>650,783</b>
<b>Net Assets</b>		<b>106,654</b>	<b>(1,277)</b>	<b>140,664</b>	<b>246,041</b>
<b>Represented By:</b>					
General Fund		8,282	-	-	8,282
Earmarked reserves	7	80,485	-	(14,075)	66,410
Capital Receipts Reserve		9,472	-	-	9,472
Capital Grants Unapplied	3	-	-	13,090	13,090
Insurance Fund	7	-	-	14,075	14,075
<b>Usable Reserves</b>		<b>98,239</b>	<b>-</b>	<b>13,090</b>	<b>111,329</b>

(Table continues on following page)



*(Table continued from previous 2 pages)*

	Note	Previous GAAP £000	GAAP Amendments £000	IFRS Amendments £000	IFRS £000
Revaluation Reserve	7	158,780	(628)	(14,437)	143,715
Available-for-Sale Financial Instruments Reserve		746	-	-	746
Pensions Reserve		(297,278)	-	-	(297,278)
Capital Adjustment Account	2,3,4	150,762	(649)	147,247	297,360
Deferred Capital Receipts		-	-	-	-
Financial Instrument Adjustment Account		(4,258)	-	-	(4,258)
Collection Fund Adjustment Account		(337)	-	-	(337)
Unequal Back Pay Account		-	-	-	-
Short-term Accumulating Compensated Absences Account	1	-	-	(5,236)	(5,236)
<b>Unusable Reserves</b>		<b>8,415</b>	<b>(1,277)</b>	<b>127,574</b>	<b>134,712</b>
<b>Total Reserves</b>		<b>106,654</b>	<b>(1,277)</b>	<b>140,664</b>	<b>246,041</b>

**Reconciliation of net worth reported under previous GAAP to net worth under IFRS at the end of the latest period presented in the most recent financial statements under previous GAAP (31 March 2010)**

	Note	Previous GAAP £000	GAAP Amendments £000	IFRS Amendments £000	IFRS £000
Other Land & Buildings	4,10	534,195	3,737	6,001	543,933
Vehicles, Plant & Equipment	2	3,498	-	5,474	8,972
Infrastructure		91,606	-	-	91,606
Community Assets		25,356	-	-	25,356
Assets under construction		42,157	-	-	42,157
Surplus assets not held for sale	4	-	-	1,697	1,697
<b>Property, Plant &amp; Equipment</b>		<b>696,812</b>	<b>3,737</b>	<b>13,172</b>	<b>713,721</b>
Investment Property	4	10,413	-	2,989	13,402
Surplus	4	6,509	-	(6,509)	-
Intangible Fixed Assets		1,131	-	-	1,131
Long term investments		11,073	-	-	11,073
Long-term Debtors		68,018	-	-	68,018
<b>Long Term Assets</b>		<b>793,956</b>	<b>3,737</b>	<b>9,652</b>	<b>807,345</b>
Short term investments		95,346	-	(26,635)	68,711
Inventories		277	-	-	277
Short term debtors		66,153	-	-	66,153
Cash	5	7,923	-	(7,923)	-
Cash and cash equivalents	5	-	-	34,558	34,558
Assets held for sale	4	-	-	2,099	2,099
<b>Current Assets</b>		<b>169,699</b>	<b>-</b>	<b>2,099</b>	<b>171,798</b>
Short Term Borrowing		19,372	-	-	19,372
Creditors	1,2,3	92,038	-	(26,085)	65,953
Provisions (less than 1 year)	6	-	-	2,110	2,110
<b>Current Liabilities</b>		<b>111,410</b>	<b>-</b>	<b>(23,975)</b>	<b>87,435</b>

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	Note	Previous GAAP £000	GAAP Amendments £000	IFRS Amendments £000	IFRS £000
Provisions	6	9,047	-	(9,047)	-
Provisions (greater than 1yr)	6	-	-	6,937	6,937
Long Term Borrowing		261,108	-	-	261,108
Government Grants Deferred	3	152,572	-	(152,572)	-
<i>Other Long Term Liabilities</i>					
Deferred Credits		371	-	-	371
Lease Liability	2	66,404		2,802	69,206
Net Pensions Liability		423,871	-	-	423,871
Capital Grants Receipts in Advance	3	-	-	2,354	2,354
<b>Long Term Liabilities</b>		<b>913,373</b>	<b>-</b>	<b>(149,526)</b>	<b>763,847</b>
<b>Net Assets</b>		<b>(61,128)</b>	<b>3,737</b>	<b>185,252</b>	<b>127,861</b>
<b>Represented By:</b>					
General Fund		13,758	-	-	13,758
Earmarked reserves	7	93,847	-	(13,781)	80,066
Capital Receipts Reserve		9,047	-	-	9,047
Capital Grants Unapplied	3	-	-	29,257	29,257
Insurance Fund	7	-	-	13,781	13,781
<b>Usable Reserves</b>		<b>116,652</b>	<b>-</b>	<b>29,257</b>	<b>145,909</b>

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	Note	Previous GAAP £000	GAAP Amendments £000	IFRS Amendments £000	IFRS £000
Revaluation Reserve	4,10	165,200	(2,105)	(11,799)	151,296
Available-for-Sale Financial Instruments Reserve		475	-	-	475
Pensions Reserve		(423,871)	-	-	(423,871)
Capital Adjustment Account	2,3,4 10	84,479	5,842	172,223	262,544
Deferred Capital Receipts		-	-	-	-
Financial Instrument Adjustment Account		(4,124)	-	-	(4,124)
Collection Fund Adjustment Account		61	-	-	61
Short Term Accumulating Compensated Absences Account	1	-	-	(4,429)	(4,429)
<b>Unusable Reserves</b>		<b>(177,780)</b>	<b>3,737</b>	<b>155,995</b>	<b>(18,048)</b>
<b>Total Reserves</b>		<b>(61,128)</b>	<b>3,737</b>	<b>185,252</b>	<b>127,861</b>

**Reconciliation of the total Comprehensive Income and Expenditure Statement under IFRS for the latest period in the most recent annual financial statements (year ended 31 March 2010)**

	Note	Previous GAAP £000	GAAP Amendments £000	IFRS Amendments £000	IFRS £000
Central Services to the Public	1,2,3,8	5,083	459	194	5,736
Court Services	8	459	(459)	-	-
Cultural, environmental, regulatory and planning services	1,2,3,4,9	84,124	(16,653)	(412)	67,059
Childrens and Educational Services	1,2,3,4	76,727	-	962	77,689
Highways and transport services	1,2,3,4,9	38,472	(26,458)	747	12,761
Housing	1	14,596	-	108	14,704
Adult Social Care	1,2,3,4	86,591	-	40	86,631
Corporate and Democratic Core	1,2,3	5,084	-	121	5,205
Non distributed costs		1,585	-	-	1,585
<b>Cost of Services</b>		<b>312,721</b>	<b>(43,111)</b>	<b>1,760</b>	<b>271,370</b>
<b>Other operating expenditure</b>	1,3,4,7,9	<b>34,754</b>	<b>43,111</b>	<b>577</b>	<b>78,442</b>
<b>Financing and Investment Income and Expenditure</b>	2,4,7	<b>36,073</b>	<b>-</b>	<b>414</b>	<b>36,487</b>
<b>Taxation and non specific grant income</b>	3	<b>(321,119)</b>	<b>-</b>	<b>(50,080)</b>	<b>(371,199)</b>
<b>(Surplus)/deficit on the provision of services</b>		<b>62,429</b>	<b>-</b>	<b>(47,329)</b>	<b>15,100</b>

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	Note	Previous GAAP £000	GAAP Amendments £000	IFRS Amendments £000	IFRS £000
Revaluation gains		(16,365)	-	(6,095)	(22,460)
Revaluation and impairment losses (chargeable to revaluation reserve)		7,013	-	3,822	10,835
Surplus on the revaluation of available for sale financial assets		(55)	-	-	(55)
Actuarial losses on pension assets and liabilities		114,760	-	-	114,760
<b>Other Comprehensive Income and Expenditure</b>		<b>105,353</b>	<b>-</b>	<b>(2,273)</b>	<b>103,080</b>
<b>Total Comprehensive Income and Expenditure</b>		<b>167,782</b>	<b>0</b>	<b>(49,602)</b>	<b>118,180</b>

### Notes to the Impact of the adoption of International Financial Reporting Standards (IFRS)

The following notes show the impact of the adoption of International Financial Reporting Standards on the accounts. Notes 1-7 show changes applied directly as a result of IFRS changes. Notes 8-10 show changes applied as a result of Generally Accepted Accounting Practice (GAAP).

#### Note 1. Short-term Accumulating Compensated Absences (IFRS amendment)

Short-term accumulating compensated absences refer to benefits that employees receive as part of their contract of employment. Employees build up an entitlement to paid holidays as they work. Under the Code, the cost of providing holidays and similar benefits is required to be recognised when employees render services that increase their entitlement to future compensated absences.

As a result, the Council is required to accrue for any annual leave earned but not taken at 31 March each year. Under the previous accounting arrangements, no such accrual was required.

The Government has issued regulations that mean local authorities are only required to fund holiday pay and similar benefits when they are used, rather than when employees earn the benefits. Amounts are transferred to the Accumulated Absences Account until the benefits are used.

The revenue impact for 2009/10 is reflected within the net cost of services.

<b>Opening 1 April 2009 Balance Sheet</b>	<b>2009/10 Statements £000</b>	<b>Adjustments Made £000</b>
Creditors	(74,398)	(5,236)
Accumulated Absences Account	-	(5,236)
<b>31 March 2010 Balance Sheet</b>		
Creditors	(92,038)	(4,429)
Accumulated Absences Account	-	(4,429)

<b>2009/10 Comprehensive Income and Expenditure Statement</b>	<b>2009/10 Statements £000</b>	<b>Adjustments Made £000</b>
<b>Cost of Services (Net)</b>		
Central Services to the Public	5,083	42
Cultural, environmental, regulatory and planning services	84,124	(75)
Childrens and Educational Services	76,727	(761)
Highways and transport services	38,472	13
Housing	14,596	(5)
Adult Social Care	86,591	(42)
Corporate and Democratic Core	5,084	15
Other operating expenditure	34,754	6

## **Note 2. Leases (IFRS amendment)**

Under the Code, leases of property are accounted for as separate leases of land and buildings. Previously, each property lease would have been accounted for as a single lease. However, this has not impacted on the way the accounts are presented.

The government has issued regulations and statutory guidance in relation to accounting for leases. Under these arrangements, the annual charge to the General Fund (where the Council is the lessee) will be unchanged. Where the Council is the lessor, the regulations allow the Council to continue to treat the income from existing leases in the same way as it accounted for the income prior to the introduction of the Code.

The Council has a number of vehicle and equipment leases where the accounting treatment has changed following the introduction of the Code.

The most significant are vehicles leased as part of the refuse collection and street cleansing contracts. Other items of equipment include information technology, catering and grounds maintenance.

As a consequence of classifying these as finance leases, the financial statements have been amended as follows:

- The council has recognised these assets within vehicles, plant and equipment together with a finance lease liability. The operating lease charge within gross expenditure analysed by service has been reduced by the amount that relates to these lease payments.
- A depreciation charge has been included within various service headings.
- The depreciation charge has been transferred from the General Fund to the Capital Adjustment Account, and the General Fund has been charged with the Minimum Revenue Provision (with the credit being made to the Capital Adjustment Account).
- These transfers are reflected in the balance sheets as at 1 April 2009 and 31 March 2010, and the adjustments that relate to 2009/10 are reported in the Movement in Reserves Statement for the year.
- The interest element of the lease payment in respect of the vehicles and equipment is charged to the Financing and Investment income and expenditure line in Surplus or Deficit on the Provision of Services.

<b>Opening 1 April 2009 Balance Sheet</b>	<b>2009/10 Statements £000</b>	<b>Adjustments Made £000</b>
Vehicles, Plant and Equipment	3,248	7,398
Creditors	(74,398)	(1,515)
Lease Liability	(68,786)	(3,830)
Capital Adjustment Account	(150,762)	(2,053)
<b>31 March 2010 Balance Sheet</b>		
Vehicles, Plant and Equipment	3,498	5,474
Creditors	(92,038)	(1,097)
Lease Liability	(66,404)	(2,802)
Capital Adjustment Account	(84,479)	(1,575)

<b>2009/10 Comprehensive Income and Expenditure Statement</b>	<b>2009/10 Statements £000</b>	<b>Adjustments Made £000</b>
<b>Cost of Services (Net)</b>		
Central Services to the Public	5,083	126
Cultural, environmental, regulatory and planning services	84,124	(179)
Childrens and Educational Services	76,727	(74)
Highways and transport services	38,472	4
Adult Social Care	86,591	37
Corporate and Democratic Core	5,084	84
Financing and Investment Income and Expenditure	36,073	350

### **Note 3. Government Grants (IFRS amendment)**

Under the Code, grants and contributions for capital schemes are recognised as income when they become receivable. Previously, grants were held in a grants deferred account and recognised as income over the life of the assets which they were used to fund.



As a consequence of adopting the accounting policy required by the Code, the financial statements have been amended as follows:

- The balance on the Government Grants Deferred Account at 31 March 2009 has been transferred to the Capital Adjustment Account in the opening 1 April 2009 Balance Sheet.
- Amortisation of certain government grants deferred was previously recognised as income in 2009/10. These have been removed from the Comprehensive Income and Expenditure Statement in the comparative figures.
- A number of grants were received in 2009/10 but not used. Where there is reasonable assurance that any conditions attached to the grant will be met income has been recognised in respect of the grants, whereas previously no income would have been recognised. In the case of such grants the balance remaining to fund future capital expenditure is shown as Capital Grants Unapplied.
- There is no change to the General Fund Balance, as capital grant income is transferred out of the General Fund under both the previous and current accounting policies.
- Where grant conditions have yet to be met these grants are included as Capital Grants Received in Advance, and no income will have been recognised.
- Previously any unspent balances on capital grants were included in short term creditors, this no longer holds any such balances.

<b>Opening 1 April 2009 Balance Sheet</b>	<b>2009-10 Statements £000</b>	<b>Adjustments Made £000</b>
Government Grants Deferred	(126,116)	126,116
Capital Adjustment Account	(150,762)	(126,116)
Creditors	(74,398)	15,414
Capital Grants Received in Advance	-	(2,324)
Capital Grants Unapplied	-	(13,090)
<b>31 March 2010 Balance Sheet</b>		
Government Grants Deferred	(152,572)	152,572
Capital Adjustment Account	(84,479)	(152,572)
Creditors	(92,038)	31,611
Capital Grants Received in Advance	-	(2,354)
Capital Grants Unapplied	-	(29,257)

<b>2009-10 Comprehensive Income and Expenditure Statement</b>	<b>2009-10 Statements £000</b>	<b>Adjustments Made £000</b>
<b>Cost of Services (Net)</b>		
Central Services to the Public	5,083	26
Cultural, environmental, regulatory and planning services	84,124	443
Childrens and Educational Services	76,727	1,797
Highways and transport services	38,472	730
Adult Social Care	86,591	131
Corporate and Democratic Core	5,084	22
Other operating expenditure	34,754	6
Taxation and non specific grant income	(321,119)	(50,080)

#### **Note 4. Assets (IFRS amendment)**

##### **Reclassification**

Under the Code there is a requirement to review the asset classifications in order that they meet with revised definitions as prescribed by the Code. This particularly applies to investment assets, surplus assets and assets held for sale.

Where necessary assets that have been reclassified will have been revalued and corresponding adjustments made to the Revaluation Reserve and Capital Adjustment Account.

Where a revaluation gain has previously been recognised in the Revaluation Reserve prior to 1 April 2009 on an asset with a previous revaluation loss an adjustment is required between the revaluation reserve and the Capital adjustment Account.

As a consequence of this and the new definitions the financial statements have been amended as follows:

- The value of land and buildings has been increased
- The value of community assets is reduced
- Assets meeting the definition of "held for sale" have been reclassified
- The former category of surplus assets has been re-analysed to ensure that these assets are classed according to the new Code definitions
- A number of former surplus assets now meet the definition of surplus assets not held for sale
- The value of investment assets has been increased
- The available balance on individual revaluation reserves has been reduced
- Revaluation gains have been applied to previous impairment losses and losses on disposal of non-current assets have been recognised

<b>Opening 1 April 2009 Balance Sheet</b>	<b>2009/10 Statements £000</b>	<b>Adjustments Made £000</b>
Other land and buildings	587,396	5,092
Surplus assets not held for sale	-	1,001
Community Assets	26,249	(358)
Investment assets	10,990	3,722
Surplus assets	7,355	(6,749)
Assets held for sale	-	1,933
Revaluation Reserve	(150,780)	14,437
Capital Adjustment Account	(150,762)	(19,078)
<b>31 March 2010 Balance Sheet</b>		
Other land and buildings	534,195	6,001
Surplus assets not held for sale	-	1,697
Investment assets	10,413	2,989
Surplus assets	6,509	(6,509)
Assets held for sale	-	2,099
Revaluation Reserve	(165,200)	(6,362)
Capital Adjustment Account	(84,479)	85

<b>2009-10 Comprehensive Income and Expenditure Statement</b>	<b>2009/10 Statements £000</b>	<b>Adjustments Made £000</b>
<b>Cost of Services (Net)</b>		
Childrens and Educational Services	76,727	(4)
Highways and transport services	38,472	(5)
Adult Social Care	86,591	(86)
Other operating expenditure	34,754	466

### Investment assets

A further requirement is for any surplus or deficit on the revaluation of investment assets to be shown within Financing and Investment Income and Expenditure.

Any subsequent balance on the Revaluation Reserve in respect of investment assets has been written off to the Capital Adjustment Account.

Income and expenditure in relation to investment properties is also required to be shown separately within Financing and Investment Income and Expenditure as opposed to Net Cost of Services.

<b>31 March 2010 Balance Sheet</b>	<b>2009/10 Statements £000</b>	<b>Adjustments Made £000</b>
Revaluation Reserve	(165,200)	18,161
Capital Adjustment Account	(84,479)	(18,161)

<b>2009/10 Comprehensive Income and Expenditure Statement</b>	<b>2009/10 Statements £000</b>	<b>Adjustments Made £000</b>
<b>Cost of Services (Net)</b>		
Cultural, environmental, regulatory and planning services	84,124	(601)
Childrens and Educational Services	76,727	4
Financing and Investment Income and Expenditure	36,073	169

#### **Note 5. Cash and Cash Equivalents (IFRS amendment)**

An authority may classify an asset as current when the asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. Under GAAP cash equivalent was not recognised as an independent asset in the balance sheet.

Cash equivalents are taken to be short term highly liquid investments readily convertible to known amounts of cash which are subject to an insignificant risk of change in value. Consequently, deposits held at call with financial institutions are now recognised as a cash equivalent with a corresponding reduction in short term investments.

<b>Opening 1 April 2009 Balance Sheet</b>	<b>2009/10 Statements £000</b>	<b>Adjustments Made £000</b>
Cash	5,360	(5,360)
Cash and cash equivalents	-	32,160
Short term Investments	74,332	(26,800)
<b>31 March 2010 Balance Sheet</b>		
Cash	7,923	(7,923)
Cash and cash equivalents	-	34,558
Short term Investments	95,346	(26,635)

#### **Note 6. Provisions (IFRS amendment)**

Where provisions meet the definition of current liabilities there is a requirement to reclassify the relevant amounts from non current liabilities (referred to as long term liabilities under the SORP). Provisions have therefore been analysed into short (equal or less than 1 year) and long term (more than 1 year), depending on when the liability is expected to be settled.

<b>Opening 1 April 2009 Balance Sheet</b>	<b>2009/10 Statements £000</b>	<b>Adjustments Made £000</b>
Provisions	11,022	(11,022)
Provisions < 1 year	-	3,227
Provisions > 1 Year	-	7,795
<b>31 March 2010 Balance Sheet</b>		
Provisions	9,047	(9,047)
Provisions < 1 year	-	2,110
Provisions > 1 Year	-	6,937

#### **Note 7. Minor Adjustments (IFRS amendment)**

Expenditure and income on trading undertakings is to be classified within Financing and Investment Income and Expenditure. Earmarked reserves have been restated in order to show the value of the Insurance Fund Reserve separately.

<b>Opening 1 April 2009 Balance Sheet</b>	<b>2009/10 Statements £000</b>	<b>Adjustments Made £000</b>
Earmarked Reserves	80,485	(14,075)
Insurance Fund	-	14,075
<b>31 March 2010 Balance Sheet</b>		
Earmarked Reserves	93,847	(13,781)
Insurance Fund	-	13,781

<b>2009-10 Comprehensive Income and Expenditure Statement</b>	<b>2009/10 Statements £000</b>	<b>Adjustments Made £000</b>
<b>Cost of Services (Net)</b>		
Other operating expenditure	34,754	105
Financing and Investment Income and Expenditure	36,073	(105)

#### **Note 8. Court Services (GAAP amendment)**

This was incorrectly classified in the Statement of Accounts for 2009/10. It has been reclassified to Central Services to the Public in the Net Cost of Services.

<b>2009-10 Comprehensive Income and Expenditure Statement</b>	<b>2009/10 Statements £000</b>	<b>Adjustments Made £000</b>
<b>Cost of Services (Net)</b>		
Central Services to the Public	5,083	459
Court Services	459	(459)

**Note 9. Levies (GAAP amendment)**

The Code now requires these to be shown separately in Other Operating Expenditure.

<b>2009-10 Comprehensive Income and Expenditure Statement</b>	<b>2009/10 Statements £000</b>	<b>Adjustments Made £000</b>
<b>Cost of Services (Net)</b>		
Cultural, environmental, regulatory and planning services	84,124	(16,653)
Highways and transport services	38,472	(26,458)
Other operating expenditure	34,754	43,111

**Note 10. Other Land and Buildings (GAAP amendment)**

A review of the asset portfolio for 2009/10 indicated that investment and surplus assets had been overstated. Both were reduced to the correct valuation. The Revaluation Reserve was correspondingly overstated and was adjusted. The Capital Adjustment Account was also overstated and reduced accordingly by the accumulated impairment associated with both classes of asset.

A number of assets were impaired during 2009/10, however the associated depreciation had not been written off. This requires an adjustment between the Capital Adjustment Account and depreciation balances. The Revaluation Reserve in respect of 2 PFI schools was incorrectly written down during 2009/10. This requires an adjustment between the Capital Adjustment Account and Revaluation Reserve.

<b>Opening 1 April 2009 Balance Sheet</b>	<b>2009/10 Statements £000</b>	<b>Adjustments Made £000</b>
Surplus asset	10,990	(671)
Investment Property	7,355	(606)
Capital Adjustment Account	(150,762)	649
Revaluation Reserve	(158,780)	628
<b>31 March 2010 Balance Sheet</b>		
Other Land and buildings	534,195	3,737
Capital Adjustment Account	(84,479)	(5,842)
Revaluation Reserve	(165,200)	2,105

# **Additional Financial Statements**

## **Collection Fund**

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**ADDITIONAL FINANCIAL STATEMENTS****COLLECTION FUND****INCOME AND EXPENDITURE ACCOUNT**

	2009/10		2010/11	
	£000	£000	£000	£000
<b>Income</b>				
Council Tax (Note 2)	121,572		123,292	
Transfers from General Fund:-				
• Council Tax Benefits	29,761		31,034	
• Pensioner Discounts	531		780	
Income Collectable from Business Rate Payers (Note 3)	59,202		56,976	
Contribution from Preceptors to previous years estimated deficit (Note 5)	800			
		211,866	-	212,082
<b>Expenditure</b>				
Precepts from District, Police and Fire (Note 4)	150,175		153,287	
Business Rate				
- Payment to National Pool (Note 3)	58,850		56,631	
- Costs of Collection	352		345	
Bad and Doubtful Debts				
- Provisions	2,026		866	
Contribution to Preceptors from previous years estimated surplus	-		-	
		211,403		211,129
<b>Movement on Collection Fund Balance</b>		<b>463</b>		<b>953</b>

**COLLECTION FUND BALANCE**

	2009/10 £000	2010/11 £000
Fund Balance b/f 1 April	(392)	71
Movement in year	463	953
<b>Fund Balance c/f 31 March</b>	<b>71</b>	<b>1,024</b>

In accordance with revised accounting practice the Collection Fund balance has been allocated in 2010/11 to individual preceptors, which includes Wirral Council.

**NOTES TO THE ADDITIONAL FINANCIAL STATEMENTS****COLLECTION FUND****1. GENERAL**

These accounts represent the statutory requirement to establish and maintain a separate fund for the collection and distribution of amounts in respect of Council Tax and National Non-Domestic Rates (NNDR).

**2. INCOME FROM COUNCIL TAX**

The Council set a Council Tax in 2010/11 for each band of dwelling as shown below:

<b>Band</b>	<b>£</b>	<b>Band</b>	<b>£</b>	<b>Band</b>	<b>£</b>	<b>Band</b>	<b>£</b>
A	976.14	C	1,301.51	E	1,789.58	G	2,440.34
B	1,138.82	D	1,464.20	F	2,114.96	H	2,928.40

The Council Tax was set estimating the number of properties in each band, after allowing for discounts and a 1.5% provision for non-collection. The tax in each band is set in relation to Band D. The maximum is Band H which is twice Band D. The minimum is Band A which is 2/3 of Band D.

The properties making up the estimated tax base are shown below. A number of adjustments are made to reflect the estimated reductions, reliefs and exemptions that apply to properties in each band. This gives the number of effective properties in each band, which is converted into the Band D equivalent using the ratios given:

<b>Band</b>	<b>No. of Properties</b>	<b>Less Discounts</b>	<b>Effective Properties</b>	<b>Band Ratio</b>	<b>Band D Equivalent</b>
A	58,641	11,066.75	47,574.25	6/9	31,716.20
B	30,900	3,902.50	26,997.50	7/9	20,998.10
C	27,203	2,801.75	24,401.25	8/9	21,690.00
D	13,006	1,178.50	11,827.50	1	11,827.50
E	8,047	644.00	7,403.00	11/9	9,048.10
F	4,278	323.5	3,954.50	13/9	5,712.10
G	3,102	229.25	2,872.75	15/9	4,787.90
H	269	43.75	225.25	18/9	450.50
	145,446	20,190.00	125,256.00		106,230.40
Add Government Dwellings					2.00
Add Band A Disabled Relief Band D					51.40
<b>Total</b>					<b>106,283.80</b>

After a 1.5% provision for uncollectables, the overall tax base for the Council totalled 104,690.

The amounts credited to the Collection Fund for Council Tax are as follows: -

	<b>2009/10</b>	<b>2010/11</b>
	<b>£000</b>	<b>£000</b>
Cash Payable	121,572	123,292
Council Tax Benefit	29,761	31,034
Pensioner Discounts	531	780
	<b>151,864</b>	<b>155,106</b>

### 3. INCOME FROM BUSINESS RATE PAYERS

The Council collects Non-Domestic rates for its area. This is based on local estimated rateable values. The estimated rateable value is split between general and small business. For 2010/11, the total rateable value was £180,504,438 of this, £165,255,505 related to general, charged at £0.414. Total small business was £15,248,933, charged at £0.407. This gave an opening charge of £74.61 million.

The total amount less certain relief and costs of collection is paid to a central pool managed by Central Government. The pool pays back to authorities an amount based on a standard amount per head of the local adult population. This distribution is paid into the Council's General Fund. The total rateable value of all hereditaments within the Council area at 31 March 2011 was £180,030,023.

### 4. PRECEPTS

The Collection Fund paid the following precepts during the year: -

	<b>2009/10</b>	<b>2010/11</b>
	<b>£000</b>	<b>£000</b>
Wirral Council	129,008	131,197
Merseyside Fire and Civil Defence Authority	6,504	6,781
Merseyside Police Authority	14,663	15,309
	<b>150,175</b>	<b>153,287</b>

### 5. CONTRIBUTION FROM/TO COLLECTION FUND

A year-end surplus/deficit on the Council Tax element of the Collection Fund is only physically distributed/recovered between the billing and precepting authorities where an estimated surplus/deficit has already been notified to those authorities.

For 2009/10 the Preceptors were notified that the Collection Fund would be in a balanced position and as such there was no surplus/deficit to be distributed / recovered between the precept authorities in respect of 2010/11.

In accordance with the changes in accounting practice any outstanding amounts at year end are distributed to preceptors on an accrued basis. Wirral's balance sheet reflects the share of any amounts owing or owed to it. An agency arrangement is reflected in Wirral Council's accounts with a single debtor or creditor representing amounts owed or owing to the Merseyside Fire & Civil Defence and Merseyside Police Authorities.

## 6. ALLOCATION OF YEAR END BALANCES

The year end balance on the Collection Fund is in respect of Council Tax and is shared in proportion to the precepts on the Collection Fund. The surplus allocated on the basis of the 2010/11 precept votes is as below.

Payable to:	£000
Wirral Council	877
Merseyside Fire and Civil Defence Authority	102
Merseyside Police Authority	45
	<b>1,024</b>

The share of any Collection Fund surplus or deficit is reflected within the precepting organisation's 2010/11 accounts. Wirral Council's element is included within the Taxation and Non-Specific Grant Income line within the Comprehensive Income and Expenditure Statement.

# **Additional Financial Statements**

## **Merseyside Pension Fund Accounts**

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**MERSEYSIDE PENSION FUND ACCOUNTS****FINANCIAL STATEMENTS**

<b>FUND ACCOUNT</b>	<b>Note</b>	<b>2010-11</b>	<b>2009-10</b>
<b>For the year ended 31 March 2011</b>		<b>£000</b>	<b>£000</b>
			<b>Restated</b>
<b>Contributions and Benefits:</b>			
Contributions receivable	3	266,747	250,473
Transfers in		19,273	21,932
Administration Income		326	125
		<b>286,346</b>	<b>272,530</b>
Benefits payable	4	259,911	219,135
Leavers	5	18,589	19,658
Administration expenses		4,778	3,965
		<b>283,278</b>	<b>242,758</b>
<b>Net additions from dealings with members</b>		<b>3,068</b>	<b>29,772</b>
<b>Return on Investments:</b>			
Investment Income	6	88,540	86,374
Profit and losses on disposal of investments and change in market value of investments	7	330,903	1,080,102
Taxes on income		(1,988)	(2,350)
Investment management expenses	9	(10,300)	(9,745)
<b>Net return on Investments</b>		<b>407,155</b>	<b>1,154,381</b>
Net increase/(decrease) in the Fund during the year		410,223	1,184,153
Net Assets of the Fund start of the year		4,705,649	3,521,496
<b>Net Assets of the Fund end of the year</b>		<b>5,115,872</b>	<b>4,705,649</b>

<b>NET ASSETS STATEMENT</b>	<b>Note</b>	<b>2011</b>	<b>2010</b>	<b>01.04.2009</b>
<b>For the year ended 31 March 2011</b>		<b>£000</b>	<b>£000</b>	<b>£000</b>
			<b>Restated</b>	<b>Restated</b>
<b>Investment Assets</b>	7			
Equities		1,725,620	1,888,567	1,277,175
Pooled Investment Vehicles		2,960,106	2,459,616	1,908,688
Derivative Contracts		756	33	130
Direct Property		251,935	210,225	199,535
Short Term Cash Deposits		59,570	56,207	74,089
Other Investment Balances		89,555	62,893	63,866
		<b>5,087,542</b>	<b>4,677,541</b>	<b>3,523,483</b>
<b>Investment Liabilities</b>	8	(37,114)	(5,607)	(22,413)
		<b>5,050,428</b>	<b>4,671,934</b>	<b>3,501,070</b>
Non Current Assets	10	30,844	15,670	11,545
Current Assets	11	50,586	30,961	30,412
Current Liabilities	11	(15,986)	(12,916)	(9,986)
<b>Net Assets of the Fund as at 31 March</b>		<b>5,115,872</b>	<b>4,705,649</b>	<b>3,533,041</b>

## NOTES TO THE PENSION FUND ACCOUNTS

### 1. GENERAL

The Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 is the first to be based on International Financial Reporting Standards (IFRS). It has been developed by the CIPFA/LASAAC Code Board under the oversight of the Financial Reporting Advisory Board.

The Code for 2010/11 has been prepared on the basis of accounting standards and interpretations in effect for accounting periods commencing on or before 1 January 2010. It applies for accounting periods commencing on or after 1 April 2010.

The move to the IFRS-based Code from a UK GAAP-based Statement of Recommended Practice (the Local Authority SORP) has resulted in a number of significant changes in accounting practice, and a new format. As a requirement of IFRS 1 a transitional net assets statement and associated notes have been provided. For Pension Fund Accounts, where detailed technical aspects are not addressed within the IFRS Code, the guidance within the continuing Statement of Recommended Practice, Financial Reports of Pension Schemes (the SORP) May 2007 continues to be utilised.

The financial statements record the transactions of the Scheme during the year and summarise the net assets at the disposal of the Managers at the end of the financial year. Under International Reporting Standards (IFRS) the obligations to pay pensions and benefits which fall due after the end of Scheme year must now feature, and are shown within the statement by the Actuary of the actuarial position of the Scheme. These financial statements should be read in conjunction with the Actuarial Statement, which indicates the Fund's future liability to pay benefits. All such benefits so calculated are "vested" for the purpose of the IAS26/IAS19 figures.

### 2. ACCOUNTING POLICIES

#### **Basis of Preparation**

The financial statements represent the first year in which they have been primarily prepared in accordance with International Financial Reporting Standards (IFRS), as reflected in the Local Authority Code, which applies to UK local authority pension funds. Where subsequently appropriate, they have followed UK accounting standards with particular reference to the Statement of Recommended Practice, Financial Reports of Pension Schemes (the Pension's SORP).

#### **Valuation of Investments**

Investments are stated at market value. For listed securities the stock exchange values are used. Such values are shown at bid price, i.e. the price which the Fund would have obtained should the securities have been sold at the year end. For unlisted investments such as hedge funds, wherever possible valuations have been obtained via the independent administrator, although some remain at managers' valuation. Valuations of UK private equity are consistent with the guidelines and conventions of the British Venture Capital Association. Properties have been valued independently by Colliers Erdman Lewis, Chartered Surveyors as at 31 March 2011.



**Translation of Foreign Currencies**

Assets and liabilities in foreign currencies are translated into sterling at rates ruling at the year end. Foreign income received during the year is translated at the rate ruling at the date of receipt. All resulting exchange adjustments are included in the revenue account.

**Investment Income**

Interest on fixed interest stocks and on short term deposits has been accounted for on an accruals basis. Income from equities is accounted for when the related investment is quoted "ex-dividend".

**Rental Income**

Rental income from properties is taken into account by reference to the periods to which the rents relate and is shown net of related expenses. The Fund accrues rent up to 24 March each year. Rent received on the Quarter Day, 25 March, is accounted for in full in the following year.

**Contributions and Benefits**

Contributions are accounted for on an accruals basis. Benefits payable represent the benefits paid during the financial year and include an estimated accrual for lump-sum benefits outstanding as at the year end. Augmentation payments due from employers in future years are now accrued for, which represents a change in accounting policy.

**Transfers to and from other schemes**

Transfer payments relate to those early leavers whose transfers have been paid during the year plus an accrual for future payments in respect of members moving their service to other schemes under bulk transfer arrangements. Three bulk transfers into MPF are included in 2010/11, for which a cash payment will be received.

**Investment Management Expenses**

In accordance with the SORP, costs in respect of the internal investment team are classified as investment management expenses rather than as administrative expenses.

**Prior Year Adjustments**

There have been no changes to the March 2009 totals of the Fund Account or its Net Asset Statement in respect of the changes to IRFS accounting.

With regard to the figures as at 31 March 2010, Prior Period Adjustment has been made as follows:

- to reflect the elimination from the accounts of both payments of Compensatory Added Years (CAYs) and their reimbursement by employers. These transactions net out to NIL. Full details are now shown as Note 16 to these Accounts.
- to reflect inclusion on the face of the accounts of "Taxes on Income", Note 6 "Investment Income" is now shown gross of tax.
- to reflect changes in analysis in Note 7 between equities, pooled investment vehicles and "other investment balances"

### Basis of Estimates

Estimates for post year end outstanding items have been used for the following activities:

- payments of retirement grants, death grants and investment managers' fees.
- retirement grants due for payment, but not paid by 31 March: using actual figures as far as possible, and assuming maximum commutation to be taken where the knowledge of the individual member's choice is still outstanding.
- death grants due for payment, but not paid by 31 March: for example awaiting Probate.
- investment managers' fees outstanding: estimated using the Fund's valuations as at 31 March 2011.

### 3. CONTRIBUTIONS RECEIVABLE

	<b>2010-11</b>	<b>2009-10</b>
	<b>£000</b>	<b>£000</b>
<b>Employers</b>		
Normal	165,836	164,996
Augmentation	45	522
Pension Strain	28,471	23,811
Deficit Funding	11,874	316
<b>Employees</b>		
Normal	60,521	60,828
	<b>266,747</b>	<b>250,473</b>
<b>Relating to:</b>		
Administering Authority	41,317	38,254
Statutory Bodies	187,628	176,471
Admission Bodies	37,802	35,748
	<b>266,747</b>	<b>250,473</b>

Employers Normal contributions includes an element of past service deficit. The 2007 actuarial valuation calculated the average employer contribution rate of 17.8%, 12.1% was determined the average employer rate in respect of future service only and 5.7% for past service deficit.

"Augmentation" represents payments by employers to the Fund for the costs of additional membership benefits awarded under LGPS regulations. An accrual has been made for agreed future payments to the Fund.

"Pension Strain" represents the cost to employers when their employees retire early to compensate the Fund for the reduction in contribution income and the early payment of benefits. Payments to the Fund for such costs are made over agreed periods. An accrual has been made for agreed future payments to the Fund.

"Deficit Funding" represents additional payments by employers to reduce a past service deficit, thereby potentially reducing their future contribution rates. Such payments may be made either as lump sum payments (£5.4million in 2010/11, nil in 2009/10) or as regular additional contributions. Also included is £6.4million relating to Magistrates Court which was previously an active member of the Fund.

Figures for "Compensatory Added Years" represent re-imbursements by employers to the Fund for additional pension payments awarded under the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2000. As such pensions payments lie outside the LGPS Regulations, with the Fund acting as agent for such payments, figures of both payments to pensioners (previously shown under Note 4 "Benefits Payable") and the recovery of such costs from employers (previously shown under Note 3 "Contributions Receivable") are now excluded from the Fund accounts. Instead they are shown within Note 16 to the Accounts.

#### 4. BENEFITS PAYABLE

	2010-11 £000	2009-10 £000
Pensions	182,237	173,785
Lump sum retiring allowances	72,053	41,260
Lump sum death benefits	5,621	4,090
	<b>259,911</b>	<b>219,135</b>
<b>Relating to:</b>		
Administering Authority	40,647	31,326
Statutory Bodies	186,790	158,176
Admission Bodies	32,474	29,633
	<b>259,911</b>	<b>219,135</b>

#### 5. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

	2010-11 £000	2009-10 £000
Refunds to members leaving service	15	41
Payment for members joining State scheme	1	2
Income for members from State scheme	(18)	(7)
Individual transfers to other schemes	18,591	19,622
	<b>18,589</b>	<b>19,658</b>

#### 6. INVESTMENT INCOME

	2010-11 £000	2009-10 £000
Dividends from Equities	58,477	56,000
Income from Pooled Investment Vehicles	8,555	7,730
Net Rents from Properties	17,242	18,734
Interest on Short Term Cash Deposits	705	1,279
Income from Associate and Joint Ventures	2,405	1,732
Interest from Derivatives	257	-
Other	899	899
	<b>88,540</b>	<b>86,374</b>

Figures of income from 'Dividends from Equities' and 'Income from Pooled Investment Vehicles' are now shown separately. Within these headings is included recoverable

taxation of £1.56million, (2009/10 £1.27million). Income from profits from associate and joint ventures of £2.4million (2009/10 £1.7million) is now shown separately.

These figures are now shown gross of tax, as the face of the accounts now includes a figure of "Taxes on Income" Figures for 31 March 2010 have been appropriately changed.

The Fund is seeking to recover tax withheld by UK and overseas tax regimes under the EU principle of free movement of capital within its borders, but is not accruing for future receipt of such income within these accounts. Although no further repayments were received in 2010/11 a further £54,613 was recovered after the year end.

As at 31 March 2011, £65.37million of stock was on loan to market makers, which was covered by non-cash collateral, in the form of G10 sovereign debt, totalling £69.31million, giving a margin of 5.5%. Collateral is marked to market, and adjusted daily. Income from stock lending amounted to £859,109 and is included within 'Other' Investment Income. As the Fund retains its economic interest in stock on loan, their value remains within the Fund valuation. As the Fund has an obligation to return collateral to the borrowers, collateral is excluded from the Fund valuation. The Fund used its Custodian as agent lender, lending only to an agreed list of approved borrowers. An indemnity is in place which gives the Fund further protection against losses.

The risks associated with stock lending are set out in the Fund's "Statement of Investment Principles".

## 7. INVESTMENTS

	<b>Market Value 31.3.2010 £000</b>	<b>Purchases at cost &amp; Derivative Payments £000</b>	<b>Sale Proceeds &amp; Derivative Receipts £000</b>	<b>Change in Market Value * £000</b>	<b>Market Value 31.3.2011 £000</b>
Equities	1,888,567	1,445,152	(1,692,547)	84,448	1,725,620
Pooled Investment Vehicles	2,459,616	916,309	(641,674)	225,855	2,960,106
Derivative Contracts	33	30,051	(29,882)	554	756
Direct Property	210,225	42,722	(10,317)	9,305	251,935
	<b>4,558,441</b>	<b>2,434,234</b>	<b>(2,374,420)</b>	<b>320,162</b>	<b>4,938,417</b>
Short term cash deposits	56,207				59,570
Other investment balances	62,893			10,741	89,555
	<b>4,677,541</b>			<b>330,903</b>	<b>5,087,542</b>

\* The change in market value of investments during the year comprises all realised and unrealised appreciation and depreciation.

There has been a re-analysis of the allocation between equities, pooled investment vehicles and "other investment balances" as at the end of March 2010, as a net nil Prior Period Adjustment.

There was an adjustment of UK Equities and £14.4m was moved to Pooled Investment Vehicles.

Managed and Unitised Funds and Other Investments are now under the heading Pooled Investment Vehicles.

Amounts due to stockbrokers are now excluded from Other Investment Balances and instead shown under Investment Liabilities.

Investments in Limited Partnerships, worth £240.5million, (book value £166.4million) are not readily realisable. All other assets are deemed "available for sale" financial assets.

	<b>2011</b>	<b>2010</b>	<b>01.04.2009</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Equities (segregated holdings)</b>			
UK Quoted	855,304	788,134	550,034
Overseas Quoted	870,316	1,100,433	727,141
	<b>1,725,620</b>	<b>1,888,567</b>	<b>1,277,175</b>
<b>Pooled Investment Vehicles</b>			
UK Managed Funds:			
Property	26,000	-	-
Equities	224,555	181,449	115,016
Private Equity	143,309	120,397	98,455
Hedge Funds	48,818	72,157	64,819
Corporate Bonds	188,279	176,742	156,438
Infrastructure	26,992	-	-
Opportunities	96,680	81,506	18,485
Overseas Managed Funds:			
Equities	292,919	29,205	10,566
Private Equity	97,198	71,507	46,859
Hedge Funds	176,358	158,628	154,820
Infrastructure	11,321	-	-
Opportunities	18,370	5,933	26,457
UK Unit Trusts:			
Property	80,337	52,422	30,351
Other	-	-	-
Overseas Unit Trusts:			
Property	57,863	35,417	28,603
Other	-	-	-
Unitised Insurance Policies	1,471,107	1,474,253	1,157,819
	<b>2,960,106</b>	<b>2,459,616</b>	<b>1,908,688</b>

The following holdings each represent more than 5% of the value of the whole Fund:

	2011		2010	
	£000	%	£000	%
Legal & General Pooled UK Index Linked Gilts	487,795	9.7	462,775	9.9
UBS USA Equity Tracker	417,291	8.3	350,591	7.5
Legal & General Pooled UK Equities	371,470	7.4	477,651	10.3

		2010-11		2009-10
		£000		£000
<b>Derivative Contracts</b>				
Type of Derivative	Expiration	Economic Exposure		Market Value
DJ Euro STOXX 50 Index Futures	Jun-11	2,694		269

A Futures contract is the obligation under a legal agreement to make or take delivery of a specified instrument at a fixed future date, at a price determined at the time of dealing. Merseyside Pension Fund's index futures contracts are externally managed and their objective is to hedge overseas investment positions against adverse index movements.

Futures dealing requires the posting of margin. Initial margin which must be posted before you can trade and variation margin, the mark-to-market value of the futures contracts you hold. Variation Margin is exchanged daily and exists to reduce counterparty credit exposure. Collateral is held in Euro currency and the Sterling equivalent is £234,605.87. DJ Euro STOXX 50 Futures have a contract multiplier of x10 therefore the notional value underlying the futures contracts is £2.694m.

### Forward Foreign Exchange

Contract	Settlement Date	Currency Bought £000	Currency Sold £000	Asset £000	Liability £000
Forward Currency Contracts	April 2011	GBP 89	AUD 139	-	-
Forward Currency Contracts	April 2011	GBP 2818	EUR 3198	8	-
Forward Currency Contracts	April 2011	EUR 1599	GBP 1415	10	-
Forward Currency Contracts	April 2011	EUR 170	GBP 149	-	-

Forward Current Contracts are exchange traded and are used to hedge exposures to foreign currency back into sterling.

**Options**

<b>Type of Option</b>	<b>Expiration</b>	<b>Underlying Investment</b>	<b>Notional Amount of Outstanding Contracts £000</b>	<b>Asset £000</b>	<b>Liability £000</b>
Purchased Call	October 2012	Etihad Etisalat Co SAR 10.00	469	-	19

A call option is an agreement that gives an investor the right (but not the obligation) to buy a stock, bond, commodity, or other instrument at a specified price within a specific time period.

	<b>2011 £000</b>	<b>2010 £000</b>	<b>01.04.2009 £000</b>
<b>UK Properties</b>			
Freehold	211,761	190,574	182,038
Leasehold	40,174	19,651	17,497
	<b>251,935</b>	<b>210,225</b>	<b>199,535</b>
<b>Short Term Cash Deposits</b>			
Sterling	59,570	56,207	74,089
	<b>59,570</b>	<b>56,207</b>	<b>74,089</b>

Short-term deposits only cover cash balances held by the Fund. Cash held by investment managers awaiting investment is now shown under 'Other Investment Balances'.

	<b>2011 £000</b>	<b>2010 £000</b>	<b>01.04.2009 £000</b>
<b>Other investment balances</b>			
Amounts due from brokers	257	33	858
Outstanding trades	35,523	6,636	19,171
Outstanding dividend entitlements and recoverable withholding tax	16,034	12,796	6,110
Cash deposits	37,741	43,428	37,727
	<b>89,555</b>	<b>62,893</b>	<b>63,866</b>

'Other Investment Balances' include amounts due to and from stockbrokers and also cash with managers awaiting investment.

IFRS 7.4.2 requires an analysis of financial instruments and financial liabilities by different categories. These cover carrying amounts, and net gains and losses. For completeness, market value is shown in the same analysis. The following tables analyse the carrying amounts of the financial assets and liabilities (excluding cash and cash equivalents) by category and by net asset statement heading, and by net gains and losses.

At market value	31 March 2011		
	Loans and receivables	Available for Sale Assets	Designated as at fair value through profit or loss
	£000	£000	£000
<b>Financial Assets</b>			
Equities	-	1,725,620	-
Pooled Investment Vehicles	-	2,719,599	240,507
Derivatives	-	-	756
Direct Property	-	251,935	-
Cash deposits	59,570	-	-
Other investment balances	89,555	-	-
Debtors	81,430	-	-
<b>Total financial assets</b>	<b>230,555</b>	<b>4,697,154</b>	<b>241,263</b>
<b>Financial Liabilities</b>			
Other investment balances	37,114	-	-
Creditors	-	-	15,986
<b>Total financial liabilities</b>	<b>37,114</b>	<b>-</b>	<b>15,986</b>

At market value	31 March 2010		
	Loans and receivables	Available for Sale Assets	Designated as at fair value through profit or loss
	£000	£000	£000
<b>Financial Assets</b>			
Equities	-	1,888,567	-
Pooled Investment Vehicles	-	2,267,712	191,904
Derivatives	-	-	33
Direct Property	-	210,225	-
Cash deposits	56,207	-	-
Other investment balances	62,893	-	-
Debtors	46,631	-	-
<b>Total financial assets</b>	<b>165,731</b>	<b>4,366,504</b>	<b>191,937</b>
<b>Financial Liabilities</b>			
Other investment balances	5,607	-	-
Creditors	-	-	12,916
<b>Total financial liabilities</b>	<b>5,607</b>	<b>-</b>	<b>12,916</b>



	31 March 2011		
Carrying Amount	Loans and receivables	Available for Sale Assets	Designated as at fair value through profit or loss
	£000	£000	£000
<b>Financial Assets</b>			
Equities	-	1,460,447	-
Pooled Investment Vehicles	-	2,203,901	166,361
Derivatives	-	-	-
Direct Property	-	275,382	-
Cash deposits	59,570	-	-
Other investment balances	89,555	-	-
Debtors	81,430	-	-
<b>Total financial assets</b>	<b>230,555</b>	<b>3,939,730</b>	<b>166,361</b>
<b>Financial Liabilities</b>			
Other investment balances	-	-	-
Creditors	-	-	-
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>

	31 March 2010		
Carrying Amount	Loans and receivables	Available for Sale Assets	Designated as at fair value through profit or loss
	£000	£000	£000
<b>Financial Assets</b>			
Equities	-	1,487,051	-
Pooled Investment Vehicles	-	1,832,979	151,196
Derivatives	-	-	-
Direct Property	-	243,631	-
Cash deposits	56,207	-	-
Other investment balances	62,893	-	-
Debtors	46,631	-	-
<b>Total financial assets</b>	<b>165,731</b>	<b>3,563,661</b>	<b>151,196</b>
<b>Financial Liabilities</b>			
Other investment balances	-	-	-
Creditors	-	-	-
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>

	31 March 2011		
Net Gains and Losses	Loans and receivables	Available for Sale Assets	Designated as at fair value through profit or loss
	£000	£000	£000
<b>Financial Assets</b>			
Equities	-	220,791	-
Pooled Investment Vehicles	-	110,969	483
Derivatives	-	-	319
Direct Property	-	(653)	-
Cash deposits	-	-	-
Other investment balances	10,740	-	-
Debtors	-	-	-
<b>Total financial assets</b>	<b>10,740</b>	<b>331,107</b>	<b>802</b>
<b>Financial Liabilities</b>			
Other investment balances	-	-	-
Creditors	-	-	-
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>

	31 March 2010		
Net Gains and Losses	Loans and receivables	Available for Sale Assets	Designated as at fair value through profit or loss
	£000	£000	£000
<b>Financial Assets</b>			
Equities	-	94,327	-
Pooled Investment Vehicles	-	(2,168)	14
Derivatives	-	-	304
Direct Property	-	-	-
Cash deposits	233	-	-
Other investment balances	(1,145)	-	-
Debtors	-	-	-
<b>Total financial assets</b>	<b>(912)</b>	<b>92,159</b>	<b>318</b>
<b>Financial Liabilities</b>			
Other investment balances	-	-	-
Creditors	-	-	-
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Disclosure note re Transactions Costs

Transaction costs include fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, transfer taxes and duties. They have been added to purchases and netted against sales proceeds as appropriate. Transaction costs during the year amounted to £2.1 million (2009/10 £2.0 million). In addition to these costs, indirect costs are incurred through the bid-offer spread on investments in pooled vehicles. The amount of indirect costs is not provided directly to the Fund.

## Disclosure Note Icelandic Deposits

Early in October 2008, the Icelandic banks collapsed and their UK subsidiaries went into administration. The Fund had £5 million deposited with Glitnir Bank at an interest rate of 6.30% which was due to mature 15 October 2008 and £2.5 million deposited with Heritable Bank at an interest rate of 5.94% which was due to mature 10 December 2008.

All monies within these institutions are currently subject to the respective administration and receivership processes. The amounts and timing of payments to depositors such as the Fund will be determined by the administrators/receivers.

The current situation with regards to recovery of the sums deposited varies between each institution. Based on the latest information available the Fund has given consideration to an impairment adjustment for the deposits, and has taken the action outlined below. As the available information is not definitive as to the amounts and timings of payments to be made by the administrators/receivers, it is likely that further adjustments will be made to the accounts in future years.

### Glitnir Bank hf

Glitnir Bank hf is an Icelandic entity. Old Glitnir's affairs are being administered under Icelandic law. The Glitnir Winding-Up Board had expressed the view that local authority deposits do not have priority status. However, the Iceland District Court ruled for the test cases that local authorities do have priority status. An appeal has been lodged against this decision by the Glitnir Winding-Up Board.

The expected recovery rate for claims that have priority status is 100%. Full recovery is subject to the following uncertainties and risks:

- Confirmation that local authority deposits enjoy preferential creditor status, which is to be tested through the Icelandic Courts.
- The impact of exchange rate fluctuations on the value of assets recovered by the resolution committee and on the settlement of the Fund's claim, which may be denominated wholly or partly in currencies other than sterling.

Therefore the Fund has followed the latest Local Authority Accounting Panel recommendation that the estimated recoverable amount is based on the assumption that local authority deposits will enjoy priority status. The Fund therefore continues to assume the future recovery on the full amount of principal and interest up to 22 April 2009. However, impairment is now made to reflect the loss of interest to the Fund until the funds are repaid.

Failure to secure preferential creditor status would have a significant impact upon the amount of the deposit that is recoverable. Therefore, if preferential creditor status is not achieved the recoverable amount is approximately 29%.

No payment is expected to be received prior to the court cases and any appeals in respect of priority status being heard. In calculating the impairment the Fund has assumed that the repayment of priority deposits will be made by December 2011.

Recoveries are expressed as a percentage of the Fund's claim in the administration, which it is expected may validly include interest accrued up to 22 April 2009.

### Heritable

Heritable Bank is a UK registered bank under English law. The company was placed in administration on 7 October 2008. To date the Fund has received dividend payments totalling 56.35 pence in the £ (£1.4million). The seventh progress report from the administrators was issued on 10 February 2011. As the report does not suggest any changes to the total amount estimated to be recovered, it is anticipated that 85 pence in the £ remains appropriate. In calculating the impairment the Fund has made the following assumptions re timing and recoveries:

April 2011	6.25%	April 2012	5.00%
July 2011	5.00%	July 2012	5.00%
October 2011	5.00%	October 2012	3.65%
January 2012	5.00%		

Recoveries are expressed as a percentage of the Fund's claim in the administration, which includes interest accrued up to 6 October 2008.

The impairment loss recognised in the Fund Account in 2010/11, £157,838 (2009/10 £475,532) has been calculated by discounting the assumed cash flows at the effective interest rate of the original deposit in order to recognise the anticipated loss of interest to the Fund until monies are recovered. The total amount of accrued interest in 2010/11 for both deposits is £385,653 (2009/10 £155,785)

Adjustments to the assumptions will be made in future accounts as more information becomes available.

## 8. INVESTMENT LIABILITIES

	2011	2010	01.04.2009
	£000	£000	£000
<b>Investment Liabilities</b>			
Amounts due to stockbrokers	37,114	5,607	22,413

## 9. INVESTMENT MANAGEMENT EXPENSES

Fees paid to the eleven major investment managers amount to £9.2 million (2009/10 £8.2 million) and constitute the bulk of the figure of £10.3 million (2009/10 £9.7 million) investment management expenses. Charges vary between fund managers and between markets and types of security. Charges are calculated as a percentage of the value of the investments. Internal investment management expenses are also included here.

## 10. NON CURRENT ASSETS

	2011	2010	01.04.2009
	£000	£000	£000
<b>Non Current Assets</b>	<b>30,844</b>	<b>15,670</b>	<b>11,545</b>
<b>Relating to:</b>			
Central Government Bodies	-	-	
Other Local Authorities	22,502	12,792	
NHS Bodies	-	-	
Public Corporations and Trading Funds	6,785	964	
Bodies external to Central Government	1,557	1,914	
	<b>30,844</b>	<b>15,670</b>	

Payments are being received in respect of pensioner and deferred members of the Magistrates Courts, which was previously an active employer in the Fund. Year 1 is shown as a current asset, but years 2 - 10 have been discounted at a rate of 4% and are included above. Also discounted are future payments of pension strain to be paid by employers in 2012/13 onwards.

**11. CURRENT ASSETS AND LIABILITIES**

	2011		2010		01.04.2009	
<b>Assets</b>	£000	£000	£000	£000	£000	£000
Contributions due	24,280		17,687		20,885	
Amounts due from external managers	10,831		-		-	
Accrued and outstanding investment income	1,582		234		847	
Transfer values receivable	3,264		1,700		2,357	
Retirement Grants paid in advance	36		1,726		-	
Sundries	9,836		9,039		6,071	
Provision for bad debts	(50)		(149)		(473)	
Cash at bank	807		724		725	
		<b>50,586</b>		<b>30,961</b>		<b>30,412</b>
<b>Relating to:</b>						
Central Government Bodies	950		1,006			
Other Local Authorities	19,946		15,720			
NHS	-		-			
Public Corporations and Trading Funds	2,559		2,395			
Bodies external to Central Government	27,131		11,840			
		<b>50,586</b>		<b>30,961</b>		
<b>Liabilities</b>						
Transfer values payable	-		-		-	
Retirement Grants due	4,408		1,647		4,080	
Provisions	873		596		541	
Miscellaneous	10,705		10,673		5,365	
		<b>15,986</b>		<b>12,916</b>		<b>9,986</b>
<b>Relating to:</b>						
Central Government Bodies	2,737		1,885			
Other Local Authorities	3,564		3,025			
NHS	-		-			
Public Corporations and Trading Funds	855		277			
Bodies external to Central Government	8,830		7,729			
		<b>15,986</b>		<b>12,916</b>		
<b>Total Current Assets and Liabilities</b>		<b>34,600</b>		<b>18,045</b>		<b>20,426</b>

"Sundries" mainly covers general debtors, property arrears due, agent's balances and recoverable taxation.

"Provision for Bad Debts" relates to property rental income.

The main components of "Miscellaneous Liabilities" are the outstanding charges for investment management fees, payable quarterly in arrears, custodial and actuarial fees, plus income tax due, pre-paid rent and administering Council re-imburement.

The breakdown of assets and liabilities as at 1 April 2009 has not been disclosed with regards to what bodies they relate to as a different information system was in use at that time and this information was not a requirement.

## **12. COMMITMENTS**

Commitments for investments amounted to £187.69 million as at 31 March 2011 (2009/10 £194.02 million). These commitments relate to Private Equity £104.16 million, Infrastructure & Opportunities £49.57 million and Indirect Property £33.97 million. As some of these funds are denominated in foreign currencies, the commitment in sterling is subject to change due to currency fluctuations.

## **13. RELATED PARTY TRANSACTIONS**

There are three groups of related parties: transactions between Wirral Council, as Administering Authority, and the Fund, between employers within the Fund and the Fund, and between Members and Senior Officers and the Fund.

Administration and investment management costs include charges by Wirral Council in providing services in its role as administering authority to the Fund, which amount to £4.876 million. (2010 £3.838 million). Such charges principally relate to staffing required to maintain the pension service. Central, finance and IT costs are apportioned to the Fund on the basis of time spent on Fund work by Wirral Council.

Employers are related parties in so far as they pay contributions to the Fund in accordance with the appropriate Local Government Pension Scheme Regulations (LGPS). Contributions in respect of March 2011 payroll are included within the debtors figure in note 10.

A specific declaration has been received from Pension Committee Members and principal officers regarding membership of, and transactions with, such persons or their related parties. A number of Members act as Councillors or Board members of particular scheme employers, listed below, who maintain a conventional employer relationship with the Fund:

Liverpool City Council, Knowsley Council, Sefton Council and St Helens Borough Council, all of whose Councillors may become scheme members, Wirral Council, Liverpool John Moores University, CDS Housing, Greater Hornby Homes and Wirral Partnership Homes. The value of the transactions with each of these related parties, namely the routine monthly payments to the Fund of employers' and employees' contributions, is determined by the LGPS Regulations, and as such no related party transactions have been declared.

Patrick Dowdall, Investment Manager - Alternatives, acts in an un-remunerated advisory capacity on 5 investment bodies in which the Fund has an interest, Standard Life (£9.1 million), F&C (£4.3 million) and Zeus (£1.9 million), by whom travel expenses and accommodation were paid, plus Key Capital (£2.1 million) and Enterprise (£0.3 million). As such no related party transactions have been declared."

Philip Hebson, former Senior UK Investment Manager, who left the Fund in the second half of the year, is a non-executive director of Aberdeen Private Equity Fund, in which the Fund is invested, and for which role he received a fee.

#### 14. SUMMARY OF MANAGERS' PORTFOLIO VALUES AT 31 MARCH 2011

	2010-11		2009-10	
	£m	%	£m	%
<b>Externally Managed</b>				
JP Morgan (European Equities)	192	3.8	177	3.8
UBS (US Equities)	417	8.2	381	8.1
Nomura (Japan)	201	4.0	204	4.4
Nomura (Pacific Rim)	-	-	182	3.9
Nomura (Emerging Markets)	-	-	260	5.6
Schroders (Fixed Income)	189	3.7	177	3.8
Legal & General (Pooled Assets - UK Equities & Index Linked)	859	16.8	940	20.1
Legal & General (Fixed Income)	195	3.8	183	3.9
Unigestion (European Equities)	147	2.9	138	2.9
M&G (UK Equities)	167	3.3	146	3.1
M&G (Global Emerging Markets)	134	2.6	-	-
TT International (UK Equities)	148	2.9	139	3.0
Blackrock (UK Equities)	165	3.2	143	3.1
Blackrock (Pacific Rim)	110	2.2	-	-
Newton (UK Equities)	135	2.7	122	2.6
Amundi (Global Emerging Markets)	139	2.7	-	-
Maplebrown Abbot (Pacific Rim Equities)	104	2.0	-	-
	<b>3,302</b>	<b>64.9</b>	<b>3,192</b>	<b>68.3</b>
<b>Internally Managed</b>				
UK Equities	481	9.4	467	10.0
European Equities	144	2.8	132	2.8
Property (Direct)	252	5.0	210	4.5
Property (Indirect)	172	3.4	88	1.9
Private Equity	241	4.7	192	4.1
Hedge Funds	225	4.4	231	4.9
Infrastructure	38	0.8	-	-
Opportunities	115	2.3	87	1.9
Short Term Deposits & Other Investments	117	2.3	76	1.6
	<b>1,785</b>	<b>35.1</b>	<b>1,483</b>	<b>31.7</b>
	<b>5,087</b>	<b>100.0</b>	<b>4,675</b>	<b>100.0</b>

Nomura as at 31 March 2010 had a mandate for Japanese, Pacific Rim and Emerging Markets equities. Following a tender exercise they were retained for Japanese, but Blackrock and Maplebrown Abbot were appointed for Pacific Rim and Amundi and M&G for Emerging Markets.

#### 15. ADDITIONAL VOLUNTARY CONTRIBUTION INVESTMENTS

The Committee holds assets invested separately from the main fund. In accordance with regulation 5 (2) (c) of the Pensions Schemes (Management and Investment of Funds) Regulations 1998, these assets are excluded from the Pension Fund accounts.



The Scheme providers are Equitable Life, Standard Life and Prudential. Individual members participating in this arrangement each receive an annual statement confirming the amounts held on their account and the movements in the year.

The aggregate amounts of AVC investments are as follows:

	<b>2010-11</b>	<b>2009-10</b>
	<b>£000</b>	<b>£000</b>
Equitable Life	2,898	3,100
Standard Life	6,035	6,834
Prudential	4,079	4,400
	<b>13,012</b>	<b>14,334</b>
Changes during the year were as follows:		
Contributions	1,705	1,575
Repayments	3,544	1,879
Change in market values	517	1,863

## 16. COMPENSATORY ADDED YEARS (CAYs)

In previous years' accounts, payments of CAY's to pensioners, and the equivalent recharge to the employers who granted these additional payments were included within the figures of Benefits Payable (Note 4 to the accounts) and "Contributions Receivable" (Note 3 to the accounts). Since the implementation of the LGPS (Miscellaneous) Regulations 2009 SI 3150, into force 31 December 2009, this has been technically incorrect. As it is now unlikely that employers will take up the option within those regulations to convert current rechargeable CAY benefits into Scheme Pension or additional pension, these transactions are now shown outside the accounts as a separate note. A prior period adjustment has been made in respect of the financial year ended 31 March 2010

	<b>2010-11</b>	<b>2009-10</b>
	<b>£000</b>	<b>£000</b>
Received from Employers	11,560	12,183
Paid as Benefits	11,560	12,183
Net Impact of MPF Accounts	-	-

## 17. INVESTMENT RISK

In order to achieve its statutory obligations to pay pensions, the Fund invests its assets, including employer and employee contributions, in a way that allows it to meet its liabilities as they fall due for payment. It does this by matching assets to liabilities via an Asset Allocation exercise. During the year, MPF targeted a 79% exposure to "growth" assets, such as equities, property and alternatives, and 21% to "matching" assets, such as UK bonds or gilts which provide the best match for liabilities, i.e. payments of benefits to members in future years. Risks in growth assets include issuer risk and market risk (the greatest risks) which are mitigated by diversification across asset classes, markets and sectors. Mitigating interest rate risk and inflation risk points to significant investment in bonds, but doing so at the expense of "growth" assets would increase the costs of funding. "Matching assets" backed by the UK Government are considered low risk. However, corporate bonds carry some additional issuer risk.

## 18. FINANCIAL PERFORMANCE

The Pension Fund is administered under a budget that is approved by Pensions Committee each January. That budget is reviewed and, if appropriate, revised the following January, based on the known and anticipated pattern of expenditure and market movements. In January 2010 a budget of £13.81million was approved for the financial year 2010/11. This was revised in January 2011 to £13.85million.

The two main elements of the budget were salaries and related costs of £2.96million and external investment management fees of £7.92million. The final accounts for the year ended 31 March 2011 indicate expenditure levels of £4.78million on administration costs overall and £10.3million on all investment management expenses. The primary reason for the increase in administration costs from the 2010 level of £3.96million is the payment of one-off severance costs plus the associated pension strain costs of reductions in staffing levels. Investment management expenses include, as its main element, external managers' fees, but also cover custodian fees, advisors fees and performance measurement fees. Fees of external managers and the Fund's custodian are on an ad valorem basis, and will therefore vary as the size of each portfolio changes. The marginal overspend on external manager fees reflects the increase in the value of the Fund during the year. In addition, in the final accounts, the salaries and related expenses of the internal investment team are, in accordance with the Pensions Statement of Recommended Practice (the SORP), shown within investment management expenses."

There is no budget as such for The Fund itself. The payment of pensions is in accordance with the Regulations. Receipts of employers' contributions are in accordance with the Triennial Valuation. Consequently, basic pensions transactions, e.g. income from employers and employees contributions, benefits payable, transfers in and out are only contained in the fund account, and do not form part of the budget. However, the scale and timing of such transactions are taken into account for cash flow management purposes.

The Fund does reserve the right to levy interest charges on late receipt of contributions from employers. In 2010/11 no such charges were levied.

## 19. BACKGROUND INFORMATION

Merseyside Pension Fund operates the Local Government Pensions Scheme (LGPS) which provides for the occupational pensions of employees (other than teachers, police officers and fire fighters) of the local authorities within the Merseyside Area. The current contributing employers are shown below. As at 31 March 2011, there were 48,323 active members (March 2010 50,776), 42,454 pensioners and dependents (March 2010 40,935), and 30,946 deferred beneficiaries (March 2010 28,848).

The overall responsibility for the management of the Fund rests with the Pensions Committee, which for 2010/11 included 10 councillors from Wirral Council, the Administering authority, plus one councillor from each of the 4 other Borough Councils, and one member representing the other employers in the scheme. Representatives of trade unions also attend. The more detailed consideration of investment strategy and asset allocation of the Fund's portfolios is considered by the Investment Monitoring Working Party, which includes an external adviser and a consultant. In 2010/11 a Governance and Risk Working Party was established.

The Pensions Committee annually reviews its Statement of Investment Principles. The principles ensure that the Fund's investments would continue to be determined by all relevant considerations including the Council's fiduciary duty to employing bodies and the Council taxpayer, rate of return, risk, environmental, social and governance considerations rather than a blanket policy of disinvestment from any specific industry or sector. The latest review was in March 2010, and is available on the Fund's website: [merseysidepensionfund.org.uk](http://merseysidepensionfund.org.uk).

Under the LGPS Regulations, employer contributions are calculated by the Fund's actuary, having regards to the assumptions and methodology set out in the Fund's Funding Strategy Statement (FSS). The most recent Triennial Valuation by the actuary was as at 31 March 2010, when the funding level was 78% of projected actuarial liabilities. The funding objective is to achieve and then maintain assets equal to the funding target. The funding target is the present value of 100% of projected accrued liabilities, including allowance for projected final pay. The FSS specifies a maximum period for achieving full funding of 25 years.

The funding method adopted is the projected unit method, which implicitly allows for new entrants replacing leavers.

The table below sets out the summary of the market (gilts) yields at the valuation date, together with the yields at the date of the previous valuation:

	<b>31-Mar-2010</b>	<b>31-Mar-2007</b>
Long-dated gilt yield	4.50%	4.40%
Long-dated index-linked gilt yield	0.07%	1.30%
Market expectation for inflation (long term)	3.80%	3.10%

The assumptions to which the valuation results are particularly sensitive are:-

	<b>2010 Funding Target</b>
Investment Return pre-retirement	6.50%
Investment Return post-retirement	5.50%
Salary increases	4.50%
Pension increases in payment	3.00%
Non-retired members mortality	Pension Annuity 92 Medium Cohort Year of Birth tables + 2 years
Retired members mortality	Continuous Mortality Investigation (CMI) Self-Administered Pension Schemes (SAPS) tables with scheme and member category specific adjustments

The outcomes of the next Triennial Valuation, as at March 2013 are expected in the autumn of 2013.

**MERSEYSIDE PENSION FUND****Accounts for the year ended 31 March 2011****Statement by Consulting Actuary**

This is the statement required under Regulation 34(1) (d) of The Local Government Pension Scheme (Administration) Regulations 2008.

An actuarial valuation of the Merseyside Pension Fund was carried out as at 31 March 2010 to determine the contribution rates with effect from 1 April 2011 to 31 March 2014. The results of the valuation are contained in our report dated 30 March 2011.

On the basis of the assumptions adopted, the valuation revealed that the value of the Fund's assets of £4,706 million represented 78% of the Funding Target of £6,016 million at the valuation date. The valuation also showed that a common rate of contribution of 11.6% of pensionable pay per annum was required from employers. The common rate is calculated as being sufficient, together with contributions paid by members, to meet all liabilities arising in respect of service after the valuation date.

Adopting the same method and assumptions as used for assessing the Funding Target the deficit would be eliminated by an average additional contribution rate of 6.4% of pensionable pay for 25 years. This would imply an average employer contribution rate of 18.0% of pensionable pay in total.

In practice, each individual employer's position is assessed separately and the contributions required are set out in our report dated 30 March 2011. In addition to the certified contribution rates, payments to cover additional liabilities arising from early retirements (other than ill-health retirements) will be made to the Fund by the employers.

The funding plan adopted in assessing the contributions for each individual employer is in accordance with the Funding Strategy Statement (FSS). Different approaches adopted in implementing contribution increases and deficit recovery periods are as determined through the FSS consultation process.

The valuation was carried out using the projected unit actuarial method and the main actuarial assumptions used for assessing the Funding Target and the common contribution rate were as follows:

	For past service liabilities (Funding Target)	For future service liabilities (Common Contribution Rate)
Rate of return on investments (discount rate):	6.5% per annum	6.75% per annum
- pre retirement	5.5% per annum	6.75% per annum
- post retirement		
Rate of pay increases:	4.5% per annum	4.5% per annum

	For past service liabilities (Funding Target)	For future service liabilities (Common Contribution Rate)
Rate of increases in pensions in payment (in excess of Guaranteed Minimum Pension):	3.0% per annum	3.0% per annum

The assets were assessed at market value.

The next triennial actuarial valuation of the Fund is due as at 31 March 2013. Based on the results of this valuation, the contribution rates payable by the individual employers will be revised with effect from 1 April 2014.

#### Actuarial Present Value of Promised Retirement Benefits for the Purposes of IAS 26

IAS 26 requires the present value of the Fund's promised retirement benefits to be disclosed, and for this purpose the actuarial assumptions and methodology used should be based on IAS 19 rather than the assumptions and methodology used for funding purposes.

In order to assess the value of the benefits on this basis, we have used the same actuarial assumptions as those used for funding purposes, other than the discount rate where we have used a rate of 5.6% p.a. both before and after retirement, rather than the rates as outlined above. We have also used valuation methodology in connection with ill-health and death benefits which is consistent with IAS 19. On this basis, the value of the Fund's promised retirement benefits as at 31 March 2010 was £6,381 million.

We have also carried out similar calculations as at the previous actuarial valuation date of 31 March 2007, using the same actuarial assumptions as those used for funding purposes at that date, other than the discount rate where we have used a rate of 5.4% p.a. both before and after retirement. On this basis, the value, for IAS 26 purposes, of the Fund's promised retirement benefits at that date was £5,877 million.

Paul Middleman  
Fellow of the Institute and Faculty of Actuaries  
Mercer Limited  
June 2011

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**Scheme Employers with Active Members as at 31 March 2011****Scheduled Bodies**

Academy of St Francis  
Arena & Convention Centre Liverpool  
Belvedere Academy  
Birkenhead Sixth Form College  
Carmel College  
Enterprise South Liverpool Academy  
Halewood Parish Council  
Hugh Baird College  
King George V College  
Knowsley Community College  
Knowsley M.B.C.  
Knowsley Parish Council  
Liverpool City Council  
Liverpool Community College  
Liverpool John Moores University  
Merseyside Fire & Rescue Authority  
Merseyside Integrated Transport Authority (MITA)  
Merseyside Passenger Transport Executive (MPTE)  
Merseyside Police Authority  
Merseyside Valuation Tribunal  
Merseyside Waste Disposal Authority  
National Probation Service  
North Liverpool Academy Ltd  
Prescot Town Council  
Rainford Parish Council  
Rainhill Parish Council  
Sefton M.B.C.  
Southport College  
St. Helens Community College  
St. Helens M.B.C.  
Whiston Town Council  
Wirral Council  
Wirral Metropolitan College

**Admission Bodies**

Age UK – Liverpool  
Arriva North West  
Arvato Government Services  
Association of Police Authorities  
Balfour Beatty Workplace Ltd  
Beechwood and Ballantyne Housing Association  
Berrybridge Housing Ltd  
Birkenhead Market Services Ltd  
Birkenhead School (2002)  
Burton Manor Residential College  
Capita Symonds (Sefton)  
Care Quality Commission  
Catholic Children's Society  
CDS Housing  
Cobalt Housing Ltd

## COLAS

Compass (Scolarest) Liverpool Schools  
Compass (Scolarest) Wirral Schools  
Comtechsa Limited  
Crime Reduction Initiatives  
Enterprise Liverpool Cleansing  
Enterprise (Liverpool Highways) Ltd  
Enterprise Liverpool Neighbourhood Grounds  
Geraud Markets Liverpool Ltd  
Glendale (Liverpool Parks Services) Ltd  
Glenvale Transport Ltd/Stagecoach.  
Graysons Restaurants Ltd  
Greater Hornby Homes  
Greater Merseyside Connexions  
Helena Partnerships Ltd.  
Higher Education European Funding Services Ltd.  
Hochtief Liverpool Schools  
Hochtief Wirral Schools  
Kingswood Colomendy Ltd.  
Knowsley Housing Trust  
LACORS  
Lairdside Communities Trust  
Lee Valley Housing Association Ltd  
Liberata (UK) Ltd.  
Liverpool Association for the Disabled  
Liverpool Citizens Advice Bureau  
Liverpool Hope University  
Liverpool Housing Trust  
Liverpool Mutual Homes Ltd.  
Liverpool Vision Limited  
Local Government Association  
Merseyside Lieutenancy  
Merseyside Society for the Deaf  
Merseyside Welfare Rights  
Merseyside Youth Association  
Mott Macdonald (M.I.S.)  
Mouchel (2020 Liverpool/Parkman)  
Mouchel (2020 Knowsley Ltd)  
North Huyton New Deal New Future  
North Liverpool Citizens Advice Bureau  
Novas Group  
Nugent Care  
One Vision Housing Ltd.  
Partners Credit Union  
Port Sunlight Village Trust  
Sefton Education Business Partnership  
Sefton New Directions Ltd.  
South Liverpool Housing Ltd  
Southern Neighbourhood Council  
Taylor Shaw Catering (St Wilfred's RC School)  
University of Liverpool  
Upton Hall School  
Vauxhall Neighbourhood Council



Veolia ES Merseyside & Halton  
Village Housing Association Ltd  
Wavertree Citizens Advice Bureau  
Welsh Local Government Association  
Wirral Autistic Society  
Wirral Citizens Advice Bureau  
Wirral Council Voluntary Service  
Wirral Partnership Homes Ltd

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# Glossary of Financial Terms

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## **GLOSSARY OF FINANCIAL TERMS**

For the purpose of the Code of Practice the following definitions have been adopted.

### **ACCOUNTING POLICIES**

Define the process whereby transactions and other events are reflected in the financial statements.

### **ACCRUALS**

Income and Expenditure are recognised as they are earned or incurred, not as money is received or paid.

### **ACTUARIAL GAINS AND LOSSES**

Changes in actuarial deficits or surpluses that arise because:

- Events have not coincided with the actuarial assumptions made of the last valuation;
- The actuarial assumptions have changed.

### **AMORTISATION**

Amortisation is the equivalent of depreciation for intangible assets.

### **BUDGET**

Statement of spending plans for the year.

### **BUSINESS RATES (also NON DOMESTIC RATES)**

A levy on businesses based on national "rateable value" of the premises occupied. NDR is collected by the Council in line with national criteria, paid into a national pool and then redistributed to all local and police authorities on the basis of population.

### **CAPITAL EXPENDITURE**

Expenditure on the acquisition of an asset or expenditure, which adds to, and not merely maintains, the value of an existing fixed asset.

### **CAPITAL RECEIPTS**

Money received from the disposal of land and other assets, and for the repayment of grants and loans made to the Council.

### **CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY (CIPFA)**

This Institute produces Standards and Codes of Practice that must be followed in preparing the Council's financial statements.

### **CODE OF PRACTICE**

Local Authorities in England must comply with the Code in preparing their financial statements.

### **COLLECTION FUND**

Accounts required to be kept by the Council to record all income collected from Local taxpayers, showing how this is passed on to other Local Authorities and Central Government.

### **CREDITORS**

Organisations and individuals to whom the Council owes money.

**CURRENT SERVICE COST (PENSIONS)**

The increase in the present value of a defined benefit scheme's liabilities expected to arise from employee service in the current period.

**CURTAILMENT**

Curtailments show the cost of the early payment of pension benefits if any employee has been made redundant in the previous financial year.

**DEBTORS**

Organisations and individuals who owe money to the Council.

**DEFINED BENEFIT SCHEME**

A pension or other retirement benefit scheme where the scheme's rules define the benefits.

**DEPRECIATION**

A charge representing the extent to which an asset has been worn out or used up during the year.

**EXPECTED RATE OF RETURN ON PENSIONS ASSETS**

For the Pension Fund the average rate of return, including both income and changes in fair value net of scheme expenses, expected over the remaining life of the asset.

**GENERAL FUND**

The main revenue fund of the Council. Day to day spending on services is met from the fund.

**GOVERNMENT GRANTS**

There are two types of grant. Specific grants are for particular services such as Education. Others are non-specific and support of local services generally.

**IMPAIRMENT**

A reduction in the value of a fixed asset below the amount in the Balance Sheet.

**INTANGIBLE ASSETS**

Capital spend on items such as software licenses.

**MINIMUM REVENUE PROVISION (MRP)**

The amount that the Council is required to charge to the revenue account each year to provide for the repayment of debt.

**NATIONAL NON-DOMESTIC RATES (NNDR)**

Another name for non-domestic rates.

**NET BOOK VALUE**

The amount at which assets are included in the Balance Sheet i.e. their historical cost or current value less the cumulative amount provided for depreciation.

**NET EXPENDITURE**

Gross expenditure less specific service income but before the deduction of revenue support grant and local taxation.

**PRECEPT**

This is a charge levied by one Council or other legally specified entity which is collected on its behalf by another by adding the precept to its own Council Tax and paying over the appropriate cash collected.

**PRIOR YEAR ADJUSTMENTS**

These are material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors.

**PROVISIONS AND RESERVES**

Amounts set aside in one year to cover expenditure in the future.

**REVENUE EXPENDITURE**

This is money spent on the day-to-day running costs of providing services. It is usually of a constantly recurring nature and produces no permanent asset.

**REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (REFCUS)**

This represents capitalisable items of expenditure where no asset exists but where the cost is to be amortised to revenue.

**REVENUE SUPPORT GRANT (RSG)**

This is a Government grant in aid of Local Authority services generally. It is based on the Government's assessment of how much an authority needs to spend in order to provide a standard level of service.

**SCHEME LIABILITIES**

The liabilities of the Pension Fund for outgoings due in the future. Scheme liabilities reflect the benefits that the employer is committed to provide for service up to a set date.

**SPECIFIC GOVERNMENT GRANTS**

Grants to aid particular services and may be revenue or capital in nature.

**UNAPPORTIONABLE CENTRAL OVERHEADS**

Overheads for which no user benefits and that are not apportioned to services.

**USEFUL LIFE**

The period over which the local Council will derive benefits from the use of an asset.

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# Further Information and Feedback

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## FURTHER INFORMATION AND FEEDBACK

Wirral Council produces the following documents that relate to its plans and finances. Copies of all these documents are available on the Wirral website at [www.wirral.gov.uk](http://www.wirral.gov.uk)

### CORPORATE PLAN

This document sets out the Council's strategy and direction for the next 5 years.

### COUNCIL TAX EXPLAINED

This booklet is issued annually with the Council Tax bills and sets out the plans for the coming year.

### STATEMENT OF ACCOUNTS

We welcome your comments on the Statement of Accounts and the information it contains. They will be used to improve future publications.

Was the document useful in helping you understand the Council's finances?

**YES**

**NO**

Would you like to see more information?

**YES**

**NO**

Please write any other comments below:

Please send any responses to Jenny Spick at Financial Services Division, Finance Department, Treasury Building, Cleveland Street, Birkenhead, CH41 6BU.  
E-mail: [jennyspick@wirral.gov.uk](mailto:jennyspick@wirral.gov.uk) Phone 0151 666 3582

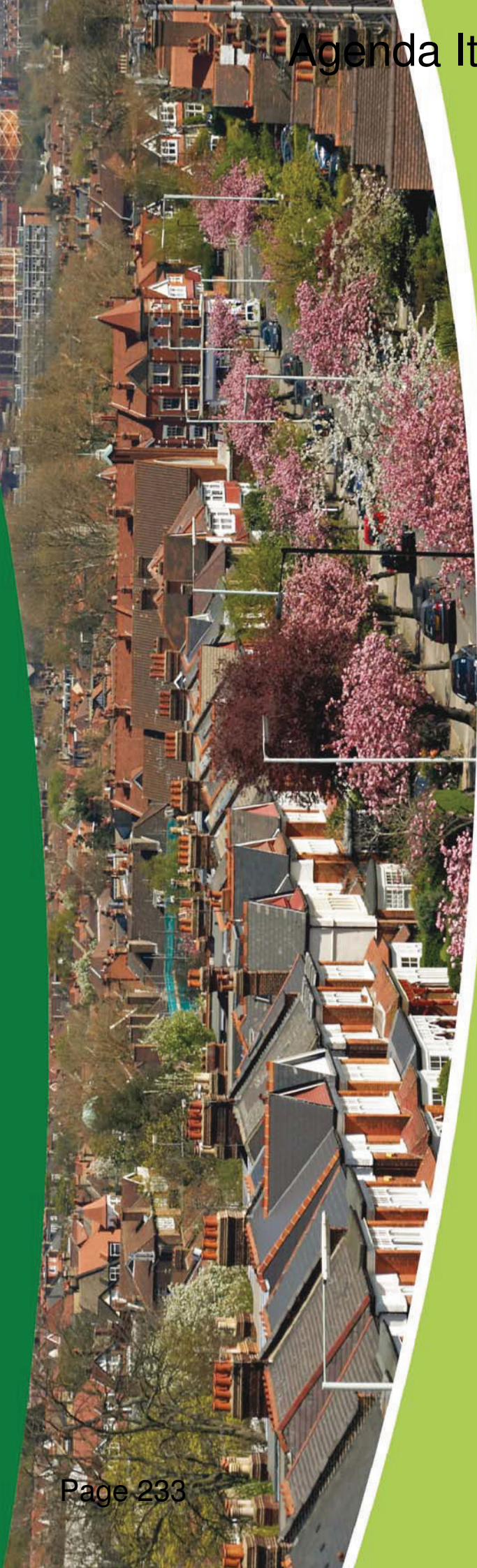
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# Annual governance report

Wirral Council

September 2011

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Agenda Item



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Traffic light explanation

■ Red ◆ Amber ● Green

# Key messages

This report summarises the findings from the 2010/11 audit which is substantially complete. It includes the messages arising from my audit of your financial statements and the results of the work I have undertaken to assess your arrangements to secure value for money in your use of resources.

	Traffic light
Unqualified audit opinion	
Proper arrangements to secure value for money	
Weaknesses in internal control	

## Audit opinion and financial statements

This has been a very challenging year for the public sector and Wirral, like some other councils has struggled to produce accurate accounts under the new International Financial Reporting Standards (IFRS). My audit of your financial statements is substantially complete. Subject to the satisfactory clearance of a number of outstanding issues, I plan to issue an audit report including an unqualified opinion on the financial statements (including Merseyside Pension Funds statements)

- There was a material amendment of £64.8m to the cash flow statement and a number of other errors that indicate there was limited quality assurance of the accounts approved by the Director of Finance.
- There were a significant number of errors in the IFRS restatement exercise and the audit extended from January to the end of August 2011 due to the number of versions presented for audit.
- The deadline for approval of the accounts by the Director of Finance was not met. Working papers were not presented for audit to the deadline and some were not to standard.
- Non-current assets remain a major weakness in internal control and resulted in a significant number of the errors in the statements.
- The amendments have not changed the overall general fund balance.



## Value for money

We have some concerns about whether Wirral Council has proper arrangements to secure value for money in its use of resources. I plan to issue a qualified opinion that draws attention to weaknesses identified in the arrangements for securing value for money in respect of the HESPE contract and other governance and internal control issues arising from whistleblowing issues and from the recording and control of assets. My opinion will, however, conclude that with the exception of these matters, I am satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2011.

- The Council has proper arrangements in place for securing financial resilience. The Council generally achieved its saving and financial targets in 2010/11, aided by the large scale voluntary redundancy scheme that was implemented. During the year, the 'Change Programme' was not on course to deliver planned savings over the medium term although savings were delivered in 2010/11. The financial position was monitored closely during the year by a strategic budget monitoring group and the Council finished the year with a better than planned balance on its general fund and set a balanced budget for 2011/12. Progress on the 2011/12 budget is adequate but challenging with significant pressures, especially in the Department of Adult Social Services (DASS). The current budget shortfall for 2012/13 is £25.3m and the Council will shortly be considering how to close the gap. Delivery of the Change Programme is crucial to achieving this.

- We have some concerns about whether Wirral Council has proper arrangements for challenging how it secures economy, efficiency and effectiveness. The Council is prioritizing its resources within tighter budgets, for example by achieving cost reductions and has delivered a number of objectives within its Corporate Plan with plans in place to deliver further improvements. However, it is not able to demonstrate that it is improving efficiency and productivity in some areas, for example in respect of the Highways and Engineering Services Procurement Exercise (HESPE) contract. We reviewed the benefits realization of the HESPE contract which has now been in operation for the last two and a half years and found that the Council is not able to determine whether it is receiving better value for the money spent.

- There are also a number of governance and internal control issues that are impacting on the efficiency and effectiveness of the Council, for example, arising from the whistleblowing issues in DASS and Technical Services. We have also raised concerns over the recording and control of assets.



# Before I complete my audit

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**I confirm to you**  
My report includes only matters of governance interest that have come to my attention in performing my audit. My audit is not designed to identify all matters that might be relevant to you.

## **Independence**

I can confirm that I have complied with the Audit Practice Board's ethical standards for auditors, including ES 1 (revised) - Integrity, Objectivity and Independence. I identified the following threats to independence in that the son of a member of the audit team works at the Council, and the relative of another member of the team has had some dealings regarding land, buildings and planning. I applied the following safeguard that reduced these threats to an acceptably low level: no work on payroll or insurance has been carried out by the first individual and no work on land, buildings or planning by the second individual.

The Audit Commission's Audit Practice has not undertaken any non-audit work for the Council during 2010/11.

## **I ask you to confirm to me**

### **I ask the Audit and Risk Management Committee to:**

- consider the matters raised in the Pension Fund Annual Governance report and the recommendation of the Pensions Committee
- take note of the adjustments to the financial statements which are set out in this report (Appendix 2);
- approve the letter of representation, provided alongside this report, on behalf of the Council before I issue my opinion and conclusion; and
- agree your response to the proposed action plan (Appendix 5).

# Financial statements

## Opinion

*Subject to the satisfactory clearance of a number of outstanding issues, I plan to issue an audit report including an unqualified opinion on the financial statements. I also plan to issue an unqualified opinion on the MPF financial statements*

*The accounts approved by the Director of Finance and presented for audit contained a material error of £64.8m on the cash flow statement and a number of other errors.*

*There were a significant number of errors in the IFRS restatement exercise and a number of versions were presented for audit.*

## Opinion on the financial statements

Subject to satisfactory clearance of outstanding matters on the Council accounts, I plan to issue an audit report including an unqualified opinion on the financial statements. Appendix 1 contains a copy of my draft audit report.

As Wirral Council is the administering authority for the Merseyside Pension Fund (MPF), the Fund's accounts form part of the Council's statement of accounts. The audit of the Pension Fund has been completed and there is a separate Annual Governance Report (AGR) that is being considered by the Pensions Committee on 19 September and the Audit and Risk Management Committee on 28 September. The Pension Fund AGR also states that subject to satisfactory clearance of outstanding matters on the MPF accounts, I plan to issue an unqualified opinion on the financial statements. Members need to be aware of the issues in the Pension Fund AGR prior to considering and the overall statement of accounts.

## Outstanding matters

As at 6 September 2011 I still need to complete the following audit procedures

- supporting information for the £9.5m deficit on revaluation of Property Plant and Equipment (PPE) assets disclosed on the face of the Comprehensive Income and Expenditure Statement (CIES)
- final adjustments relating to PPE disclosures and non-agreement between the ledger and asset system
- review of information in the annual report/summary accounts to ensure consistency with the published accounts
- final check of the amended statements and the annual report
- completion of the review of Whole of Government Accounts (WGA)
- completion of review of the Annual Governance Statement (AGS).

---

I will update members at the Audit and Risk Management Committee on 28 September 2011, but my view is that it is unlikely that any of these issues would result in a material impact on the Council's financial position or a change to my planned opinion.

### **Errors in the financial statements**

The accounts presented for audit contained a material error of £64.8m to the cash flow statement that has been amended by officers. The surplus on provision of services from the Comprehensive Income and Expenditure Statement (CIES) was incorrectly entered as a deficit in the first line of the cash flow statement. An incorrect balancing adjustment was then entered into line 2 of the statement. In addition, the cash flow statement did not reconcile to the cash equivalents entry on the face of the balance sheet.

The errors that were amended and affect the main statements are set out at Appendix 2 (amendments to notes are set out at the section below on quality). There is no overall change to the general fund balance from the amendments.

There is currently one unadjusted error (see Appendix 3).

- The deficit on revaluation of PPE assets line on the face of the CIES has not been fully supported. The supporting papers appear to include items which should be reported under net cost of services.

### **Recommendation**

Members should consider whether to amend the statements for the unadjusted error. If you decide not to amend, please tell me why in the representation letter. If you believe the effect of the uncorrected error is immaterial, please reflect this in the representation letter. Please attach a schedule of the uncorrected error to the representation letter.

# Financial statements

**Wirral Council's financial statements and Annual Governance Statement are important means by which the Council accounts for its stewardship of public funds. As Council members you have final responsibility for these statements. It is important that you consider my findings before you adopt the financial statements and the Annual Governance Statement.**

In planning my audit I identified specific risks and areas of judgement that I have considered as part of my audit.

## Key audit risk and our findings

### Key Audit Risk

#### 01. IFRS transition

Council rated at amber in last IFRS survey but red on leases. Progress still behind schedule. Risk that 2010/11 accounts are materially misstated as new accounting requirements have not been considered or implemented correctly by the Council. This is considered a significant risk.

### Finding:

Wirral, like some other councils, has struggled to produce accurate accounts under the new International Financial Reporting Standards (IFRS) and did not meet its project plan milestones or deadlines. There were a significant number of errors in the IFRS restatement exercise and a number of versions were presented for audit. This resulted in our restatement review extending from January to the end of August 2011. The material and significant amendments to the IFRS restatement included:

- Up to 2009/10, a number of investment property assets were valued at £1 due to the valuation method used being based on peppercorn rents. On review of these assets it was found that they are being used to provide a Council service and therefore have been valued at existing use. This issue resulted in £4.15m of the total £8m recognition and amendment of asset values under IFRS.
- Note 48 gives the reader of the accounts an overview of the changes in the accounts due to IFRS. This note required a number of amendments from the version originally supplied due to the length of time required to complete the IFRS restatement.
- Capital grants unapplied decreased by £2.2m as the Council was unable to supply information on conditions relating to these grants.
- Cash and cash equivalents were amended by £3.7m as a result of a change to accounting policy between versions.

# Financial statements

## Key audit risks and our findings *continued*

### Key Audit Risks

### Finding:

#### 2. Change in senior management

Changes to Chief Executive and Directors for Corporate Services, Regeneration, Adult Social Services, Children and Young People. Risk that disruption reduces level of supervision and review and therefore operation of high level controls.

We found no evidence of failures in high level controls but the level of errors in the statements presented for audit indicates that there was limited quality assurance on the accounts approved by the Director of Finance.

#### 3. Financial pressures

Following significant reduction in central government funding, the Council is experiencing significantly increased financial pressures. Increased risk of financial misreporting (considered in fraud risk assessment)

We found no evidence of any fraudulent financial mis-reporting.

#### 4. Voluntary redundancy (VR)

A significant number of staff at the Council are expected to leave employment during 2010/11 and 2011/12. Risks that key staff at the Council leave thereby putting pressure on the arrangements to complete the audit, and increasing pressure on management to demonstrate VR process generates savings. We will also need to consider the accounting treatment in 2010/11 (e.g. how will severance payments be accounted for and ultimately funded as not in 2010/11 budget)

Some key finance staff have left and others have been diverted by the financial pressures and in dealing with additional work arising from the VR exercise. We have no concerns about the accounting treatment of the VR in 2010/11.

## Key audit risks and our findings *continued*

### Key Audit Risks

### Finding:

#### 5. Closedown arrangements

Working papers and accounts not provided on time, significant issues identified during 2009/10 were not resolved until relatively late in the audit. Risk that if repeated in 2010/11 the audit will not be completed as audit resourcing window is missed (audit team 'onsite' prior to working papers and accounts) and material issues are not resolved prior to opinion deadline

The deadline for approval of the accounts by the Director of Finance was not met. Working papers were not presented for audit to the deadline, some were not to standard although there was improvement in some working papers. The IFRS restatement exercise was not completed to deadline. This has had a significant effect on the audit resource pressures over the summer. There are a number of outstanding issues at the date of writing this Report but they are not likely to be material.

#### 6. Manual entries in accounts

Weaknesses identified in respect of journals, off ledger adjustments, changes in senior management and deficiencies in asset records.

There are no significant concerns arising but officers should consider whether the ledger is being used to maximum effect.

#### 7. Housing benefits (HB) expenditure and grant income

Our deadline to complete the certification of the housing benefits subsidy claim is after our opinion deadline on the accounts.

We have completed sufficient testing on the HB claim to provide us with assurance that there is no material impact on the statements or the Council's financial position

#### 8. Previous year issues

19 identified non-trivial misstatements (including 3 material misstatements) in the 2009/10 audit – the risk of reoccurrence will be considered and reflected in our audit testing strategy. Issues arising included:

- PFI schools transferred to foundation status
  - Statement of recognised gains and losses (STRGL)
  - Balance sheet assets
  - Service expenditure analysis on the income and expenditure account
  - PFI – lifecycle costs
- Non-current assets remains an area of significant concern
- PFI schools transferred to foundation status – a further 2 PFI schools transferred in 2010/11 and have been properly accounted for; assets have been disposed of but the liabilities remain.
  - Statement of recognised gains and losses (STRGL) – this statement has been replaced under IFRS but internal inconsistencies involving reserves continued
  - Balance sheet assets – this has been an area of significant concern again this year in respect of vehicles, plant and equipment (VPE)



## Key audit risks and our findings *continued*

### Key Audit Risks

- Bad debt provision for council tax.

### 9. Unadjusted misstatements identified in the 2009/10 audit

The value of unadjusted misstatements previously identified must be considered in conjunction with any misstatements identified in the 2010/11 audit.

### Finding:

- Service expenditure analysis on the income and expenditure account – no significant issues arising
- PFI lifecycle costs – the Council does not have adequate information to ensure that lifecycle costs are capitalised appropriately and this is noted below under internal control
- Bad debt provision for council tax – this has been reviewed and the Council's estimate is reasonable.

I have considered the impact of unadjusted items from the 2009-10 audit on the current audit and concluded none of the items have a direct affect on reported balances in 2010-11. However, unadjusted items for which no value could be attributed due to issues of control which have re-occurred in this audit include

- a lack of detailed analysis of PFI lifecycle costs to ensure they are appropriately capitalised. Wirral Council accountants have set up meetings with the PFI suppliers to address this issue for 2011-12.
- accurate recognition and de-recognition of PPE assets
- internal inconsistencies involving reserves

### 10. Asset records

Weaknesses were identified in previous audits in relation to the Council's asset records. If no action is taken there is a risk of misstatement in the following areas:

- existence of Vehicles, Plant and Equipment (VPE)
- capitalisation of expenditure on infrastructure assets

VPE - we still have significant concerns in respect of VPE and the issues are set out below.

Infrastructure assets - records to support capitalisation of expenditure in 2010/11 have improved but there is a lack of historical records.

Community assets – land and buildings have been reviewed as part of the IFRS restatement exercise and we have no further significant concerns.

## Key audit risks and our findings *continued*

### Key Audit Risks

### Finding:

- completeness of community assets.

Other community assets are unlikely to be material although the Council needs to ensure that inventories are up to date.

### 11. Annual Governance Statement (AGS)

Concerns that the statement did not comply with CIPFA guidance and was inconsistent with our knowledge of the Council.

We are still reviewing this and will update members at the meeting on 28 September 2011.

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### Recommendation

Ensure that assets are valued and reported on a consistent, supported basis in line with IFRS classifications.

Ensure that recognised gains and losses reported in the statements and through the ledger are consistent with supporting information and reported consistently throughout the main statements and reserves.

Ensure that the plans to maintain control over the classification of lifecycle costs in PFI schemes are put in place and monitored



# Financial statements

These weaknesses are only those I identified during the course of the audit that are relevant to preparing the financial statements. I am not expressing an opinion on the overall effectiveness of internal control.

**Significant weaknesses in internal control**

**Non-current assets remains a significant concern.**

**The level of errors in the accounts indicates that quality assurance has been limited**

## Internal control issues and our findings

### Description of weakness

### Potential effect:

### Management action:

#### Depot equipment

We found that depot equipment had not been included in the asset register or the balance sheet.

Assets and capital charges understated. Accounting policy not complied with.

None.

#### Vehicles

We found that we could not trace some education and gritting vehicles back to the asset register.

We cannot conclude whether they have been accounted for correctly. There is a possibility that assets and capital charges understated. Accounting policy not complied with.

Still reviewing.

#### Depreciation

We found that some asset lives in our sample could not be agreed between the asset register and the valuers report.

Potential for incorrect capital charges calculated and reported in the CIES and balance sheet.

For 2010/11 WMBC officers carried out further work to demonstrate the total impact this year was trivial at £36k. For future years the valuers report and asset register asset life figures will be reconciled before producing the statements.

## Internal control issues and our findings

### Description of weakness

### Potential effect:

### Management action:

#### QA of accounts

There was limited quality assurance of the accounts.

Material errors in the statements approved by the Director of Finance

Increase resources in future years.

#### Related Parties

The related party disclosures rely on declaration of interest forms being returned by officers and members. There were 4 current member non returns, despite chasing by finance, and there were incomplete returns for members who left during the year.

Related party disclosures could be incomplete. WMBC may be unaware of existing relationships with other bodies, suppliers or contractors.

We have discussed improvements to the related party and declaration of interest process, including timing and ensuring that an up to date declaration is a formal part of leaving a post.

#### PFI life cycle costs

PFI lifecycle costs are capitalised as they are incurred. Officers were able to provide total costs and a breakdown of works carried out, but could not link the two together.

The Council does not have adequate information to ensure that lifecycle costs are capitalised appropriately.

A meeting has been set up to discuss this with the PFI partner.

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### **Recommendation**

Vehicles, plant and equipment (VPE) – strengthen controls over verification of VPE assets including verifying assets in the register exist and are in use as well as confirmation that assets in use are recorded in the register.

Quality assurance of the accounts – strengthen controls to ensure errors in the financial statements are minimised; there must be adequate resources and contingency to enable robust review of the accounts approved by the Director of Finance

# Financial statements

## Quality of your financial statements

**We have identified a number of areas where policies were not complied with and financial statements disclosures were not consistent within the accounts.**

I consider aspects of your accounting practices, accounting policies, accounting estimates and financial statements disclosures.

There were a total of 53 amendments to disclosures: 14 amendments to values in disclosure notes, 39 inconsistency and rounding corrections. There were also a number of editing amendments. These are the more significant issues I want to raise with you.

## Accounting practices, policies, estimates and financial disclosures

### Issue

Disclosure note 13 – Property plant and equipment – movement on balances.

This note was not consistent with the entries in the main statements. Although the balance sheet was correct, the amendments resulted in changes to the CIES, Movement in Reserves Statement (MIRS), the Cash Flow Statement and Notes 13, 8 and 23. This was due to a variety of errors, for example in impairment, revaluation and depreciation.

Disclosure note 48 – Impact of the adoption of International Financial Reporting Standards (IFRS)

This note was not consistent with the entries we reviewed as part of the restatement exercise.

Disclosure note 32 – Officers' Remuneration

This note originally provided incorrect information within the bandings on the statement.

---

## Accounting practices, policies, estimates and financial disclosures

### Issue

Vehicles, plant and equipment

The Council's accounting policies for capitalisation of assets was not followed in respect of some education and gritting vehicles.

Operating leases

The Council carried out detailed work to identify underlying leases in ongoing arrangements. While not material, the Council did find some property leases that should be classified as operating leases, but disclosed no operating leases in the disclosure note to the accounts.

### Findings and recommendations:

# Financial statements

**We experienced significant difficulties during the audit due to the lateness of the IFRS restatement exercise and the approved accounts. Working papers were also late, not complete and some were not to standard**

## **Significant difficulties encountered during the audit**

The Council did not complete the IFRS restatement exercise in line with its project plan, some statements were not restated and presented to us for review prior to receipt of the 2010/11 accounts and we also received a number of versions of the restated statements which we were required to review. We received the first element of the restated accounts in January and completed our review of the exercise at the end of August 2011 following responses to our queries. This meant that we were still carrying out our review during the main audit and this impacted on our timetable and resources throughout the audit.

The accounts were approved by the Director of Finance and submitted for audit on the evening of 4 July 2011 which is after the deadline. During the year the Accounts and Audit Regulations were updated and the 2011 Regulations confirmed that the Director of Finance must approve the accounts by 30 June (previously members were required to approve the accounts by 30 June). Prior to this change, our original deadline for receiving the accounts was 20 June 2011 which was subsequently changed to 30 June 2011. This late start to the audit had some impact on our timetable and resources.

The deadline for presenting working papers was not met and they were not complete. During the year we agreed which working papers would be presented with the accounts (revised deadline of 30 June 2011). The first working papers were received on 7 July and the trial balance (required to ensure we are auditing the correct figures and to pick testing samples) was not received until 13 July 2011. Working papers for group accounts were still being requested on 17 August 2011. As working papers were late and incomplete we were not able to progress our audit efficiently and it also had a significant effect on our timetable and resources.

The standard of working papers was variable. When we received them, most working papers were adequate although some were not to standard, for example non-current assets. Working papers for financial instruments and the collection fund were good and provided early in the audit.

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## **Recommendation**

Ensure that the accounts production process has contingency time and quality assurance time built into it, to reduce the number of avoidable errors in the statements presented for audit.

Ensure that working papers are produced to support the Statement of Accounts, and that these working papers reconcile to the accounts, supporting systems and provide the agreed information. This would give the Council greater assurance that the financial statements are accurate, reduce the time taken to complete the audit and reduce the volume of queries to officers during the audit.

## **Significant matters that were discussed or subject to correspondence with management**

During the year, officers kept me informed of the plans for and progress on the redundancy exercise. We raised no concerns regarding the accounting treatment in 2010/11.

## **Other significant matters relevant to the reporting process**

The Council is planning to produce an Annual Report/Summary of Accounts document following completion of the audit. We will need to review this to ensure it is consistent with the published statements.

## **Letter of representation**

Before I issue my opinion, auditing standards require me to ask you and management for written representations about your financial statements and governance arrangements. Appendix 6 contains the draft letter of representation.

# Value for money

## Value for money conclusion

I have identified weaknesses in your arrangements to secure value for money in your use of resources and plan to issue a qualified opinion.

The Council has adequate systems and processes to manage effectively financial risks and opportunities, and to secure a stable financial position that enables it to continue to operate for the foreseeable future, although delivery of the Change Programme is crucial to ensuring financial resilience.

**I am required to conclude whether the Council put in place proper corporate arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the value for money conclusion.**

I assess your arrangements to secure economy, efficiency and effectiveness in your use of resources against two criteria specified by the Audit Commission. My conclusion on each of the two areas is set out below.

I have some concerns about whether Wirral Council has proper arrangements to secure value for money in its use of resources. I plan to issue a qualified opinion that draws attention to weaknesses identified in the arrangements for securing value for money in respect of the HESPE contract and other governance and internal control issues arising from whistleblowing issues and from the recording and control of assets. My opinion will, however, conclude that with the exception of these matters, I am satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2011.

## Value for money criteria and our findings

### Criterion

**1. Financial resilience**  
**The organisation has proper arrangements in place to secure financial resilience.**

### Findings:

The Council has proper arrangements in place for securing financial resilience. The Council generally achieved its saving and financial targets in 2010/11, aided by the large scale voluntary redundancy scheme that was implemented. During the year, the 'Change Programme' was not on course to deliver planned savings over the medium term although savings were delivered in 2010/11. The financial position was monitored closely during the year by a strategic budget monitoring group and the council finished the year with a better than planned balance on its general fund and set a balanced budget for 2011/12.



## Value for money criteria and our findings

### Criterion

Focus for 2010/11:  
The organisation has robust systems and processes to manage effectively financial risks and opportunities, and to secure a stable financial position that enables it to continue to operate for the foreseeable future.

### Findings:

Progress on the 2011/12 budget is adequate but challenging and the Council is currently predicting a general fund balance of £7.4m (£11.5m at June 2011). However, there are significant pressures across the Council, especially in the Department of Adult Social Services (DASS) where the predicted overspend is currently £7m (August 2011). Although there is currently a satisfactory level of balances to mitigate this for 2011/12, they cannot be relied on longer term. Leadership and management of the financial position will be vital to ensure a balanced budget in 2012/13 and this will be even more challenging due to the planned retirement of the current director and recruitment of a new director.

The current budget shortfall for 2012/13 is £25.3m and the Council will shortly be considering how to close the gap. Delivery of the Change Programme is crucial to achieving financial resilience.

# Value for money

## Value for money conclusion

I have identified weaknesses in your arrangements to secure value for money in your use of resources.

The Council is prioritising its resources within tighter budgets, for example by achieving cost reductions but is not able to demonstrate that it is improving efficiency and productivity in some areas, for example in respect of the HESPE contract.

## Value for money criteria and our findings *continued*

### Criterion

#### 2. Securing economy efficiency and effectiveness

**The organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness.**

Focus for 2010/11:

The organisation is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.

### Findings:

We have some concerns about whether Wirral Council has proper arrangements for challenging how it secures economy, efficiency and effectiveness. Although cost reductions are generally being achieved it is not clear whether efficiency and productivity are being improved.

The Council has delivered a number of objectives within its Corporate Plan and there are plans in place to deliver further improvements. For example, the market management review in DASS is reducing the payments to care home providers to bring back to the average for the sector and putting in place arrangements to assess the efficiency and effectiveness of the service going forward.

However, there are a number of Change Programme projects currently assessed as 'red' (at June 2011), such as Looked after Children, Learning Disabilities, Disposal of Assets, Office Rationalisation and some areas of Procurement. In addition, there are a number of indicators that are currently assessed as 'red', for example the indicator for financial assessments completed within 30 days is significantly under target.

## Value for money criteria and our findings *continued*

### Criterion

### Findings:

We reviewed the benefits realization of the Highways and Engineering Services Procurement Exercise (HESPE) contract which has now been in operation for the last two and a half years and found that the Council is not able to provide information on activity and performance to determine whether it is receiving better value for the money spent.

### Report by exception

The Audit Commission requires me to report by exception where significant matters come to my attention, which I consider to be relevant to proper arrangements to secure economy, efficiency and effectiveness in your use of resources.

There are a number of governance and internal control issues that are impacting on the efficiency and effectiveness of the Council. For example, arising from the whistleblowing issues in DASS and Technical Services that have been or are in the process of being reported to members. We have also raised concerns over the recording and control of assets over a number of years and although there is some improvement there are still major weaknesses in internal control, especially in respect of vehicles, plant and equipment.

### Recommendation

Ensure there are robust plans in place to ensure financial resilience going forward, and that the change Programme is delivered.

Ensure there is strong leadership and management in DASS during the changeover of the Director post to ensure that the overspending is managed

Ensure there are robust systems in place to manage and monitor performance to assess Value for Money.

# Appendix 1 – draft Auditor’s Report

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## DRAFT INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF WIRRAL BOROUGH COUNCIL

### Opinion on the Authority accounting statements

I have audited the accounting statements of Wirral Borough Council for the year ended 31 March 2011 under the Audit Commission Act 1998. The accounting statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of Wirral Borough Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010.

### Respective responsibilities of the Director of Finance and auditor

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the Director of Finance is responsible for the preparation of the Authority’s Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. My responsibility is to audit the accounting statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practices Board’s Ethical Standards for Auditors.

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements sufficient to give reasonable assurance that the accounting statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority’s circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Authority; and the overall presentation

of the accounting statements. I read all the information in the explanatory foreword to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

### **Opinion on accounting statements**

In my opinion the accounting statements:

- give a true and fair view of the state of Wirral Borough Council's affairs as at 31 March 2011 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

### **Opinion on other matters**

In my opinion, the information given in the explanatory foreword for the financial year for which the accounting statements are prepared is consistent with the accounting statements.

### **Matters on which I report by exception**

I have nothing to report in respect of the governance statement on which I report to you if, in my opinion the governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007.

### **Opinion on the pension fund accounting statements**

I have audited the pension fund accounting statements for the year ended 31 March 2011 under the Audit Commission Act 1998. The pension fund accounting statements comprise the Fund Account, the Net Assets Statement and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of Wirral Borough Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010.

## **Respective responsibilities of the Director of Finance and auditor**

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the Director of Finance is responsible for the preparation of the pension fund's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. My responsibility is to audit the accounting statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements sufficient to give reasonable assurance that the accounting statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the fund; and the overall presentation of the accounting statements. I read all the information in the explanatory foreword to identify material inconsistencies with the audited accounting statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

## **Opinion on accounting statements**

In my opinion the pension fund's accounting statements:

- give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2011 and the amount and disposition of the fund's assets and liabilities as at 31 March 2011, other than liabilities to pay pensions and other benefits after the end of the scheme year; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

## **Opinion on other matters**

In my opinion, the information given in the explanatory foreword for the financial year for which the accounting statements are prepared is consistent with the accounting statements.



## **Conclusion on Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources**

### **Authority's responsibilities**

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

### **Auditor's responsibilities**

I am required under Section 5 of the Audit Commission Act 1998 to satisfy myself that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

I report if significant matters have come to my attention which prevent me from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. I am not required to consider, nor have I considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

### **Basis of qualified conclusion**

I have undertaken my audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2010, as to whether the Authority has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for me to consider under the Code of Audit Practice in satisfying myself whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2011.

I planned my work in accordance with the Code of Audit Practice. Based on my risk assessment, I undertook such work as I considered necessary to form a view on whether, in all significant respects, the Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We reviewed the benefits realization of the Highways and Engineering Services Procurement Exercise (HESPE) contract which has now been in operation for the last two and a half years and found that the Council is not able to provide information on activity and performance to determine whether it is receiving better value for the money spent.

### **Conclusion**

On the basis of my work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2010, with the exception of the matter reported in the basis for qualified conclusion paragraph above, I am satisfied that in all significant respects Wirral Borough Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2011.

The Audit Commission's guidance also requires me to report by exception on any other significant additional matters that come to my attention and which I consider to be relevant to proper arrangements to secure economy, efficiency and effectiveness in the use of resources. Such a matter has come to my attention relating to significant weaknesses in governance and internal control arrangements for whistleblowing issues arising in DASS and Technical Services and in the control of assets.

### **Certificate**

I certify that I have completed the audit of the accounts of Wirral Borough Council and Merseyside Pension Fund in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

[Signature]

Michael Thomas, Officer of the Audit Commission

Audit Commission, Liverpool Office, 3rd Floor, Millennium House, 60 Victoria Street,  
Liverpool L1 6LD

September 2011



# Appendix 2 – Amendments to the draft financial statements

I identified the following misstatements during my audit and management have adjusted the financial statements. I bring them to your attention to aid you in fulfilling your governance responsibilities.

Adjusted misstatement	Nature of adjustment	Dr £'000s	Comprehensive income and expenditure statement	Dr £'000s	Balance sheet
<p>Depreciation amount charged through asset note and asset register different to that charged through income statement and reserves. A manual reversal of the final quarter depreciation for a disposed of asset had been made in error. The correct amount had already been processed through the asset register</p>	<p>The adjustment corrects this incorrect posting in the CIES, through the MIRS, in the Cash Flow statement and in the various notes and unusable reserves where the incorrect depreciation figure has been used.</p>	74	Cr £'000s	Dr £'000s	Cr £'000s
<p>An asset was included as an addition in the asset register at an incorrect value and the accounts reflected this and the subsequent impairment to report the total balance at the correct value.</p>	<p>The adjustment reduces the additions figure and the impairment figure, adjustments which net each other off and leave the correct totals.</p>			42	42
<p>Revaluation reversals of previous impairment had been taken to the revaluation reserve without first reversing the impact of impairment charged to CIES</p>	<p>An element of revaluation that represents reversal of impairment credited to CIES. The effect on the reserves is written out through the revaluation reserve reported in the MIRS, and therefore amends total unusable reserves reported on the balance sheet.</p>		875		875

Adjusted misstatement	Nature of adjustment	Comprehensive income and expenditure statement		Balance sheet	
		Dr £'000s	Cr £'000s	Dr £'000s	Cr £'000s
<p>The surplus on provision of services from the CIES was incorrectly entered as a deficit in the first line of the cash flow statement. An incorrect balancing adjustment was then entered into line 2 of the statement</p>	<p>Cash flow statement line 1 £(64,800)k adjustment, Cash flow statement line 2 £64,800k adjustment.</p>	n/a	n/a	n/a	n/a
<p>The cash flow statement did not reconcile to the cash and cash equivalents on the face of the Balance Sheet</p>	<p>The Cash Flow statement has been restated and the cash and cash equivalents figure amended to agree to the Balance Sheet figure.</p>	n/a	n/a	n/a	n/a
<p>The staff leave accrual was understated in the statements in error and did not reflect the supporting calculations.</p>	<p>Increase the accrual to the correct value by debiting expenditure against service lines in the CIES. The opposite entry is required to increase the accrual held on the balance sheet.</p>	1,290	1,290		1,290
<p>The loss on disposal figure included in the CIES was not consistent with the loss on disposals reported elsewhere in the statements. The CIES required a correction of 607k.</p>	<p>The CIES figure is adjusted by 607k. The adjustment corrects an inconsistency between CIES and the MIRS, resulting in no net impact on the balance sheet.</p>		607	n/a	n/a

# Appendix 3 – Unadjusted misstatements in the financial statements

I identified the following misstatements during my audit, but management has not adjusted the financial statements. I bring them to your attention to help you in fulfilling your governance responsibilities and ask you to correct these misstatements. If you decide not to amend, please tell me why in the representation letter. If you believe the effect of the uncorrected errors, individually and collectively, is immaterial, please reflect this in the representation letter. Please attach a schedule of the uncorrected errors to the representation letter.

Unadjusted misstatement	Nature of required adjustment	Comprehensive income and expenditure statement	Balance sheet
		Dr £'000s	Cr £'000s
		Cr £'000s	Dr £'000s

The deficit on revaluation of PPE assets line on the face of the CIES has not been fully supported. The supporting papers appear to include items which should be reported under net cost of services

Not yet known (awaiting further response)

not known

n/a

# Appendix 4 –Glossary

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## **Audit closure certificate**

A certificate that I have completed the audit following statutory requirements. This marks the point when I have completed my responsibilities for the audit of the period covered by the financial statements.

## **Audit opinion**

On completion of the audit of the financial statements, I must give my opinion on the financial statements, including:

- whether they give a true and fair view of the financial position of the audited body and its spending and income for the year in question; and
- whether they have been prepared properly, following the relevant accounting rules.

## **Opinion**

If I agree that the financial statements give a true and fair view, I issue an unqualified opinion. I issue a qualified opinion if:

- I find the statements do not give a true and fair view; or
- I cannot confirm that the statements give a true and fair view.

# Appendix 4 -Glossary

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## **Materiality and significance**

The Accounting Practices Board (APB) defines this concept as ‘an expression of the relative significance or importance of a particular matter for the financial statements as a whole. A matter is material if its omission would reasonably influence users of the financial statements, such as the addressees of the auditor’s report; also a misstatement is material if it would have a similar influence. Materiality may also be considered for any individual primary statement within the financial statements or of individual items included in them. We cannot define materiality mathematically, as it has both numerical and non-numerical aspects’.

The term ‘materiality’ applies only to the financial statements. Auditors appointed by the Commission have responsibilities and duties under statute, as well as their responsibility to give an opinion on the financial statements, which do not necessarily affect their opinion on the financial statements.

‘Significance’ applies to these wider responsibilities and auditors adopt a level of significance that may differ from the materiality level applied to their audit in relation to the financial statements. Significance has both qualitative and quantitative aspects.

## **Weaknesses in internal control**

A weakness in internal control exists when:

- a control is designed, set up or used in such a way that it is unable to prevent, or detect and correct, misstatements in the financial statements quickly; or
- a control necessary to prevent, or detect and correct, misstatements in the financial statements quickly is missing.

An important weakness in internal control is a weakness, or a combination of weaknesses that, in my professional judgement, are important enough that I should report them to you.

# Appendix 4 -Glossary

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## Value for money conclusion

The auditor's conclusion on whether the audited body has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources based on criteria specified by the Audit Commission. The criteria set by the Audit Commission for 2010/11 cover financial resilience and economy, efficiency and effectiveness.

The Code of Audit Practice defines proper arrangements as corporate performance management and financial management arrangements that form a key part of the system of internal control. **These** comprise the arrangements for:

- planning finances effectively to deliver strategic priorities and secure sound financial health;
- having a sound understanding of costs and performance and achieving efficiencies in activities;
- reliable and timely financial reporting that meets the needs of internal users, stakeholders and local people;
- commissioning and buying quality services and supplies that are tailored to local needs and deliver sustainable outcomes and value for money;
- producing relevant and reliable data and information to support decision making and manage performance;
- promoting and displaying the principles and values of good governance;
- managing risks and maintaining a sound system of internal control;
- making effective use of natural resources;
- managing assets effectively to help deliver strategic priorities and service needs; and
- planning, organising and developing the workforce effectively to support the achievement of strategic priorities.

If I find that the audited body had adequate arrangements, I issue an unqualified conclusion. If I find that it did not, I issue a qualified conclusion.

# Appendix 5 – Action plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
5	Members should consider whether to amend the statements for the unadjusted error. If you decide not to amend, please tell me why in the representation letter. If you believe the effect of the uncorrected error is immaterial, please reflect this in the representation letter. Please attach a schedule of the uncorrected error to the representation letter	3				
10	Ensure that assets are valued and reported on a consistent, supported basis in line with IFRS classifications.	2	Reg Huyton Finance Tony Simpson Law, HR and Asset Management	Yes	Work is undertaken each year to value the Councils assets. This will involve looking across asset categories to ensure consistency and compliance with IFRS classifications.	March 2012

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
10	Ensure that recognised gains and losses reported in the statements and through the ledger are consistent with supporting information and reported consistently throughout the main statements and reserves.	2	Jenny Spick Finance	Yes	During 2011/12 working papers to support the Statement of Accounts will be developed to include verifications and cross referencing of figures within the statements.	June 2012
10	Ensure that the plans to maintain control over the classification of lifecycle costs in PFI schemes are put in place and monitored	2	Reg Huyton Finance Tom Quigley Children and Young Peoples Department	Yes	In preparation for the 2011/12 Statement of Accounts details will be sought from our PFI schools contractor. The aim of this is to identify and monitor lifecycle costs.	Ongoing
13	Vehicles, plant and equipment (VPE) – strengthen controls over verification of VPE assets including verifying assets in the register exist and are in use as well as confirmation that assets in use are recorded in the register.	3	Reg Huyton and Jenny Spick Finance All Council Departments	Yes	Procedures will be developed and implemented to verify VPE assets. This will involve seeking assurances from all Council departments.	June 2012
13	Quality assurance of the accounts – strengthen controls to ensure errors in the financial statements are minimised; there must be adequate resources and contingency to enable robust review of the accounts approved by the Director of Finance.	2	Tom Sault Finance	Yes	The arrangements for quality assurance will be reviewed and updated. For 2011/12 we will look to increase the level of resources dedicated to this aspect of the production of the Statement of Accounts.	June 2012



Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
17	Ensure that the accounts production process has contingency time and quality assurance time built into it, to reduce the number of avoidable errors in the statements presented for audit.	2	Tom Sault Finance	Yes	Quality Assurance time is always built into the timetable. For 2011/12 closedown it is important that this time is realised and effectively used.	June 2012
17	Ensure that working papers are produced to support the Statement of Accounts, and that these working papers reconcile to the accounts, supporting systems and provide the agreed information. This would give the Council greater assurance that the financial statements are accurate, reduce the time taken to complete the audit and reduce the volume of queries to officers during the audit.	2	Jenny Spick and Group Accountants Finance	Yes	For the 2011/12 work will be undertaken to develop working papers that link through to the Statement of Accounts through the use of electronic files/spreadsheets and the Council financial package.	June 2012

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
21	Ensure there are robust plans in place to ensure financial resilience going forward, and that the change Programme is delivered.	3	Chief Executive and Directors	Yes	Budget predictions are reported to Cabinet and the Change programme is regularly monitored. Work is currently underway to examine options to improve financial resilience through the budget process for 2012/13 and the Medium Term Financial Plan.	Ongoing
21	Ensure there is strong leadership and management in DASS during the changeover of the Director post to ensure that the overspending is managed	3	Chief Executive	Yes	The post is currently out to advert with a closing date of 14 <sup>th</sup> September 2011.	March 2012
21	Ensure there are robust systems in place to manage and monitor performance to assess Value for Money	3	Chief Executive and Directors	Yes	The Councils systems for managing and monitoring Value for Money will be developed in 2011/12.	Ongoing

# Appendix 6 – Draft Letter of Representation

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to Michael Thomas,  
District Auditor,  
Audit Commission,  
The Heath Business and Technical Park,  
Runcorn,  
Cheshire,  
WA7 4QF

date 28 September 2011

Page 171  
your ref FA/IEC  
my ref Ian Coleman  
please ask for

DRAFT

Dear Sir,

## **Wirral Borough Council - Audit for the year ended 31 March 2011**

I confirm to the best of my knowledge and belief, having made appropriate enquiries of other officers of Wirral Borough Council, the following representations given to you in connection with your audit of the Council's financial statements for the year ended 31 March 2011.

### **Compliance with the statutory authorities**

I acknowledge my responsibility under the relevant statutory authorities for preparing the financial statements in accordance with the Code of Practice for Local Authority Accounting in the United Kingdom which give a true and fair view of the financial position and financial performance of the Council, and for making accurate representations to you.

### **Uncorrected misstatements**

Either

There are no uncorrected financial statements misstatements.

OR

I confirm that I believe that the effects of the uncorrected financial statements misstatements listed in the report are not material to the financial statements, either individually or in aggregate. The misstatements have been discussed with those charged with governance within the Council and the reasons for not correcting these items are as follows;

### **Details to be included etc.**

I also confirm that the adjustments have no impact upon the level of balances, reserves or provisions of the Council at 31 March 2011.

### **Supporting records**

All relevant information and access to persons within the Council has been made available to you for the purpose of your audit, and all the transactions undertaken by the Council have been properly reflected and recorded in the financial statements.

### **Irregularities**

I acknowledge my responsibility for the design and implementation and maintenance of internal control systems to prevent and detect fraud or error.

I also confirm that I have disclosed:

- a) my knowledge of fraud, or suspected fraud, involving either management, employees who have significant roles in internal control or others where fraud could have a material effect on the financial statements;

- b) my knowledge of any allegations of fraud, or suspected fraud, affecting the Council's financial statements communicated by employees, former employees, analysts, regulators or others; and
- c) the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

**Law, regulations, contractual arrangements and codes of practice**

I have disclosed to you all known instances of non-compliance, or suspected non-compliance with laws, regulations and codes of practice, whose effects should be considered when preparing financial statements.

Transactions and events have been carried out in accordance with law, regulation or other authority. The Council has complied with all aspects of contractual arrangements that could have a material effect on the financial statements in the event of non-compliance.

All known actual or possible litigation and claims, whose effects should be considered when preparing the financial statements, have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

**Accounting estimates including fair values**

I confirm the reasonableness of the significant assumptions used in making the accounting estimates, including those measured at fair value.

I confirm:

- a) the appropriateness of the measurement method, including related assumptions and models, the consistency in application of the process;
- b) the assumptions appropriately reflect management's intent and ability to carry out specific courses of action on behalf of the Council, where relevant to the accounting estimates and disclosures;
- c) the appropriateness of the carrying value of Council fixed assets;
- d) the completeness and appropriateness under the financial reporting framework; and

- e) subsequent events do not require adjustment to accounting estimates and disclosures included within the financial statements.

### **Use of Experts**

The Council has used experts in specific areas to assist in the preparation of the Statement of Accounts, and discussed and disclosed these to you during the audit.

### **Financial Guarantees**

The Council has given no financial guarantees in financial year to 31 March 2011.

### **Related party transactions**

To confirm that I have disclosed the identity of Wirral Council related parties and all the related party relationships and transactions of which I am aware. I have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirement of the framework.

### **Subsequent events**

All events subsequent to the date of the financial statements, which would require additional adjustment or disclosure in the financial statements, have been adjusted or disclosed.

### **Signed on behalf of Wirral Borough Council**

I confirm that this letter was agreed by the Audit and Risk Management Committee of Wirral Borough Council on 28 September 2011.

Name	Ian Coleman
Position	Director of Finance
Date	28 September 2011

**WIRRAL COUNCIL**

**CABINET**

**13 OCTOBER 2011**

<b>SUBJECT:</b>	<b>ANNUAL GOVERNANCE STATEMENT (AGS) 2010/11</b>
<b>WARD/S AFFECTED:</b>	<b>ALL</b>
<b>REPORT OF:</b>	<b>DIRECTOR OF FINANCE</b>
<b>RESPONSIBLE PORTFOLIO HOLDER:</b>	<b>COUNCILLOR STEVE FOULKES</b>
<b>KEY DECISION?</b>	<b>YES</b>

## **1.0 EXECUTIVE SUMMARY**

- 1.1 The preparation and publication of an Annual Governance Statement (AGS) is necessary to meet the statutory requirement set out in the Accounts and Audit Regulations 2003 (amended 2006 and 2011).
- 1.2 This report explains the requirement for the Authority to produce the AGS declaring the degree to which it meets the Governance Framework.
- 1.3 Cabinet considered a draft AGS on 14 April 2011. The AGS has been revised to provide further information. The revised statement was approved by the Audit and Risk Management Committee on 28 September 2011, subject to issues raised by the District Auditor.

## **2.0 RECOMMENDATION**

- 2.1 That the AGS for 2010/11 be agreed.

## **3.0 REASON FOR RECOMMENDATION**

- 3.1 The production of the AGS is necessary in order to meet fully the statutory requirements of Regulation 4 of the Accounts and Audit Regulations 2003 (amended 2006 and 2011).

## **4.0 BACKGROUND AND KEY ISSUES**

### **Regulatory Framework**

- 4.1 Regulation 4 of the Accounts and Audit Regulations 2003 required councils to review the “effectiveness of their system of internal control” and to publish a Statement on Internal Control (SIC) with the Financial Statements of the Local Authority each year. It also requires the findings of the review to be considered by a Committee of the Council.

- 4.2 The Accounts and Audit Regulations 2003 were amended in 2006, and CIPFA/SOLACE produced the Delivering Good Governance in Local Government Framework (“the Framework”). This required the production and publication of an AGS by the Council to replace and subsume the Statement on Internal Control from 2008.

### **Governance**

- 4.3. Governance is about how the Authority ensures that it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. It comprises the systems, processes and controls, and cultures and values, by which the Authority is directed and controlled and through which it accounts to, engages with, and, where appropriate leads the community (Source: CIPFA/SOLACE Delivering Good Governance in Local Government).
- 4.4. Effective governance arrangements ensure that:
- Authority policies are implemented in practice;
  - Authority values and ethical standards are met;
  - Laws and regulations are complied with;
  - Required processes are adhered to;
  - Financial statements and other published information are accurate and reliable;
  - Human, financial and other resources are managed efficiently and effectively;
  - High-quality services are delivered efficiently and effectively.
- 4.5. The Framework identifies six core principles of good governance:
- i. Focusing on the purpose of the Authority and on the outcomes for the community and creating and implementing a vision for the local area.
  - ii. Members and officers working together to achieve a common purpose with clearly defined functions and roles.
  - iii. Promoting values for the Authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.
  - iv. Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.
  - v. Developing the capacity and capability of Members and officers to be effective.
  - vi. Engaging with local people and other stakeholders to ensure robust accountability.



- 4.6. Taking account of the above, local authorities are expected to undertake the following:
- Review their existing governance arrangements against the Framework
  - Maintain an up to date local Code of Governance, including arrangements for ensuring its ongoing application and effectiveness
  - Prepare an AGS to report publicly on the extent to which they comply with the principles.

### **Process**

- 4.7. Within the Council there is an existing, well established process for the review of the control system and preparation of the AGS, managed by Internal Audit and reported to the Corporate Governance Group and the Audit and Risk Management Committee.
- 4.8. Whilst Internal Audit is responsible for undertaking the assurance work, it is important to recognise that this is not a document owned by the audit function but an Authority statement on the effectiveness of its governance processes.
- 4.9. The process includes:
- a. Reviewing key governance processes, covering such areas as: responsibilities of Members and Chief Officers; adequacy of performance management; partnership working; and risk management.
  - b. Reviewing reports completed by external review agencies, so as to ensure that key findings are considered for inclusion in the AGS and that appropriate actions have been taken or are planned to address any issues highlighted.
  - c. Requesting Chief Officers and Managers to review and comment upon their areas of responsibility so as to provide assurance that key governance processes are robust.

### **Additional Information**

- 4.10 On 22 September 2011 Cabinet considered a report of an Independent Review undertaken into issues arising from a Public Interest Disclosure Act Report. The Independent Review had led to a Supplemental Report entitled 'Wirral Metropolitan Borough Council's Corporate Governance Arrangements: Refresh & Review' which is critical of Corporate Governance . In line with the recommendations of the report, Cabinet resolved to set up a specific Cabinet committee to drive forward the changes required in the way the Council is managed.

- 4.11. On 28 September 2011 the Audit Commission presented the Annual Governance Report to the Audit and Risk Management Committee. In the published report the District Auditor qualified the Value for Money conclusion drawing "attention to weakness identified in the arrangements for securing value for money in respect of the HESPE contract and other governance and internal control issues arising from the whistleblowing issues and from the recording and control of assets".
- 4.12. Cabinet originally considered the draft AGS on 14 April 2011. The document has been revised to provide further information in relation to:-
- i. Role of the Chief Financial Officer (paragraph 3.20 of the Statement)
  - ii. The Audit & Risk Management Committee (paragraph 4.4 of the Statement)
  - iii. Internal Audit (paragraph 4.7 of the Statement)
  - iv. External Audit (paragraph 4.8 of the Statement)
  - v. Governance (paragraph 5.1.1 of the Statement)
  - vi. Conflicts of Interest and Whistleblowing (paragraph 5.1.6 of the Statement)
  - vii. Public Interest Disclosures (paragraph 5.1.8 of the Statement).

## **5.0 RELEVANT RISKS**

- 5.1 Potential failure of the Council to comply with the statutory requirement of Regulation 4 of the Accounts and Audit Regulations 2003 (Amended 2006 and 2011), leading to adverse comment by the External Auditor.
- 5.2 Failure to manage risks identified may prejudice the achievement of corporate objectives.

## **6.0 OTHER OPTIONS CONSIDERED**

- 6.1 No other options considered.

## **7.0 CONSULTATION**

- 7.1 Members of the Corporate Governance Group and the Executive Team have been involved in the development of the Annual Governance Statement.

## **8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

- 8.1 There are none arising from this report.

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

- 9.1 There are none arising from this report.

## **10.0 LEGAL IMPLICATIONS**

10.1 There are none arising from this report.

**11.0 EQUALITIES IMPLICATIONS**

11.1 There are none arising from this report.

**12.0 CARBON REDUCTION IMPLICATIONS**

12.1 There are none arising from this report.

**13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

13.1 There are none arising from this report.

FNCE/227/11

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**APPENDICES**

Appendix A - Annual Governance Statement 2010/11

## REFERENCE MATERIAL

- CIPFA The Annual Governance Statement: Meeting the Requirements of the Accounts and Audit Regulations 2003, incorporating Accounts and Audit (Amendment) (England) Regulations 2006: A Rough Guide for Practitioners (2007) (the “Rough Guide”).
- CIPFA/SOLACE Delivering Good Governance in Local Government : Guidance Note and Framework (2007)
- Accounts and Audit Regulations (England) 2006.
- CIPFA Code of Practice for Internal Audit in Local Government 2006.
- CIPFA The Role of the Chief Financial Officer in Local Government 2010.
- CIPFA Application Note to Delivering Good Governance in Local Government: A Framework 2010.

## SUBJECT HISTORY (last 3 years)

<b>Council Meeting</b>	<b>Date</b>
Audit and Risk Management Committee	28 September 2011
Cabinet	14 April 2011
Audit and Risk Management Committee	28 March 2011
Cabinet	4 November 2010
Audit and Risk Management Committee	28 September 2010
Cabinet	22 July 2010
Audit and Risk Management Committee	30 June 2010
Cabinet	15 April 2010
Audit and Risk Management Committee	24 March 2010

## **1. Scope of Responsibility**

- 1.1 Wirral Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively. Wirral Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility, Wirral Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
- 1.3 Wirral Council has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government'. A copy of the code is on our website at [www.wirral.gov.uk](http://www.wirral.gov.uk). This statement explains how Wirral Council has complied with the code and also meets the requirements of Regulation 4 of the Accounts and Audit Regulations 2006 in relation to the publication of a statement on internal control.

## **2. The Purpose of the Governance Framework**

- 2.1 The governance framework comprises the systems and processes, culture and values for the direction and control of the Authority and its activities through which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It can not eliminate all risk of not fully achieving policies, aims and objectives; and therefore provides a reasonable rather than absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Wirral Council policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
- 2.3 The governance framework has been in place for a number of years at Wirral Council and, in particular, for the year ended 31 March 2011.

### **3. The Governance Framework**

**3.1** The CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' lays down principles of governance best practice. Key elements of the systems and processes which comprise the Council's governance arrangements are described in the following paragraphs. Our assessment is based upon the CIPFA/SOLACE guidance.

### **3.2 Developing and Communicating our Purpose and Vision**

- The development of the Authority's purpose and vision is undertaken through corporate and business planning, linked to wider community planning for Wirral through the Local Strategic Partnership (Sustainable Community Strategy / LAA).
- A new Corporate Plan for 2011-14 is being developed, to ensure that it remains fit for purpose taking into account the outcomes of the consultation exercise carried out in December 2010 "Wirral's future – be a part of it" when shaping the future of the Council's services.
- The establishment of five key Corporate Objectives:
  - 1 To create more jobs, achieve a prosperous economy and regenerate Wirral.
  - 2 To create a clean, pleasant, safe and sustainable environment.
  - 3 To improve health and well being for all, ensuring people who require support are full participants in mainstream society.
  - 4 To raise the aspirations of young people.
  - 5 Create an excellent Council.
- A Marketing and Engagement Strategy, in line with the Council's Corporate Plan objectives, has now been developed to promote how the Authority's purpose and vision is being delivered for local people.
- The Local Area Agreement for 2008-11 is included in the Sustainable Community Strategy which sets out Wirral's 'Story of Place' and shared understanding of local needs.

### **3.3 Ensuring that users receive a high quality of service**

- The Council has an objective performance management framework. The system is driven by the Corporate Plan, which focuses attention on corporate priorities. This is cascaded through departmental service plans, individual employee key issue exchanges and action plans. It is clearly laid out in the annual service and financial planning and performance management cycle.
- All National Indicators, local indicators, projects and activities contained within the departmental plans are reported to the relevant scrutiny committee.
- Data quality training has now been provided to over 100 staff across the council.

- The Council's Customer Access Strategy provides the framework for the development of all Wirral Council's access channels. The overall aim is to make information and high quality services more accessible to our customers in the most efficient and effective way.
- Wirral-wide customer surveys will take place every two years and will be complemented by the involvement of VCAW (Voluntary and Community Action Wirral). Published data will be anonymous. A survey undertaken in 2010/2011 has been utilised by the One Stop Shops to drive improvements within this area.
- Feedback from customers and other performance information will be considered every quarter by the Customer Services Group and will inform the proposed quarterly corporate engagement report. Integration into the Council's cycle of service review and planning will enable further improvement of access to and quality of services. An annual customer services report is also collated.

### **3.4 Measuring performance and value for money**

- The Council has in place a Medium Term Financial Strategy, updated annually to support the medium term aims of the Corporate Plan. This ensures the economical, efficient and effective use of resources, and secures continuous improvement in the way in which its functions are exercised.
- A rigorous system of monthly financial monitoring ensures that any significant budget variances are identified in a timely way, and corrective action is initiated.
- The Council has continued to undertake, as part of its public duties, Equality Impact Assessments (EIA's) on strategies, policies, services, projects and procedures. This process ensures that the Council optimises the impact of services for stakeholders.

### **3.5 Roles and Responsibilities**

- Wirral Council facilitates policy and decision making via a Cabinet Structure with Cabinet Member portfolios.
- The roles of the Executive members are clearly defined in the Constitution, including responsibility for leadership and activities of the Authority.
- The roles and responsibilities of all members of the Authority, along with remuneration details, are clearly defined in the Constitution.
- The roles and responsibilities of all senior officers, along with remuneration details, are documented in contracts of employment and job specifications.
- The Constitution complies with and includes all the requirements as listed within the CIPFA/Solace "Delivering Good Governance in Local Government" guidance, however there are a number of areas that need to be updated.
- The Scheme of Delegation has been reviewed to keep pace with changes in the organisational structure and will continue to be reviewed as and when any further changes occur.

### **3.6 Member/Officer Relations**

- A full Scheme of Delegation is included in the Constitution.
- The Constitution includes the delegation of functions to individual cabinet members.
- The responsibility of the Chief Executive for all aspects of operational management is clearly stated in the Constitution.
- Protocol on Member and Officer relations is clearly stated within the Codes and Protocols of the Constitution.
- Arrangements are in place to ensure conformity with ethical standards, and to monitor their continuing effectiveness in practice.

### **3.7 Partnership Arrangements**

- A Partnership Framework and Toolkit has been developed and approved, however, it is yet to be publicised throughout the Authority.
- The Council's single equality scheme, a key activity within the Corporate Plan, was developed in full consultation with Wirral's communities, and details the actions that will be taken across the whole Council to eliminate any discriminatory practices and to promote equality and recognise diversity within employment and service delivery, including in partnership working.
- The Council has produced a local Code of Corporate Governance detailing how the Authority complies with the principles of good governance. However, there are a number of areas that need to be updated.
- The results from the Residents Survey Spring 2010 fed into the priority areas consulted on as part of "Wirral's future – be a part of it". The Corporate and Departmental Plans are being developed based upon the findings of the 'Wirral's Future' consultation. The departmental plans will take account of the needs, views and priorities of individual areas and communities.

### **3.8 Standards of Conduct**

- The Standards Committee, which operated effectively during the 2010/11, has a number of roles and functions, which include promoting and maintaining high standards of conduct by councillors and employees.
- There is a corporate conflict of interest form for completion by Members and Officers. Members' Conflict of Interest forms are now input in to the 'Mod Gov' system which adds to transparency as the system provides online public access.
- Financial Regulations and Contract Procedure Rules are contained within the Council Constitution.



### **3.9 Demonstrating the Values of Good Governance**

- The Chair of the Standards Committee is an independent member of the public. The number of independent members is now four which exceeds the statutory requirement for 25 % of the Committee to be independent.
- The Council has a call-in procedure, which allows members to 'call-in' decisions made by Cabinet, Committee of the Cabinet or an individual Cabinet Member of the Council.
- The transparency of the decision making process is served through the publication of agendas and minutes of all Council committees, other than those areas designated as being exempt which are now, where possible, included as an appendix so allowing the rest of the report to be viewed.

### **3.10 Transparency of the Decision Making Process**

- The Cabinet takes the majority of the Council's key decisions, but these are then subject to scrutiny by one of the six Overview and Scrutiny Committees. Some functions fall outside the Cabinet and Scrutiny Committee arrangements, these include planning applications and licensing matters, and separate committees are in place to deal with them.
- The public has access to all meeting minutes with the exception of exempt items.
- Codes of Conduct for Members and employees are in place.
- An Audit and Risk Management Committee provides independent assurance on risk management and control and the effectiveness of the arrangements the Council has for these matters.
- A Corporate Complaints Procedure is in place.

### **3.11 Quality of Reporting**

- Risks now have a separate section within committee reports.

### **3.12 Risk Management**

- The Council has systems for identifying and evaluating all significant risks, developed and maintained with the participation of those involved in planning and delivering services.
- A Corporate Risk Register is in place, which is monitored on an ongoing basis, and the Authority has in place a Risk and Insurance Team.
- A Confidential Reporting (Whistleblowing) Policy is in place. However a number of findings relating to the policy have been identified e.g. it should gain a higher profile, monitoring of its effectiveness and training and guidance issued where required.
- The Council adopted an updated Risk Management Strategy in 2010. This explains the methodology for the management of risk throughout the Authority.

### **3.13 Use of legal powers to benefit citizens and communities**

- The Scheme of Delegation of Functions to Officers, included within the Council Constitution, identifies the legal powers of officers.
- The Director of Law, HR & Asset Management is authorised to institute, defend or participate in any legal proceedings in any case where such action is necessary to give effect to decisions of the Council or in any case where he considers that such action is necessary to protect the Council's interests.

### **3.14 Development of members and officers**

- All members receive an induction and attend a specifically organised event to introduce them to the Council and its departments.
- All employees to the Council are invited to a corporate and departmental induction.
- There is a Programme for Member Development which is decided and set a year in advance and reflects the civic year. The decision on what is included in the programme is taken by the Member Training Steering Group (a cross- party group) and is reflective of the development needs of Members as identified in Personal Development Plans.
- Roles and responsibilities of all senior officers, along with remuneration details, are documented in contracts of employment and job specifications.

### **3.15 Developing the capacity of people with governance responsibilities**

- The Audit and Risk Management Committee undertakes an annual self assessment exercise, utilising CIPFA's checklist, in order to assess its role and effectiveness.
- The Key Issues Exchange (KIE) process which is provided to all Council employees helps to highlight the requirement to develop skills and improve performance.

### **3.16 Encouraging involvement in the membership of the authority**

- There is an Older Person's Parliament and Young Person's Parliament which seek to obtain views from these sections of the community.
- The Council engages with communities through eleven Area Forums; providing an opportunity to shape services in their neighbourhood.
- The You Decide and Winter Resilience programmes enable residents to vote on what additional council services they would like to see in their area and tell us what they feel the priorities are.
- A single Wirral Council Consultation Database is being developed to reduce duplication when conducting consultations and make more effective use of the information obtained.

### **3.17 Stakeholder Engagement and Scrutiny**

- A Comprehensive Engagement Strategy (CES), approved by the Local Strategic Partnership (LSP), is in place to help provide a framework approach within which Wirral's LSP works to create a new environment for partnership development and working.
- A programme of transfer of a number of Council-owned Community Centres to community ownership is underway.
- The Council is establishing a Big Society Unit. The Unit will have a particular focus on increasing the involvement of the voluntary, community and faith sector in the delivery of services and to ensure that the Council works closely with this sector to benefit local people and communities. The Unit will be the central point of contact for engaging with the voluntary, community and faith sector.

### **3.18 Public dialogue and accountability**

- The Council has established an Equality Watch membership scheme which sets out a clear commitment to ensuring that no person accessing Council services experiences discrimination of any kind.
- The Authority's commitment to openness can be demonstrated in, for example:
  - Constitution of the Council, publicising the Council's approach to decision-making and standards of conduct.
  - Approach to the Freedom of Information Act
  - Customer Care Guidelines / Customer Services Strategy.
  - Availability of committee minutes to the public except in those areas where it is inappropriate.
  - Area Forums, covering the whole of the borough, which give local people a voice.
- A Sustainable Community Strategy and framework for reviewing partnership delivery of Wirral's long term vision has been implemented.
- An Annual Performance and Financial report is produced following the end of the financial year.

### **3.19 Responsibility to staff**

- There is a Consultation and Negotiation Policy in place, which deals with the role of workers' unions and their representatives within the decision making process in matters affecting changes in conditions, working practices and personnel policies.
- The Chief Executive has met with staff via his 'roadshows'.
- The Council achieved Level 3 of the Equality Standard – now 'Achieving' status during 2009/10, and is striving to achieve 'Excellent' status, under the Equality Framework for Local Government, by November 2011.

### **3.20 Role of the Chief Financial Officer**

- The financial management arrangements in place comply with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010). However, the Code of Corporate Governance requires updating so as to reflect the arrangements in place. This is planned to take place in the forthcoming year. However, the role of the Chief Financial Officer is fully reflected within the Constitution of the Council.

## **4. Review of Effectiveness**

### **4.1 Introduction**

Wirral Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the Authority who have responsibility for the development and maintenance of the governance environment, the Internal Audit Annual Report, and by comments made by the external auditors and other review agencies and inspectorates. Key controls in the governance review process are identified in the following paragraphs.

### **4.2 Corporate Review**

The Council's Corporate Governance Group (CGG) has managed the development of the Annual Governance Statement, in consultation with the Council's Chief Internal Auditor. CGG is chaired by the Interim Chief Executive, and comprises a range of key officers from across the Authority.

### **4.3 Statutory Officer Responsibilities**

- 4.3.1 The Council Constitution sets out the responsibilities of both members and senior managers. Roles and responsibilities have been identified and allocated for the following three statutory posts:

Head of Paid Service:	Chief Executive
Chief Financial Officer:	Director of Finance
Monitoring Officer:	Director of Law, HR and Asset Management

- 4.3.2 The Council has designated the Director of Law, HR and Asset Management as the Monitoring Officer. The Monitoring Officer has a duty to monitor and review the operation of the Constitution to ensure its aims and principles operate effectively and an annual report is submitted to Cabinet.

- 4.3.3 The Council has designated the Director of Finance as Chief Finance Officer in accordance with Section 151 of the Local Government Act 1972. The financial management of the Authority is conducted in accordance with the Financial Procedure Rules set out in the Constitution.

4.3.4 The Council continues to assess how its overall corporate governance responsibilities are discharged. In particular the Council has adopted the CIPFA/Solace Delivering Good Governance Framework, has developed a local Code of Corporate Governance and therefore is working towards the National Good Governance Standard.

#### **4.4 Audit and Risk Management Committee**

4.4.1. The Council has an Audit and Risk Management Committee (ARMC), which oversees various financial matters, the terms of reference for which comply with latest CIPFA guidelines.

4.4.2. ARMC plays a fundamental role in underpinning the governance of the Authority. The Chief Internal Auditor (CIA) reports independently to ARMC, and, in addition to considering the CIA's Annual Report, the committee produces its own Annual Report demonstrating how it (the ARMC) has fulfilled its terms of reference and improved the Council's governance and control environments.

#### **4.5 Standards Committee**

The Council has a Standards Committee, which deals with matters relating to the conduct of Councillors, employees, complaints and probity issues, the terms of reference for which comply with latest guidelines from the Standards Board for England.

#### **4.6 Internal Control**

The review of the effectiveness of the system of internal control reflects best practice guidance identified by the CIPFA Finance Advisory Network and is informed by:

- Directorate assurance based on management information, performance information, officer assurance statements and Scrutiny Committee reports.
- the work undertaken by Wirral Internal Audit during the year.
- the work undertaken by the external auditor reported in their Annual Audit and Inspection Letter.
- Other work undertaken by independent inspection bodies.

#### **4.7 Internal Audit**

4.7.1 The arrangements for the provision of internal audit are contained within the Financial Regulations included within the Constitution. The Director of Finance is responsible for ensuring that there is an adequate and effective system of internal audit of the accounting and other systems of internal control as required by the Accounts and Audit Regulations 2006 (amended 2011). The internal audit provision is managed by the Chief Internal Auditor and operates in accordance with the CIPFA Code of Practice for Internal Audit in Local Government 2006.

4.7.2 From the work undertaken in 2010/11 the Chief Internal Auditor was able to provide 'reasonable assurance' on the key areas of risk management, corporate governance and financial control.

#### **4.8 External Audit**

The Audit Commission reviews compliance with policies, procedures, laws and regulations within their remit. Some Internal Audit work is subject to review by the external auditor. In its most recent review the Audit Commission's overall conclusion was that Internal Audit generally met the requirements of the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006.

### **5. Significant Governance Issues**

#### **5.1 Summary**

Internal Audit has concluded that, based on the work undertaken, overall throughout the Council there are sound systems of internal control in place. However, improvements in the internal control environment can always be made and reports have been produced and discussed with Chief Officers and Members during the year that recommend appropriate actions to be taken within an agreed timescale to address weaknesses and improve systems of control in key areas.

The following have been identified as part of the review of governance.

##### **5.1.1 Governance**

Wirral Council's Code of Corporate Governance is to be reviewed and updated to ensure it includes all relevant areas from the CIPFA/SOLACE guidance, including reflecting the role of the Chief Financial Officer. In addition to this, a means of promoting and communicating the Code is to be introduced.

The Constitution of the Council is also to be reviewed so as to ensure it reflects accurately the current governance arrangements.

In the light of the Independent Review, (Cabinet 22 September 2011) and the Audit commission's Annual Governance Report 2010/11 the Council has set up a specific Cabinet Committee to address the governance issues raised in those reports.

The Cabinet Committee will consider how the Council's Audit Team may be strengthened to ensure that warnings they issue are clearly heard and responded to.

The Council needs to report formally the effectiveness of Internal Audit.

### **5.1.2 Single Status**

The Council has partially completed the Single Status Review and it is anticipated to be completed during the forthcoming financial year.

### **5.1.3 Change Programme**

The Council's ongoing commitment to introduce efficiencies and service improvements is evidenced through the Strategic Change Programme. During the year, there have been changes to the structure of the Programme. Regular progress reports have been presented to the Council's committees including Council Excellence Overview and Scrutiny Committee and Cabinet.

### **5.1.4 Partnership Working/ Shared Services**

The Council continues to be actively involved in developing the way it works with partners and organises itself to deliver services. A Partnership Framework and Toolkit has been compiled and approved, however its effectiveness needs to be reviewed to ensure it is being adopted Authority wide.

A strategy also needs to be developed for implementing and communicating the Partnership Framework and Toolkit.

A full review of the Partnership Register is also required to ensure that details of all partnerships have been recorded. The Register will then need to be monitored and maintained on an ongoing basis.

### **5.1.5 Restructuring the Council's Departments**

The Council has undergone, and continues to undergo, significant change resulting from the loss of a number of staff through the Early Voluntary Retirement (EVR) and voluntary severance exercise. A corporate approach is being developed through reviewing performance management arrangements and Human Resources policies and the Council's Executive Team is tasked with monitoring the effectiveness of the arrangements in place.

### **5.1.6 Anti-Fraud and Corruption**

During a period of organisational change, the requirement for robust anti-fraud and corruption policies is heightened. Problems have been identified with the level of staff awareness of key anti-fraud policies such as the Confidential Reporting (Whistleblowing) Policy, Gifts and Hospitality and Conflict of Interest Policy, and anti-money laundering. Work is planned to review these policies to ensure their continued relevance and fitness for purpose and the method of their promotion amongst staff, to ensure widespread compliance. The Council has established a dedicated team within Internal Audit with anti-fraud responsibilities. Anti-fraud and corruption training will be provided to all staff via an online training package during 2011/12.

### **5.1.7 Information Management**

The reorganisation of the Information Technology section will enhance the the Council's approach to the management of information.

### **5.1.8 Public Interest Disclosures**

#### Adult Social Services

The Audit Commission report under the Public Interest Disclosure Act (PIDA), relating to charging in Adult Social Services, followed concerns raised by a member of staff under the Council's whistleblowing procedures. The subsequent internal investigation identified a number of actions and weaknesses which are being addressed, and progress is monitored by both ARMC and Cabinet.

The Leader of the Council requested a further independent review of the concerns raised as a result of the PIDA report. In summary, the Terms of Reference are to determine if all the issues were properly and adequately addressed; to determine if the lessons learned across the Council have been properly and thoroughly heeded; to provide reassurance that no similar matters need to be addressed. The report will be published in due course.

A Supplemental Report relating to the Council's governance arrangements was considered by Cabinet on 22 September 2011, and a specific Cabinet Committee has been set up to drive forward the necessary changes.

An independent investigation into the whistleblower's allegations of bullying and harassment has been reported to Cabinet.

#### Highways and Engineering Services Procurement Exercise (HESPE)

The Audit Commission report under the Public Interest Disclosure Act (PIDA), relating to the procurement of the HESPE contract, followed concerns raised by a group of staff under the Council's whistleblowing procedures. A number of issues were identified regarding procurement, and general governance policies and procedures: there was no evidence of impropriety by any officers or members. Lessons learned raised by the report are being addressed through an Action Plan incorporated within the current Parks and Countryside Services Procurement Exercise, and progress is monitored by both ARMS and Cabinet.

However, in the light of planned comments by the District Auditor in the Annual Governance Report 2010/11, further work is required.



### **5.1.9 Vulnerable Adults**

The Care Quality Commission's report highlighted concerns in the areas of "safeguarding adults" and "adults with learning disabilities". A comprehensive action plan has been developed and progress is continuing.

### **5.1.10 International Financial Reporting Standards (IFRS)**

The Council continues to work towards the implementation of IFRS for the 2010/11 Statement of Accounts. This includes the work around fixed assets; vehicles, plant and equipment; community and infrastructure assets.

However, in the light of planned comments by the District Auditor in the Annual Governance Report 2010/11, further work is required.

## **6. Conclusion**

We have been advised on the implications of the review of the effectiveness of the governance framework by the Audit and Risk Management Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

To the best of our knowledge, the governance arrangements, as defined above, have been operating effectively during the year with the exception of the key areas identified above.

We propose over the coming year to take any necessary steps to ensure that all of the above matters are addressed as appropriate to enhance our governance arrangements further. Many improvement actions represent work already in progress. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed: \_\_\_\_\_ Date: \_\_\_\_\_

Chief Executive

Signed: \_\_\_\_\_ Date: \_\_\_\_\_

Leader of the Council

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## WIRRAL COUNCIL

### CABINET

13 OCTOBER 2011

<b>SUBJECT</b>	<b>MEDIUM TERM FINANCIAL STRATEGY</b>
<b>WARD/S AFFECTED</b>	<b>ALL</b>
<b>REPORT OF</b>	<b>DIRECTOR OF FINANCE</b>
<b>RESPONSIBLE PORTFOLIO HOLDER</b>	<b>COUNCILLOR STEVE FOULKES</b>
<b>KEY DECISION</b>	<b>YES</b>

#### **1.0 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 4 November 2010. 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 2011.

#### **2.0 RECOMMENDATIONS**

- 2.1 That the Medium Term Financial Strategy be approved.
- 2.2 That regular updates of the Budget Projections be reported to Cabinet and to Council Excellence Overview & Scrutiny Committee.

#### **3.0 REASON FOR RECOMMENDATIONS**

- 3.1 The Corporate Plan and Departmental Plans identify how the corporate objectives are to be achieved and which are delivered through the setting of the annual Budget. The Medium Term Financial Strategy indicates the resource issues and principles that shape the Budget and by identifying current issues as well as potential developments / related issues the Strategy helps inform future revenue and capital budgets.

#### **4.0 BACKGROUND AND KEY ISSUES**

- 4.1 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.

- 4.2 The Strategy draws together the financial requirements emerging from the Customer Access Strategy, Risk Management Strategy and Procurement Strategy as well as resource-based strategies covering Capital, Human Resources, Information Technology and Asset Management, and service strategies. It seeks to maximise the opportunities for delivering services from within the finite resources available.
- 4.3 Cabinet on 14 April 2011 agreed arrangements for integrated financial and performance management monitoring during 2011/12. 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.
- 4.4 The Authority is currently undertaking a consultation exercise using a budget simulator package titled 'You Choose' which has been developed with the support of YouGov and the Local Government Group. Responses from this consultation will help inform future priorities and the delivery of services.
- 4.5 The Strategy is attached as an Appendix and includes:-
- 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.
- 4.6 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.

## **5.0 RELEVANT RISKS**

- 5.1 The Medium Term Financial Strategy provides a strategic overview of the issues facing future finances and includes a risk assessment.

## **6.0 OTHER OPTIONS CONSIDERED**

- 6.1 There are no other options considered in this report.

## **7.0 CONSULTATION**

7.1 The Corporate Plan priorities have been influenced by the outcome of the 'Wirral's Future – Be A Part Of It' consultation in 2010. The outcomes of the current 'You Choose' consultation will help influence future priorities and service delivery. The Medium Term Financial Strategy links to the Corporate Plan priorities.

## **8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

8.1 There are none arising directly from this report.

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

9.1 The resource implications are within the Strategy and the financial implications are updated by the Budget Projections reports submitted to Cabinet throughout the year.

## **10.0 LEGAL IMPLICATIONS**

10.1 There are none arising directly from this report.

## **11.0 EQUALITIES IMPLICATIONS**

11.1 There are none arising directly from this report.

11.2 Equality Impact Assessment (EIA) is not required.

## **12.0 CARBON REDUCTION IMPLICATIONS**

12.1 There are none arising directly from this report.

## **13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

13.1 There are none arising directly from this report.

FNCE/213/11

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## APPENDIX

### Medium Term Financial Strategy

#### SUBJECT HISTORY

<b>Council Meeting</b>	<b>Date</b>
Cabinet - Medium Term Financial Strategy	4 November 2010
Cabinet - Draft Corporate Plan for 2011-14	17 March 2011
Cabinet - Delivering the Corporate Plan	14 April 2011
Cabinet - Budget Projections 2012-2015	1 September 2011



## WIRRAL COUNCIL

# MEDIUM TERM FINANCIAL STRATEGY

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CABINET  
SEPTEMBER 2011

## **1.0 EXECUTIVE SUMMARY**

### **1.1 Introduction**

- 1.1.1 Wirral Council is committed to providing services that meet the needs and aspirations of the people of Wirral. The creation of an environment where employers choose to invest, where people wish to live and where the vulnerable are looked after and feel safe is key to our success. The vision is set out in Sustainable Community Strategy and reflected in the Corporate Plan.
- 1.1.2 The Corporate Plan is supported by a series of longer term goals and annual priorities and targets 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 environment and informs the way in which the Council works with its partners who share many of these aims.
- 1.1.3 Budget consultation also plays a significant role in shaping future priorities and the delivery of services. Given the financial pressures within the public sector consultation and involvement with stakeholders including residents, customers, community groups, businesses and employees will be important for the future development and operation of council services.
- 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, directing resources towards priority areas and keeping Council Tax affordable as evidenced by the recent freeze in Council Tax.

### **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 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 Period**

1.3.1 The Strategy covers the period up to 31 March 2015 aligning the Strategy with both the period covered by the Chancellor of Exchequer's 2011 budget and the intended Spending Review period. Whilst the Strategy will be valid until 2015 it will be annually reviewed to ensure it remains relevant. The main changes reflect the economic projections from the Chancellor and the updated Corporate Plan agreed in March 2011. 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**

2.1.1 The general global economic outlook remains poor and will impact upon the national economy with the high level of public debt and low interest rates 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. The Coalition Government has implemented measures to tackle the economic situation and the structural deficit with financial consequences for all local authorities including:-

- Reductions in future government grant settlements.
- Increases in demand for services particularly relating to welfare support with additional demands to provide new services to deal with impacts of the recession on communities.
- Possible structural and resource changes linked to School Funding Reforms, Big Society and Localism initiatives
- Reduction in income from fees and charges and from the sale of assets.
- Reduction in 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 current economic situation and the Plan will be regularly updated and reported to Cabinet through the Budget Projections report.

### **2.2 Chancellor's Budget and Spending Review**

2.2.1 The Chancellor of the Exchequer published his Budget on 23 March 2011. The Budget contained a number of measures continuing the deficit reduction process. It also contained a number of economic forecasts:-

- The UK economy was forecast to grow by 1.7% in 2011, 2.5% in 2012, 2.9% in 2013 and 2.9% in 2014 and 2.8% in 2015. Inflation target remains unchanged at 2% although inflation is likely to be higher than this in the short term.

- The structural deficit will be eliminated by 2014/15. Public sector net borrowing forecast is £122 billion for 2011/12 reducing in later years to £29 billion in 2015/16.
- The percentage of total public sector debt against Gross Domestic Product (GDP) will increase from 66.1% in 2011/12 reaching 69.1% in 2015/16. A reduction in net annual borrowing from 11.1% of GDP in 2009/10 to 1.5% in 2015/16 will take place

2.2.2 To achieve the deficit reduction a series of spending reductions across the public sector were announced in the Emergency Budget and then expanded upon in the Spending Review 2010. Although some areas will be protected unprotected departments face a real term cut of at least 25% over 4 years.

2.2.3 The creation of a number of Local Enterprise Zones was announced in the budget and included Wirral Waters. Businesses occupying premises within Zones will benefit from significant tax concessions and supported IT investment. Local authorities will be able to retain growth in business rates within the Zone for 25 years.

### **2.3 Local Government Finance Settlement**

2.3.1 The Local Government Finance Settlement was announced on 31 January 2011 following the Spending Review 2010. The Spending Review provided headline figures of a reduction in Government Grant of approximately 30% over 4 years. The Finance Settlement only covered the 2 years 2011/13 and resulted in reductions in grant support to Wirral of £51 million in 2011/12 and a further £14 million in 2012/13. The finances for the remaining 2 years 2013/15 will be announced after the outcome of the Local Government Finance Review. Reviews of Public Sector Pensions and Welfare Benefits are also in progress.

2.3.2 The grant allocation presently comprises a series of elements based upon needs and resources. It is adjusted to ensure authorities receive a minimum level of increase each year and is available to support all Council services.

## **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 but 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 308,800 in mid-2010. 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.
- 3.1.4 The fastest falling population categories are the 24 years and under age group. 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 be known during the next 12 months and any reduction in population is likely to have a detrimental impact upon Government grant allocations for Wirral.

### **3.2 The Wirral priorities**

- 3.2.1 The approach to corporate planning integrates national and local priorities and was influenced by the outcomes of the Wirral's Future – Be A Part Of It consultation. The Corporate Plan objectives are grouped around four themes:-
- Your Family including a focus on Children and Young People and Adults.
  - Your Economy.
  - Your Neighbourhood.
  - Your Council.
- 3.2.3 The Corporate Plan is supported by a series of annual priorities and targets which are refreshed on an annual basis with the emphasis being to make the most of available resources, take advantage of opportunities open to the council and tackle the significant challenges facing the borough.
- 3.2.4 The shaping of future priorities and the delivery of services will also be influenced by future consultation. This consultation will involve 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 priority themes**

#### **3.3.1 Your Family: Adults**

Additional resources have been made available for Adult Services to provide quality, affordable services and to cope with increased demands. The availability of personal budgets offering improved client choice continues to be increased. Investment has been made in assistive technology to help support residents to live in their homes and additional resources have been made available to support adults with learning disabilities. However the demands from an ageing population for social care continue to increase and prove to be a challenge.

### 3.3.2 Your Family: Children and Young People

Sure Start and Children's Centres have received additional funding whilst funding has also been provided to partners to support targeted early intervention and raise the aspirations of disabled children. Children's care has been supported through promotion of fostering and improved care allowances, support for youth services and a priority of support for the improvement of academic achievement of vulnerable children and of those living in the most deprived areas. The continued major capital investment into schools covers both the maintained and Academy Programmes including significant investment at Pensby Primary School and the Birkenhead High Girls Academy.

### 3.3.3 Your Economy.

The Council has allocated revenue and capital resources to support the development of Wirral's competitiveness and to encourage investment and employment opportunities. This includes the Investment Strategy with substantial developments within the Wirral Waters/Docklands area and New Brighton and continued support for housing initiatives. The investment is complemented by the use of funding to support the Wirral Apprentice Programme, to support small businesses and social enterprise growth, environmental improvements and planned investment in super-fast fibre optic broadband to support the development of businesses.

### 3.3.4 Your Neighbourhood

Environmental improvements and community engagement and safety are key priorities. Additional resources have been allocated to the streetscene contract, street cleansing, recycling and dog fouling enforcement action. Actions over climate change and sustainability have resulted in significant planned capital investment in solar energy in council buildings and further investment has been set aside to continue the programme of domestic insulation. Additional funding for energy efficiency grants has been made available for community buildings and a carbon budget established. Further investment in Wirral's libraries has been secured and support for tackling the anti-social behaviour continued.

### 3.3.5 Your Council

Council Tax for 2011/12 was frozen at the 2010/11 level to benefit from the receipt of a grant made available from Government and this accorded with the commitment to providing quality services whilst keeping Council Tax affordable through the securing of value for money. Increased community involvement is being promoted through consultation and the formulation of a Neighbourhood Plan for each Area Forum. The Older and Younger Peoples Parliaments continue to be supported and inform policy development in their respective areas. The increased funding allocated to Area Forums allows local people to have a greater say over spending in their areas. One Stop Shop services continue to be developed and where appropriate their co-location with libraries will provide a wider range of services.

## **4.0 CAPITAL PLAN**

### **4.1 Introduction**

- 4.1.1 Over the past year the level of capital funding available to Local Authorities has reduced significantly. Major grant funding streams have been significantly reduced, including, those for Housing Market Renewal and Transport, whilst other previously specific grants have been unringfenced giving Local Authorities greater autonomy over the funding of capital projects but at a much reduced level. Authorities have the ability to augment capital funding under the Prudential Code whereby additional expenditure 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 Wirral Investment Strategy sees the Council and partners committed to the ambitious vision for Wirral of securing its economic future by attracting investment and creating sustainable employment opportunities for the people of the Borough. The Strategy aims to create an internationally competitive economy where local employers succeed and businesses choose to invest; an economy with high levels of private sector employment, which retains and attracts young people and provides the job opportunities for all Wirral residents to realise their full potential.
- 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 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 The largest area within the capital programme relates to the Children and Young People Department. Major projects include the £12 million rebuild/refurbishment of Birkenhead High School for Girls Academy, which is due for completion in October 2012, and the co-location of Pensby Primary and Stanley Special Schools costing £12.5 million, due for completion in 2013. Much of this work is supported by government grants.
- 4.2.3 Within Technical Services is the Local Transport Plan which 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.

4.2.4 Work on the Council's non-school buildings is driven by the Law, HR and Asset Management Department with the IT enhancements under the Finance Department. Improvements to Cultural Service Assets continue in line with the recommendations of the Cultural Services review carried out in 2009. This investment focused on improvements to Williamson Art Gallery and the redevelopment of Libraries, Leisure Centres and Parks. Investment will also be made to the Administrative buildings of the Council.

<b>PROGRAMME AT 30 JUNE 2011</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14*</b>
<b>SPEND</b>	<b>£ million</b>	<b>£ million</b>	<b>£ million</b>
Adult Social Services	2.9	0	0
Children & Young People	39.2	12.8	0
Corporate Services	10.8	9.6	1.3
Finance	3.7	1.0	1.0
Law, HR & Asset Management	8.8	4.8	3.0
Technical Services	11.5	5.3	0
<b>Total Programme</b>	<b>76.9</b>	<b>33.5</b>	<b>5.3</b>

Capital funding for 2013/14 onwards has yet to be agreed therefore a full capital programme has not yet been established.

### **4.3 Resources**

4.3.1 Under the Prudential Code the authority can borrow to fund capital expenditure up to the level that can be afforded. The Government had previously provided support for a certain level of new borrowing each year but this is no longer available. The Council sets Prudential Indicators within the Treasury Management Strategy which act as a gauge to ensure the Council's capital investment funded by borrowing is affordable, prudent and sustainable. Assumptions on the level of borrowing have been reflected in the Medium Term Financial Strategy and Plan.

4.3.2 The level of Government Grants has reduced from past years and many of the remaining grants are no longer ring fenced allowing the Council greater flexible over their use. The major grant funding streams remaining include, Department of Education grants for Maintained Schools and Academy building works, Department of Transport grants for the Local Transport Plan.

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.

<b>PROGRAMME AT 30 JUNE 2011</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14*</b>
<b>RESOURCES</b>	<b>£ million</b>	<b>£ million</b>	<b>£ million</b>
Borrowing	28.6	11.4	4.0
Capital receipts	3.0	3.0	0
Revenue, Reserves & Contributions	4.2	0.3	0
Grants	41.1	18.8	1.3
<b>Total Resources</b>	<b>76.9</b>	<b>33.5</b>	<b>5.3</b>

Capital funding for 2013/14 onwards has yet to be agreed therefore a full capital programme has not yet been established.

## **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 July 2011 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 covered the period 2011/12 to 2014/15 and will result in significantly reduced funding of approximately 30% 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 reductions in Government grants of £51 million in 2011/12. A further reduction of £14 million will take place in 2012/13. The reductions would have been higher under the Formula Grant allocation process but for the application of a damping mechanism to limit the level of loss to those worse affected authorities. In addition the decline in Wirral's population will also likely have implications for the level of future Government grant received.

- 5.2.3 Specific Grants. The Area Based Grant of £43 million in 2010/11 was largely allocated on a needs basis and has now ceased with some elements incorporated within other grants. The Dedicated Schools Grant used for the provision of schools will remain as the most significant specific grant. The pupil premium of which Wirral is currently receiving approximately £5m per annum is forecast to increase fourfold on a national basis by 2014-15.
- 5.2.4 The previous Government's centrally imposed annual 3-4% efficiency targets have been abolished. However the reduced level of central government funding and limitations on expected Council Tax increases will mean that local authorities must continue to identify and deliver substantial efficiencies.
- 5.2.5 The Government have announced a consultation exercise for a Local Government Resources Review. The main proposals revolve around incentives for authorities to assist in growing their local economies and to keep additional business rates raised. This may have adverse implications for authorities like Wirral with a relatively low business rate tax base and are currently net receivers from the national business rate pool.

### **5.3 Local Funding**

- 5.3.1 Council Tax presently provides the other main funding for Council services. The aim is to set Council Tax at affordable levels and within parameters laid down by Government. For 2011/12 the Government introduced a Council Tax Freeze Grant payable to authorities who did not increase their council tax and was set at a Council Tax increase of 2.5%. Authorities were warned that capping would take place for any authority increasing Council Tax by more than 3% and the Plan presently assumes there will be no Council Tax rises. The final position may vary depending upon any directions and or incentives from Central Government.
- 5.3.2 Opportunities for increasing income are being explored and charges for services 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 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 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 have been abolished and a £1 billion Regional Growth Fund established to encourage local authorities, businesses and communities to work together to provide economic growth. Local Enterprise Partnerships have been established along with Local Enterprise Zones (including Wirral Waters) offering significant tax concessions and investment opportunities to businesses. A New Homes Bonus funding stream provides 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. The Wirral Waters scheme continues to progress with planning applications proceeding for the initial stages of this major £4.5 billion investment including a proposed International Trade Centre. The regeneration of New Brighton using private sector investment is due for completion whilst 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 bids for Government funding, including the Lottery Fund.

### **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 which equates to a minimum of £6 million for 2011/12. The budget agreed for 2011/12 forecast higher balances of £6.9 million which was considered prudent given the financial challenges facing local authorities.

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 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 and 2% for all employees from 2013/14.

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 £1.5 million per year from 2013/14 and Landfill Tax is predicted to increase by £8 per tonne per year representing a 50% increase between 2010/11 and 2014/15. An increase in the Merseytravel levy of £1 million per year has also been assumed from 2013/14.

#### 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 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 with any decisions to be effective from April 2007. Whilst largely resolved in 2008 resources have been made available to meet on-going commitments and the final stages of the Job Evaluation process which is anticipated to be concluded shortly.

**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. Departmental plans are subject to 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 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.

#### 5.4.7 Pension Costs

An actuarial revaluation of the Pension Fund was completed in 2010 and resulted in increased costs for the authority (an equated contribution rate of 18.1% based on a 25 year deficit recovery plan compared to the previous employers rate of 17.8%) From April 2011 Wirral's employer pension rate consists of two separate elements, a fixed amount relating to back funding and a future service rate set at 12% of pensionable pay. The next revaluation due in March 2013 may result in further increased costs depending upon demographic and other factors and the outcome of the Government review of public sector pensions.

#### 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 theme issues**

#### 5.5.1 Your Family: Adults

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 and meeting the expected standards. The expansion of personal budgets continues with investment into assistive technology taking place. Personal budgets 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 helps individuals to remain in their home, achieve a better quality of life and reduce pressures on more expensive forms of care.

#### 5.5.2 Your Family: Children and 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 whilst the national distribution of the grant is currently being reviewed.

A number of initiatives are being implemented by the Government which 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 secondary 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.

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

### 5.5.3 Your Economy

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 £4.5 billion Wirral Waters scheme with plans for a major International Trade Centre were submitted in June 2011.

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 has ceased with the reduction in Government grant. Interventions to support housing continue on a smaller scale including support for private sector improvements, adaptations to provide disabled facilities and energy efficiency schemes

The development and support for small businesses is also a key objective for the council. Programmes being supported include the 'Wirral Business Angels' scheme, support for social enterprises and mutuals, measures to tackle empty shops and environmental improvements to local and district shopping areas.

Support to tackle worklessness including the Wirral Apprentice Programme continues with a particular focus on increasing job opportunities and helping secure the continuation of existing jobs. European Social Funding resources have been secured to help with these aims.

### 5.5.4 Your Neighbourhood

Government targets have previously been set for 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. The levy is anticipated to increase by £1.5 million per tonne from 2013.

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).

Investment is being made into Wirral's neighbourhood facilities, for developing the library and One Stop Shop IT network and in other facilities including leisure centres.

In terms of reducing Wirral's carbon footprint significant investment has been made to offer free home insulation to Wirral residents. Energy efficiency measures including the use of solar power are being introduced to council buildings.

Additional investment is being made to improve Wirral's road network and to increase road safety. An exercise is currently underway to procure a suitable parks and open spaces contract that is expected to generate efficiencies and service improvements.

In supporting community engagement additional resources have been allocated to Area Forums whilst a major Neighbourhood Planning consultation programme is taking place in 2011. The asset transfer programme continues with communities being engaged in the operation and maintenance of a number of former authority buildings.

#### 5.5.5 Your Council

A programme of public consultation using various media channels continues. This will help inform and shape the priorities of the Authority and assist with future decision making regarding the use of resources.

To respond to demands for its services within the resource constraints the Council is undergoing a number of organisational changes. The Early Voluntary Retirement / Voluntary Severance Scheme resulted in a reduction in the workforce. Future resource pressures and the need to deliver services in different ways with fewer staff will inevitably result in changes to the way the Council is structured and operates.

The Customer Access Strategy is delivered through the 'front-of-house network' of the Call Centre, One Stop Shops and Libraries with this enhanced through the 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 Asset Review will make improvements to service delivery, contribute towards the sustainability programme and also realise financial benefits through operational efficiencies. Assets have been transferred from Council ownership for community use and this programme of transfers is continuing. An accommodation review is being undertaken which will result in efficiencies and further reductions to the 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, the work of the Procurement Unit and the expansion of goods and services available through on-line catalogues. By using the opportunities afforded by the changing systems this will continue to provide additional benefits.

Responsibilities and budget for public health is expected to transfer to the Council during 2013 which should further strengthen the partnership working between the public sector agencies as well as with other sectors in delivering adult social services.

## 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 zero % Council Tax rise 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:-

<b>SENSITIVITY ANALYSIS</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>
<b>Effect of 1% variation in:-</b>	<b>£ million</b>	<b>£ million</b>	<b>£ million</b>
Inflation – Pay	1.4	1.4	1.4
Inflation – Prices	2.1	2.1	2.2
Inflation – Income	0.3	0.3	0.3
Council Tax income	1.3	1.3	1.3

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 are based on the latest information available. With the Government undertaking consultations during 2011 on topics including the Local Government Resource Review which covers the Localisation of Business Rates and Community budgets; Welfare Reform which includes Council Tax Rebate and the Universal Credit Schemes and the Health Changes as well as the outcome of the Census 2011 the projections will be subject to change. As further information is received this will be reported in the regular Budget Projections updates to Cabinet.

**GENERAL FUND PROJECTIONS (as reported to Cabinet 1 September 2011)**

	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>
	<b>£ million</b>	<b>£ million</b>	<b>£ million</b>
<b>BASE BUDGET</b>	294.8	281.0	267.2
<b>PLUS: IDENTIFIED CHANGES</b>			
Inflation – Pay	1.0	3.5	3.5
Inflation – Prices	4.2	4.2	4.2
Capital financing	1.9	2.0	2.0
Waste Disposal	-	1.5	1.5
Pension Fund	0.3	0.3	2.5
National Insurance	1.0	-	-
Merseytravel	-	1.0	1.0
Unavoidable growth	1.0	1.0	1.0
Efficiency Investment Fund	2.0	2.0	2.0
Inflation – Income	-1.0	-1.0	-1.0
Academies	0.9	-	-
Housing	0.3	-	-
Neighbourhood Management	0.4	-	-
Home to School Transport	0.2	-	-
Integrated Transport	0.3	-	-
DASS Re provision	3.5	-	-
Council Tax Benefit	-	3.2	
Agreed efficiencies	-4.5	-0.5	-0.4
Efficiency Plan/Savings Required	-25.3	-31.0	-30.3
<b>FORECASTED BUDGET</b>	<b>281.0</b>	<b>267.2</b>	<b>253.2</b>
<b>RESOURCES</b>			
Formula Grant	144.8	131.0	117.0
Council Tax Grant	3.3	3.3	3.3
Local Services Support Grant	1.2	1.2	1.2
New Homes Bonus Grant	0.3	0.3	0.3
Council Tax	131.4	131.4	131.4
<b>RESOURCES</b>	<b>281.0</b>	<b>267.2</b>	<b>253.2</b>
<b>GENERAL BALANCE</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>

In terms of Council Tax increases the Coalition Government announced a freeze for 2011/12 and awarded a Council Tax freeze grant worth 2.5% of any notional Council Tax increase.

With the outcome of the Spending Review 2010 and consultation exercises unknown at this stage Formula Grant has been based on indications of the likely range of reduced Government grants and a reduction of approximately 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:-

<b>RISK / ACTION</b>	<b>PROBABILITY</b>	<b>IMPACT</b>	<b>ACTIONS TO REDUCE RISK</b>
Continuing resource reductions require strategic management of resources	High	High	Change Programme. Consultation process to assist prioritisation.
Local Government Resource Review and School Funding Review results in reduced funding	High	High	Early evaluation of options. Lobbying through SIGOMA and others including MPs.
Continuing resource reductions 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. Planning /structural changes including re-provision budget.
Efficiency Plan / savings are not delivered	Medium	High	Appraisal of issues at start. Regular reporting of progress.
Demand for adult / child social care services increases and market failure risks	Medium	High	Lobbying of Government. Monitoring and reporting.
Health service issues add to Council pressures	Medium	High	Agreements with NHS Wirral. Effective care management. Regular dialogue with sector.
Cost of waste / recycling services increase	Medium	High	Lobbying of Government. Monitoring and reporting.
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 performance reporting
Forecasts of future spending needs, pay and inflation vary from assumptions	Medium	Medium	Inflation targets. Pay changes 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. 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	Longer term projections. Scrutiny of decisions. Change Programme.
Severe weather and other incidents	Low	Medium	Maintain emergency plans. Assessment of balance.
Legislative changes including funding not anticipated	Low	Low	Assess Government policy. Member of groups (SIGOMA).
Revenue implications of capital projects not included	Low	Low	Reports identify the revenue effects of projects

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## WIRRAL COUNCIL

### CABINET

13 OCTOBER 2011

<b>SUBJECT</b>	<b>CAPITAL STRATEGY</b>
<b>WARD/S AFFECTED</b>	<b>ALL</b>
<b>REPORT OF</b>	<b>DIRECTOR OF FINANCE</b>
<b>RESPONSIBLE PORTFOLIO HOLDER</b>	<b>COUNCILLOR STEVE FOULKES</b>
<b>KEY DECISION</b>	<b>YES</b>

#### **1.0 EXECUTIVE SUMMARY**

- 1.1 This is the annual update of the Capital Strategy which was last agreed by Cabinet on 4 November 2010. There are only minor revisions to the Strategy which aims to provide a framework with which to support planning considerations for the medium term. Cabinet are asked to review the criteria for prioritising the Capital Programme.

#### **2.0 RECOMMENDATIONS**

- 2.1 That the Capital Strategy be approved.
- 2.2 That the criteria for prioritising the Capital Programme be agreed.

#### **3.0 REASON FOR RECOMMENDATIONS**

- 3.1 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 Council objectives.
- 3.2 The criteria were revised in 2010 to incorporate the 'Wirral's Future : Be A Part Of It' consultation and Cabinet may wish to revise the criteria detailed in the Appendix for 2011.

#### **4.0 BACKGROUND AND KEY ISSUES**

- 4.1 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.
- 4.2 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.

4.3 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.

4.4 The Strategy is appended to this report and includes:-

- 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.

## **5.0 RELEVANT RISKS**

5.1 All relevant risks have been discussed within Section 4 of this report.

## **6.0 OTHER OPTIONS CONSIDERED**

6.1 There are no other options considered in this report.

## **7.0 CONSULTATION**

7.1 There has been no consultation undertaken or proposed and the Strategy sets a framework to work with partner organisations to deliver effective capital investment.

## **8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

8.1 There are none arising out of this report.

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

9.1 Approval and implementation of this Strategy will help to ensure the efficient use of capital resources and assets.

## **10.0 LEGAL IMPLICATIONS**

10.1 There are none arising directly from this report.

## **11.0 EQUALITIES IMPLICATIONS**

11.1 There are none arising directly from this report.

11.2 Equality Impact Assessment (EIA) is not required.

## **12.0 CARBON REDUCTION IMPLICATIONS**

12.1 There are none arising directly from this report.

## 13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

13.1 There are none arising directly from this report.

FNCE/211/11

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## APPENDICES

Capital Strategy

## SUBJECT HISTORY

<b>Council Meeting</b>	<b>Date</b>
Cabinet - Capital Strategy	4 November 2010
Cabinet - Draft Corporate Plan for 2011-14	17 March 2011
Cabinet - Wirral Investment Strategy 2011-16	21 July 2011

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## WIRRAL COUNCIL

### CAPITAL STRATEGY

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<b>4.0</b>	<b>CAPITAL STRATEGY</b>
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5.2	Capital Programme
5.3	Resources
5.4	Management

**CABINET  
SEPTEMBER 2011**

## **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. This vision is clearly set out in Wirral's Sustainable Community Strategy and reflected in the Corporate Plan.
- 1.1.2 The Corporate Plan is structured around four key themes (Your Family, Your Neighbourhood, Your Economy and Your Council) each supported by a series of goals for each theme. In turn, each of the goals has actions and targets by which they will be delivered and measured. 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 to create an internationally competitive economy where local employers succeed and businesses choose to invest; an economy with high levels of private sector employment, which retains and attracts young people and provides the job opportunities for all Wirral residents to realise their full potential.
- 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 detail what is being delivered to implement this Strategy.



## **2.0 REGIONAL ISSUES**

### **2.1 Liverpool City Region**

- 2.1.1 In 2010 the Government asked council's and businesses across 'natural economic areas' to bid to become Local Enterprise Partnerships (LEPs). These Local Enterprise Partnerships, it was hoped, would then take over the role of the regional development agencies in empowering locally driven growth, encouraging business investment and promoting economic development in their area.
- 2.1.2 A bid was submitted and approved for the formation of a Liverpool City Region LEP which covers the areas of Halton, Sefton, Knowsley, Liverpool, St Helen's and Wirral Councils. The proposed remit of the Liverpool City Region LEP is to establish a top international and national investment location based upon global trade, science based innovation, manufacturing and tourism.
- 2.1.3 In March 2011 the Government also confirmed that the Mersey Waters area of the Liverpool City Region had been chosen as an Enterprise Zone. Mersey Waters covers the area of two major regeneration projects, Wirral Waters and Liverpool Waters. Both projects are being developed by The Peel Group and are focused on redeveloping dock areas to attract investment and jobs into the region. Obtaining Enterprise Zone status will assist businesses in the area through tax incentives, superfast broadband, improved infrastructure and simplified planning rules. It also provides an opportunity for the councils to maximise investment in business support by aligning the business grant programme with the businesses rate relief scheme, to encourage businesses to develop and invest in growth related projects where appropriate.
- 2.1.4 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.

### **2.2 Wirral Plans**

#### **2.2.1 Wirral Investment Strategy**

This sets out a strategic to grow Wirral's economy against the context of changing economic conditions and a rapidly shifting national policy landscape. 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 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 308,800 in mid-2010. 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 group. 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 be known during the next 12 months and any reduction in population is likely to have a detrimental impact upon Government grant allocations for Wirral.

## **3.2 The Wirral priorities**

3.2.1 The approach to corporate planning integrates national and local priorities and was influenced by the outcomes of the Wirral's future – be a part of it consultation. The Council Corporate Plan objectives have been grouped around four themes:-

- Your Family (including a focus on Children and Young People and Adults).
- Your Economy.
- Your Neighbourhood.
- Your Council.

3.2.3 The Corporate Plan is supported by a series of annual priorities and targets which are refreshed on an annual basis with the emphasis being to make the most of available resources, take advantage of opportunities open to the council and tackle the significant challenges facing the borough.

3.2.4 The shaping of future priorities and the delivery of services will also be influenced by future consultation. This consultation will involve 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 priority themes**

### **3.3.1 Your Family: Adults**

Additional resources have been made available for Adult Services to provide quality, affordable services and to cope with increased demands. In terms of capital investment this includes facilities in partnership with others such as the extra care housing scheme in Bromborough.

### **3.3.2 Your Family: Children and Young People**

The programme of Sure Start and Children's Centres has been completed whilst major capital investment into schools includes the Primary Schools, schools modernisation and Academy programmes. Within these are the Pensby Primary School and the Birkenhead High Girls Academy schemes.

### **3.3.3 Your Economy**

The Council has allocated revenue and capital resources to support the development of Wirral's competitiveness and to encourage investment and employment opportunities. This includes the substantial developments within the Wirral Waters/Docklands area and New Brighton and continued support for housing initiatives. This is complemented by the revenue funding to support the Wirral Apprentice Programme, small businesses and social enterprise growth, and the planned investment in super-fast fibre optic broadband to support the development of businesses.

### 3.3.4 Your Neighbourhood

Environmental improvements and community engagement and safety are priorities. Actions in responding to climate change and sustainability have resulted in significant planned capital investment in solar energy in council buildings and further investment has been set aside to continue the programme of domestic insulation. The programme of investment into the heritage and cultural assets continues.

### 3.3.5 Your Council

Council Tax for 2011/12 was frozen at the 2010/11 level to benefit from the receipt of a grant made available from Government and this accorded with the commitment to providing quality services whilst keeping Council Tax affordable through the securing of value for money. Increased community involvement is being promoted through consultation and the formulation of a Neighbourhood Plan for each Area Forum. One Stop Shop services continue to be developed and where appropriate their co-location with libraries will provide a wider range of 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 particularly for the improvement of schools and housing. While the Council continues to be proactive in attracting external grant, the amount of grant funding available has been reducing and consequently the need to support capital investment with Council resources has increased.

4.1.4 Borrowing is the main source of Council resources but borrowing can only be undertaken where it can be shown to be sustainable, affordable and prudent. Invest to save schemes are also encouraged whereby projects can effectively self-funded by raising sufficient revenue income or by reducing revenue costs so as to be able to fund the attributable finance charges. The other significant source of 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. 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 Assembly 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 Partnership working also underpins Wirral's Climate Change Strategy in working with residents, communities and local businesses to reduce Wirral's carbon emissions. Wirral's Carbon Reduction Programme coordinates all Council activities with the aim of achieving a 60% reduction in carbon emissions by 2025.
- 4.2.5 The Local Transport Plan (LTP3) 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.
- 4.2.6 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.
- 4.2.7 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.
- 4.2.8 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.
- 4.2.9 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 The Council is presently consulting on Neighbourhood Plans and also a Budget Consultation process that will encourage residents to become involved in suggesting council priorities and actions to meet the budget gap.
- 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 Over the past year the level of capital funding available to Local Authorities has reduced significantly. The Government no longer offers new supported borrowing allocations and major grant funding streams have been significantly reduced, including, the Housing Market Renewal and Transport programmes. Many other, previously specific, grant funding streams are no longer ringfenced in a move which has seen Local Authorities obtain greater autonomy over the funding of capital projects but at a much reduced level. Local Authorities continue to have the ability to augment capital funding under the Prudential Code whereby additional expenditure 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 the ambitious vision for Wirral of securing its economic future by attracting investment and creating sustainable employment opportunities for the people of the Borough. The Strategy aims to create an internationally competitive economy where local employers succeed and businesses choose to invest; an economy with high levels of private sector employment, which retains and attracts young people and provides the job opportunities for all Wirral residents to realise their full potential.



5.1.3 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.

## **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 The largest area relates to the Children and Young Peoples Department. Major projects include the £12 million rebuild/refurbishment of Birkenhead High School for Girls Academy, which is due for completion in October 2012. Following the Primary Places Review, the primary schools projects include the co-location of Pensby Primary and Stanley Special School costing £12.5 million, due for completion in 2013 and the £1.8m redevelopment of Cathcart Street Primary School. Much of this work is support by Government grants.

5.2.3 The Local Transport Plan, managed by the Technical Services Department, 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.

5.2.4 The major projects within Corporate Services are adaptations and Disability Facilities Grants which help support individuals' independent living and help make longer term savings in the Council's Community Care budget. Housing regeneration projects have been greatly curtailed due to the significant reduction in grant funding.

5.2.5 Adult Social Services have received specific capital grant allocations from the Department of Health for adults' personal social services. This will be invested in line with the outcomes of Council's Day Care Services consultation exercise and the recent Government report on the future direction of service provision for adult social care. The exact detail of these plans has to be finalised.

5.2.6 Work on the Council's non-school buildings is driven by the Law, HR and Asset Management. Improvements to Cultural Service Assets continue in line with the recommendations of the Cultural Services review carried out in 2009 and is focussed upon heritage assets, the Williamson Art Gallery and the redevelopment of Libraries, Leisure Centres and Parks. Investment will also be made to the administrative buildings identified through the Asset Review.

5.2.7 There are also ongoing IT enhancements, led by the Finance Department, which are linked to the accommodation and asset reviews which seek to provide facilities that meet the aspirations of the people of Wirral.

<b>PROGRAMME AT 30 JUNE 2011</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14*</b>
<b>SPEND</b>	<b>£ million</b>	<b>£ million</b>	<b>£ million</b>
Adult Social Services	2.9	0	0
Children & Young People	39.2	12.8	0
Corporate Services	10.8	9.6	1.3
Finance	3.7	1.0	1.0
Law, HR & Asset Management	8.8	4.8	3.0
Technical Services	11.5	5.3	0
<b>Total Programme</b>	<b>76.9</b>	<b>33.5</b>	<b>5.3</b>

Capital funding for 2013/14 onwards has yet to be agreed therefore a full capital programme has not yet been established.

### **5.3 Resources**

5.3.1 Under the Prudential Code the authority can borrow to fund capital expenditure up to the level that can be afforded. The Government had previously provided support for a certain level of new borrowing each year but this is no longer available. The Council sets Prudential Indicators within the Treasury Management Strategy which act as a gauge to ensure the Council's capital investment funded by borrowing is affordable, prudent and sustainable. Assumptions on the level of borrowing have been reflected in the Medium Term Financial Strategy and Plan.

5.3.2 The level of Government Grants has reduced from past years and many of the remaining grants are no longer ring fenced allowing the Council greater flexible over their use. The major grant funding streams which remain include, Department of Education grants for Maintained Schools and Academy building works, Department of Transport grants for the Local Transport Plan and the integrated transport block and the Department for Communities and Local Government grant for Disability Facilities Grants.

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.

<b>PROGRAMME AT 30 JUNE 2011</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14*</b>
<b>RESOURCES</b>	<b>£ million</b>	<b>£ million</b>	<b>£ million</b>
Borrowing	28.6	11.4	4.0
Capital receipts	3.0	3.0	0
Revenue, Reserves & Contributions	4.2	0.3	0
Grants	41.1	18.8	1.3
<b>Total Resources</b>	<b>76.9</b>	<b>33.5</b>	<b>5.3</b>

Capital funding for 2013/14 onwards has yet to be agreed therefore a full capital programme has not yet been established.

## 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.

<b>Task</b>	<b>Responsibility</b>	<b>Time / Date</b>
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 Strategy (and other Strategies)	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**

<b>PRIORITISATION CRITERIA</b>	<b>%</b>	<b>CORPORATE OBJECTIVE</b>
1 Will the scheme create employment opportunities or assist in attracting private sector investment?	<b>15</b>	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?	<b>15</b>	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?	<b>15</b>	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?	<b>15</b>	To raise the aspirations of young people.
5 Will it impact on revenue or attract significant external funding and build upon partnership working?	<b>15</b>	To create an excellent Council.
<b>*6 Does the scheme contribute towards more than one Corporate Strategy or the achievement of cross-cutting aims?</b>	<b>10</b>	<b>Partnership working is seen as integral to the future of the Council</b>
<b>*7 Does the scheme provide value for money for the Council in terms of the use of its resources?</b>	<b>10</b>	<b>Value for money is desired in the delivery of all services</b>
<b>*8 Are the outcomes clear and result in improvements in performance?</b>	<b>5</b>	<b>Performance, and improved performance recognised as a priority</b>
6 Will the scheme support the outcomes from the Council's consultation?	<b>15</b>	To deliver the corporate objectives and reflect the views of the people of Wirral.
7 Will the scheme contribute towards the achievement of the Strategic Change Programme?	<b>10</b>	To deliver the corporate objectives and ensure it is linked to the main programme.

**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. Schemes scoring in excess of 50% will be recommended for inclusion in the Capital Programme.
- 4 **\* Cabinet on 4 November 2010 agreed to replace these items with a revised 6 and 7.**

## WIRRAL COUNCIL

### CABINET

13 OCTOBER 2011

<b>SUBJECT:</b>	<b>INFORMATION AND COMMUNICATION TECHNOLOGIES (ICT) STRATEGY 2011 - 2014</b>
<b>WARD/S AFFECTED:</b>	<b>ALL</b>
<b>REPORT OF:</b>	<b>DIRECTOR OF FINANCE</b>
<b>RESPONSIBLE PORTFOLIO HOLDER:</b>	<b>COUNCILLOR STEPHEN FOULKES</b>
<b>KEY DECISION?</b>	<b>NO</b>

### 1.0 EXECUTIVE SUMMARY

- 1.1 This report presents an update of the rolling three year Information and Communication Technologies (ICT) Strategy. The strategy will be continuously reviewed and the updated document will be returned to Cabinet periodically. The ICT Strategy supports the Council in the delivery of corporate priorities. IT Services commitment to save £1.7m over four years from 2011/12 following the 'ICT Strategic Review' is within the strategy.

### 2.0 RECOMMENDATION

- 2.1 That the Information and Communication Technologies Strategy 2011- 2014 be approved.

### 3.0 REASON FOR RECOMMENDATION

- 3.1 To take forward the Council investment in ICT

### 4.0 BACKGROUND AND KEY ISSUES

- 4.1 The Council is a large user of ICT and as such requires a strategy to manage and control the investment in ICT and to ensure that any investment is aligned with and supports:

- The Corporate Plan and Vision for Wirral
- Corporate priorities, aims and objectives
- The Medium Term Financial Strategy
- The Strategic Change Programme including:  
Office Rationalisation  
Customer Access Strategy
- Other Corporate strategies.

- 4.2 The ICT Strategy builds on a number of strategic decisions that have been approved by Cabinet including:

- Approval of the ICT Security Policy, most recently approved on 2 September 2010
- Core IT applications replacement programme

- Central server and storage strategy, most recently approved by Cabinet on 23 July 2009.
- The recommendations of the ICT Strategic Review approved by Cabinet on 14 October 2010.
- The independent review of the development of Oracle CRM and Documentum approved by Cabinet on 23 June 2011.

4.3 The Strategy addresses the following areas:

- What is meant by and included in “ICT”
- Fundamental principles for ICT developments
- Objectives for investment in ICT
- Existing strategic framework
- ICT governance
- Security policies for the use of ICT
- ICT funding
- Business continuity and disaster recovery
- Members’ ICT provision
- Green ICT
- Service Quality
- Corporate systems and infrastructure

4.4. **Changes to the Strategy**

- a. Section 6, Governance, has been updated to reflect the revised membership of the Strategic Change Programme Board.
- b. Section 6 has also been revised to reflect the revised governance arrangements. Control and co-ordination of programmes and the development of related policies has been delegated to the Information Strategy Group (ISG).
- c. Section 7 identifies Information Asset Owners and their responsibility for the lifecycle management of the data/information assets they control.
- d. Section 7 now includes a commitment to monitor and respond appropriately to anticipated guidance from the recently created Office of Cyber Security and Information Assurance. Cyber threats have been identified by the Government as one of the three key threats to the UK.
- e. Section 8 revises a commitment in the ICT Strategy 2010 – 2013 regarding the training in the use of desktop software. A contract to provide training by an external supplier was to have been negotiated. After a review of training provision the Organisational Development Team within HR will manage and deliver the training in the use of desktop software.
- f. Section 8 references potential shared services for the delivery of network services and use of data centres.

- g. Section 9 has been revised to highlight that it is the responsibility of service owners to ensure business continuity in the event of a failure of ICT.
- h. Section 10 has been revised to reflect the present agreed hours of support to Members, i.e. 07.00 to 21.00.
- i. Sections 13 and 14, Corporate ICT Systems and Infrastructure, and Actions, include reference to:
  - Future changes to the version of Microsoft software in use (including e-mail and operating systems) that will have a significant cost and in view of this the potential to use Open Source software is being investigated. A report on options and implications will be brought to Cabinet by June 2012
  - The suspension of the Strategic Change Programme projects for electronic/single billing and the scanning of invoices whilst the business cases are reviewed.
  - The requirement to move to Oracle V12 or an alternative by November 2013.
  - Future developments for the Customer Relationship Management (CRM) and Electronic Document Records Management systems
  - Significant projects in support of the Revenues and Benefits system to deliver the functionality required to support the Local Council Tax Benefits/Rebate scheme; the single fraud investigation involving Wirral Council, HM Revenue and Customs (HMRC) and the Department for Work and Pensions (DWP), to be led by the DWP.
  - A project to integrate Libraries with One Stop Shops to enable co-located service provision and the introduction of radio frequency identification of library books and e-books.
  - The potential acquisition of the Adult Integrated Solution (AIS) for DASS, a development of the existing SWIFT system.
  - Renewal of the Multi Function Device (MFD) contract which will include print management software that diverts large tasks automatically to the Print Unit to ensure the most cost effective printing is used.
  - Strategic Change Programme Management Information System
  - The continuing changes required to retain Government Connect accreditation
  - Changes being made to networks, telephony and desktop structures in support of the Office Rationalisation Project
  - Investigation of data centre options for improved business continuity and disaster recovery
  - The potential for sharing services including networks and data centres with potential partners including the local NHS
  - Implementation of full device encryption for all mobile devices
  - Management and control of all removable media
  - Facilitating the use of social networking tools in conjunction with the Interim Head of Planning, Engagement and Communications.
  - The need to enable the appropriate sharing of Council information with the public for re-use.

- j. The principal actions arising from the Strategic Review of ICT are included where appropriate in Section 14.

4.5. Changes to the Strategy are in italics.

## **5.0 RELEVANT RISKS**

5.1 There are many demands on the ICT resources which are committed to corporate and departmental projects. Change of direction or priorities has an impact on IT Services resources. It is not efficient to move staff from one project on to another and then back again.

5.2 Elements of the ICT Strategy are to deliver external requirements that the Council can not control, e.g. Government Connect Code of Connection and Government Strategy in relation to ICT.

## **6.0 OTHER OPTIONS CONSIDERED**

6.1 Each element/project within the strategy will require all options to be considered in the development of the business case and prior to the investment decision.

## **7.0 CONSULTATION**

7.1 All departments have been consulted via the Information Strategy Group. Officers responsible for corporate strategies and corporate systems referenced in, and underpinned by, the ICT Strategy have been consulted.

## **8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

8.1 The Voluntary, Community and Faith Sector Unit within Communications and Community Engagement has been consulted.

8.2 There are no direct implications arising from the ICT strategy for voluntary, community or faith organisations. However, service managers involved in projects delivered via the ICT Strategy may be able to involve voluntary, community or faith groups.

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

9.1 The total corporate revenue budget for ICT provision in 2011/12 is £13.35m. This covers service provision to all Council Departments (£10.61m) and the majority of schools (£2.74m). Council ICT resources are detailed in section 8 of the Strategy.

## **10.0 LEGAL IMPLICATIONS**

10.1 None

## **11.0 EQUALITIES IMPLICATIONS**

11.1 Has the potential impact of your proposal(s) been reviewed with regard to equality?

b) No because there is no relevance to equality.



## **12.0 CARBON REDUCTION IMPLICATIONS**

12.1 Section 11 of the ICT Strategy addresses this issue. The relevant entry is repeated below

12.2 IT Services, in line with the key theme, your neighbourhood, to create a clean, pleasant, safe and sustainable environment, will actively manage the environmental impact of ICT delivery.

12.3 IT Services ensures compliance with the Waste Electrical and Electronic Equipment (WEEE) Regulations for disposal of equipment. Redundant equipment is recovered and re-cycled by an external contractor.

12.4 IT Services staff receive environmental awareness training in the implementation of the Council Environmental Management system.

12.5 Staff are encouraged to ensure unused equipment is turned off and to print only what is required.

12.6 The Council Print Strategy should lead to a reduction in the number of printers in use, resulting in reduced procurement and energy consumption. Major print tasks are to be delivered by the Print Unit.

12.7 When purchasing equipment the Authority chooses energy saving devices that have been manufactured in an environmentally-conscious fashion.

12.8 Corporate programmes such as the delivery of services via the web and agile working will reduce the occurrence of unnecessary travel on Wirral.

12.9 Other existing technical strategies which will contribute to carbon reduction are:

- Remote support for desktop equipment
- Virtualising existing and new servers
- “Thin Client” desktop environment
- The establishment of a tiered storage area network
- Re-use of desktop equipment.

12.10 Business cases in support of ICT developments should include information on the environmental impact of the development.

## **13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

13.1 None

FNCE/173/11

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## **APPENDICES**

Information and Communication Technologies Strategy 2011 – 2014.

## **REFERENCE MATERIAL**

HM Government ICT strategy can be found at the following link.

<http://www.cabinetoffice.gov.uk/content/government-ict-strategy>

## **SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>
<b>Information and Communication Technologies Strategy 2008 -11 - Cabinet</b>	<b>23 July 2008</b>
<b>Information and Communication Technologies Strategy 2009-12 – Cabinet</b>	<b>24 September 2009</b>
<b>Government ICT Strategy – Cabinet</b>	<b>15 April 2010</b>
<b>ICT Strategic Review – Cabinet</b>	<b>14 October 2010</b>
<b>Information and Communication Technologies Strategy 2010 -13 – Cabinet</b>	<b>25 November 2010</b>
<b>Electronic Document and Records Management System - Cabinet</b>	<b>23 June 2011</b>
<b>Customer Relationship Management System - Cabinet</b>	<b>23 June 2011</b>

**WIRRAL COUNCIL**

**INFORMATION and COMMUNICATION  
TECHNOLOGIES STRATEGY 2011**

# ICT STRATEGY 2011

## 1 INTRODUCTION

### 1.1 The Council

- 1.1.1 Wirral Council is a complex organisation providing services to a borough of 308,000 citizens and the community beyond.
- 1.1.2 We are a large Metropolitan Authority with a gross annual budget of £820m including schools and which will face significant reduction in the coming years. We provide *statutory and no-statutory* services – often in partnership with other organisations – and we deliver those services throughout our communities from over 200 separate buildings.
- 1.1.3 We aim to improve the quality of life for Wirral people by working with our partners to deliver the best services we can, in the most efficient and effective way.
- 1.1.4 We want to provide our services in a manner convenient to those who need them – for example, via our website, through our Call Centre, locally in *Libraries* and One Stop Shops. To do this successfully, requires significant investment in Information and Communications Technologies (or ICT).

### 1.2 Why we need an ICT Strategy

- 1.2.1 Such technology is often expensive. We have many competing demands on our resources and we cannot have everything we want. Therefore, to ensure that:
- ICT investment is aligned to corporate aims, priorities and strategies
  - ICT resources are deployed in accordance with robust business cases
  - technology investment supports us in what we do in the most efficient and effective way and that
  - we provide our services in the most appropriate way
- it is necessary for us to agree how we will plan, co-ordinate and manage this investment.
- 1.2.2 An effective ICT strategy, effectively implemented, will support and deliver a platform for greater efficiencies and service *improvements by Wirral Council, with our partners or through shared service agreements.*
- 1.2.3 We need to be clear that we:
- can afford, develop and maintain all investment
  - invest only to support and improve our services
  - prioritise and co-ordinate all investment, so that we meet this aim most efficiently

## ICT STRATEGY 2011

- invest in technology of the required corporate standard so that it efficiently supports our services

and the risk of not doing so is a lack of control over our resources and that our services will not be provided as efficiently as possible.

1.2.4 This document deals with these issues as follows:

Section	Title	What it does
2	<b>What is ICT?</b>	<ul style="list-style-type: none"> <li>• Explains what we mean by ICT.</li> </ul>
3	<b>Fundamental Principles</b>	<ul style="list-style-type: none"> <li>• Lays down fundamental principles which underpin all ICT development in this Council.</li> </ul>
4	<b>Our ICT Objectives</b>	<ul style="list-style-type: none"> <li>• Explains why we invest in ICT.</li> </ul>
5	<b>Existing Strategic Framework</b>	<ul style="list-style-type: none"> <li>• Explains how we have been implementing our Fundamental Principles.</li> </ul>
6	<b>Governance</b>	<ul style="list-style-type: none"> <li>• Describes how we manage ICT corporately.</li> <li>• Defines responsibilities.</li> </ul>
7	<b>Security Policies, Standards and the Use of ICT</b>	<ul style="list-style-type: none"> <li>• Explains why we need to have and enforce policies, standards and procedures regarding use of ICT.</li> </ul>
8	<b>ICT Resources</b>	<ul style="list-style-type: none"> <li>• Explains how we fund our ICT investment.</li> <li>• Explains how we deploy and train our ICT staff.</li> <li>• Explains responsibilities for training staff in the use of ICT.</li> </ul>
9	<b>Business Continuity and ICT Disaster Recovery</b>	<ul style="list-style-type: none"> <li>• Explains what Business Continuity and Disaster Recovery mean and why they are important.</li> <li>• Defines responsibilities.</li> </ul>
10	<b>Provision of ICT to Members</b>	<ul style="list-style-type: none"> <li>• Describes how we support Members through ICT provision.</li> </ul>
11	<b>Green ICT</b>	<ul style="list-style-type: none"> <li>• How we will manage and reduce the environment impact of ICT.</li> </ul>

## ICT STRATEGY 2011

Section	Title	What it does
12	Service Quality	<ul style="list-style-type: none"><li>• Defines how IT Services measures its performance and how this will be monitored and improved in future.</li></ul>
13	Corporate ICT Systems and Infrastructure	<ul style="list-style-type: none"><li>• Defines what we mean by Corporate ICT Systems and Infrastructure.</li><li>• Identifies on-going strategic development for improvement.</li></ul>

1.2.5 ICT has an impact on everyone who works for or comes into contact with the Council. We have tried to make this document simple and easy to read and follow.

1.2.6 We expect that this strategy will be valid at least until 2014 – but as ICT changes constantly and this strategy is to be delivered in a period of significant budgetary pressure and service delivery change, *including the potential for shared services*, we will continuously review it to make sure it stays relevant. *The strategy will be updated annually and approved by Members.* The Strategy will be supported by an ICT work plan which will be monitored by the Council's Information Strategy Group.

**Stephen Foulkes – Leader**

**Jim Wilkie – Chief Executive**

**Wirral Council**

**Wirral Council**

## ICT STRATEGY 2011

### 2 WHAT IS ICT?

2.1 Information and Communications Technologies (ICT) are the computing and communications facilities which support the delivery of the Council's Services. These include:

- networks
- computers
- mobile devices
- telephones
- systems or applications (see Section 13)
- e-mail
- websites (internet, external and intranet, internal)
- *social media*
- staff and client authentication (identification for secure access)

2.2 Effective use of ICT requires appropriate knowledge, skills and understanding both to:

- design, implement and support the systems effectively, and
- use the systems efficiently.

2.3 The purpose of ICT is to enable the secure communication of correct, relevant and timely information to the right person, in a format which the recipient can use.

2.4 ICT supports the Council's business processes, (the way in which we do things, such as processing planning applications), to:

- enable mobile and more efficient working methods
- promote efficiency and accuracy in the transactions,
- support workflows (automating the flow of information), and
- ensure appropriate record storage.

2.5 *Wirral Council is developing its social media policy to enhance its communication capability with the public.*

### 3 FUNDAMENTAL PRINCIPLES

3.1 ICT investment is guided by the following key principles.

3.2 **Information collected and held by the Council is a corporate resource.**

Therefore:

- We will ensure that ICT investment decisions ensure adherence to *government strategy, legislative requirements* and common data standards. These standards will be in accordance with industry best practice.
- We will move to holding data once and using it many times, as permitted by legislation.
- Investment will support the Council's development of a flexible, secure and resilient ICT platform. This will enable us to use and exchange information within the Council and with others.

3.3 **ICT investment decisions are an integral part of the Council's Corporate Planning Processes.**

Therefore:

We will ensure that due regard is paid to other corporate strategies. These include:

- Corporate Plan

This sets out the broad strategic direction and priorities for the Council in relation to *four key themes*. *Your Family: with a focus on Children and Young People, and Adults, Your Neighbourhood, Your Economy and Your Council.*

We need to ensure investment supports this focus.

- Medium Term Financial Strategy

This four year strategy sets out our forecast of the Council's available resources, in order to assist in how we deliver our objectives and priorities.

- Customer Access Strategy

This is a framework for the development of all Wirral's access channels, making information and services more accessible, responsive to customer needs and maximising resolution at the initial point of contact.

We will be heavily reliant upon ICT achieve this.



## ICT STRATEGY 2011

- People Strategy

This is a framework to ensure that the Council has an effective and productive workforce to meet its current and future objectives.

- Office Rationalisation Project

This addresses how the Council manages its building needs to ensure maximum efficiency whilst enabling the delivery of high quality services and achieving a strategic consolidation of administrative buildings.

- *The project* will transform the use of administrative buildings and support new ways of working to drive service improvement, efficiency and the reduction of office accommodation costs.
- Any building change will impact upon ICT, be it to support staff or public directly or in the infrastructure we use to supply the information.
- ICT provision will both enable and need to respond to the Office Rationalisation Project.

3.4 The Council's ICT needs are delivered by an in house team, IT Services, which is responsible for:

- identifying appropriate ICT standards,
- monitoring adherence to this principle, and
- reporting variations to this principle in accordance with Section 6
- procuring external services to the value of £4m each year.

3.5 The Executive Team (ET) is responsible for ensuring the co-ordination of all strategies so that the corporate priorities are most efficiently met.

## ICT STRATEGY 2011

### 4 OUR ICT OBJECTIVES

4.1 We invest in ICT to achieve the following objectives:

Objective		How
1	To enhance the democratic process.	<ul style="list-style-type: none"> <li>• Provision of modern communication and information tools to support Wirral Members and citizens <i>and facilitate placing the views of Wirral residents, employers, Community and Voluntary Groups at the heart of all we do.</i></li> </ul>
2	To support the provision of services organised around the recipient.	<ul style="list-style-type: none"> <li>• Implementation of Customer Access Strategy.</li> <li>• Provision of alternative service delivery channels.</li> <li>• Implementation of secure authentication.</li> <li>• Working with other organisations, <i>including voluntary, faith and community groups and shared services with other public sector organisations, where cost effective</i>, to provide citizen centred services.</li> </ul>
3	The support of flexible, effective, efficient and economical service delivery <i>across all customer access channels and to enhance the Council's internal processes.</i>	<ul style="list-style-type: none"> <li>• Development of standard work processes using technology to support the One Stop Shops, <i>Libraries</i>, Call Centre and web site.</li> <li>• Development of an 'agile workforce' (the ability to work outside the boundaries of the office – to suit the needs of the Council, employee and service recipient).</li> </ul>

## ICT STRATEGY 2011

### 4.1 ICT Investment Objectives (continued)

Objective		How
4	To provide a primary source of information to staff, Members and the public to enable the provision of relevant, timely and correct information in a format the recipient can use and to ensure that information is secure and appropriately controlled.	<ul style="list-style-type: none"> <li>• Development of Internet/ intranet and associated systems.</li> <li>• Development of integrated systems.</li> <li>• Development of secure communications channels</li> <li>• The Director of Finance is the Council's Senior Information Risk Owner.</li> </ul>
5	To provide a Council-wide resource planning tool.	<ul style="list-style-type: none"> <li>• Development of integrated systems including Human Resources and Payroll.</li> </ul>
6	To ensure that the decisions taken and actions made within Wirral are based on accurate data.	<ul style="list-style-type: none"> <li>• Ensuring all developments accord with a standard data quality framework.</li> <li>• Development of integrated systems.</li> <li>• Development of a corporate customer database.</li> </ul>
7	To ensure that our staff have the skills and confidence to use the systems available to them in their role in Wirral Council.	<ul style="list-style-type: none"> <li>• Implementation of effective training in the use of ICT systems.</li> </ul>
8	To ensure that staff who manage and use information have appropriate security systems and awareness.	<ul style="list-style-type: none"> <li>• Implementation of effective training in the use of ICT systems and knowledge of security policies.</li> <li>• Development of an encryption policy to secure data.</li> <li>• Support the roles of Senior Information Risk Owner and Information Asset Owner to control use of Wirral data.</li> </ul>

## ICT STRATEGY 2011

### 4.1 ICT Investment Objectives (continued)

Objective		How
9	To provide ICT support as economically as possible.	<ul style="list-style-type: none"> <li>• Implementation of a standard configuration and remote support for personal computers (PCs) and a Council wide solution to software management.</li> <li>• Implementation of a “virtualised desktop” to support the Office Rationalisation Project and the agile workforce.</li> <li>• Continue to develop the single, integrated and appropriately staffed ICT service.</li> </ul>
10	To enable the secure transfer of data to external bodies/ agencies, ensuring information can be shared between all involved.	<ul style="list-style-type: none"> <li>• Development of integrated systems.</li> <li>• Development of secure communications channels.</li> <li>• Implementation of secure authentication.</li> <li>• Maintenance of Government Connect accreditation.</li> </ul>

## ICT STRATEGY 2011

### 5 EXISTING STRATEGIC FRAMEWORK

5.1 We have already implemented a number of decisions which underpin our ICT investment principles.

	Decision	Reason	Reference
1	The adoption of a security framework	To keep the Council's data and systems secure from misuse and attack.	Presented annually to Cabinet, most recently 2 September 2010.
2	The acquisition or replacement of our Core IT <i>applications</i>	To implement corporate integrated <i>applications</i> .	Cabinet 23 October 2003.
3	The Central Server and Storage Strategy	To host our critical services.	Cabinet 5 February and 23 July 2009, Council Excellence, Overview and Select Committee 8 July 2010.
4	The Print Strategy  <i>Print Services</i>	To identify the most economical method for printing and photocopying.  <i>Print Services charging policy and progress report on the Print Strategy</i>	Cabinet 18 August 2004  <i>Cabinet 17 March 2011</i>
5	The creation of a corporate IT unit (IT Services)	To provide economies of scale and the consistent application of standards.	Cabinet 1 December 2005.
6	The commitment to the Government Connect Programme	To facilitate the secure exchange of data and emails with partners.	Cabinet 8 February 2007 and 22 May 2008.

## ICT STRATEGY 2011

	Decision	Reason	Reference
7	The ICT Strategy 2011	To set out the future direction of ICT.	<i>Presented annually to Cabinet, most recently 13 October 2011</i>
8	The Strategic Change Programme	<i>To agree content and monitor progress of the change programme</i>	Cabinet 10 December 2008, 15 October 2009, 14 January and 22 July 2010 and 3 February and 23 July 2011
9	Internet Connectivity	Award of contract for the provision of connection to the Internet to support service delivery.	Council Excellence Overview and Scrutiny Committee 16 September 2009.
10	ICT Licenses	To ensure software in use within Wirral Council is appropriately licensed.	Cabinet 14 January 2010.
11	Office Rationalisation: Information Technology Requirements	To agree IT changes necessary to support the Office Rationalisation Project and the financing of desk top equipment.	Cabinet 14 January 2010.
12	Data Centre Review	To ensure immediate and future investment in the Council's data centres is aligned to the Office Rationalisation Project objectives.	Cabinet 18 March 2010

## ICT STRATEGY 2011

	<b>Decision</b>	<b>Reason</b>	<b>Reference</b>
13	Government ICT Strategy	To enable the Council to make informed decisions on ICT investment.	Cabinet 15 April 2010
14	Provision of enhanced Telecommunications Network	<i>To provide telecoms services in support of office rationalisation, agile working and staff self service.</i>	Cabinet 27 May 2010
15	ICT Strategic Review	To review our ICT technologies and organisation.	Cabinet 14 October 2010
16	<i>Library Service introduction of e-books</i>	<i>Introduction of e-books to Library Service</i>	<i>Sustainable Communities Overview and Scrutiny Committee 7 June 2011</i>
17	<i>Radio Frequency Identification(RFID) of Library Books</i>	<i>Introduction of RFID of Library books</i>	<i>Cabinet 23 June 2011</i>
18	<i>Review of Electronic Document and Records Management System</i>	<i>To agree the continued use of Documentum as the corporate EDRM after independent review</i>	<i>Cabinet 23 June 2011</i>
19	<i>Review of Customer Relationship Management System</i>	<i>To agree the continued use of Oracle CRM and its development to provide 360° view of customer interactions with the Council after independent review</i>	<i>Cabinet 23 June 2011</i>
20	<i>ICT Security Software</i>	<i>To enable the Council to protect its data.</i>	<i>Council Excellence Overview and Scrutiny Committee, 12 July 2011</i>

## ICT STRATEGY 2011

### 6 GOVERNANCE

- 6.1 The Council decides how to allocate the Council's available resources.
- 6.2 Within the overall constraints the Executive, the Council's Cabinet, determines ICT policy and investment and approves security policy.
- 6.3 The Strategic Change Programme Board was established by Cabinet 22 July 2010 and consists of the Leader and Deputy Leader of the Council, and *Portfolio holder for Corporate Resources*, The Chief Executive and the Lead Chief Officer for the Programme.
- 6.4 The Chief Executive, in consultation with the Programme Board, has delegated authority to take all decisions relating to the Programme.
- 6.5 The Director of Finance is responsible for the Council's ICT Services, attends the Strategic Change Programme Board and identifies appropriate resources to ensure that the ICT provision reflects our agreed corporate needs.
- 6.6 The Council's Executive Team recommends policy options and their implications to Cabinet and is responsible for implementing Cabinet decisions.
- 6.7 The Executive Team delegates the control and co-ordination of ICT investment programmes and the development of related policies to the Information Strategy Group (ISG).
- 6.8 All ICT developments are managed and prioritised in line with corporate priorities and to common standards. This role is the responsibility of the Deputy Director of Finance.
- 6.9 ISG is chaired by the Head of Information Technology Services, comprises of a senior officer from each of the Council's departments together with representatives from IT Services and meets at least six times a year.
- 6.10 The Head of Information Technology Services will report to ISG or the Executive Team as appropriate on relevant issues. This includes the:
  - implications of ICT developments
  - implications of other Council developments on ICT
  - ICT resources
  - ICT security
  - and external influences on the above including the Government ICT Strategy.



## ICT STRATEGY 2011

- 6.11 All ICT developments are to be subject to a business case including an analysis of the impact on existing corporate resources and a technical evaluation by IT Services. Business cases should also include an Equality Impact Assessment and information on any environmental impact.
- 6.12 The development of Members' ICT is discussed at the Members Equipment Strategy Group and reported to Cabinet for agreement.
- 6.13 IT Services manages the service to the Council through developing Service Level Agreements (SLA) and support contracts.

### **7 SECURITY POLICY, STANDARDS AND THE USE OF ICT**

- 7.1 ICT is an integral part of how we provide our services and we invest significant resources in the provision of ICT. It is therefore essential for us to have and enforce standards, policies and procedures to safeguard all users, the services, and the Council's interest.
- 7.2 Security concerns those policies, procedures and technical controls used to ensure that information is held and transferred securely and is only available to those with authorised access.
- 7.3 The ICT Security Policy is approved annually by Cabinet.
- 7.4 The Director of Finance is the Council's Senior Information Risk Owner (SIRO), responsible for the information risk policy and the management of information risk.
- 7.5 Also, each department has a SIRO responsible for identifying an Information Asset Owner (IAO) for each departmental system. IAO's are responsible for understanding what information is held, for it being processed appropriately and for controlling access to it. *IAO's are also responsible for the lifecycle management of the data/information asset they control.*
- 7.6 The responsibilities of the Information Strategy Group include the formulation of the ICT Security Policy.
- 7.7 The Council has agreed the following policies and procedures:
- Code of Practice for the use of Internet, Electronic Mail and *Telecommunication facilities*
  - Information and Communications Technologies Security Policy
  - Audit Guidelines for ICT Systems
  - Print Strategy
  - ICT Supplies and Consumables.

## ICT STRATEGY 2011

7.8 *The Government recently recognised cyber threats as one of the highest risks to the UK. The Office of Cyber Security and Information Assurance (OCSIA) has been created to provide strategic direction and coordinate action relating to enhancing cyber security and information assurance in the UK. Guidance is expected in 2011. We will monitor the OCSIA and respond appropriately. Wirral Council has tools in place to defend the Council from cyber attack.*

### 8 ICT RESOURCES

8.1 The total corporate revenue budget for ICT provision by IT Services in 2011/12 is £13.35m.

8.2 This covers service provision to all Council Departments (£10.61m) and the majority of schools £2.74m and includes:

- all Staff whose principal role is ICT, currently 150 corporate and 43 within the school IT service
- all Corporate ICT Systems
- the Corporate ICT Infrastructure.

8.3 The corporate budget now includes £0.750m for the planned, phased replacement and life-cycle management of desk top equipment and associated Windows servers.

8.4 £6m over four years has been allocated within the Capital Programme for ICT implications of the Office Rationalisation Project.

8.5 The main ICT Reserves at 1 April 2011 are as follows:

Intranet Development: £1.6m for the expansion and development of the corporate systems and infrastructure.

One Stop Shops/Libraries: £1.7m for the development of IT systems within the One Stop Shops/Libraries.

Schools Service: £0.4 m to fund future projects and income fluctuations of the Schools IT Team.

8.6 Departments are charged via the system of Central Establishment Charges based on time recording for staff, use of the main computers and data storage. The service is defined in Service Level Agreements (SLA).

8.7 The service provided by IT Services to schools is governed by SLA's and funded from within the individual schools budgets. Schools are able to obtain their ICT requirements from either IT Services or external providers. Account Managers provide a liaison service for schools service delivery.

## ICT STRATEGY 2011

- 8.8 IT Services is responsible for identifying and fulfilling the training needs of ICT staff, to be funded from ICT budgets. As recommended by the Strategic Review this will include the implementation of ITIL (the IT Infrastructure Library) and SFIA (the Skills Framework for the Information Age).
- 8.9 Departments are responsible for identifying and fulfilling the training needs of their staff in the use of office and departmental systems, to be funded from departmental budgets, *co-ordinated by Organisational Development*.
- 8.10 IT Services *will work with Organisational Development* in the organisation of corporate training in the use of desktop software *but not deliver the training courses*.
- 8.11 The outcome of a Strategic Review of the IT service was reported to Cabinet 14<sup>th</sup> October 2010. Actions from the Review are incorporated into this Strategy. *IT Services will deliver £1.7 m savings, over the four years 2011/12 - 2014/15, via the Strategic Change Project 'ICT Strategic Review'*.
- 8.12 *IT Services are exploring with NHS Wirral and the Merseyside Passenger Transport Executive (MPTE) potential efficiencies from the development of shared services in the delivery of network services and use of data centres*

## 9 BUSINESS CONTINUITY AND ICT DISASTER RECOVERY

- 9.1 The Council requires cost-effective, risk-based, disaster recovery arrangements to ensure that we can continue to meet the needs of our citizens.
- 9.2 IT Services is responsible for business continuity and disaster recovery plans for the Council's corporate ICT systems and infrastructure and will determine these in consultation with service users, the Asset Management Strategy and the Council's Health, Safety and Resilience Operations Manager. *It is the responsibility of the service owners to ensure business continuity in the event of a failure of ICT.*
- 9.3 IT Services is responsible for ensuring that:
- the infrastructure is developed in accordance with industry best practice to reduce the likelihood and impact of an ICT failure
  - back-ups of all corporate systems are taken in accordance with industry best practice
  - an appropriate ICT disaster recovery plan in accordance with industry best practice is in place
  - plans and procedures are continuously reviewed to ensure that they are effective and meet our changing business needs
  - liaison takes place with suppliers and partner organisations to align plans.

## ICT STRATEGY 2011

- 9.4 Individual service managers are responsible for developing business continuity plans, regardless of the cause of interruption to service and IT Services will offer assistance with this.

### **10 PROVISION OF ICT TO MEMBERS**

- 10.1 Elected Members need the opportunity to access the Council's communication and information systems to fulfil their role.
- 10.2 The Council provides Members with appropriate hardware and furniture together with network access to relevant applications for home use.
- 10.3 *Members will use the equipment in line with the Members 'use of electronic mail and internet facilities – Code of Practice' and Council's established security policies.*
- 10.4 First line and day to day support and training are provided by a specific liaison post in the Department of Law, HR and Asset Management. Second line support is provided by IT Services between 07.00 and 21.00 excluding Christmas Day.
- 10.5 The Member Equipment Strategy Group (MESG) is the support forum for Members' ICT issues, attended by senior politicians and officers.
- 10.6 The requirements for renewal are discussed and developed at MESG and agreed by Cabinet.
- 10.7 The budget for Members' ICT is held by the Director of Law, HR and Asset Management.
- 10.8 Currently, the equipment is reviewed and renewed on a 4 year cycle, most recently in 2008.

### **11 GREEN ICT**

- 11.1 IT Services, in line with the *key theme, Your Neighbourhood*, to create a clean, pleasant, safe and sustainable environment, will actively manage the environmental impact of its ICT delivery.
- 11.2 IT Services ensures compliance with the Waste Electrical and Electronic Equipment (WEEE) Regulations for disposal of equipment. Redundant equipment is recovered and re-cycled by an external contractor.
- 11.3 IT Services staff receive environmental awareness training in the implementation of the Council's Environmental Management system.
- 11.4 Staff are encouraged to ensure unused equipment is turned off and to print only what is required.

## ICT STRATEGY 2011

- 11.5 The Council's Print Strategy leads to a reduction in the number of printers in use, resulting in reduced procurement and energy consumption. Major print tasks are delivered by a central print unit.
- 11.6 When purchasing equipment the Authority chooses energy saving devices that have been manufactured in an environmentally-conscious fashion.
- 11.7 Corporate programmes such as the delivery of services via the web and agile working will reduce the occurrence of unnecessary travel on Wirral.
- 11.8 Other existing technical strategies which will contribute to carbon reduction are:
- Remote support for desktop equipment
  - Virtualising existing and new servers
  - "Thin Client" desktop environment
  - The establishment of a tiered storage area network
  - Re-use of desktop equipment.
- 11.9 Business cases in support of ICT developments should include information on the environmental impact of the development.

## 12 SERVICE QUALITY

- 12.1 IT Services will be developing a series of performance measures and service level agreements (SLA) that are in line with the recommendations of the Society of IT Managers' (SOCITM) Performance Indicators.
- 12.2 *IT Services will develop working processes in line with Information Technology Infrastructure Library (ITIL) to deliver quality services.*
- 12.3 Service levels re hours of support will be determined in consultation with Members and other clients as appropriate. *Out of hours support is presently provided to Social Services Emergency Duty Team and Leisure Centres from 07.00 to 23.00.*
- 12.4 Customer satisfaction surveys distributed via the IT Helpdesk will be used in conjunction with performance reporting from Helpdesk data to continuously improve the service.
- 12.5 A programme to improve liaison and consultation with departments will further contribute to service improvement and quality.
- 12.6 A demonstration of service quality is *compliance with established standards and frameworks*. IT Services will introduce a formal programme of development which will benefit the organisation.

## ICT STRATEGY 2011

### 13 CORPORATE ICT SYSTEMS AND INFRASTRUCTURE

13.1 This section identifies the key parts of our current technology and identifies how they need to be maintained and developed in the future in accordance with this strategy.

#### 13.2 Corporate ICT Systems

Corporate ICT Systems include:

System	Description	Current Position	Future Developments
e-mail	An electronic messaging system for internal and external communication.	Wirral Council's email system is provided using Microsoft Exchange 2003. There are currently approximately 4,000 users.	<ul style="list-style-type: none"> <li>• E-mail resilience is regularly reviewed and proposed improvements considered by ISG.</li> <li>• Current version of Exchange is supported until 2014.</li> <li>• A future change will have considerable financial implications.</li> </ul> <p><i>IT Services will investigate the implications of requirement to move from Exchange 2003. IT Services will investigate the most appropriate platform to deliver email services that meet the Council's requirements. A business case will be developed and a paper to Cabinet June 2012.</i></p>

## ICT STRATEGY 2011

System	Description	Current Position	Future Developments
ERP (Enterprise Resource Planning)	An integrated system which supports services such as Financials, Procurement, Payments and Receivables	<p>Oracle ERP is being developed in line with the Change Programme.</p> <p>MPF ledger replaced with Oracle and live.</p> <p>Investigating migration to Oracle Release 12.</p> <p><i>In order for support from Oracle to continue whilst Wirral Council is on Version 11.5.10 IT Services applied major patch to the system.</i></p> <p><i>New version of cash receipting implemented.</i></p> <p><i>PAYE implemented to process card payments</i></p>	<ul style="list-style-type: none"> <li>• Integration into the Council's business processes for electronic / single billing and integration with Documentum for invoice process automation. <i>Project suspended whilst business case is reviewed</i></li> <li>• The electronic payment of invoices (e.g. to utilities) is complete. The next stage is the scanning of invoices and the automated processing of invoices <i>Project suspended whilst the business case is reviewed.</i></li> <li>• Migration to R12 or alternative by November 2013.</li> <li>• <i>Investigate the implications of a possible change of bank.</i></li> <li>• <i>Introduce a separate instance of Accounts Receivable for Merseyside Pension Fund</i></li> <li>• <i>Interface to the new Debt Management system for the Debt Recovery Section in Legal Services.</i></li> <li>• <i>Investigate Direct Debits for the payment of Sundry Debtor accounts.</i></li> </ul> <p><i>Investigate the implementation of 'Report Manager' for General Ledger.</i></p>





## ICT STRATEGY 2011

System	Description	Current Position	Future Developments
<p>CRM (Customer Relationship Management)</p>	<p>System which records all customer contact.</p> <p>Provides end to end service delivery.</p> <p>Has replaced many smaller administrative systems. e.g. elements of MVM and ROCC Aramis.</p>	<p>Oracle CRM is being developed in line with the Change Programme</p> <p><i>In order for support from Oracle to continue whilst Wirral Council is on Version 11.5.10 IT Services applied major patch to the system.</i></p> <p>Oracle system, live since June 2005. <i>Continued development agreed by Cabinet 23 June 2011.</i></p> <p><i>Eighteen integrated online forms developed and available.</i></p> <p><i>Integrated with Biffa Springboard system.</i></p> <p><i>Currently delivering 79 services.</i></p> <p><i>Investigating migration to Oracle Release 12.</i></p>	<ul style="list-style-type: none"> <li>• <i>Continued development of integrated on-line forms.</i></li> <li>• <i>Feasibility study of citizen centric CRM.</i></li> <li>• <i>Migration to R12 or alternative by November 2013.</i></li> <li>• <i>Further service delivery where applicable including the use of 'intelligent questions / attributes' to streamline processes and automate decisions.</i></li> </ul>

## ICT STRATEGY 2011

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## ICT STRATEGY 2011

### 13.2 Corporate ICT Systems (continued)

System	Description	Current Position	Future Developments
Electronic Document and Records Management (EDRM)	A system for the creation, storage, retrieval and secure management of electronic business information (content), integrated with scanning processes and core systems.	<p>Documentum, live for: Electronic Social Care Records (ESCR) (Adults, Nov 2005), HR Records (May 2009), Corporate System (early adopters)(May 2010).</p> <p>Structure for the Corporate Repository supporting the Accommodation Rationalisation Project has been developed.</p> <p><i>Software upgrade to Documentum 6.5.</i></p> <p><i>Continued development agreed by Cabinet 23 June 2011.</i></p> <p>Generic module created.</p> <p>Ongoing deployment of the generic case management module.</p>	<ul style="list-style-type: none"> <li>• <i>Ongoing platform development i.e. hardware and software upgrades and introduction of new modules of Documentum where appropriate, e.g. workflow. Including replacement Linux 'xplore' index – replacing the FAST index server.</i></li> <li>• <i>Electronic Social Care Record (Children's).</i></li> <li>• <i>Further developments for invoice processing. Project suspended whilst business case is reviewed.</i></li> <li>• <i>Potential integration with other core systems. e.g. CRM.</i></li> <li>• <i>Potential enhancements to existing HR system.</i></li> <li>• <i>Potential enhancement to ESCR applications.</i></li> <li>• <i>Investigate requirement for an information asset register to facilitate public use of Council data.</i></li> <li>• <i>Schools communications project-enable the schools and Council to exchange information based on school type and Service Level Agreement.</i></li> <li>• <i>Enhancements to support the HR self</i></li> </ul>

## ICT STRATEGY 2011

System	Description	Current Position	Future Developments
			<p><i>serve development programme – Line Manager access to case files.</i></p> <ul style="list-style-type: none"> <li>• <i>Investigate potential of EDRM to support the digital archive preservation.</i></li> <li>• <i>Ongoing support for the Office Rationalisation Programme- e.g. Education Social Welfare and Special Educational Needs.</i></li> <li>• <i>Development being lead by the Information Manager.</i></li> </ul>
HR/ Payroll	The system which records details of our staff relevant to employment and payment.	<p>HR system (Northgate Arinso) procured. <i>Configuration of basic self serve for personal details complete.</i></p> <p>Roll out of basic self serve underway to employees and managers.</p> <p>Infrastructure to support 12 self serve stations in place across the borough.</p>	<ul style="list-style-type: none"> <li>• <i>Complete roll out of self serve for staff personal details.</i></li> <li>• <i>The second phase of self service functionality; for Manager, staff expenses, absence reporting, management information.</i></li> <li>• <i>Potential for further modules e.g. recruitment and training.</i></li> <li>• <i>Review need for additional self serve stations.</i></li> </ul>

## ICT STRATEGY 2011

System	Description	Current Position	Future Developments
Internet	The system which provides external access to Council information and services via the website and allows Council access to the web.	New web site implemented using <i>Drupal</i> open source software.	<ul style="list-style-type: none"> <li>• Development is being lead by the Web Manager.</li> <li>• Essential developments in support of the Customer Access Strategy and communications. e.g. <i>Focus on redeveloping the homepage and landing page interfaces to improve intuitive interaction with emphasis on promoting online transaction services.</i></li> <li>• <i>GIS functionality will be embedded into suitable pages.</i></li> <li>• <i>Investigate the potential of mobile developments (apps) and use of video.</i></li> </ul>
Intranet	The system which provides information and services to Members and Council staff.	New intranet site implemented using <i>Drupal</i> open source software.	Essential developments to support the Office Rationalisation Project, Customer Access Strategy and Common Administrative Processes.
Geographical Information System	The system that provides a single source of all map based information and provides other systems with up to date address data. e.g. Business Control/ Development Control, Electoral Register.	<p><i>Upgrade to Stratus Connect; implemented June 2011.</i></p> <p>Compliant with INSPIRE annex 1. Annex 2 is not relevant to Local Authorities.</p>	<ul style="list-style-type: none"> <li>• <i>On going programme of further functionality in 2011/12 and 2012/13</i></li> <li>• Compliance of annex 3 of EU Directive INSPIRE. (Infrastructure for Spatial Information in Europe) by 3 December 2013. The INSPIRE directive was created to assist environmental policy-making by improving the accessibility and interoperability of spatial information across Europe.</li> </ul>

## ICT STRATEGY 2011

### 13.3 Principal Business Applications

Principal Business Applications include:

System	Description	Current Position	Future Developments
<i>Revenues and Benefits</i>	<i>The integrated system which pays housing and council tax benefits and bills and records council tax and business rates liabilities.</i>	<p><i>System renamed Capita Revenues and Benefit system.</i></p> <p><i>Performance Management module implemented.</i></p> <p><i>Migration to the M5000 servers completed.</i></p>	<ul style="list-style-type: none"> <li>• <i>Infrastructure project to provide more cost effective storage for scanning system.</i></li> <li>• <i>Implementation of the planned releases, including new e-Citizen self service, ATLAS interface with DWP, a web front end, known as the 'efficiency version' and the Ingres 9.2 operating system.</i></li> <li>• <i>Local Council Tax Benefits/Rebate scheme to be in place by 2013.</i></li> <li>• <i>Functionality required by the Single Fraud Investigation combining Housing Benefit/Council Tax/ HMRC and DWP. Led by DWP. To be in place by 2013.</i></li> <li>• <i>Functionality required to deliver the requirements of the Localism Bill (anticipated to be legislative requirement by 2013) in relation to the retention of business rates.</i></li> <li>• <i>Universal Credit requires the transfer of Housing Benefit to DWP by 2017.</i></li> </ul>

## ICT STRATEGY 2011

### 13.3 Principal Business Applications (continued)

System	Description	Current Position	Future Developments
Document Management and Workflow	A system used to manage documents and integrate with applications and business processes.	Civica systems used in separate instances in Revenues and Benefits and the Merseyside Pension Fund - mature systems.	<ul style="list-style-type: none"> <li>• Further alignment with business processes.</li> <li>• <i>Migration of the image storage to the EMC 'Centera'.</i></li> <li>• <i>Implementation of the data interface with SWIFT for the new Personal Finance Unit module.</i></li> </ul>
Merseyside Pension Fund	The system records member details, calculates entitlement and pays pension benefits.	<p><i>Financial management moved to Oracle eBusiness suite in April 2010.</i></p> <p>AXIS, a mature system but due for replacement by supplier.</p>	<ul style="list-style-type: none"> <li>• <i>Infrastructure project to provide more cost effective storage.</i></li> <li>• <i>New Pensions Administration and Pensioner Payroll system expected to go live in calendar year 2012 – new system is called 'altair'.</i></li> <li>• <i>Adoption of Oracle sundry debtors in 2012/13.</i></li> <li>• <i>Roll out of data exchange services between Councils 2013/14.</i></li> <li>• <i>Replace local servers for Pensions Document Management 2014/15.</i></li> </ul>
<i>Strategic Change Programme Management System</i>	<i>Records the life cycle of strategic projects from inception through to closure:</i>	<i>Replacement system being implemented for November 2011.</i>	<ul style="list-style-type: none"> <li>• <i>Potential use as corporate system for all project management including the capital programme, ICT development and replacement of PIMS.</i></li> </ul>

## ICT STRATEGY 2011

### 13.3 Principal Business Applications (continued)

System	Description	Current Position	Future Developments
<i>SWIFT system</i>	The system records client details, assessed needs, personal circumstances and service delivery and enables automated payments to providers and contributions towards personalised support.	SWIFT, a mature system being enhanced to support efficient business processes.  <i>Business case being developed for Adult Integrated Solution (AIS) which builds on the existing SWIFT application using e-forms to give an intuitive web based system designed to support the personalisation agenda and self directed support.</i>	<ul style="list-style-type: none"> <li>• Further alignment with business processes.</li> <li>• <i>Implementation of AIS, subject to business case and Cabinet approval.</i></li> <li>• <i>Replacement of existing IT equipment to support implementation of AIS.</i></li> <li>• Archiving requirement for Trojan system.</li> </ul>
Children's Case Management (CCM) System  Formerly known as Integrated Children's System	Children's Social Care Case Management System.	In use, web based application built on the SWIFT database and linked to ESCR integration with Documentum.	<ul style="list-style-type: none"> <li>• Implementation of future versions in line with local and national requirements.</li> <li>• Local tailoring of the system to match local business processes and possible changes/ upgrades that may be required following the Munro Review of child protection.</li> <li>• Implementation of a 'standby service' allowing look up access in the event of system failure or planned down time during upgrades etc.</li> </ul>



## ICT STRATEGY 2011

System	Description	Current Position	Future Developments
			<ul style="list-style-type: none"> <li>Review renewal of server infrastructure during 2012 – possible use of virtualisation.</li> </ul>
Capita ONE	The CYPD departmental core education system – also used by support services as a case management system.	In use - Servers located in Hamilton server room and include Application Server, Database Server, Reports Server, Web Server.	<ul style="list-style-type: none"> <li>Review requirement to migrate to 64bit operating system.</li> <li>Review current support arrangements ITS/Capita/CYPD.</li> </ul>
AnyComms	Secure file exchange system for schools and partners (both internal and external).	In use - hosted on servers in Hamilton server room.	<ul style="list-style-type: none"> <li>Review upgrade to AnyComms+ with the introduction of a web server to extend system reach and move to corporate virtual platform with physical web server.</li> </ul>
EStart	Children's Centre management software.	In use – remote hosting by Capita.	<ul style="list-style-type: none"> <li>Ongoing maintenance and system upgrades.</li> </ul>
Computerised Administration Replacement System for Schools	Centralised computer solution for Primary and Special school administration.	Operational for 72 schools.	<ul style="list-style-type: none"> <li>Improving business continuity with an off site mirrored system.</li> <li>Migrating further schools.</li> <li>Extending the platform to offer teachers access to administration applications from the school classroom.</li> </ul>

## ICT STRATEGY 2011

System	Description	Current Position	Future Developments
<i>Schools Internet Filter</i>	<i>A new customisable Internet filter for School.</i>	<i>In development.</i>	<ul style="list-style-type: none"> <li>• <i>Reporting and logging.</i></li> <li>• <i>Facility for a teacher to lockout a student from web access.</i></li> </ul>
<i>Central curriculum fileserver</i>	<i>A hosted central curriculum fileserver for Schools.</i>	<i>In development.</i>	<ul style="list-style-type: none"> <li>• <i>Workstation remote control.</i></li> <li>• <i>Thin client.</i></li> </ul>

## ICT STRATEGY 2011

### 13.4 Corporate Infrastructure

Corporate Infrastructure includes:

System	Description	Current Position	Future Developments
Network	<ul style="list-style-type: none"> <li>• The wide area network provides electronic connections between all Council offices, schools and establishments to carry both data and internal telephony.</li> <li>• Local area networks are the connections between the PCs, servers and systems within each site or building complex.</li> <li>• <i>The developing wide area network is organised around 2 “core” nodes and 7 “distribution” nodes. For resilience and flexibility the 7 distribution nodes are co-located in BT telephone exchanges. The core and distribution nodes are connected via a high speed ring allowing for separate logical networks to be run on a single physical network.</i></li> </ul>	<p>A contract has been awarded for the provision of a revised network that provides flexibility to meet the needs of schools and the Office Rationalisation Project with minimum change.</p> <p><i>The network is being redeveloped to improve performance and flexibility.</i></p> <p><i>The core and distribution equipment has been installed and configured. Sites are currently being migrated from the old to the new network.</i></p>	<ul style="list-style-type: none"> <li>• Continued development to ensure capacity for traffic generated by existing and new high bandwidth applications and those applications requiring quality of services guarantees.</li> <li>• The network will be <i>continually</i> developed to support greater mobility, security and manageability.</li> <li>• Internet connections are periodically reviewed for capacity and performance. Resilience will be improved by providing alternative routing in the event of a circuit failure.</li> <li>• Security will be improved to support the Council’s developing diverse network services including mobile working <i>and inter agency working.</i></li> <li>• <i>Ongoing</i> changes to meet the requirements of the Office Rationalisation Project.</li> <li>• Enable the changing needs of schools.</li> <li>• Investigation of future joint procurement of a common network with local NHS <i>and MPTE.</i></li> </ul>

## ICT STRATEGY 2011

System	Description	Current Position	Future Developments
Desktop/ Distributed Systems	The PCs and associated servers used throughout the Council to access corporate and business applications.	<p>4,500 PCs. Some running old operating systems and needing site support</p> <p><i>Central support for hardware.</i></p> <p><i>Central deployment and support of software.</i></p> <p><i>Introducing as a corporate standard the virtualised desktop to facilitate agile working.</i></p>	<ul style="list-style-type: none"> <li>• Virtualisation of desk top infrastructure. <i>Proof of concept complete. Test site being identified and subsequently implementation plan to be developed and agreed with Departments.</i></li> <li>• <i>Current virtualised software to be updated from VMWare ESX 3.5 to VMWare Vsphere 4.x</i> Replacement of existing equipment by planned, phased replacement life-cycle management.</li> <li>• <i>Continue</i> redesign of Active Directory structure and profile analysis.</li> </ul>
Desktop operating system	A system which controls the use of PC resources.	Windows XP.	<ul style="list-style-type: none"> <li>• Supported until 2014.</li> <li>• Evaluation of Windows 7 and comparison with Open Source software.</li> <li>• A future change will have considerable financial implications <i>requiring investment in software licences and consultants to provide technical support. Current virtualised hardware will not require replacing.</i></li> </ul>
Server operating systems	System which control the use of server resources.	Mainly Windows 2003 for Windows servers.	<ul style="list-style-type: none"> <li>• Windows 2003 supported until 2014.</li> <li>• Evaluation of Windows 2008 and Open Source alternatives.</li> <li>• A future change will have considerable financial implications.</li> </ul>

## ICT STRATEGY 2011

System	Description	Current Position	Future Developments
		Solaris v10 for Unix servers.	<ul style="list-style-type: none"> <li>• <i>Solaris V 11 for Unix servers is now available. Its potential will be investigated and business case reviewed. Potential move to Solaris V 11 by 2014.</i></li> </ul>
Open Source Software	Freely available systems for a variety of applications.	In use for internet, intranet and a number of web services applications enabling PCs to connect to back office databases.	<ul style="list-style-type: none"> <li>• <i>Progress investigation of alternatives to existing operating systems and applications.</i></li> <li>• <i>Two issues highlighted: Most corporate systems are interfaced with Microsoft Office. Lack of third party support for most open source software.</i></li> <li>• <i>Identify roles able to operate in open source environment.</i></li> </ul>
Central processors and data storage	The processors and data storage used by the corporate and principal business applications, which is based on Sun processors and Solaris operating system with associated EMC data storage systems.	<p>EMC storage systems installed and data migrated from the Sun SAN.</p> <p><i>Servers have been virtualised where possible and redundant devices decommissioned. Moved from 43 servers to 6.</i></p> <p>Two Sun M4000 processors implemented to specifically support the HR and Social Services systems.</p>	<ul style="list-style-type: none"> <li>• <i>Develop tiered storage to ensure data resides on the most cost effective device. This provision is ongoing and will be complete in 2013/14.</i></li> </ul>

## ICT STRATEGY 2011

System	Description	Current Position	Future Developments
		Replacement of E6900 processors with M5000.	
Data Centre	The location of the Council's principal servers, data storage and telephone systems.	<p>Specialist rooms located within the Treasury Building/ Annexe and the Hamilton Building.</p> <p>A review conducted by consultants advised that the current data centres are no longer fit for purpose and recommended that any major investment needs to await the conclusions of the Office Rationalisation Project.</p> <p>Additionally a number of actions were identified that needed immediate action to make the current facilities safe. The recommendations to make the facilities safe have been carried out.</p> <p>Power supplies to both rooms have been modernised.</p> <p><i>Air conditioning has been upgraded in line with Technical Services recommendations.</i></p>	<ul style="list-style-type: none"> <li>• Implementation of the recommendation re the appropriate model for the Council is dependant on the outcome of the Office Rationalisation Project.</li> <li>• Potential for a shared service with NHS or other Councils is being investigated.</li> <li>• The Central Government ICT Strategy – Data Centre Strategy and provision of processing functionality via the g-cloud will inform the business case for future investment in the Council's data centres.</li> </ul>

## ICT STRATEGY 2011

System	Description	Current Position	Future Developments
Telephones	Mitel telephone system, used by all main corporate sites. 7,000 unique internal extension numbers. Mobile phones are provided from an Office of Government Commerce contract.	A mature system.	<ul style="list-style-type: none"> <li>• <i>Further develop</i> Voice over Internet Protocol (VOIP) technology and Unified Communications to support the objectives of the Office Rationalisation Project for a more flexible working environment. <i>Unified communications will be implemented, i.e. mobile handsets.</i></li> <li>• Continue to monitor the future national programme for rationalising public sector telephone numbers (0300).</li> </ul>
Security Systems	The policies, procedures and technical controls employed to ensure that information held is available at agreed times to those authorised to access it, is accurate and not corrupted.	<p><i>Wirral IT Security Policy approved by Cabinet 2.9.2010 and reported to Cabinet for approval 13.10.11.</i></p> <p>Firewalls, anti-virus software, encryption, passwords, two factor authentication, vulnerability testing.</p> <p>Use of Government Connect secure exchange functionality to enable secure exchange of information with other public sector partners.</p>	<ul style="list-style-type: none"> <li>• Continued development of the roles of Senior Information Risk Owner (SIRO) and Information Asset Owner (IAO).</li> <li>• Compliance with Payment Card Industry Data Security Standard (PCIDSS).</li> <li>• <i>Implement</i> end-point security.</li> <li>• Use of ISO27001 standard as best practice.</li> <li>• Various changes to retain Government Connect accreditation.</li> <li>• Implementation of full device encryption for all mobile devices.</li> <li>• Management and control of all removable media.</li> </ul>

## ICT STRATEGY 2011

System	Description	Current Position	Future Developments
		Security was strengthened in September 2009 with a revision to the configuration of staff PCs to prevent unauthorised software being loaded and a number of other changes.	<ul style="list-style-type: none"> <li>• <i>Monitor and respond to requirements of the Office of Cyber Security and Information Assurance.</i></li> </ul>
Authentication	The means by which we identify external service users and securely communicate with partners.	<p>Citizen authentication in place for access to Revenues and Benefits on-line.</p> <p>For corporate use awaiting compliance with Code of Connection for Government Connect and <i>guidance for central government. The future provision of Government Gateway Local Register is under review.</i></p>	<ul style="list-style-type: none"> <li>• Develop in line with business security requirements.</li> </ul>
Green ICT	Ensuring that ICT provision contributes to the Council's environmental standards.	<p>Virtualisation of servers and desktops is resulting in a reduction of power and corresponding cooling requirements. <i>Moved from 43 Unix servers to 6.</i></p> <p>Equipment tenders specifically ask for power saving features.</p>	<ul style="list-style-type: none"> <li>• Back end servers associated with virtualised desktops will automatically minimise energy consumption during lightly loaded periods.</li> <li>• Ongoing investigation into the introduction of automatic power down of PC systems.</li> </ul>



## ICT STRATEGY 2011

System	Description	Current Position	Future Developments
		<p>Remote support has reduced the number of journeys to remote sites.</p> <p><i>Central servers installed in 2010/11 (M5000) use a third less power and generate less heat with a consequent reduction in the air conditioning requirement.</i></p>	
Service Quality	The development of performance indicators and SLA's based around business needs and information from the service desk.	Existing service desk software is to be updated.	<ul style="list-style-type: none"> <li>• Implementation of upgrade to service desk software.</li> <li>• Development of performance indicators and SLA's.</li> <li>• Consultation with Members and clients re hours of support.</li> <li>• Review communications in conjunction with <i>Head of Communications and Community Engagement</i>.</li> <li>• <i>IT Services will revise the first and second line support to Wirral users in line with the recommendations of the strategic review of IT Services.</i></li> </ul>
Social Networking Tools	Council use of available tools, e.g. Facebook, Twitter, etc to communicate with the public.	Access is restricted at present. The applications can be made available when the policy for the use of social networking tools is agreed.	<ul style="list-style-type: none"> <li>• Use of social networking tools to consult with citizens and others on issues relating to the Council.</li> <li>• <i>Lead by the Head of Communications and Community Engagement.</i></li> </ul>

## ICT STRATEGY 2011

System	Description	Current Position	Future Developments
<i>Print Management Software</i>	<i>Software that monitors print requests to multi function devices (MFPs) and diverts large tasks automatically to the Central Print Unit to ensure most cost effective printing is used.</i>	<i>Not yet in place.</i>	<ul style="list-style-type: none"> <li>• <i>Will be purchased as part of the Multi Function Devices Contract renewal. To be let 1.1.2012.</i></li> </ul>
<i>Libraries</i>	<i>Infrastructure project to enable co-located service provision at Libraries and One Stop Shops.</i>	<i>Project to provide infrastructure to enable co-located service provision to the public in Libraries and OSS including the provision of Wi Fi.</i>	<ul style="list-style-type: none"> <li>• <i>Radio frequency identification of Library books.</i></li> <li>• <i>E-Books provision at Libraries.</i></li> <li>• <i>Potential upgrade of public access PCs and telephony.</i></li> <li>• <i>Potential enhancement to the Talis system.</i></li> </ul>

## ICT STRATEGY 2011

### 14 ACTIONS

14.1 This section identifies the principal actions required in support of the Strategy.

No.	Paragraph Ref	Action	Responsibility	Timescale
1	6.3	Provide information as required to Strategic Change Board.	Head of ICT	Ongoing
2	6.8	Continually review process for consideration of competing business needs by <i>ISG</i> .	Deputy Director of Finance	Ongoing
3	1.2.1	Develop investment proposals for consideration by <i>ISG</i> .	<i>ISG</i>	Ongoing
4	3.4	Review and maintain ICT standards.	Head of ICT	Ongoing
5	4.1.9 5.1.5	Continue to rationalise corporate ICT staffing.	Head of ICT	Ongoing
6	4.1.10 5.1.6, 13.4	Comply with requirements of Government Connect for <i>continuing</i> secure external communication.	Head of ICT	<i>September 2010 and Ongoing</i>
7	6.13, 8.7 12.1	Review and develop Service Level Agreements.	Head of ICT	<i>Ongoing</i>
8	9	Assess appropriate level of business continuity and disaster recovery arrangements <i>and provide assistance to clients in conjunction with Asset Management Strategy and Health, Safety &amp; Resilience Operations Manager.</i>	<i>Deputy Director of Finance</i>	<i>Ongoing</i>

## ICT STRATEGY 2011

No.	Paragraph Ref	Action	Responsibility	Timescale
9	9	<i>Provide business continuity advice and assistance to clients.</i>	<i>Head of ICT</i>	<i>Ongoing</i>
10	10.5	Review and refresh Members' ICT equipment.	Head of ICT	<i>Next refresh June 2012</i>
11	13.2, 13.4	<i>Investigate options for replacement of Windows software including the use of open source software.</i>	<i>Head of ICT</i>	<i>By 2013</i>
12	13.2	Deliver requirements of Customer Access Strategy.	Head of Customer Service	2011 -2014
13	13.2	Integration of corporate Geographical Information System.	<i>Head of ICT</i>	Ongoing
14	13.3	Implement new administrative pensions system.	Head of Merseyside Pension Fund	<i>To March 2012</i>
15	13.3	Development of Integrated Children's System and EDRM.	Director of Children's Services	Ongoing
16	13.4	Continue enhancement: additional infrastructure has been installed which will be developed and enhanced in support of the Office Rationalisation Project.	Head of ICT	<i>Ongoing</i>

## ICT STRATEGY 2011

No.	Paragraph Ref	Action	Responsibility	Timescale
17	13.4	Review network infrastructure in support of Office Rationalisation Project.	Head of ICT	<i>Ongoing</i>
18	13.4	Monitor the national programme for rationalising public sector telephone numbers (0300).	Head of ICT	<i>Undetermined</i>
19	13.4	Implementation of server virtualisation.	Head of ICT	<i>Ongoing</i>
20	13.4	Implementation of the virtualised desktop.	Head of ICT	<i>Ongoing</i>
21	13.4	Implementation of service desk upgrade.	Head of ICT	<i>December 2011.</i>
22	12, 13.4	Development of performance indicators.	Head of ICT	Ongoing
23	8.10	<i>Organisation of a corporate response to the ICT training requirement is being developed by Organisational Development section within Corporate HR.</i>	<i>Head of HR and OD/ Head of ICT</i>	<i>Ongoing</i>
24	13.4	Consult re out of hours support.	Head of ICT	<i>31.03.12</i>
25	8.12 13.4	<i>The Wide Area Network will be replaced over 2011 (migrate form old to new ) and on target for completion by 31.03.12.Continue investigating opportunities for sharing with Health Service and MPTE.</i>	Head of ICT	<i>Earliest 31.03.12</i>

## ICT STRATEGY 2011

No.	Paragraph Ref	Action	Responsibility	Timescale
26	13.4	<i>Review communications in conjunction with Interim Head of Planning, Engagement and Communications.</i>	<i>Head of ICT/Head of Communications and Community Engagement</i>	<i>31.03.12</i>
27	2.1 2.5 13.4	<i>Access to social media/ networking tools.</i>	<i>Head of Communications and Community Engagement</i>	<i>31.03.12</i>
28	8	<i>IT Services structure has been reviewed and will be revised.</i>	<i>Director of Finance</i>	<i>31.12.11</i>
29	13.2	Develop an information asset register to facilitate appropriate public use of Council data.	Head of ICT/ Head of Law/ Information Manager	2011
30	8.8	Implement ITIL/ SFIA.	Head of ICT	<i>30.09.12</i>
31	13.4	Multifunction Device Contract renewal and the introduction of print monitoring software in support of the Print Strategy.	Head of ICT	<i>01.01.12</i>

## WIRRAL COUNCIL

### CABINET

13 OCTOBER 2011

<b>SUBJECT:</b>	INFORMATION AND COMMUNICATION TECHNOLOGIES SECURITY POLICY
<b>WARD/S AFFECTED:</b>	ALL
<b>REPORT OF:</b>	DIRECTOR OF FINANCE
<b>RESPONSIBLE PORTFOLIO HOLDER:</b>	COUNCILLOR STEVE FOULKES
<b>KEY DECISION?</b>	NO

#### 1.0 EXECUTIVE SUMMARY

- 1.1 This report informs Members of proposed amendments to the Information and Communication Technologies (ICT) Security Policy last presented to Cabinet on 2 September 2010.
- 1.2 Members are requested to agree the Information and Communications Technology Security Policy as amended.

#### 2.0 RECOMMENDATION

- 2.1 That the amended ICT Security Policy be agreed.

#### 3.0 REASON FOR RECOMMENDATION

- 3.1 The ICT Security Policy must be regularly updated to reflect constantly evolving threats to Council information and ICT assets.

#### 4.0 BACKGROUND AND KEY ISSUES

- 4.1 ICT is an integral part of Council activities and is essential in the delivery of most services and in communication with partner organisations. Because of this, policies and procedures need to be laid down and enforced in order to safeguard those services and the Council interest. These include:

- the physical assets
- access to the information stored on or available through those assets
- service continuity
- users of the systems and equipment
- compliance with legislation

4.2 An agreed ICT Security Policy is essential in the light of developments in:

- the broadband communications network
- mobile working
- the linking and common use of systems
- the volume and sensitivity of data held on ICT equipment and systems
- the Strategic Change Programme,
- the requirements of Government Connect, which enables the secure exchange of data with public sector partners.
- the Big Society initiative

4.3 Investment in ICT physical assets such as the centrally located application servers and storage area network, distributed servers, personal computers (PCs) and the communications infrastructure is significant.

4.4 The ICT Security Policy applies to the following people:

- all employees and elected Members of the Council
- all employees and agents of other organisations who directly or indirectly support or use the Council computer systems or networks
- all temporary and agency staff directly or indirectly employed by the Council
- all volunteers engaged directly or indirectly by the Council.

and to all areas of ICT, including:

- PCs and associated equipment, including personal digital assistants (PDAs) and all mobile equipment and storage devices
- all file servers and storage systems
- multi-function devices, printers, faxes and other reprographic equipment
- network communications
- software.

### **Changes to the Policy**

4.5 The changes to the ICT Security Policy are in italics. The majority are minor changes, including updated telephone numbers, internet hyperlinks and references within the document.

4.6 The more significant changes are as follows:

4.7 Users' Personal Data, paragraph 9.2

This new paragraph refers to the use of Council devices and file servers on the network to store users' personal data and files – ie: data not being used to perform Council business. This can include digital photographs, digital music and videos. Council ICT facilities should not be used in this way. Users' personal data takes up storage space on the file server and can impact on performance.



#### 4.8 Forwarding of Council emails to personal email accounts, paragraph 12.4

This amendment clarifies the issue of manually forwarding Council emails to personal email accounts. Council emails containing information classified as PROTECT or higher should not be forwarded to personal email accounts. If a user has a requirement to access Council emails or files remotely they should be provided with the secure means to do so. This can be arranged via the IT Services Helpdesk.

#### 4.9 Reporting an Information/ICT Security Incident, Appendix 1

The procedures governing the Council response to ICT security incidents have been amended and now refer to information / ICT security incidents. This is to clarify that any incident affecting the confidentiality, availability or integrity of Council information should be reported, whether ICT is involved or not.

#### 4.10 Information Classification: Government Protective Marking Scheme (GPMS), Appendix 2

The table in Appendix 2, paragraph 1 has been updated to reflect current Government guidance.

The table in paragraph 2.4 has also been updated. This now states that whilst information classified as PROTECT may be transmitted across public networks, such as the internet, or via fax, secure email facilities should be used if they are available.

#### 4.11 Use of Mobile Devices & Removable Media, Appendix 3

The distinction between mobile devices and removable media has been clarified. Mobile devices are portable devices with data processing and storage capabilities. Examples include laptops, tablet PCs, Personal Digital Assistants, Smartphones and mobile phones.

Removable media refers to storage media which can be removed from a device, such as a computer, without the need to power the device off. This includes optical media, such as CDs/DVDs, memory cards, USB datasticks and external hard drives.

#### 4.12 Use of Internet, Email and Telecommunications Facilities Code of Practice – Employees, Appendix 4

This has been updated and renamed to incorporate use of Council telecommunications facilities. The Code of Practice now confirms that use of the Council telephony system is for business purposes and that excessive personal use, publication of a Council telephone number for private use and use of offensive language is unacceptable.

It also clarifies that telephone calls made to the Call Centre are recorded for training and quality assurance purposes, and that such records of communications constitute a lawful interception of a communication under the Telecommunications (Lawful Business Practice) (Interception of Communications) Regulations 2000.

- 4.13 The document also confirms that excessive personal use of the internet, which could impact on employees' ability to fulfil the duties of their role, is unacceptable. As per minute 77 from the Executive Board meeting on 19 June 2006 use of the Internet should be kept to an absolute minimum between the hours of 9.00am and 5.00pm.

## **5.0 RELEVANT RISKS**

- 5.1 The updates to the ICT Security Policy, as outlined above, will ensure that current and emerging threats to the security of Council information and information systems are appropriately managed.

## **6.0 OTHER OPTIONS CONSIDERED**

- 6.1 No other options were identified.

## **7.0 CONSULTATION**

- 7.1 The ICT Security Policy has been amended following consideration by the Information Strategy Group, the Information Manager and Internal Audit.
- 7.2 The updated Use of Internet, Electronic Mail and Telecommunications Facilities Code of Practice – Employees at Appendix 4 has, in addition to the above, been approved by Human Resources and Legal Services.

## **8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

- 8.1 The ICT Security Policy must be adhered to by all users of Wirral Council ICT systems. This applies to third parties which may include voluntary, community and faith groups.

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

- 9.1 There are no resource implications.

## **10.0 LEGAL IMPLICATIONS**

- 10.1 There are no legal implications.

## 11.0 EQUALITIES IMPLICATIONS

11.1 There are no equalities implications.

11.2 Equality Impact Assessment (EIA)

(a) Is an EIA required? No

## 12.0 CARBON REDUCTION IMPLICATIONS

12.1 There are no carbon usage implications.

## 13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

13.1 There are no planning or community safety implications.

FNCE/209/11

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## APPENDICES

ICT Security Policy – September 2011

## REFERENCE MATERIAL

### SUBJECT HISTORY (last 3 years)

Council Meeting	Date
<b>Cabinet</b> – Agenda item 6 – Information and Communication Technologies Security Policy – Review	2 September 2010
<b>Cabinet</b> – Agenda item 27 - Information and Communication Technologies Security Policy	23 July 2009
<b>Cabinet</b> – Agenda item 4 - Information and Communication Technologies Security Policy	10 December 2008

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**WIRRAL COUNCIL**  
**ICT SECURITY POLICY**

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## 1 INTRODUCTION

1.1 Information and Communications Technology (ICT) is an integral part of the Council's activities: investment in equipment such as personal computers (PCs) and the communications infrastructure is significant. Because access to information via ICT is essential to the provision of services, policies and procedures need to be laid down and enforced in order to safeguard the information required by those services and the Council's interests. These include:

- the physical assets
- access to the information on those assets
- services continuity
- users of the systems and equipment
- compliance with legislation

1.2 This Policy therefore applies to:

- all employees and elected members of the Council
- all employees and agents of other organisations who directly or indirectly support or use the Council's computer systems or networks
- all temporary and agency staff directly employed or indirectly engaged by the Council
- all volunteers engaged directly or indirectly by the Council.

1.3 This Policy applies to all areas of ICT, including:

- PCs and associated equipment, including personal digital assistants (PDAs) and mobile equipment
- *all files servers and storage systems*
- printers, faxes and reprographics equipment
- network communications
- software

1.4 This Security Policy should be read in conjunction with the [Audit Guidelines for ICT Systems](#), produced by Internal Audit.

## 2 ENFORCEMENT

2.1 All users of the Council's information and ICT equipment are personally responsible for compliance with this Policy.

2.2 **Information and ICT security is viewed seriously by the Council and any failure to comply with this Policy could lead to disciplinary action being taken against any individual involved.** Non-compliance may be considered gross misconduct and as such may lead to the dismissal of the employee or employees concerned.

Examples of non-compliance include:-

- the installation and use of unauthorised software (including screensavers & wallpaper),
- any unauthorised access, deletion or amendment to software held on a computer,
- the installation and use of any unauthorised computer or telecommunications equipment, to Council networks,
- unauthorised and/or illicit use of the Internet,
- access to inappropriate websites and the downloading or storage of inappropriate images or material,
- the use of data for illicit purposes (including breach of any law, regulation or any reporting requirement of any law enforcement or government agency),
- the copying of software which breaches copyright agreements,
- exposing the Council to actual or potential loss (monetary or otherwise) through the compromise of ICT security,
- the unauthorised disclosure of confidential or personal information or the unauthorised use of corporate data,
- any disclosure of data to an unauthorised member of staff or any other person who is not authorised to see it,
- unauthorised personal use of equipment or changes to equipment configuration,
- unauthorised deletion or alteration of files or data,
- avoidable damage to the Council's equipment,
- sharing of passwords or otherwise compromising password security,
- any theft, damage or loss of IT equipment (eg – theft of PCs or components),
- any unsolicited e-mail which is offensive or appears to be fraudulent,
- use of IT facilities or systems to engage in fraudulent activities.

This is a list of examples and is not intended to be exhaustive.

- 2.3 Any individual who has knowledge of a breach of this Policy must report it immediately to his or her line manager. Failure to do so could result in disciplinary action being taken. The procedures for reporting a breach are in Appendix 1.

### **3 LEGISLATIVE FRAMEWORK**

- 3.1 The Council and all staff must comply with all relevant legislation. Users may be held personally responsible for any breach of any relevant legislation. Relevant legislation includes, but is not restricted to:

Data Protection Act 1998 (*see paragraph 5.3 below*)

Copyright, Designs and Patents Act 1988

Computer Misuse Act 1990

Health & Safety Act (Display Screen Equipment) Regulations 1992

Freedom of Information Act 2000

Anyone who is unsure of their responsibility should seek clarification from their line manager.

#### **4 USE OF COUNCIL ICT EQUIPMENT & NETWORKS**

4.1 Access by outside bodies into any of the Council's networks or equipment is not permitted without prior recorded agreement between IT Services and the appropriate Chief Officer/Senior Information Risk Owner (SIRO).

4.2 Access to departmental systems or information by representatives of external bodies (eg – Department of Work & Pensions) should be authorised by the system owner/ Information Asset Owner (IAO).

4.3 Staff accessing systems hosted outside the Council (e.g. *central government systems*) are bound by the requirements of this ICT Security Policy in addition to any policies and procedures relating specifically to the external system.

4.4 Telephone numbers, *login credentials and other information required to access the Council's networks* must not be disclosed to unauthorised persons/bodies.

4.5 No equipment may be

- connected to the network, or
- attached to any equipment connected to the network or which could be connected to the network (e.g. laptops)

without prior recorded authorisation from IT Services and the relevant SIRO.

4.6 When working remotely (e.g. homeworking) only Council-issued equipment and means of connection must be used when connecting to the Council network and the internet.

#### **5 DATA AND PROGRAM OWNERSHIP**

##### **5.1 The Council's Data**

(a) All computer programs and data resident on the Authority's hardware are for the sole use of the council in undertaking its business; access by members and employees is solely for this purpose, except by express recorded permission of the Chief Officer in consultation with the Director of Finance.

(b) Copying, alteration or interference with computer programs is not permitted without the recorded agreement of IT Services or the appropriate Chief Officer.



- (c) To enable staff to recognise the security level appropriate to the information or data they are using it is necessary to classify the information. To ensure consistency in the way Wirral staff use and protect the information we hold and exchange with partners in the public sector Wirral Council has adopted the Government Protective Marking Scheme (GPMS). Details are in Appendix 2.
- (d) IAOs should consider encrypting Council data/information which is classified as PROTECT or higher (see Appendix 2).

## 5.2 Roles & Responsibilities

Roles and responsibilities relating to information and ICT security issues are outlined below:

- (a) **Senior Information Risk Owners (SIRO)**  
The Director of Finance is Wirral Council's SIRO and is responsible for the information risk policy and how information risk is managed. This role is supported by SIROs in each department who identify information assets and give appropriate individuals responsibility for each asset (Information Asset Owners).
- (b) **Information Asset Owners (IAO)**  
IAOs are responsible for:
  - understanding what information is held, how it is added and removed, who has access, and why;
  - approving the level and extent of transfer of data to removable media, such as laptops, ensuring that there is a business purpose to do so and that the media is sufficiently protected;
  - ensuring that access to the information is kept to the minimum needed and that usage of the information is monitored.
- (c) **Department Security Officer (DSO)**  
DSOs act as a point of contact for information or ICT security issues, including ensuring that incidents which threaten information or ICT security are dealt with according to the corporate procedures described in Appendix 1.
- (d) **Information Strategy Group (ISG)**  
The Information Strategy Group (ISG) is the corporate body responsible for all specific ICT issues in the Council including formulation of strategies, policies and associated procedures, recommendations for developments and investments.

## 5.3 Data Protection Legislation

- (a) Any Personal Data held by the Council is subject to The Data Protection Act 1998. Personal Data is defined as any

information which identifies a living individual. The medium it is held on is irrelevant and this may be computer files, manual records, photographs or CCTV footage for example. The Director of Finance has overall authority for Data Protection compliance and this is delegated to the Information Manager within Finance Department. The Information Manager is responsible for ensuring the Council activities and purposes which utilise Personal Data are notified to the regulator, the Information Commissioner. The Notification can be viewed online on the public register pages at [www.ico.gov.uk](http://www.ico.gov.uk). All communication with the Information Commissioner should be via the Council's Information Manager.

- (b) The Data Protection Act requires us to disclose Personal Data in accordance with our Notification. Additional disclosures may be allowed with informed consent or in specific documented circumstances, such as for crime prevention. All disclosures must be in accordance with current Data Protection legislation.
- (c) The 8 Data Protection Principles are:
- Personal data must be processed fairly and lawfully.
  - Personal data must be obtained only for one or more specified and lawful purposes, and must not be further processed in any manner incompatible with that purpose or those purposes.
  - Personal data must be adequate, relevant and not excessive in relation to the purpose or purposes for which they are processed.
  - Personal data must be accurate and, where necessary, kept up to date.
  - Personal data processed for any purpose or purposes must not be kept for longer than is necessary.
  - Personal data must be processed in accordance with the rights of data subjects under the Data Protection Act.
  - Appropriate technical and organisational measures must be taken against unauthorised or unlawful processing of personal data and against loss or destruction of, or damage to, personal data.
  - Personal data must not be transferred to a country or territory outside the European Economic Area, unless that country or territory ensures an adequate level of protection for the rights and freedom of data subjects in relation to the processing of personal data.

## **6 ACCESS TO SYSTEMS**

### **6.1 General**

The approval, setting up and control of all networks and systems is

the responsibility of IT Services in conjunction with user departments. This includes

- access to the internet, and
- systems which are being accessed from public areas.

The data contained within each system will be subjected to a risk analysis to determine its sensitivity (Information Classification – see Appendix 2) and the impact of it being lost or accessed by, or disclosed to, unauthorised persons. Access must be controlled in accordance with procedures approved by IT Services.

- 6.2 All schools and sites providing public access to electronic services that connect to the corporate broadband network will be connected via a supplementary firewall managed by IT Services. Changes must not be made to any network settings, or additional equipment installed, without the prior recorded agreement of IT Services.
- 6.3 Day-to-day management of each system may reside outside IT Services: nonetheless, each system has a Systems Administrator and IAO, part of whose duties is to ensure adherence to the principles of access control. The appropriate Systems Administrator and IAO must be consulted before access can be given to that system. Requests for access to systems will be accepted only from authorised departmental representatives.
- 6.4 Third parties, *delivering a technical support service to the Council*, requiring *remote* access to systems on the Council network must receive approval from the relevant IAO and must *adhere to Wirral Council's ICT Security Policy, including its appendices*.

*Additionally, third parties must receive appropriate information security training and use two-factor authentication when remotely connecting to the network.*

A log of organisations connecting to the network must be maintained.

- 6.5 Where third parties, such as employees of partner organisations, contractors, agency staff or students on placement, require access to Wirral Council's *information systems*, the relevant Authorised Signatory must ensure that the requirements in section 14 of this policy are adhered to.
- 6.6 **Password Controlled Access**
- (a) Each user must have a unique user-ID and password. The use of another person's user-ID is not permitted. Users must not disclose their user-ID or password or visibly record them on or near equipment providing access to networks or systems. Users must not use anyone else's account.

- (b) Users must change default passwords, which enable first access, immediately.
- (c) Log-on passwords should be a minimum of seven characters in length and must contain three different type of characters from the following sets:
  - Upper case
  - Lower case
  - Numbers
  - PunctuationPasswords must be changed every 42 days and especially when it is suspected that the password has been disclosed. The last 20 passwords cannot be reused and passwords must not contain any part of a user's first or surname.
- (d) Persons intending to leave the employ of the Council who have access to applications systems, must immediately have their access capabilities restricted as appropriate, and removed as soon as possible on leaving the Council, either by the system owners, IAOs and/or local systems administrators whichever is applicable.
- (e) When users are away from their desks a password controlled screen lock must be activated.

## 6.7 Two Factor Authentication

Passwords are issued for staff to authenticate themselves. When accessing systems remotely, i.e. using mobile devices, further authentication is required. Key fobs are issued to staff to use in addition to their log on password when using mobile devices such as laptops, thus providing means of two factor authentication.

- 6.8 Key fobs must be stored separately from the equipment they are used when accessing Wirral Council's, or other organisations', systems. Each key fob is accompanied by a unique four digit number which is entered when logging on. This number must not be visibly recorded near to the equipment or the key fob.

## 7 PURCHASE AND DISPOSAL OF ICT EQUIPMENT AND SOFTWARE

- 7.1 All ICT equipment and software procurement contracts must be co-ordinated by IT Services and the Corporate Procurement Unit. The process must comply with the Contracts Procedure Rules as set out in the Constitution of the Council.
- 7.2 Authority to purchase equipment is controlled within departments, and IT Services will only act on authorisation agreed between user departments and IT Services. This must be evidenced in writing or by e-mail. IT Services will only place orders for equipment and software, whether placed by Departments or IT Services, which comply with the

Council's ICT Strategy and are appropriate for the users' business needs. IT Services will consult with the user department as appropriate to ensure both these criteria are met.

- 7.3 Details of all ICT equipment must be kept on the Council's central ICT Asset Register. This is controlled by IT Services: however, the accuracy of the information is a joint responsibility between IT Services and user departments.
- 7.4 To ensure compliance with the Waste Electrical & Electronic Equipment (WEEE) Directive and ensure that sensitive data is not accidentally released disposal of any ICT and associated equipment must be carried out *via* IT Services.

## **8 PCs AND PORTABLE COMPUTERS**

### **8.1 Configuration (Set Up)**

- (a) This includes PCs, and portable equipment such as laptops and handheld devices.
- (b) The configuration (set up) of such equipment must be carried out by IT Services. Systems will be configured to allow users access only to those applications, features and facilities they require to perform their day to day duties, and, where possible, these configurations will be standard across workgroups and locked to prevent unauthorised changes
- (c) An anti-virus solution must be installed on every device that has the capability to run it. The anti-virus solution must be kept up-to-date and maintained appropriately.

### **8.2 Approved Software**

Unlicensed or personal software must not be installed on the Council's hardware, or connected in any way to the Council's equipment or systems. If software is deemed to be of use to the Council then the Council in accordance with section 7 should duly acquire it under licence. Random spot checks may be conducted by IT Services or Internal Audit to ensure compliance with these provisions. (See also *section 11: Software Licences*)

### **8.3 Removable Media**

The Council provides a secure environment for its information. The primary security principle is that information should be kept within this environment and be made available for authorised staff to access. Occasionally it may be necessary to use *removable* media to temporarily hold Council information.

- 8.4 *To prevent data loss* the use of USB ports and removable media (such as floppy disks, CDs, DVDs, memory sticks etc) on networked

PCs is not permitted unless there is a business requirement to do so and recorded authorisation (see Appendix 3, paragraph 7.2) has been given by the department SIRO and IAOs in consultation with IT Services. Where authorisation has been given to a specific user it is their responsibility to ensure that all removable media connected do not transmit any viruses onto the Council's network.

- 8.5 Removable media which has been used on non-Council PCs, networked or otherwise, within or outside the Council, must not in any case be used on PCs connected to the Council's networks, until the media has been checked using appropriate virus checking procedures as agreed with IT Services.
- 8.6 Only media purchased through the Council's iProcurement system, and with a sufficient level of encryption, may be used to temporarily hold Council information. Staff must only use mobile media to transfer Council information if there is a business requirement to do so and there is no other more secure means available.
- 8.7 Members and staff using mobile devices away from the office are bound by the rules outlined in this policy. Detailed guidance on the use of mobile devices is provided in Appendix 3.

#### 8.8 **Unauthorised Equipment**

Users must not connect unauthorised equipment of any kind to the Authority's computer systems or networks.

### 9 **SAVING DATA / BACKUPS**

- 9.1 Service continuity is a high priority for the Council. It is the joint responsibility of users and IT Services, to ensure that appropriate business continuity procedures are operated and tested. Some systems are backed up by IT Services for business continuity purposes. Those not on the network must be backed up by departmental system administrators and IAOs.

#### (a) **IT Services' Responsibility**

- Unix Applications located in the corporate computer rooms
- Windows NT & Novell Netware Servers located in the corporate computer rooms. ( Some responsibilities for scheduling will be shared with Systems Administrators)

#### (b) **Departmental**

Other Departmental Application servers, PC Networks and Stand Alone PCs

It is the responsibility of the system administrator and user to ensure that appropriate back-up procedures are in place. IT

Services should be consulted for further advice on back-up procedures.

## 9.2 **Users' Personal Data**

*Users must not store personal data or files, ie: data not connected with Council business, including digital photographs, music and videos, on Council devices or on locally or networked file servers.*

## 10 **NEW SYSTEMS DEVELOPMENT**

10.1 The *Information Strategy Group (ISG)* must approve all new systems development, however resourced, prior to commencement.

10.2 All new systems will be subject to a Business Case justification and will be considered in the light of existing systems functionality and implementation timetable.

10.3 Systems must not be developed or acquired without consulting IT Services. This is to ensure that appropriate software and equipment is used to the standard appropriate for the business needs, and to ensure compliance with the Council's ICT and purchasing policies. Issues which must be taken into account include, but are not limited to:

- development of a system functional specification
- compatibility, if applicable, with other systems
- provision of access by other users, if required and permitted
- adequate security of data
- standard levels of documentation, access control and Audit Trail
- adequate sizing of the systems hardware; connectivity
- sufficient user support, proper maintenance and back-up

## 11 **SOFTWARE LICENCES**

11.1 It is the responsibility of IT Services, systems administrators and users as appropriate, to ensure that appropriate software licences are obtained and maintained.

11.2 IT Services, in conjunction with the Information Strategy Group (ISG), will ensure that, if the Policy laid out in this document is followed, the legal requirements of licences will be met. However, it is the responsibility of all departmental managers to ensure that this Policy is followed at all times.

11.3 The Council's Policy for Computer Software Management and Code of Conduct for the Use of Computer Software, included within **Audit Guidelines for ICT Systems**, by Internal Audit, should be followed at all times.

## 12 ELECTRONIC COMMUNICATION (INCLUDING USE OF INTERNET)

### 12.1 Electronic Communication includes:

- use of E-mail within the Council,
- use of E-mail to and from addresses outside the Council,
- use of the Council's Intranet, and
- general use of the Internet.

### 12.2 Authorisation

Users will be connected to the internet and/ or e-mail only after receipt by IT Services of a completed and suitably authorised INET01 Form.

### 12.4 Users must comply with the **Code of Practice** relating to the **Use of Internet, Electronic Mail and Telecommunications Facilities** (reproduced at Appendix 4). *The equivalent Code of Practice for Members must be adhered to by all Councillors.* The following points should be noted:

- Services will not be used to access, create, transmit or publish any material likely to cause offence.
- The hardware and software, and all messages belong to the Council; messages can be traced to both sender and recipient.
- Authorised staff in IT Services have the right to monitor the content of all e-mails and data which are transmitted to or from the Council's equipment or downloaded to the Council's equipment.
- All Internet sites visited are recorded automatically.
- Current Council personnel policies, including those on equal opportunities and harassment, apply.
- Data Protection legislation applies.
- Failure to comply with Council policies and procedures or legislation may lead to disciplinary and/or legal action.
- All communications sent or received via the Government Connect Secure Extranet (GCSx) or the Government Secure Intranet (GSi) may be intercepted or monitored.
- The automatic forwarding of electronic mail from a Wirral Council email account to another email account in a lower classification domain (eg – an internet email account such as hotmail) is prohibited by Government Connect.
- Council emails *containing information classified as PROTECT or above* must not be manually forwarded to personal email accounts.
- Council email must not be used to forward so-called 'chain emails'.

### 12.5 The facility to connect from any internet connected PC to the Council's email system will be provided where there is a valid business reason.

### 12.6 Encrypted Electronic Mail



In instances where staff are required to send emails containing information which is of a PROTECT classification (see Appendix 2) or above, the Council's encrypted email solution or a secure Government Connect email account must be used.<sup>1</sup>

## 12.7 Internet and Intranet Access

Failure to follow this Policy may put the Council's data and networks at risk: therefore non-compliance may lead to disciplinary action.

- (a) Access to the Internet and / or Intranet is only permitted on receipt of a properly authorised INET01 form. Control of access within a department is a departmental management issue.
- (b) All access must be in a manner approved by and arranged through IT Services.
- (c) Any data or information downloaded from the Internet must not be loaded to any other PC, networked or otherwise, until the data has been checked for viruses by a designated systems administrator or by IT Services. It is the user's responsibility to ensure that this is done.

## 13 PHYSICAL AND ENVIRONMENTAL SECURITY

13.1 Everyone has a duty of care to ensure that equipment is not put at risk of damage or theft, and is used in accordance with safe working practices. For example:

- The location of ICT equipment should be subject to a risk analysis, and should be sited to avoid unauthorised access, damage, theft interference and the effects of environmental or other hazards.
- Equipment in transit must not be left unattended.
- Equipment must not be removed or moved to another location without notification being given to IT Services and the appropriate changes made to the central asset register.
- Eating and drinking should not take place in the immediate vicinity of equipment.

13.2 Responsibility for the physical security of ICT facilities lies with the appropriate Building Manager in consultation with the ICT system owner.

## 14 HUMAN RESOURCES SECURITY

14.1 Since May 2004 all potential members of staff are subject to the Right to Work in the UK background security check. This involves establishing the identity of a potential employee by providing details of:

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<sup>1</sup> [Link to secure email guidance on Council intranet site](#)

- 1) Identity, proven by visibility of:
  - a) Full 10 year passportOr:
  - b) Birth Certificate, and
  - c) An official document issued by a previous employer or Government agency, such as a P45 form

Additionally potential staff must provide details of:

- 2) Employment history (past 3 years)
  - 3) Nationality and immigration status
  - 4) Criminal Record (unspent convictions only)
- 14.2 Existing staff employed prior to May 2004 who require access to Government Connect services will also be subject to the Right to Work in the UK background check.
- 14.3 In some instances a Criminal Records Bureau check will be required. If a candidate is successful in their application for a post requiring a CRB check, they will be required to authorise the Council to apply for disclosure of information from the Criminal Records Bureau. This authorisation must be given at the time the application is made. No check will be made, however, until an appointment is offered.
- 14.4 The policy and procedure for checking existing employees was approved by Employment & Appointments Committee on 11 March 2004 (Minute No. 95). In accordance with the CRB Code of Practice and because there is no contractual obligation on the employee, the Council will need to seek the existing employee's consent before completing a CRB check.

## REPORTING AN *INFORMATION* / ICT SECURITY INCIDENT

### 1. INTRODUCTION

1.1 An Information / ICT incident monitoring system is required to:

- i) Ensure all incidents are recognised and managed appropriately;
- ii) Enable Wirral Council to identify any patterns of problems and take action to rectify them.

### 2. DEFINITION

2.1 For Wirral Council's purposes, an *Information* / ICT security incident refers to any event that may cause loss or damage to Council ICT equipment or information that it holds. This includes the disclosure of information to someone not authorised to see it.

2.2 Although the loss of equipment is significant, the most important aspect of managing an incident is to identify what Council information or data has been affected. The person reporting the incident should record as quickly as possible what information is involved. For example, if a Council PC, tablet or CD/Datastick is lost or stolen, a list of the information held on the device or media should be made. If the files in which the information is held are password protected or encrypted, this should also be recorded.

2.3 *Information* / ICT security incidents may be caused by accidental or deliberate actions. The Wirral Council ICT Security Policy requires all staff to report possible *Information* / ICT security incidents so that remedial action can be taken and the chances of similar events occurring again are reduced.

2.4 A reportable incident could include, but not be limited to:

- i. Any theft, damage or loss of ICT equipment (eg – theft of PCs or components);
- ii. Any unauthorised access, disclosure, deletion or amendment to information held on a computer;
- iii. Any unauthorised access, deletion or amendment to software held on a computer;
- iv. Any unauthorised personal use of ICT facilities;
- v. Any loading and use of unauthorised software (eg – games, shareware, hacking tools);
- vi. Any unauthorised copying of software;
- vii. Any disclosure of data to an unauthorised member of staff or any other person who is not authorised to see it;
- viii. Any occurrence of malicious software such as a virus;
- ix. Any unsolicited e-mail which is offensive or appears to be fraudulent;
- x. Any suspicious event (eg – computer equipment being moved, suspicion that a user's computer has been tampered with).

- xi. Access to inappropriate websites and the downloading or storage of inappropriate images or material;
- xii. Connection of unauthorised or personal equipment to Council networks;
- xiii. Use of ICT facilities or systems to engage in fraudulent activities.
- xiv. Finding a secure room or container unlocked;
- xv. Protectively marked printed documents left on display.

### 3. PROCEDURES

3.1 The following procedures should be followed:

- i. If any member of staff suspects an incident has occurred, they must contact their Line Manager immediately. Staff should **NOT** attempt to respond to any incident themselves.
- ii. The Line Manager must then report the incident to the IT Services Helpdesk on ext. 4080.
- iii. The relevant Department Security Officer (DSO) must be contacted and informed of the incident.
- iv. The relevant sections of the *Information / ICT Security Incident Form* (at Annex 1) must be completed by the Line Manager and member of staff.

If the incident involves the loss or unauthorised disclosure of any council information classified as 'PROTECT' or 'RESTRICTED' this must be recorded.

- v. The incident details will then be recorded on the Helpdesk system and passed to IT Services staff for further action.
- vi. IT Services staff will investigate.
- vii. The incident will be prioritised in terms of its potential impact and urgency. Services affected by the incident will be identified.
- viii. At this point, the Council's Press & Public Relations Office must be informed by the Line Manager about incidents, particularly theft, internet misuse and any cases where Council information has been compromised. The Press Office must be contacted on *0151 691 8088 or ext. 8088* to discuss the matter further.
- ix. As per the corporate insurance guidelines all losses involving theft or malicious damage must be reported to the Police. A crime reference number must be obtained and included on the ICT Security Incident Form.
- x. If it is suspected that the incident has involved fraudulent activity, then the Council's Anti-Fraud and Corruption procedures must be followed. Details of Wirral's anti-fraud policy can be found at <http://10.107.1.50/Personnel/Forms/Anti-Fraud.doc>. The relevant departmental investigating officer should be contacted.

- xi. If it is suspected that the incident involves misuse of the Council's internet service, the 'Internet Misuse Investigation Process' must be followed. Details of the process can be found at Annex 2. The Director of Finance's secretary should be contacted immediately on 0151 666 3057.
- xii. The relevant team in IT Services will take the appropriate action to resolve the incident.
- xiii. The incident will be logged and any relevant evidence collected and saved. If the incident involves any activity which could constitute misconduct, then the Council's disciplinary procedures must be followed.
- xiv. If the incident involves stolen, lost or damaged ICT equipment it may be possible to submit an insurance claim. The Line Manager should contact the Insurance and Risk Management team on 0151 666 3413 for further details.
- xv. If the incident involves information, ICT equipment, systems or staff related to Government Connect services, the incident must be reported by IT Services to GovCertUK<sup>2</sup> using the form at Annex 3. The IT Services Helpdesk should be contacted for information.
- xvi. If the incident involves loss or exposure of personal data the Information Manager should be consulted on the requirement to report the incident to the Information Commissioner's Office (ICO).
- xvii. The incident will be reviewed by IT Services and corrective action taken to ensure the likelihood of a similar incident occurring is reduced.
- xviii. The Line Manager and DSO, in consultation with the SIRO and IAO, should agree if any action can be taken within their section/department to minimise the risk of the incident reoccurring.
- xix. Incidents that have highlighted weaknesses in the Council's ICT security framework, or have involved fraud or internet misuse, will be reported by IT Services to senior management via the Information Strategy Group (ISG).

Annex 4 outlines the above key stages in the incident reporting and response process.

## **4. ROLES & RESPONSIBILITIES**

### **4.1 Staff**

All Wirral Council staff are required to adhere to the ICT Security Policy and the Code of Practice for Use of Internet and Electronic Mail Facilities. If an *Information* / ICT security incident is suspected users must report it immediately to their line manager. Under no circumstances should staff attempt to respond to an incident themselves.

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<sup>2</sup> For more information see <http://www.govcertuk.gov.uk/>

#### **4.2 Line Manager**

When told of an *Information* / ICT Security Incident a Line Manager must ensure that any equipment involved remains untouched and that the DSO is contacted. They must report the incident to the IT Services Helpdesk and complete the *Information* / ICT Security Incident Form.

All relevant details must be recorded, including details of any information and assets. If necessary the Press & PR office should be contacted. The corporate anti-fraud procedures should be followed if fraud is suspected. If appropriate an insurance claim should be submitted.

If the incident involves inappropriate use of the internet the Council's Internet Misuse – Investigation Process must be followed. Details of this are attached at Annex 2.

The Line Manager should identify ways of reducing the likelihood of the incident reoccurring.

#### **4.3 Departmental Security Officer (DSO)**

When alerted to a suspected *Information* / ICT Security Incident the DSO must ensure that the Line Manager and member of staff are taking the appropriate actions and provide assistance.

#### **4.4 Helpdesk**

The Helpdesk will record the details of the incident, log a job and forward it to the relevant officer within IT Services.

#### **4.5 IT Services**

IT Services will investigate, diagnose and classify any *Information* / ICT Security Incident. If necessary they will invoke the relevant procedures if the case involves misuse of the internet. In certain circumstances the case will be forwarded to a specialist team to be dealt with. If the incident is related to the Government Connect programme it will be reported to GovCertUK.

#### **4.6** A summary report of incidents will be reported annually to ISG.

## INFORMATION / ICT SECURITY INCIDENT FORM

Annex 1

<b>Security Incident Report Number</b>	<i>Ask IT Services Helpdesk for this</i>
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<b>Date of incident</b>		<b>Time</b>	
<b>Staff Name</b>		<b>Telephone</b>	
<b>Section</b>		<b>Department</b>	
<b>Line Manager</b>			
<b>Location</b>			

<b>Nature of Incident</b>	Brief report outlining the circumstances and details of the incident.  Indicate if the incident was accidental or deliberate.
<b>Information/data lost or compromised</b>	<i>Information Classification – Not Protectively Marked, Protect, Restricted</i>

Description of Items			
<b>Asset Number</b>			
<b>Asset Description</b>			
<b>Estimated Value of Items</b>	£		
<b>Insurance Claim</b>	Will a claim be submitted?	<b>Yes</b>	<b>No</b>
	Details, and completed Insurance Form, to be forwarded to Risk and Insurance Management Team ( <i>link to form to be included here</i> ).		

IT Services Actions	
<b>IT Services Officer</b>	
<b>Description of Response</b>	
<b>Asset Register Updated?</b>	
<b>GovCertUK contacted?</b>	If the incident relates to Government Connect services.

Follow Up Actions	
<b>By Line Manager / DSO</b>	Details of any further actions, including processes and procedures, that need to be undertaken to minimise the risk of incident reoccurring.
<b>By ITS</b>	

## INTERNET MISUSE – INVESTIGATION PROCESS

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**IF IMAGES OF A SEXUAL NATURE INVOLVING CHILDREN OR ANIMALS ARE DISCOVERED AT ANY STAGE DURING THIS PROCESS THE INVESTIGATION MUST BE STOPPED, THE EVIDENCE SECURED, THE COMPUTER PLACED IN SECURE STORAGE AND THE POLICE INFORMED.**

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### Line Managers

If it is suspected that a member of staff has been accessing inappropriate Internet sites then line managers should adopt the following procedure.

1. The member of staff should be escorted away from the computer, which should be left switched on, not touched and not left unattended. This will preserve as much evidence as possible.
2. The line manager should report the incident to the Director of Finance's secretary, telephone number (666) 3057, and provide the following information: -
  - Contact name and telephone number
  - Location of the equipment
  - Computer base unit asset reference number
3. If a member of IT Services cannot attend site before the end of the working day the power cable should be disconnected from the base unit (not from the power socket) whilst the computer is still switched on. It should then be kept in secure storage.
4. IT Services will investigate the incident and report back to the line manager who should initiate the appropriate disciplinary action.

### Secretarial

On receipt of a report of suspected misuse Secretarial should carry out the following.

5. Contact a member of ITS staff in the following order: -
 

• <i>IT Security Officer</i>	<i>x3328</i>
• <i>Head of Business Architecture</i>	<i>x3011</i>
• <i>Head of Customer Service and Quality</i>	<i>x3070</i>
• <i>Head of IT Services</i>	<i>x3029</i>
6. Provide details of the incident and the information given at (2.) above.

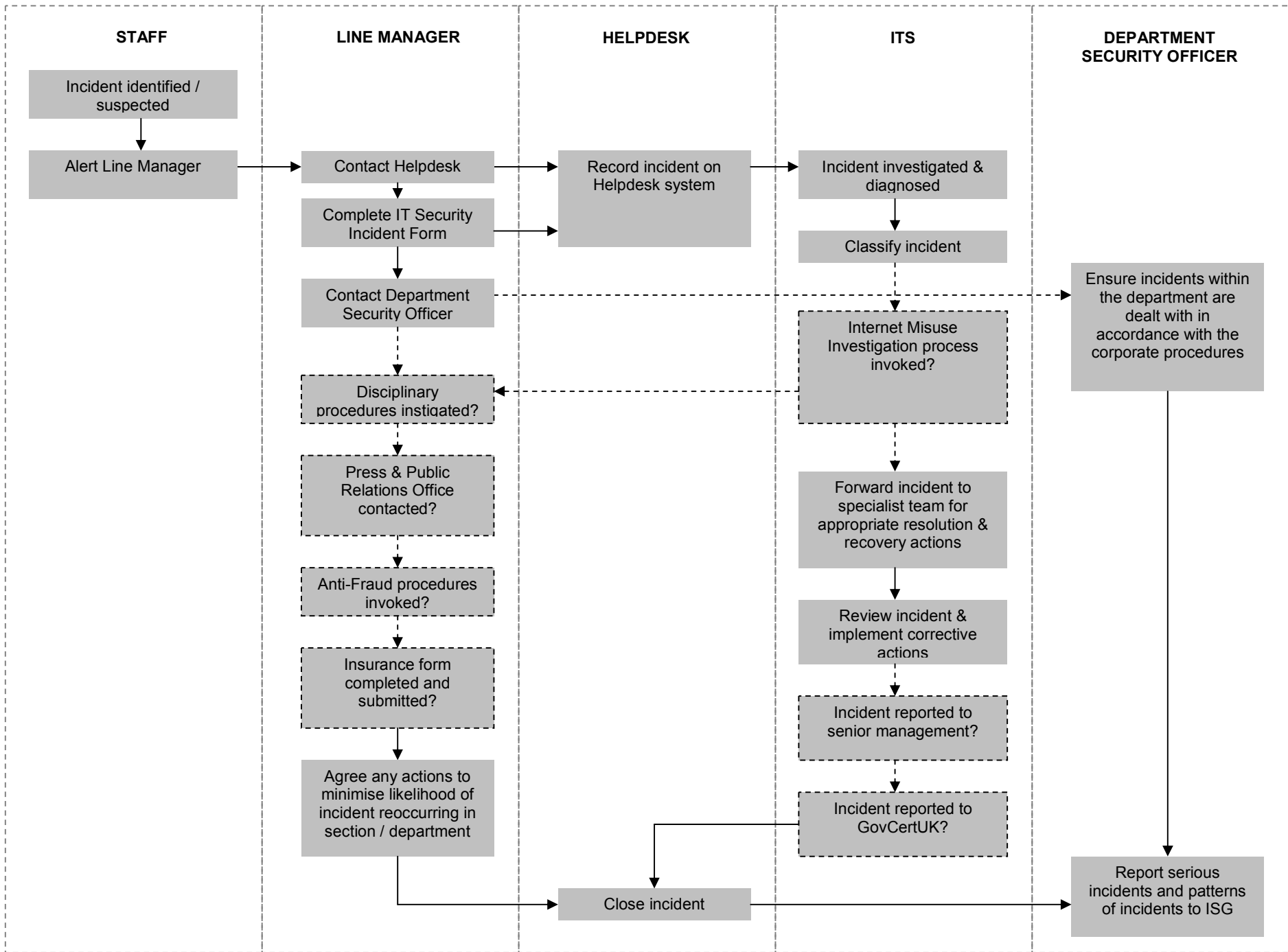


## **ITS**

7. On receipt of a report a member of IT Services staff will be requested to investigate.
8. As much investigative work as possible will be carried out and recorded prior to the computer being closed down.
9. The computer will be transported to the IT Services workshop for further investigation, where it will be clearly labelled and securely stored.
10. IT Services will analyse all firewall logs to determine the dates, times and which sites were accessed.
11. A report of findings will be sent to the originating line manager for action.

**GOVCERTUK INCIDENT REPORT FORM**

<b>General Information</b>	
<b>Reported By:</b>	<b>Date/Time Detected:</b>
<b>Department:</b>	<b>Date/Time Reported:</b>
<b>Title:</b>	<b>Mobile:</b>
<b>Phone:</b>	<b>Fax:</b>
<b>Email Address:</b>	<b>Additional Information:</b>
<b>Postal Address:</b>	
<b>Incident Details</b>	
<b>Type of Incident:</b>	
<b>Status of the Department:</b>	<b>Classification of affected System:</b>
Incident Details:	
<b>Site Details:</b>	<b>Site Point of Contact:</b>
Actions Taken:	
For further information go to: <a href="http://www.govcertuk.gov.uk/">http://www.govcertuk.gov.uk/</a>	



Actions with a dotted border must always be considered but executing them will depend on the individual incident.

## GOVERNMENT PROTECTIVE MARKING SCHEME (GPMS)

### 1. DEFINITIONS

- 1.1. The national Government Protective Marking System provides a framework for people handling public sector information to recognize the security required for the information being held, processed or transmitted. Each protective marking is allocated an appropriate Impact Level (IL). The IL value is used in order to determine how much protection these assets should be given. To recognise the appropriate security required, the person handling the information must consider the impact of it being released outside its normal channels, or the impact of its loss or destruction. The GPMS has 7 impact levels – see below.

Protective Marking	<i>Business Impact Level</i>
TOP SECRET	6
SECRET	5
CONFIDENTIAL	4
<b>RESTRICTED</b>	<b>3</b>
<b><i>PROTECT</i></b>	<b>2</b>
<b><i>Not Protectively Marked</i></b>	<b>1</b> <b>0</b>

- 1.2. A description of Top Secret and Secret is not given here. Anyone holding information that may have a higher IL than CONFIDENTIAL should contact the IT Services Helpdesk.
- 1.3. The compromise of assets marked “CONFIDENTIAL” would be likely to:
- Materially damage diplomatic relations, that is, cause formal protest or other sanctions
  - Prejudice individual security or liberty
  - Cause serious damage to the operational effectiveness of security or UK or allied forces
  - Cause serious damage to the continuing effectiveness of highly valuable security or intelligence operations
  - Work substantially against national finances or economic and commercial interests
  - Impede the investigation or facilitate the commission of serious crime
  - Seriously impede the development or operation of major government policies
  - Shut down or otherwise substantially disrupt significant national operations
- 1.4. Compromise of assets marked “RESTRICTED” would be likely to:

- Adversely affect diplomatic relations
- Cause substantial distress to individuals
- Make it more difficult to maintain the operational effectiveness of security of UK or allied forces
- Cause financial loss or loss of earning potential to, or facilitate improper gain or advantage for, individuals or companies
- Prejudice the investigation or facilitate the commission of crime
- Breach proper undertakings to maintain the confidence of information provided by third parties
- Impede the effective development or operation of government policies
- Breach statutory restrictions on the disclosure of information (except the Data Protection Act – which can be addressed by other impact statements and/or the e-Government Security Framework)
- Disadvantage government in commercial or policy negotiations with others
- Undermine the proper management of public sector and its operations

1.5 The compromise of assets marked “PROTECT” would be likely to:

- Cause substantial distress to individuals
- Breach proper undertakings to maintain the confidence of information provided by third parties
- Breach statutory restrictions on the disclosure of information (except the Data Protection Act – which can be addressed by other impact statements and/or the e-government Security Framework).

## **2. DISTINCTIONS**

2.1 At a working level within Wirral the baseline security objectives for PROTECT will be the same as for RESTRICTED, which are:

- Handle, use and transmit with care.
- Take basic precautions against accidental compromise (eg – unprotected data held on a datastick) or opportunist attack (eg – a laptop containing Council information being left on public transport).

2.2 Depending on the severity of the circumstances either RESTRICTED or PROTECT may apply where compromise would be likely to:

- Cause financial loss or loss of earning potential to, or facilitate improper gain or advantage for, individuals or companies.
- Prejudice the investigation or facilitate the commission of crime.
- Disadvantage government in commercial or policy negotiations with others.

2.3 Care should be taken when using and describing information with the CONFIDENTIAL protective marking. Within the UK Government CONFIDENTIAL is an explicit marking with clearly defined handling requirements. Sometimes, within Wirral ‘Confidential’ is used as a marking to indicate that information has a requirement for protection. Care should be taken to ensure that information protectively marked with the national CONFIDENTIAL marking should be handled accordingly.

2.4 Wirral staff must also consider the affect of the aggregation of information. For example, an individual instance of a personnel file may be marked as PROTECT. However, if a number of personnel files all marked as PROTECT

are stored on a database then the aggregated affect of holding the information together may increase the classification of the data as a whole. Consequently the collective marking would rise to RESTRICTED. If you are in doubt of the aggregation affect of the information you hold you should consult the system owner or the ITS Helpdesk.

	<b>PROTECT</b>	<b>RESTRICTED</b>
<b>Description</b>	Compromise of information would be likely to affect individuals in an adverse manner.	Compromise of information would be likely to affect the national interests in an adverse manner.
<b>Guidelines</b>	<ul style="list-style-type: none"> <li>• Cause substantial distress to individuals.</li> <li>• Breach proper undertakings to maintain the confidence of information provided by third parties.</li> <li>• Breach statutory restrictions on the disclosure of information.</li> </ul>	<ul style="list-style-type: none"> <li>• Affect diplomatic relations adversely.</li> <li>• Hinder the operational effectiveness or security of the UK or friendly forces.</li> <li>• Affect the internal stability or economic well-being of the UK or friendly countries adversely.</li> </ul>
<b>Principles and Clearance Levels</b>	<ul style="list-style-type: none"> <li>• Information classified as PROTECT should be held, processed, transmitted and destroyed with discretion to make compromise highly unlikely.</li> <li>• Only staff cleared by the department to access PROTECT level or above are authorised to handle the information. This includes all staff involved with transmission, storage and disposal.</li> </ul>	<ul style="list-style-type: none"> <li>• Information classified as RESTRICTED should be held, processed, transmitted and destroyed with discretion to make compromise highly unlikely.</li> <li>• Only staff cleared by the department to access RESTRICTED level or above are authorised to handle the information. This includes all staff involved with transmission, storage and disposal.</li> </ul>
<b>Electronic Transmission (e-mail)</b>	<i>Whilst <b>PROTECT</b> information may be transmitted across public networks within the UK or across any networks overseas i.e. across the internet, secure email facilities should be used if they are available.</i>	All RESTRICTED information transmitted across public networks within the UK or across any networks overseas must be encrypted using an approved system.
<b>Electronic Transmission (Fax)</b>	<i>Whilst <b>PROTECT</b> information may be transmitted across the PSTN using a fax, secure email facilities should be used if they are available</i>	All RESTRICTED information may not be transmitted by fax at any time.
<b>Electronic Storage</b>	Electronic files (including databases) must be protected against illicit internal use or intrusion by external parties through a judicious selection of two or more of the following mechanisms:  a. User challenge and authentication (username/password or digital ID/Certificate). b. Logging use at level of individual. c. Firewalls and intrusion-detection systems and procedures; server authentication. d. OS-specific/application-specific security measures.	Electronic files (including databases) must be protected against illicit internal use or intrusion by external parties through a judicious selection of two or more of the following mechanisms:  a. User challenge and authentication (username/password or digital ID/Certificate). b. Logging use at level of individual. c. Firewalls and intrusion-detection systems and procedures; server authentication. d. OS-specific/application-specific security measures.
<b>Electronic Disposal</b>	Electronic files should be disposed of in a way that makes reconstruction highly unlikely.	Electronic files should be disposed of in a way that makes reconstruction highly unlikely.
<b>Voice Telephone Conversation</b>	Information protectively marked with PROTECT can be spoken about over the telephone.	Departments should already be aware from S(E)N 06-10 issued on 22 September 2006 that telecommunications made at RESTRICTED (Confidentiality IL 3) level can no longer be guaranteed as secure. Appropriate secure communications should be used.
<b>Manual Transmission</b>	<ul style="list-style-type: none"> <li>• Within a single physical location. As determined by the DSO or equivalent.</li> <li>• Transfer between establishments within</li> </ul>	<ul style="list-style-type: none"> <li>• Within a single physical location. As determined by the DSO or equivalent.</li> <li>• Transfer between establishments within or</li> </ul>

	PROTECT	RESTRICTED
	<p>or outside UK:</p> <p>a. May be carried by ordinary postal service or commercial courier firms, provided the envelope/package<sup>3</sup> is closed and the word PROTECT is not visible.</p> <p>b. The outer envelope must clearly show a return address in case delivery is unsuccessful.</p> <p>c. In some cases due to the nature of the contents, identifying the originating department may be inappropriate and a return PO Box alone should be used.</p>	<p>outside UK:</p> <p>a. May be carried by ordinary postal service or commercial courier firms, provided the envelope/package is closed and the word RESTRICTED is not visible.</p> <p>b. The outer envelope should be addressed to an individual by name and title. RESTRICTED mail for/from overseas posts should be carried by diplomatic airfreight.</p> <p>c. The outer envelope must clearly show a return address in case delivery is unsuccessful. d. In some cases due to the nature of the contents, identifying the originating department may be inappropriate and a return PO Box alone should be used.</p>
<b>Manual Storage</b>	<ul style="list-style-type: none"> <li>In an office environment, PROTECT material should be held in a lockable storage area or cabinet.</li> <li>In a storage facility, all material should be protected through controlled access to the storage areas, and through a secure physical environment.</li> </ul>	<ul style="list-style-type: none"> <li>In an office environment, RESTRICTED material should be held in a lockable storage area or cabinet.</li> <li>In a storage facility, all material should be protected through controlled access to the storage areas, and through a secure physical environment.</li> </ul>
<b>Manual Disposal</b>	Disposed of or destroyed in a way that makes reconstruction highly unlikely.	Disposed of or destroyed in a way that makes reconstruction highly unlikely.

2.5 The Council provides a secure environment for its information. The primary security principle is that information should be kept within this environment and be made available for authorised staff to access. Occasionally it may be necessary to use mobile media to temporarily hold Council information.

2.6 Mobile devices (such as data sticks/flash drives, laptops, tablets, PDAs) must only be used to transfer information or data marked PROTECT, RESTRICTED or CONFIDENTIAL **when there is no other more secure alternative available**. In such cases the device and, ideally, the information should be encrypted.

### 3. EXAMPLES OF USE OF PROTECT AND RESTRICTED IN WIRRAL COUNCIL

3.1 PROTECT refers to information relating to an individual. For example, information concerning parents who have registered for free school meals should be labelled PROTECT when dealing with an individual case. In instances where this information is viewed collectively, such as a database report showing all Wirral parents who claim free school meals, then the labelling will change to RESTRICTED.

3.2 Information that is personal and sensitive should be labelled RESTRICTED, even if it relates to one record of an individual files. This may include Social Services case files.

3.3 If you wish to discuss the classification of specific information contact the ITS Helpdesk.

## USE OF MOBILE DEVICES & REMOVABLE MEDIA

### 1. WHAT IS THE DEFINITION OF A MOBILE DEVICE & REMOVABLE MEDIA?

- 1.1 The Council provides a secure environment for its information. The primary security principle is that information should be kept within this environment and be made available for authorised staff to access.
- 1.2 A mobile device is a portable device *with data processing and storage capabilities* that is used to access Council ICT systems and store or transmit data from any location. Examples include laptops, tablet PCs, Personal Digital Assistants, Smartphones and mobile phones.
- 1.3 *Removable media refers to storage media which can be removed from a device, such as a computer, without the need to power the device off. This includes optical media, such as CDs/DVDs, memory cards, USB datasticks and external hard drives.*

### 2. PURPOSE OF PROVIDING MOBILE DEVICES & REMOVABLE MEDIA

- 2.1 The Council provides mobile devices *and removable media* to enable staff to access ICT and telecommunications systems from any location as part of their employment *and to store data temporarily.*
- 2.2 *Only mobile devices and removable media* that are supplied by the Council may be connected to the Council network.
- 2.3 Mobile devices *and removable media* that are supplied by the Council must not be connected to any non-Council equipment or networks.
- 2.4 Personal mobile phones are permitted but they should be set to silent or discreet mode during working hours and only used in emergency situations.
- 2.5 Only Council-supplied USB data sticks must be used on Council devices and network. These can be purchased through Wirral's iProcurement system. **Personal USB flash drives/data sticks must not be used.**

### 3. PERSONAL USE OF COUNCIL SUPPLIED MOBILE DEVICES

- 3.1 In emergency situations, including circumstances where you are unexpectedly required to work out of hours or at an alternative location, minimal use of your mobile device for personal use is permitted, as long as it does not interfere with work commitments and does not constitute misuse.
- 3.2 Minimal personal use means infrequently and for seconds, rather than minutes and should be kept to unavoidable, emergency situations.



#### **4. THINGS YOU MUST NOT DO**

- 4.1 Except where it is strictly and necessarily required for your work, you must not use your mobile device to do the following:
- . Transmit picture messages.
  - . Transmit video messages.
  - . Download music or video files.
  - . Download ring tones or games.
  - . Dial or text premium rate phone numbers.
  - . Use multimedia services.
- 4.2 The above list gives examples of “inappropriate” use but is neither exclusive nor exhaustive.

#### **5. MONITORING THE USE OF MOBILE DEVICES & REMOVABLE MEDIA**

- 5.1 The Council has a duty to monitor how the organisation operates and how its individual employees perform whilst at work. Lawful monitoring is undertaken to safeguard employees as well as protect the interests of the Council and its customers. It is also undertaken so that Managers can ensure the smooth running of their Department and to enable the management of resources.
- 5.2 Be aware that the usage of mobile devices *and removable media* will be monitored to ensure that it is in accordance with the policies and procedures of the Council.
- 5.3 A summary of personal usage above the accepted minimum and the associated costs will be provided to individuals. These costs will be reclaimed by the Council.
- 5.4 Any personal usage above the permitted minimal use that is not repaid will be dealt with in accordance with the Council's disciplinary procedure where necessary. In disciplinary situations the Council will be the arbiter of whether or not the minimal personal use test has been met
- 5.5 All mobile devices *and removable media* must be available to be returned to the Council on request for updates and auditing purposes.

#### **6. MOBILE DEVICES AND THE LAW**

- 6.1 Your mobile device must not be used in a way that contravenes the Law.
- 6.2 Under the Freedom of Information Act, any copy of a file held on a Wirral mobile device will be accessible to the general public. If you choose to delete this file after you know that it has been requested then you are committing an offence for which you, not the Council, will be personally liable.
- 6.3 Under the Data Protection Act we have a duty to protect personal or sensitive information. Some mobile devices *and removable media* have very limited

security facilities and should not be used to store personal, sensitive or confidential information without additional controls.

- 6.4 The law (Road Vehicles (Construction and Use) (Amendment) (No. 4) Regulations 2003) prohibits drivers from using a hand-held mobile phone, or similar device, while driving. Employees must never use a phone while driving and ensure that their phone is switched off when driving.

## **7. TRANSFER OF COUNCIL INFORMATION**

- 7.1 Mobile devices *and removable media* must only be used to transfer Council information if there is a business purpose to do so and when no other more secure means is available (such as encrypted email).
- 7.2 If your role requires you to use a mobile device *or removable media* which will transfer Council information you must alert your Line Manager who will confirm there is a business requirement. The department Senior Information Risk Owner (SIRO) must authorise your use of the mobile device *or removable media* and ensure the department register is updated with your name, section, contact details, type of device, reason for transferring Council information and exactly what information is involved.
- 7.3 If the information being transferred is classified as PROTECT or above (see Appendix 2 for further details) then appropriate encryption must be used to protect the device and the information it holds.

## **8. YOUR RESPONSIBILITIES AS A MOBILE DEVICE / REMOVABLE MEDIA USER**

- 8.1 It is your responsibility to:
- Familiarise yourself with this guidance before using a council supplied mobile device *or removable media*.
  - Assess the risks associated with using your mobile device / *removable media*
  - Keep your mobile device / *removable media* secure at all times. *If a device is to be left in a Council building overnight it must be locked away and out of sight.* Advice on protecting your mobile device and using your mobile device in a public place is given below.

## **9. THREATS TO MOBILE DEVICES & REMOVABLE MEDIA**

- 9.1 Staff should be aware of the threats associated with using a mobile device. These include, but are not limited to:
- Theft
  - Loss
  - Damage
  - Compromise of information
  - Malicious attack (eg – viruses)

## **10. USING YOUR MOBILE DEVICE IN A PUBLIC PLACE – A QUICK GUIDE**

10.1 Care should be taken when using mobile computing facilities in public places, meeting rooms and other unprotected areas outside of the Council's premises.

### **10.2 Be vigilant and don't invite crime:**

- Make sure you have the right data access controls such as user account names and passwords or security tokens and that you use them properly.
- Secure your device to an immovable object if possible.
- Never leave your device unattended in public places.
- Enter passwords securely, just as you would enter a PIN number.
- Beware of shoulder surfers (people who watch your screen over your shoulder).
- Log out or use a screen saver with a password when you are not using the device.
- Do not give mobile devices to unauthorised persons (including members of your family).
- Carry mobile devices discretely on your person or in hand luggage.
- Never leave your device in view when left in a car.
- Report theft or loss of your device to the police and obtain an incident number.
- Report theft, damage or loss of your mobile device to the IT Services Helpdesk on ext.4080.

### **10.3 Do your housekeeping:**

- Make sure you take regular backups of the data on your mobile device if it is the only copy of the data.
- Make sure your anti-virus software is kept up to date.
- If you no longer need a file then delete it.
- Don't eat or drink near your device.

## **USE OF INTERNET, ELECTRONIC MAIL & TELECOMMUNICATIONS FACILITIES**

### **CODE OF PRACTICE - EMPLOYEES**

This document outlines the policy adopted by the Council for the acceptable use of computer network facilities, including electronic mail and the Internet, *and telecommunications facilities*.

Anyone authorised to use such facilities is required to abide by the conditions laid down in this policy. Any breach of these conditions could result in disciplinary action or in some cases a criminal prosecution.

All users are expected to demonstrate a responsible approach in the use of resources available to them, and to show consideration for other users, both those using the Council's facilities and those with whom they may come into contact on the Internet. Users are expected to behave in a legal, moral and ethical fashion that is consistent with Council policies and standards.

It must be recognised that any view communicated over the Internet will be deemed to be the view of the Council, and will in most cases be treated as equivalent to correspondence sent by traditional formal routes. Normal rules for authorising correspondence and statements should therefore be applied to electronic communication.

Access to the Internet by personal computers (including portables) provided by the Council must use only the approved service providers. (Downloading "free" browsers etc. may significantly change the way in which the PC is organised, which may in turn give rise to support problems.)

Users must not load unauthorised software, including games, on personal computers provided by the Council.

Users should print only essential material, and should check the length of a document before printing.

Use of the facilities provided will be routinely monitored and any unauthorised or unacceptable use could result in disciplinary measures.

As stated in the ICT Security Policy individuals must keep their password secure and not share it with others. This prevents unauthorised access to accounts. This access protection is revised in two sets of circumstances.

First, when the account holder is unexpectedly absent. For business continuity purposes access to an account can be obtained by line management with the permission of the appropriate Head of Service. Such requests should be forwarded to the IT Services' Helpdesk.

The second is during the disciplinary process<sup>3</sup>. IT Services will provide Investigating Officers<sup>4</sup> access to accounts on receipt of permission from the appropriate Head of Service. In these circumstances the request from the Head of Service should be addressed to a member of the IT Services management team.

All communications sent or received via the Government Connect Secure Extranet (GCSx) or the Government Secure Intranet (GSI) may be intercepted or monitored.

The automatic forwarding of electronic mail from a Wirral Council email account to another email account in a lower classification domain (ie – an internet email account such as hotmail) is prohibited.

The manual forwarding of Council emails to personal email accounts in a lower classification domain is prohibited.

The use of Council email facilities to forward so-called 'chain emails' is prohibited.

*The Council's telephony system is a business tool and personal use should be kept to a minimum.*

*Telephone calls made to the Council's Call Centre are recorded for training and quality assurance purposes. Such records of communications constitute a lawful interception of a communication under the Telecommunications (Lawful Business Practice) (Interception of Communications) Regulations 2000.*

### **Unacceptable Deliberate Use**

The following activities, whilst not an exhaustive list, are unacceptable:

1. The access to or creation, transmission or publication of any offensive, discriminatory, pornographic, obscene or indecent images, sounds, data or other material.
2. The access to or creation, transmission or publication of any data capable of being displayed or converted to such offensive, pornographic, obscene or indecent images, sounds, data or other material.
3. The creation, transmission or publication of any material which is designed or likely to cause offence, inconvenience or needless anxiety, or which may intimidate or create an atmosphere of harassment.
4. The creation, transmission or publication of defamatory material.
5. The receipt or transmission of material that infringes the copyright of another person.

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<sup>3</sup> The Council's Discipline Policy can be accessed at <http://10.107.1.50/Personnel/Discipline.htm>.

<sup>4</sup> The role of the Investigating Officer is described at [http://10.107.1.50/Personnel/Discipline\\_Investigating\\_Off.htm](http://10.107.1.50/Personnel/Discipline_Investigating_Off.htm), and the Nominated Officer at [http://10.107.1.50/Personnel/Discipline\\_Nominated\\_Officer.htm](http://10.107.1.50/Personnel/Discipline_Nominated_Officer.htm).

6. The creation, transmission or publication of any material in violation of Data Protection legislation or of any UK or International laws or regulations. Such activity may constitute a criminal offence.
7. The transmission of unsolicited commercial or advertising material to other users of the Council's network or users of the Internet.
8. The deliberate unauthorised access to facilities, services, data or resources within the Council or any other network or service accessible via the Internet, or attempts to gain such access.
9. Unauthorised access to the electronic mail of another individual.
10. Deliberate activities with any of the following characteristics or that by their nature could result in:
  - wasting staff or other users' efforts or network resources
  - corrupting or destroying other users' data
  - violating the privacy of other users
  - disrupting the work of other users
  - using the internet in a way that denies service to other users (for example by overloading the connection to the network by unnecessarily, excessively and thoughtlessly downloading large files)
  - continuing to use any item of software or to access any material after being requested to cease its use because of disruption caused to the functioning of the Council's network or the Internet (for example utilities designed to broadcast network-wide messages)
  - the introduction or propagation of viruses
11. Where the Internet is being used to access another network, any abuse of the acceptable use policy of that network.
12. Any use of the Internet or other facilities that could damage the reputation of the Council.
13. *Excessive personal use of the internet or electronic mail system which could impact on the employee's ability to fulfil the duties of their role. It should be noted that use of the Internet should be kept to an absolute minimum between the hours of 9.00am and 5.00pm.*
14. *The Council's telephony system is a business tool and should be used as such. The following activities, whilst not an exhaustive list, are unacceptable:*
  - *Excessive personal use, (either incoming or outgoing calls) which could impact on the employee's ability to fulfil the duties of their role.*
  - *Publication of a Council telephone number for private use.*
  - *Use of language that could be deemed offensive to either the recipient or persons overhearing the call.*

WIRRAL COUNCIL

CABINET

13 OCTOBER 2011

<b>SUBJECT</b>	<b>RISK MANAGEMENT STRATEGY AND THE MANAGEMENT OF RISK AND OPPORTUNITY</b>
<b>WARD/S AFFECTED</b>	<b>ALL</b>
<b>REPORT OF</b>	<b>DIRECTOR OF FINANCE</b>
<b>RESPONSIBLE PORTFOLIO HOLDER</b>	<b>COUNCILLOR STEVE FOULKES</b>
<b>KEY DECISION</b>	<b>YES</b>

## **1.0 EXECUTIVE SUMMARY**

- 1.1 The Risk Management Strategy was last updated on 25 November 2010 and it is reviewed annually. Whilst there are minor changes to the Strategy this report recommends that a more tailored and embedded approach to the management of risk, strategically and operationally, is needed if the Council is to meet the challenges and take advantage of the opportunities both internally and in the wider environment. It proposes the creation of a new framework and processes to support the new approach.

## **2.0 RECOMMENDATIONS**

- 2.1 That the retention of the existing Risk Management Strategy be approved.
- 2.2 That Cabinet supports the development of a new corporate approach to the management of uncertainty and agrees that the action plan in the Appendix be incorporated within the Risk Management Strategy.
- 2.3 That detailed proposals for the new framework and processes be presented to a future meeting of Cabinet for consideration.

## **3.0 REASONS FOR RECOMMENDATIONS**

- 3.1 The current Risk Management Strategy is to continue whilst work on a more detailed review is undertaken in response to the changing environment.
- 3.2 Ensuring that an effective risk management system is in place is a key element of Member responsibilities for corporate governance and embedding a more robust approach to risk will assist the Authority to innovate and exploit opportunities and reduce exposure to threats. The support from Cabinet and the input of Members into the initiative is vital to ensure that the degree of cultural change needed is delivered.

## **4.0 BACKGROUND AND KEY ISSUES**

### **The drivers for improvements in managing risk**

- 4.1 The effective management of risk is recognised as an essential feature of good governance. It is particularly important at times of uncertainty in the external environment and when organisations are undergoing substantial internal change.
- 4.2 In common with other local authorities Wirral faces a period of both significant threat and a number of opportunities driven by external influences and particular challenges related to change within the Council itself. Reductions in funding, changes in service delivery mechanisms, increasing service continuity and resilience challenges and rising community expectations are some of the issues identified. This is not a comprehensive list and the issues may not be the most significant influences.
- 4.3 Agile organisations should be able to prepare for and address the risks presented by these uncertainties. But to do so will require the Council to build on existing skills and introduce new management techniques. A formal framework and processes for managing risk have been in place for a number of years. However, to meet current best practice and the breadth and scale of the uncertainties facing the Authority, the existing approach and the way that risk issues are addressed require significant change.
- 4.4. It was reported to Cabinet on 25 November 2010 that an in-depth review had commenced of the approach to the management of uncertainty. The revised framework and processes will be informed by the British Standard for Risk Management (BS 31100:2008) and will seek to address risk in the wider sense of uncertainty. To progress this work a project outline was agreed by Chief Officers and a respected risk management academic and practitioner engaged to assist with the initial stages of the project.

### **Information gathering and review**

- 4.5 The Risk & Insurance Team has gathered information on areas for improvement in relation to the existing framework and how well managers understand and apply it. This was facilitated by the publication of the British Standard which details best practice guidance on what an effective risk management framework should contain, the processes to be adopted and how risk management activities can be developed. However, it is not prescriptive about the detail of processes leaving an individual organisation free to tailor the approach to meet its own culture and capabilities. Comparing the Council arrangements with the content of the standard has indicated a number of areas for improvement. Others have been recommended by Internal Audit through comparison with best practice.
- 4.6 To assist with determining the current level of understanding around risk and to appreciate how risks were being managed in practice Richard Anderson, a respected risk management academic and practitioner, was invited to conduct both a risk management maturity survey of managers and a series of business context interviews with senior Members and Chief Officers.



4.7 Mr Anderson reported his findings to the Executive Team. He recognised a number of strengths in the current arrangements including the relatively large proportion of people who are regularly involved in risk sessions, the fact that both internal and external risks are actively considered and the amount of training that has been provided. However without significant improvements in approach the ability to successfully address the uncertainties indicated earlier in the report would be limited and he recommended:-

- (a) The Leader and the Chief Executive should sponsor and develop an approach to risk management that can be rolled out to all staff with appropriate targeted communication and focussed training programmes.
- (b) Cabinet and the Executive Team should develop a meaningful and helpful approach to defining risk appetite and tolerance which is both data-rich and capable of measurement and should work together to establish these. Risk appetite is defined as the amount of risk which an organisation is prepared to seek, accept or tolerate in pursuance of its objectives.
- (c) Cabinet and the Executive Team should consider how they can develop the infrastructure to embed risk management.
- (d) The Executive Team should identify ways to develop their own departments in becoming more effective at managing risk to support the achievement of Council objectives.
- (e) All Members and staff should be introduced to the relevance and benefit of risk management.
- (f) The Executive Team should actively consider how they can develop an approach to risk management across the extended enterprise with partners and other suppliers.

#### **Executive Team response**

4.8 The report was presented to the Executive Team on 23 June 2011 and the Team recognised both the need for a much improved approach and that its success would require major cultural change within the organisation. The discussion established a number of important principles which should drive the future strategy for managing risk and uncertainty:-

- Any approach should be cost-effective and minimise the resources wasted in dealing with the negative impacts of operational risks..
- It should support innovation and informed risk taking.
- Risk management should be embedded into all activities and decision-making processes.
- Candour and maturity in discussions between officers and Members about risks and opportunities should be enhanced.
- The Council should continue to develop a culture which learns from experience rather than one which seeks to allocate blame. (Provided that officers have complied with the framework and processes).

- 4.9 The Team discussed a number of key priorities for future action and the priorities and how they might be achieved are set out below:
- (a) **The establishment of a revised policy towards risk and uncertainty and an improved framework for managing it.**  
The Risk & Insurance Team would take lead responsibility for producing a policy and framework for the consideration of Members and the Executive Team. However, given the interdependence of risk management and other management disciplines, including performance, project, finance and human resources and its key role in corporate governance, the Team would need to create an implementation group comprising interested and influential officers from across the organisation.
  - (b) **The establishment by Chief Officers and key Members of the risk appetite and risk tolerance.**  
The task of beginning to establish the risk appetite and risk tolerance would require the direct involvement of the Executive Team and of Cabinet. This dialogue would be an early action within the project as it informs many subsequent aspects of the Strategy.
  - (c) **Consideration of an IT system for the capture, sharing and reporting of risk information.**  
A critical element of any modern risk management approach is a system for capturing analysing and reporting risk and the Authority is unusual in not having one at present. A number of potential solutions are available to improve the quality of risk information and how it could be used. A task for the project team would be to evaluate the functionality of the recently procured programme control system to ascertain if it would be suitable for this purpose. If not Members and the Executive Team would be recommended to purchase a proprietary risk management information system.
  - (d) **Consideration of key information in relation to risks and opportunities that needs to be reported to the Executive Team and to Cabinet.**  
Establishing what risk information is required by the Executive Team and Cabinet and in what format is vital to ensure that decisions taken are based on concise and relevant information. The implementation group would put forward proposals for achieving the correct balance and work with Chief Officers and Members over its implementation.
  - (e) **The creation and delivery of a training programme for staff and Members.**  
Training for Members and the workforce is critical to implementing the new approach and to delivering the cultural change required to deliver the Executive Team's principles. The goals for any training programme and its content will be strongly influenced by the four other areas of action.
- 4.10 If the revised policy framework and processes are approved by Members then the next stage would be to implement the actions contained in the Strategy and embed the processes. It is likely that their introduction would need to be made over the next three financial years.

## **Governance**

- 4.11 In recognition of their ultimate responsibility for governance the Leader and the Chief Executive have agreed to sponsor the initiative. Detailed work associated with the project would be undertaken by an implementation group headed by the Risk & Insurance Officer. Regular progress reports would be provided to the Executive Team with a formal report to each meeting of the Audit & Risk Management Committee. The proposals for a revised framework and processes would be presented formally to Cabinet for consideration.

### **5.0 RELEVANT RISKS**

- 5.1 The Risk & Insurance Team is working to capacity with the majority of resource focussed on risk financing (insurance) and so additional work would impact on existing commitments. The involvement of other professionals in the implementation group would provide additional capacity.
- 5.2 The implementation of a new approach will require improvements to processes but also a degree of cultural change which will take several years to embed. The entire purpose of risk management is to support the strategic vision of the Cabinet and the Executive Team and if key stakeholders do not take ownership of the initiative and if their interest is not sustained it will not be possible to effect such change.
- 5.3 Not proceeding with the development of the new strategy and policy would mean that the Council would not meet current best practice. More importantly it could inhibit innovation and result in significant adverse impacts from unidentified and incorrectly quantified risks.

### **6.0 OTHER OPTIONS CONSIDERED**

- 6.1 An alternative would be to simply modify the policy and strategy to reflect existing practice within the Council. However developments in good governance practice and changes in the external environment mean that a step change is required if the approach is not to fall behind best practice and become insufficiently robust to meet the many challenges which the Authority faces.

### **7.0 CONSULTATION**

- 7.1 The report from Richard Anderson was informed by interviews with Members and Chief Officers and a confidential survey of 400 Council managers.
- 7.2 The development of a revised policy strategy and processes will require further consultation with all major stakeholders.

### **8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

- 8.1 There are no direct implications for these groups

## **9.0 RESOURCE IMPLICATIONS**

- 9.1 There may be additional costs associated with the implementation of the policy and strategy for example a system to capture and share risk information and support training. Cabinet would be advised of these when the draft framework processes are reported.
- 9.2 The effective management of risk and opportunities within an improved framework should ensure that resources are not wasted in over-controlling risks whilst reducing the financial burden of losses.
- 9.3 There are no direct staffing implications at this stage. The development of the new strategy and policy will be undertaken by the existing Risk & Insurance Team. Further training and development for officers and Members will be a key element of any new approach.

## **10.0 LEGAL IMPLICATIONS**

- 10.1 There are no direct legal implications. However an improved framework and processes will support Members in discharging their responsibilities in relation to the governance of the Council through more informed and transparent decision-making.

## **11.0 EQUALITIES IMPLICATIONS**

- 11.1 There are no implications at this stage. An equality impact assessment would be undertaken in respect of the new policy and strategy.

## **12.0 CARBON REDUCTION IMPLICATIONS**

- 12.1 There are no direct implications arising from this report.

## **13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

- 13.1 There are no direct planning implications. However the new approach should help to make planning decisions more informed. Specific risk control actions should improve community safety.

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## **APPENDICES**

Appendix 1 - Outline action plan for revised approach to managing risk.  
Appendix 2 - Risk Management Strategy

## **REFERENCE MATERIAL**

British Standard BS ISO 31000:2009 – Risk Management Principles and Guidelines  
Wirral Review of Risk Management - Richard Anderson and Associates  
Delivering Good Governance in Local Government Framework – CIPFA/SOLACE

## **SUBJECT HISTORY**

<b>Council Meeting</b>	<b>Date</b>
Cabinet – Risk Management Strategy	23 July 2008
Cabinet – Risk Management Strategy	24 September 2009
Cabinet – Risk Management Strategy	25 November 2010

## RISK MANAGEMENT STRATEGY

## MANAGEMENT OF RISK AND OPPORTUNITY

## ACTION PLAN

Stage	Target Date
Seek mandate and commitment from Members	October 2011
Establish the project implementation team, develop project plan and governance structure	November 2011
Conduct risk appetite exercise with Cabinet and Executive Team	January 2012
Gap analysis of current framework and processes and maturity evaluation against BS31100	January 2012
Develop a revised risk management framework	January 2012 to April 2012
Benchmark the risk functionality of the Programme Control System against specialist risk systems. Seek authority to procure proprietary risk management information system if necessary	March 2012
Devise improved processes for the identification, evaluation, treatment and review of risk	April 2012
Seek Cabinet approval for revised framework and processes.	June 2012
Develop training programmes for Executive Team, Officers and Members	September 2012
Begin the delivery of training for Officers and Members	October 2012
Introduce revised approach into the corporate governance framework	2012/2013
Introduce revised processes to influence the development of the Corporate Plan	Winter 2012
Introduce revised processes to influence the development of departmental plans	Winter 2012
Align revised risk management and performance management processes	2012/2013
Introduce revised risk management processes into the corporate approach to project management	2012/2013
Evaluate performance of new framework and processes and produce initial annual report to Members.	June 2013



## **RISK MANAGEMENT STRATEGY**

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**CABINET  
SEPTEMBER 2011**

## **1.0 EXECUTIVE SUMMARY**

### **1.1. Introduction**

1.1.1. Wirral Council is committed to delivering its vision of “**making Wirral a bigger and stronger society**”. The Council believes that effective risk management will help ensure that it maximises its opportunities and minimises the impact of the risks it faces and that by managing risk effectively, the authority will be in a stronger position to deliver its vision and strategic and operational objectives. This is Wirral Council’s revised Risk Management Strategy. It explains the Council’s approach to risk management and the arrangements that we will operate to ensure that we identify and manage our risks effectively.

### **1.2. Objectives**

1.2.1. For this Council the objectives of its Risk Management strategy are:

- To support informed risk-taking in order to improve services;
- To place risk management at the heart of decision making within the organisation;
- To implement cost-effective measures to minimise harm, losses and disruption to services;
- To ensure that risks which could prevent the achievement of the Council’s Corporate goals and priorities are identified and controlled;
- To demonstrate to stakeholders and regulators compliance with good corporate governance; and to
- To continuously improve the management of risk by all those connected with the delivery of the Council’s services.
- To create a risk aware culture within the organisation

### **1.3. Scope**

1.3.1 For the purpose of this strategy, a risk is the chance of something happening that will have an impact on the Council’s objectives and the continuity of service provision. As that impact may be positive or negative, risks will be considered as opportunities and not simply as threats. The strategy seeks to address all forms of risk, not simply those relating to health and safety, financial or insurable risks.

1.3.2 Furthermore, risks do not simply reside in any one level within the organisation and the Council’s approach to risk management will therefore consider all strategic, operational and project risks.

### **1.4 Definitions**

1.4.1 Risk: The chance of something happening that will have an impact on objectives.



1.4.2 Risk Management: The process by which risks are identified, evaluated and controlled and which is directed towards the effective management of potential opportunities and threats to the Council achieving its objectives.

## 2.0 ROLES AND RESPONSIBILITIES

The effective management of risk is the responsibility of all officers and Members. However, we will be clear about 'who' does 'what' to avoid potentially significant risks going unmanaged. To assist with the implementation of the strategy, Members will appoint an individual to 'champion' the risk management process. Similarly Executive Team will select a lead Chief Officer for promoting risk management. The following tables set out these responsibilities in greater detail.

### Cabinet

Role:	To oversee the effective management of risk by officers of the Council.
Responsibilities:	<ul style="list-style-type: none"> <li>• To hold the Executive Team (ET) responsible for the effective management of risk within the Council.</li> <li>• To approve the risk management policy, strategy and processes determined by officers.</li> <li>• To work with Chief Officers to identify the key corporate risks.</li> <li>• To monitor the management of key corporate risks.</li> <li>• To require officers to provide clear statements on risks and opportunities in Committee reports.</li> </ul>

### Audit & Risk Management Committee

Role:	To provide independent scrutiny of the adequacy of the risk management framework.
Responsibilities:	<ul style="list-style-type: none"> <li>• To scrutinise the effectiveness of the overall strategy and compliance by officers.</li> <li>• To review the Council's approach to risk management and changes or improvements to processes.</li> <li>• To consider and approve the Annual Governance Statement.</li> </ul>

### **Executive Team (1<sup>st</sup> tier officers)**

Role:	To ensure that the Council manages risk effectively.
Responsibilities:	<ul style="list-style-type: none"><li>• To agree the risk management framework, policy, strategy and processes.</li><li>• To identify and analyse the key corporate risks.</li><li>• To agree responsibility for control of these risks as appropriate and review the implementation of risk control action plans.</li><li>• To oversee the communication and implementation of the Policy and Strategy by Members, managers and employees and its incorporation into the Council's business processes.</li><li>• To report to external stakeholders on the Council's framework, policy, strategy and processes.</li></ul>

### **Risk & Insurance Officer**

Role:	To drive the effective management of risk within the Council
Responsibilities:	<ul style="list-style-type: none"><li>• To develop and update the risk management strategy, processes and standards in accordance with best practice.</li><li>• To provide advice and support to Members and officers at all levels regarding the identification, analysis and profiling of risks.</li><li>• To promote and support the implementation of the strategy.</li><li>• To facilitate and provide training as appropriate to Members and officers.</li><li>• To support and co-ordinate the risk element of the work of the Executive Team.</li><li>• To support the development of a risk aware culture throughout the Council.</li></ul>

### **Corporate Health, Safety & Resilience Team**

Role:	To provide specific advice and support to the organisation on Occupational Health & Safety, Emergency Planning and Business Continuity.
Responsibilities:	<ul style="list-style-type: none"><li>• Support the development and implementation of the corporate strategy.</li><li>• Assisting departments in the compilation of operational control measures relevant to the functions stated in Role.</li></ul>

## Internal Audit

Role:	To provide assurance to members and officers on the risk management mechanisms and effectiveness in practice
Responsibilities:	<ul style="list-style-type: none"> <li>• To carry out a continuous independent review of the Risk Management Strategy and processes and report thereon.</li> <li>• To provide Chief Officers and Members with an annual overall assessment of the effectiveness of risk management practice (through the Annual Governance Statement).</li> <li>• To evaluate and report on attitudes to and management of risk.</li> <li>• To provide an annual audit plan that is based on a reasonable evaluation of risk.</li> <li>• Assist departments with risk identification and operational controls.</li> <li>• Assist the Risk &amp; Insurance Officer through the sharing of good practice.</li> </ul>

## Departmental Management Teams (1<sup>st</sup> and 2<sup>nd</sup> tier officers)

Role:	To effectively manage risk in their department.
Responsibilities:	<ul style="list-style-type: none"> <li>• To identify and report risks of potential corporate significance to the Executive Team.</li> <li>• To participate in action plans to address the key corporate risks.</li> <li>• To review and report to Executive Team progress in implementing such actions.</li> <li>• To continuously identify, analyse and maintain a register of key departmental, operational and project risks.</li> <li>• To report regularly to members on the management of such risks.</li> <li>• To prioritise departmental actions to improve key risks and review their implementation.</li> <li>• To satisfy themselves as to the adequacy of the risk management arrangements of their department's service partners.</li> <li>• To delegate responsibility for risk control as appropriate within the department.</li> <li>• To empower staff to report risks.</li> </ul>

### Service Managers (3<sup>rd</sup> tier officers)

Role:	To effectively manage risk in their service area.
Responsibilities:	<ul style="list-style-type: none"> <li>• To implement the Corporate Risk Management Strategy.</li> <li>• To continuously identify, analyse and profile key operational and project risks affecting their service.</li> <li>• To report these risks to the Departmental Management Team.</li> <li>• To create and maintain a register of these risks.</li> <li>• To satisfy themselves as to the adequacy of the risk management arrangements of their service partners.</li> <li>• To share/exchange relevant information with colleagues in other service areas.</li> <li>• To prioritise risk improvement plans and implement agreed actions.</li> <li>• To review the implementation of actions to address key service risks and report progress to the Departmental Management Team.</li> </ul>

### Individual Employees

Role:	To contribute to the effective management of risk in their service
Responsibilities:	<ul style="list-style-type: none"> <li>• To identify risks in their everyday work processes and working environment.</li> <li>• To report risks to the Service Manager.</li> <li>• To have an awareness of the principal risks to their service.</li> <li>• To implement and maintain risk control mechanisms as part of the responsibility for achieving agreed objectives.</li> <li>• To demonstrate an awareness of risk and risk management.</li> <li>• To participate in any risk management training or guidance.</li> </ul>

### Service Delivery Partners

Role:	To assist the Council to manage risk effectively
Responsibilities:	To ensure that the partner organisation is committed to managing risk and that their accountabilities are clearly documented in a Service Level Agreement or contract.

### 3.0 RISK CATEGORIES

<p><b>STRATEGIC</b></p> <p><i>Risks that relate to doing the wrong things</i></p>	<p><b>OPERATIONAL</b></p> <p><i>Risks associated with the nature of each service or activity</i></p>
<ul style="list-style-type: none"> <li>• Insufficient forward planning or horizon scanning (e.g. demographic changes)</li> <li>• Incorrect strategic priorities</li> <li>• Community planning oversight or errors</li> <li>• Policy decisions based on incomplete or faulty information</li> <li>• Failure to exploit opportunities</li> <li>• Inappropriate capital investment decisions</li> </ul>	<ul style="list-style-type: none"> <li>• Poor partnership working</li> <li>• Failure to continuously improve / innovate</li> <li>• Inadequate service continuity planning</li> <li>• Over-reliance on contractors / suppliers</li> <li>• Breakdown of work system</li> <li>• Poor project planning and management</li> </ul>
<p><b>INFORMATION / TECHNOLOGICAL</b></p> <p><i>Risks that relate to the loss of or inaccuracy of data and the use of / reliance on technology</i></p>	<p><b>REPUTATION</b></p> <p><i>Risks that relate to the organisation's image</i></p>
<ul style="list-style-type: none"> <li>• Systems and management data not up to date</li> <li>• Ineffective prediction of trends and poor forecasting</li> <li>• Breaches of security of network and data</li> <li>• Obsolescence of technology</li> <li>• Lack of network resilience</li> </ul>	<ul style="list-style-type: none"> <li>• Unfulfilled promises to the electorate</li> <li>• Ineffective PR / Media strategy</li> <li>• Association with unsuitable organisations</li> <li>• Poor standards of service</li> <li>• Failures in corporate social responsibility</li> </ul>
<p><b>FINANCIAL</b></p> <p><i>Risks that relate to losing monetary resources or systems of financial planning and control</i></p>	<p><b>PEOPLE</b></p> <p><i>Risks associated with employees and the management structure</i></p>
<ul style="list-style-type: none"> <li>• Occurrence of fraud</li> <li>• Unreliable accounting records</li> <li>• Failure to prioritise, allocate appropriate budgets and monitor / report</li> <li>• Failed resource bids</li> <li>• Sustainability of time limited funding</li> </ul>	<ul style="list-style-type: none"> <li>• Over-reliance on key officers</li> <li>• Inefficient/ineffective management processes</li> <li>• Failure to recruit/retain qualified staff</li> <li>• Lack of investment in training</li> <li>• Poor absence management</li> </ul>
<p><b>REGULATORY / LEGAL / STATUTORY</b></p> <p><i>Risks related to the legal and regulatory environment</i></p>	<p><b>PHYSICAL</b></p> <p><i>Related to fire, security, accident prevention and health &amp; safety</i></p>
<ul style="list-style-type: none"> <li>• Compliance failures (e.g. procurement, LA 21)</li> <li>• Inadequate response to/failure to prepare for/ implement legislative change</li> <li>• Intervention by Regulatory Bodies and Inspectorates</li> <li>• Failure to meet targets agreed with / imposed by Central Government (e.g. Equality &amp; Diversity standard)</li> <li>• Breaches of contract, failures in duty of care,</li> </ul>	<ul style="list-style-type: none"> <li>• Loss of intangible assets</li> <li>• Failures in health &amp; safety management</li> <li>• Loss of physical assets</li> </ul>

## **4.0 THE RISK MANAGEMENT PROCESS**

### **4.1. Risk Identification**

#### **4.1.1 Corporate**

The Executive Team will undertake an annual exercise to identify the key risks to achievement of the Council's corporate goals in the forthcoming planning period (the Corporate Risks).

At least quarterly Executive Team will receive reports from individual Chief Officers concerning the significant new risks for their departments. The Team will discuss their potential corporate significance and consider them for inclusion in the corporate risk register.

#### **4.1.2 Departmental**

Individual departmental management teams will conduct an annual review of the key risks to achieving their departmental objectives in the forthcoming planning period. In doing so they will review the risks identified by each division, project and partnership for which they are responsible to identify -

- risks which are common to more than one area (and which cumulatively could be of great significance)
- risks which emanate from a particular area, but which could have a significant impact departmentally and/or corporately

During the course of the year, each management team will also identify new risks of departmental significance. Using its management / performance meetings, it will consider risks brought its attention by individual Heads of Service, project and partnership managers for their potential departmental impact.

#### **4.1.3 Service / Team**

Every service area will review on an annual basis the risks to achievement of its particular objectives in the forthcoming planning period. This will be undertaken by the Head of Service, managers and, where appropriate, representatives of service partners.

During the course of the year, each service area will also identify new risks using its management / performance meetings.

#### **4.1.4 Project**

Every project will be considered to be the responsibility of a particular department. Prior to the initiation of any project, the project manager (or project sponsor) must confirm what project methodology and governance arrangements will apply. This will form part of the Outline Business Case.

Individual project management arrangements will define the points or intervals at which formal exercises will be undertaken to identify risks to the delivery of the planned project outcomes and how these will be conducted.

#### 4.1.5 Partnerships

For the purposes of this strategy, a 'partnership' is a joint working arrangement - which is not governed by the Partnership Acts - and where the partners:

- are otherwise independent bodies;
- agree to cooperate to achieve common goals and outcomes for the community;
- share accountability, risks, and resources;
- create an organisational structure with agreed processes and programmes

#### Wirral Council Partnership Governance Framework and Toolkit

Every partnership will be considered to be the responsibility of a particular department. Prior to entering into any partnership agreement, an assessment must be undertaken both of the risks which participation in the partnership presents to the Council and key risks to delivery of the objectives of the partnership itself. This should form part of the initial business case.

The governance arrangements will define the points or intervals during the lifetime of the partnership when exercises will be undertaken to identify the risks to the successful delivery of the partnership objectives and how these will be conducted.

- 4.1.6 Each risk will be allocated a risk 'owner', that is, an individual who is in a position to manage the risk and ensure it is controlled effectively.

#### 4.2. Risk Analysis

- 4.2.1 Each risk identified will initially be examined for its **inherent** level of risk. That is, assuming the absence of any controls. Its significance will be judged in relation to its likelihood and impact.

- 4.2.2 The risk will then be re-evaluated for its **residual** level of risk using the same factors, but taking into account controls and mitigation already in place which affect the likelihood and impact.

- 4.2.3 A 5-point scale (impact x probability) model (Section 8.4) will be used to evaluate risks. Both gross and net risk scores will be in the range of 1 to 25

- 4.2.4 Each risk will be plotted against a Risk Scoring Model. The model defines overall levels of risk of High, Medium and Low. It will show graphically which risks require the most urgent management attention and will also include a line of tolerance. Any risk above that line will be escalated to the next level of management.

### 4.3. Risk Control

- 4.3.1 Actions will be developed to 'manage down' those risks above the Council's tolerance threshold. The options available will be one or more of the following:

**Tolerate.** Where our ability to take effective action is limited or where the cost of mitigating the risk outweighs the potential benefit.

**Treat.** Take action to control the risk to an acceptable level by means of containment actions (before the risk materialises) or contingent actions (once the risk has happened)

**Transfer.** Pass some aspects of the risk to another party. This can take the form of a conventional insurance transaction or paying a third party to take on risk in another way (for example through out-sourcing services). We acknowledge that business and reputation risk cannot be transferred and that contracting can raise other risks to be managed.

**Terminate (Avoid).** Where it is feasible we will, by doing things differently, remove certain risks.

- 4.3.2 Most risks can be managed by 'treating' them. Relatively few risks have to be transferred.
- 4.3.3 Proposals to address risks must identify the resources required to deliver the improvements, the individual responsible for their implementation and the key dates(s) involved. They will be incorporated into service and project plans and recorded in the risk register.

### 4.4. Monitoring and Review

- 4.4.1 Regular reviews will be undertaken to identify new risks and any existing risks that no longer apply. Progress in managing existing risks will be also monitored to ensure that intended actions are achieved.
- 4.4.2 Once a risk has been identified, analysed, prioritised and further control actions agreed, it will be recorded in the relevant risk register. The total risk score will be used to measure performance in managing that risk and will be reviewed by the risk owner. High scoring risks will be subject to more frequent review.

**Corporate risks:** Reviews will be undertaken by the Executive Team no less than once a quarter.

**Departmental risks:** Management Teams will carry out reviews of their key departmental risks no less than once a quarter.

**Service Risks:** Heads of Service will review the key risks to their services no less than once a quarter.

**Project Risks:** Project Managers will review the risks to individual projects at intervals specified by the project management arrangements.

**Partnership Risks:** Partnership managers will review the risks arising from partnership working at intervals specified by the partnership governance arrangements.



4.4.3 The relevant risk register will be updated following each review.

4.4.4 The Corporate Risk & Insurance Team will seek opportunities to benchmark with peer authorities, will continually monitor developing best practice in managing risk and suggest improvements to existing processes. It will undertake a formal review of the strategy every year, drawing upon the findings of any external inspections. The revised strategy will be reported to Members and publicised to all Council employees.

#### **4.5. Reporting**

4.5.1 Regular reports will be provided to Members and Senior Managers to provide an understanding of the risks faced the organisation and to provide assurance on the management of individual risks and the effectiveness of the strategy as a whole.

4.5.2 Within the **Corporate Performance and Financial Review** the Chief Executive will confirm:

- The principal short-term risks to the delivery of each of the Council's corporate objectives and the main control actions;
- Progress against individual actions required to manage the long term Corporate risks;
- Any new risk issues of potential corporate significance.

4.5.4 Within each **Departmental Plan** Chief Officers will include:

- the key risks faced by the department in the forthcoming planning period, including their risk scores;
- the additional control actions which it intends to implement to address these;
- a statement summarising the arrangements for managing risk within the department.

4.5.5 Progress in managing the risks associated with individual projects will be reported to the relevant project board and at such frequencies determined by with the agreed project governance arrangements.

4.5.6 All reports to Cabinet which require a decision to be taken by Members will include a Relevant Risks section which confirms the main risks and opportunities and the principal controls.

4.5.8 Within the Annual Governance Statement the Director of Finance will report to the Audit & Risk Management Committee the effectiveness of risk management arrangements and areas for improvement.

The Director of Finance will also provide an annual report to Audit & Risk Management Committee on the performance indicators for the strategy and any changes to risk management procedures and processes.

## **5.0 EVALUATING PROGRESS**

5.1.1 The Council has a number of measures that will be used to monitor the effectiveness of managing risks

5.2.1. As regards the success of the overall risk management strategy, the following qualitative measurements will be used:

- Outcome of Internal Audit report the Risk Management Framework (Annual)
- Opinion of Chief Internal Auditor in the Annual Governance Statement (Annual)

5.3.1. The Corporate Risk & Insurance Team (through the Director of Finance) will provide an annual report to Audit & Risk Management Committee reporting these indicators and summarising any changes in risk management practice.

## **6.0 EMBEDDING**

6.1.1 The authority will seek to bring about the cultural changes necessary to improve the effective management of risk through:-

- Revising key documents, such as the Constitution and the Statement of Accounts;
- Ensuring that risk management principles are incorporated into all significant plans and strategies, such as the Corporate Plan, Medium Term Financial Plan, Capital programme/strategy and the Best Value Performance Plan;
- Implementing a corporate strategy for service continuity management;
- Creating and revising guidance on managing risk in areas such as procurement and the management of projects and partnerships;
- Including risk management as a standard agenda item for meetings of Executive Team, Departmental Management Teams and Project Boards;
- Including risk management focussed objectives in Key Issues Exchanges for managers;
- Ensuring that explicit information on the risks and opportunities associated with the decisions to be taken by Members are included in committee reports;
- Providing training to those who have responsibilities for managing risk.

## **7.0 OUTPUTS AND BENEFITS**

### **7.1 Outputs**

7.1.1 Risk management is an integral aspect of good management, which should deliver a number of valuable and tangible benefits to the Council and individual managers and assist in the delivery of services in the most effective and efficient manner. It is recognised, however, that some of the benefits will accrue incrementally and only be fully realised after the Council has achieved full implementation and analysed the impact.

7.1.2. Outputs from the risk management process will provide valuable additional information that should assist the Council in attaining effective corporate governance.

#### **7.1.3. Outputs**

- Risk Registers – These will provide consistent information on each risk, its significance and the key controls relating to it. A standard risk register template is shown at Appendix 8.2
- Performance Measures – Analysis of qualitative and quantitative measures will enable the Council and stakeholders to understand the effectiveness of the strategy.
- Risk Reports – regular reports on the Council's risks will enable officers and members to have a fuller awareness of those risks and any changes.

### **7.2. Benefits**

7.2.1. The anticipated benefits of the formalised Risk Management process are: -

- A better understanding of risks and exposures faced by the Council.
- Ownership by managers of risks and the systems of control.
- The ability to better understand how the Council's risk profile is changing.
- Improved integration of risk management into systems, projects and contracting and partnership arrangements.
- Efficient and effective integration of recovery and contingency plans within the Council.
- The implementation of a more comprehensive and cost effective control environment.
- Improved communication on risk issues.
- More effective corporate governance arrangements.
- The development of a risk aware culture

## 8.0 APPENDICES

### 8.1 RISK MANAGEMENT STRATEGY

#### MANAGEMENT OF RISK AND OPPORTUNITY

##### ACTION PLAN

Stage	Target Date
Seek mandate and commitment from Members	October 2011
Establish the project implementation team, develop project plan and governance structure	November 2011
Conduct risk appetite exercise with Cabinet and Executive Team	January 2012
Gap analysis of current framework and processes and maturity evaluation against BS31100	January 2012
Develop a revised risk management framework	January 2012 to April 2012
Benchmark the risk functionality of the Programme Control System against specialist risk systems. Seek authority to procure proprietary risk management information system if necessary	March 2012
Devise improved processes for the identification, evaluation, treatment and review of risk	April 2012
Seek Cabinet approval for revised framework and processes.	June 2012
Develop training programmes for Executive Team, Officers and Members	September 2012
Begin the delivery of training for Officers and Members	October 2012
Introduce revised approach into the corporate governance framework	2012/2013
Introduce revised processes to influence the development of the Corporate Plan	Winter 2012
Introduce revised processes to influence the development of departmental plans	Winter 2012
Align revised risk management and performance management processes	2012/2013
Introduce revised risk management processes into the corporate approach to project management	2012/2013
Evaluate performance of new framework and processes and produce initial annual report to Members.	June 2013

## 8.2: Risk Register Template

Department / Service Area:							Scores						Completed by and date:				
No.	Date Raised	Date Last Reviewed	Risk Owner	Risk Category	High/ Medium/ Low	Description of Risk	Gross Scores			Net Scores			Existing Controls	Additional Controls	Responsibility	Target Date	Status
							Likelihood	Impact	Total	Likelihood	Impact	Total					
1																	
2																	
3																	
4																	
5																	
6																	

### 8.3: Impact and Likelihood Scores

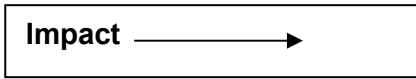
#### Impact

Description	Score	Impact – Financial (Council, department or service area)	Impact - Reputation	Impact – Service Delivery	Impact – Health & Safety (Employees or public)	Impact – Service Objectives
Very Low	1	<2% of annual budget	Letter(s) of complaint.	Minor, very short term (under 24 hours) disruption to a single team or section.	Minor injuries or illnesses, but not resulting in 'lost time'	Minor effect on achievement of a sectional aim
Low	2	<5% but >2% of annual budget	Single adverse report in local media	Some short-term (under 48 hours) disruption to a single team or section, manageable by altered operational routine	Minor injuries or illnesses that require first aid and result in lost time.	Serious effect on achievement of a sectional aim
Medium	3	<10% but >5% of annual budget	Significant adverse publicity in local media	Longer term disruption (up to 7 days) to a number of operational areas within a single location and possible flow on to other locations. <u>Or</u> short-term disruption to a service-critical team or section.	Injuries or illnesses that result in an 'over 3 day' injury, major injury or hospitalisation	Achievement of a sectional aim seriously compromised and / or significant effect on a Departmental aim.
High	4	<15% but >10% of annual budget	Significant adverse publicity in national media. Dissatisfaction with Chief Officer &/or Member	All operational areas of a single location compromised. Other locations may be affected. <u>Or</u> longer-term (up to 7 days) disruption to one or more service critical teams or sections.	Single case of injury or illness that could be fatal, life threatening or cause long-term disability	Achievement of one or more departmental aims compromised and / or significant effect on achievement of Corporate objective
Very High	5	>15% of annual budget	Sustained adverse publicity in national media. Chief Officer &/or Member removal or resignation	Multiple locations compromised. Council unable to execute numerous service-critical functions.	Multiple cases that could be fatal, life threatening or cause long-term disability	Achievement of one or more Corporate objectives seriously compromised

#### Likelihood

Description	Score	Narrative	Quantitative (chance of occurrence within 3 years)
Very low	1	Extremely unlikely or virtually impossible	0-5%
Low	2	Unlikely, but not impossible	6-20%
Medium	3	Fairly likely to occur	21-50%
High	4	More likely to occur than not	51-80%
Very High	5	Very likely to occur	>80%

### 8.4: Risk Scoring Model



	Very Low (1)	Low (2)	Medium (3)	High (4)	Very High (5)
Very High (5)	<b>5</b> Very low impact but very high likelihood	<b>10</b> Low impact but very high likelihood	<b>15</b> Medium impact but very high likelihood	<b>20</b> High impact and very high likelihood	<b>25</b> Very high impact and very high likelihood
High (4)	<b>4</b> Very low impact but high likelihood	<b>8</b> Low impact but high likelihood	<b>12</b> Medium impact but high likelihood	<b>16</b> High impact and high likelihood	<b>20</b> Very high impact and high likelihood
Medium (3)	<b>3</b> Very low impact and medium likelihood	<b>6</b> Low impact and medium likelihood	<b>9</b> Medium impact and medium likelihood	<b>12</b> High impact but medium likelihood	<b>15</b> Very high impact and medium likelihood
Low (2)	<b>2</b> Very low impact and low likelihood	<b>4</b> Low impact and low likelihood	<b>6</b> Medium impact and low likelihood	<b>8</b> High impact but low likelihood	<b>10</b> Very high impact but low likelihood
Very Low (1)	<b>1</b> Very low impact and very low likelihood	<b>2</b> Low impact and very low likelihood	<b>3</b> Medium impact and very low likelihood	<b>4</b> High impact but very low likelihood	<b>5</b> Very high impact but very low likelihood

## 8.5: Priority and Action Table

<b>Risk Colour</b>	<b>Risk Level</b>	<b>Descriptor</b>	<b>Action Required</b>
<b>Green</b>	Low	Minor risks that are well controlled and/or which have a modest impact.	Additional control actions are unlikely to be needed. But the risk needs to be kept under periodic review.
<b>Amber</b>	Medium	Important risks that may potentially affect the achievement of departmental or corporate objectives and/or the delivery of key services	Consider additional control actions in the medium term. For risks with a high or very high impact, a contingency plan may be necessary
<b>Red</b>	High	Critical risks which are likely to significantly affect the achievement of departmental or corporate objectives and/or the delivery of key services.	Immediate action should be taken to address the risk



## WIRRAL COUNCIL

### CABINET

13 OCTOBER 2011

<b>SUBJECT</b>	<b>CORPORATE RISK REGISTER</b>
<b>WARD/S AFFECTED</b>	<b>ALL</b>
<b>REPORT OF</b>	<b>DIRECTOR OF FINANCE</b>
<b>RESPONSIBLE PORTFOLIO HOLDER</b>	<b>COUNCILLOR STEVE FOULKES</b>
<b>KEY DECISION</b>	<b>YES</b>

#### 1.0 EXECUTIVE SUMMARY

- 1.1 This report summarises the process followed in undertaking the recent review of the Corporate Risk Register. The updated draft Register agreed by the Executive Team is appended.

#### 2.0 RECOMMENDATIONS

- 2.1 That Cabinet consider, and approve, the draft Corporate Risk Register.
- 2.2 That monitoring of the corporate risks continues to be included within the quarterly Performance and Financial Review reports to Cabinet.

#### 3.0 REASON FOR RECOMMENDATIONS

- 3.1 Approval of the risks and the monitoring process enables officers to focus resources on the most significant threats facing the organisation. The management and monitoring of the risks is key to the delivery of the aims of the Council as set out in the Corporate Plan.

#### 4.0 BACKGROUND AND KEY ISSUES

##### **Corporate Risk Register**

- 4.1. The Register is a key element of the Risk Management Strategy. It summarises those areas of uncertainty which have greatest potential to prevent or frustrate delivery of the Corporate Plan and how the Authority is seeking to tackle them. In turn those actions influence the content of Departmental Service Plans and the allocation of resources. In that way they are closely aligned with the corporate planning process and so success in managing these risks is a key factor in overall performance.

##### **The Existing Risk Register**

- 4.2 The current Register was approved by Cabinet on 3 September 2009. It has been reviewed each quarter and progress in managing the risks has been reported to Cabinet through the Risk Monitoring Summary which forms part of the quarterly Corporate Performance and Financial Review reports

- 4.3 More recently indicators have been developed for some of the risks which allow greater insight as to whether the action being taken to manage them is having a positive impact. These are also included in the Risk Monitoring Summary.

### **The Review Process**

- 4.4 Although the broad goals within the Corporate Plan 2011 – 2014 are similar to the previous Plan there have been changes in the relative importance of certain elements. In addition there have been, and continue to be, significant changes both within the Council and in the external environment. The review sought to take account of these changes.
- 4.5 The review was undertaken through a series of structured sessions with the Executive Team. Firstly the key internal and external factors underpinning delivery of the Corporate Plan were identified which included community engagement, agility of the workforce, government policy and dependencies on other stakeholders. The Executive Team then considered the main influences on those factors at present, and in the future, including changes in service delivery models, the level of public expectation and the health of the economy. This led to the identification of a number of potentially serious risk scenarios.
- 4.6 Draft descriptions of the nature of the uncertainties and the threats which they posed were composed and refined by the Executive Team so that they more accurately reflected the issues. A Lead Officer for each risk was identified and the existing, and further, controls in managing the risks were reviewed and the draft Risk Register at Appendix 1 was agreed by the Executive Team.

### **Next Steps**

- 4.7 Cabinet are asked to consider the draft Risk Register. The next stage will be to assess the risks and score them in accordance with the matrix within the Risk Management Strategy which has been reproduced at Appendix 2.
- 4.8 As part of the arrangements for the governance, delivery and monitoring of the Corporate Plan the Executive Team regularly review the effectiveness of the existing controls, the progress in implementing additional actions and consider any new risks of potential corporate significance. These reviews will continue to inform the Risk Monitoring element of the Corporate Performance and Financial Reviews reported to Cabinet.
- 4.9 The Risk Management Strategy report elsewhere on this agenda includes a plan for reviewing the overall approach to risk and uncertainty. This would encompass all risk management processes including that for determining the most significant threats and opportunities facing the organisation and how Cabinet might best be involved.

## **5.0 RELEVANT RISKS**

5.1 The issues contained in Appendix 1 are considered by the Executive Team to present the most significant risks to achievement of the goals contained in the Corporate Plan. If they are not managed effectively there could be severe implications for delivery of the Plan and the Executive Team has identified the existing, as well as further, controls to mitigate the impact.

## **6.0 OTHER OPTIONS CONSIDERED**

6.1. There were none considered in respect of this report.

## **7.0 CONSULTATION**

7.1 The Risk Register has been considered by the Executive Team and is being presented to Cabinet for consideration.

## **8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

8.1 There are no implications arising directly from this report.

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

9.1 Whilst there are no direct implications the effective management of the risks will help avoid losses with a financial impact, impact upon assets and injury to staff.

## **10.0 LEGAL IMPLICATIONS**

10.1 There are no implications arising directly from this report.

## **11.0 EQUALITIES IMPLICATIONS**

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

## **12.0 CARBON REDUCTION IMPLICATIONS**

12.1 There are no carbon usage implications arising directly from this report.

## **13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

13.1 There are no direct planning implications. The effective management of the corporate risks will help assist with maintaining public safety.

FNCE/180/11

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## APPENDICES

Appendix 1 - Draft Corporate Risk Register.

Appendix 2 - Risk Scoring Model

### SUBJECT HISTORY (last 3 years)

<b>Council Meeting</b>	<b>Date</b>
Corporate Risk Register – Cabinet	3 September 2009
Corporate Risk Register - Cabinet	10 December 2008
Corporate Risk Register – Cabinet	13 March 2008

Draft Risk Description	Lead Officer	Existing Key Controls	Further Control Actions Planned
<p>If we do not manage health and safety effectively then death or serious injury could result to service users, employees or members of the public</p>	<p><b>Chief Executive</b> Jim Wilkie</p>	<ul style="list-style-type: none"> <li>• Register of corporate H&amp;S risks</li> <li>• Corporate and departmental H&amp;S policy specifies roles / responsibilities</li> <li>• Legislative Compliance Audit programme of all Council premises</li> <li>• Programme of auditing H&amp;S management systems</li> <li>• Delivery of essential emergency training for fire and first aid</li> <li>• Investigation of all significant accidents &amp; incidents by H&amp;S Officers</li> <li>• Training delivered for significant hazardous work activities</li> <li>• Health surveillance arrangements implemented for occupational health risks</li> </ul>	<ul style="list-style-type: none"> <li>• Deliver Institute Of Safety and Health (IOSH) Managing Safely training to all Managers and Supervisors below Head of Service</li> <li>• Review and develop H&amp;S arrangements</li> <li>• Continuing audits of H&amp;S arrangements</li> <li>• Implement health surveillance arrangements for occupational health risks re hearing loss and HAV/CT</li> </ul>
<p>If safeguarding arrangements are inadequate children might be exposed to greater risk of abuse or exploitation.</p>	<p><b>Acting Director of Children's Services</b> David Armstrong</p>	<ul style="list-style-type: none"> <li>• Local Safeguarding Children Board monitors serious case review action plans</li> <li>• Weekly performance monitoring of changes to contact and referral taking in CADT</li> <li>• VCI reporting to the Chief Executive</li> <li>• Lead Member Briefing following each LSCB</li> <li>• National Notification of Serious Child Care Incidents to OFSTED</li> <li>• Continuing programme for disseminating learning from serious child care incidents</li> <li>• Child Death Overview Panels</li> <li>• Continuing review of S118 IRO applications</li> </ul>	<ul style="list-style-type: none"> <li>• Implement revised 'Working Together to Safeguard Children</li> <li>• Comprehensive review of services / outcomes for children (on a multi agency basis) to be initiated following the Governments response to Professor Munro's review of Child Protection services; leading to implementation proposals</li> <li>• Recruit to outstanding vacant social work posts</li> </ul>

Draft Risk Description	Lead Officer	Existing Key Controls	Further Control Actions Planned
If safeguarding arrangements are inadequate vulnerable adults could be exposed to greater risk of abuse or exploitation.	<b>Interim Director of Adult Social Services</b> Howard Cooper	<ul style="list-style-type: none"> <li>• Whole system review of safeguarding completed &amp; recommendations have been implemented including revised safeguarding procedures</li> <li>• Training rolled out across agencies</li> <li>• Regular monitoring reports to DASS strategic leadership team, project board and safeguarding adults partnership board</li> <li>• Self assessment undertaken as part of service inspection</li> <li>• Weekly monitoring of performance with key social work team members</li> <li>• Safeguarding is a core project in the Corporate Plan</li> <li>• Wirral Adult Safeguarding Board and Wirral Local Safeguarding Children's Board jointly administered</li> <li>• Safeguarding Social Worker located in CADT to better deal with potential safeguarding alerts</li> </ul>	<ul style="list-style-type: none"> <li>• Continue to implement recommendations from DASS Improvement Plan</li> <li>• Joint Head of Safeguarding (CYPD and DASS) post to be established</li> <li>• Additional safeguarding posts created and to be filled following a restructure</li> </ul>
Not having plans in place could compromise delivery of essential services in the event of a major public emergency	<b>Director of Technical Services</b> David Green	<ul style="list-style-type: none"> <li>• Dedicated team provides support and guidance</li> <li>• IT disaster recovery planning audit</li> <li>• External suppliers identified and position statement complied as to their arrangements</li> <li>• Awareness sessions delivered</li> <li>• Exercises conducted to test efficiency of plans</li> <li>• Departmental business continuity plans finalised</li> <li>• Wirral Business Continuity Plan finalised</li> <li>• Wirral Flood and Water Management Partnership formed</li> <li>• Review of winter maintenance arrangements conducted.</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure external agencies have cohesive continuity arrangements</li> <li>• Conduct exercise to test the efficiency of critical service area business continuity plans</li> </ul>

Draft Risk Description	Lead Officer	Existing Key Controls	Further Control Actions Planned
If the Council does not maintain the trust and confidence of citizens in the conduct of its duties this could result in significant damage to the authority's reputation and undermine the level of engagement with residents.	<b>Head of Communications and Community Engagement</b> Emma Degg	<ul style="list-style-type: none"> <li>• Consultation and engagement activities</li> </ul>	
A serious failure in corporate governance could result in breaches of legislation and/or significant damage to the authority's reputation.	<b>Chief Executive</b> Jim Wilkie	<ul style="list-style-type: none"> <li>• Constitution regularly reviewed, reported to Members and officers</li> <li>• Risk-based internal audit programme</li> <li>• Annual Governance Statement produced</li> <li>• Corporate Governance Monitoring Group</li> <li>• Code of Corporate Governance adopted</li> <li>• CIPFA/SOLACE 'Delivering Good Governance' Framework</li> <li>• Training programme for Members</li> <li>• Standards and Audit &amp; Risk Management Committees</li> <li>• ICT Security policy and role of FoI officer</li> <li>• Individual strategies reviewed</li> </ul>	<ul style="list-style-type: none"> <li>• Cabinet Committee to be established September 2011</li> <li>• Action plan to be developed from October 2011</li> </ul>
If the Strategic Change Programme does not deliver its expected outcomes it would place pressure on the Budget	<b>Director of Technical Services</b> David Green	<ul style="list-style-type: none"> <li>• Strategic Change Programme Office established under the Lead Chief Officer</li> <li>• Programme management control system implemented</li> <li>• Gateway framework adopted</li> <li>• All SCP projects have a risk register</li> <li>• Reporting of progress is embedded into the Corporate Performance Management Framework</li> </ul>	<ul style="list-style-type: none"> <li>• Embed programme control management system with project managers</li> <li>• Establish effective communication programme</li> <li>• Review risk management arrangements for critical projects</li> <li>• Agree programme risk register</li> </ul>

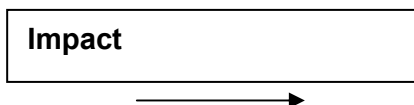
Draft Risk Description	Lead Officer	Existing Key Controls	Further Control Actions Planned
If we do not use the available resources to meet the priorities set out in the Corporate Plan the services we provide might not be appropriate	<b>Director of Finance / Deputy Chief Executive</b> Ian Coleman	<ul style="list-style-type: none"> <li>• Medium Term Financial Capital HR and IT strategies linked and reflect priorities in Corporate Plan.</li> <li>• Strong links between service &amp; financial plans.</li> <li>• Investment is based on business cases for projects.</li> <li>• Effective financial management by planning, monitoring and reporting</li> <li>• Programme of financial management training.</li> <li>• Impacts of the economic downturn identified and appropriate responses developed</li> <li>• Budget resolution links directly to corporate priorities</li> </ul>	<ul style="list-style-type: none"> <li>• Review the effectiveness and appropriateness of the strategies</li> </ul>
Insufficient growth in the borough's economy could make it difficult for the Council to deliver its vision of a more prosperous and equal Wirral.	<b>Interim Director of Corporate Services</b> Kevin Adderley (will pass to Director of Regeneration, Housing and Planning)	<ul style="list-style-type: none"> <li>• Investment Strategy Board established to lead and direct implementation of Investment Strategy</li> <li>• Wirral Business Forum set up by Invest Wirral</li> <li>• Performance Management arrangements for Corporate Plan</li> <li>• Corporate Investment Group in place</li> </ul>	<ul style="list-style-type: none"> <li>• Support inward and indigenous investment through a programme of support delivered by Invest Wirral Team</li> <li>• Explore opportunities for working internationally, supporting businesses to access opportunities as appropriate</li> <li>• Support for economic regeneration schemes by the Regeneration and Investment Teams to create greater prosperity for Wirral</li> </ul>
If we do not engage sufficiently with the workforce it could lead to de-motivation, a negative culture and a focus on short term rather than long term considerations.	<b>Head of HR &amp; Organisational Development</b> Chris Hyams	<ul style="list-style-type: none"> <li>• Staff communications including One Council, One Brief and team Briefing</li> <li>• Chief Executive Roadshows</li> <li>• Key Issue Exchanges</li> </ul>	



Draft Risk Description	Lead Officer	Existing Key Controls	Further Control Actions Planned
<p>If do not have the right people with the right skills in the right posts it will be difficult to deliver the corporate priorities.</p>	<p><b>Head of HR &amp; Organisational Development</b> Chris Hyams</p>	<ul style="list-style-type: none"> <li>• People Strategy implemented</li> <li>• Recruitment processes reviewed and action plan implemented</li> <li>• Partial implementation of Job Evaluation</li> <li>• Working to implement skills audit</li> <li>• Robust capability and disciplinary policies</li> <li>• Priorities in Corporate Plan communicated to staff.</li> <li>• Corporate KIE process</li> <li>• Partnership working to support Apprenticeships initiatives</li> <li>• Chief Executive Roadshows and specialist events</li> <li>• Corporate 'Investors in People' status attained</li> <li>• Corporate leadership development programme</li> </ul>	<ul style="list-style-type: none"> <li>• Develop online application tool linked to national electronic recruitment portals</li> <li>• Continue development and review effectiveness of Skills Audit</li> <li>• Continue development of approach to workforce planning/talent management</li> <li>• Continue Elected Member Development programme and review effectiveness</li> <li>• Continue corporate leadership development programme and review effectiveness</li> <li>• Conclude Local Pay Review</li> </ul>
<p>If we do not learn about changes to the legislative and policy environment it could impede our ability to understand and respond to them.</p>	<p><b>Director of Law, HR &amp; Asset Management</b> Bill Norman</p>	<ul style="list-style-type: none"> <li>• Membership of professional bodies and collective groups eg Directors of Social Services</li> <li>• Membership of organisations which represent the sector eg SIGOMA</li> <li>• Working regionally and with partners</li> </ul>	

Draft Risk Description	Lead Officer	Existing Key Controls	Further Control Actions Planned
<p>If we do not ensure that the policies and practices being introduced by the Council reflect a through understanding of the wants and needs of our citizens and businesses the services we provide might not be appropriate</p>	<p><b>Head of Communications and Community Engagement</b> Emma Degg</p>	<ul style="list-style-type: none"> <li>• Needs analyses and evidence bases inc. policy / legislative changes used to inform corporate / business planning</li> <li>• Budget / priority setting process fully engages Elected Members with approval by full Council</li> <li>• Infrastructure for co-ordinating strategic service planning inc. CIG</li> <li>• Understanding needs through community engagement (e.g. Area Forums, Place Survey, Older &amp; Young People's etc..)</li> <li>• Equality considerations are accounted for through equality impact assessments</li> <li>• Single Equality Scheme sets out statutory requirements and duties relating to Wirral's diverse communities</li> <li>• Joint Strategic Needs Assessment (JSNA)</li> </ul>	<ul style="list-style-type: none"> <li>• Continue to improve corporate service planning process</li> <li>• Review proposals for the Comprehensive Engagement Strategy</li> <li>• Drive forward further improvement in understanding and responding to community needs</li> <li>• Implement Customer Access Strategy</li> </ul>
<p>In an era of increasingly scarce resources, if the Council does not collaborate effectively with partners we may not make the best use of the collective resource available to meet citizens' needs.</p>	<p><b>Chief Executive</b> Jim Wilkie</p>	<ul style="list-style-type: none"> <li>• Needs analyses and evidence bases inform the partnership's priority setting and key plans and strategies</li> <li>• Action-led delivery plans for partnership priorities</li> <li>• Strong strategic leadership for the partnership (Executive Board)</li> <li>• Council is the accountable body for Wirral's LSP. Supported by senior management inc. joint posts such as the Joint Director of Public Health</li> <li>• Partnership toolkit and register developed to support governance</li> </ul>	<ul style="list-style-type: none"> <li>• Periodic checks to ensure partnerships comply with Wirral's governance arrangements</li> <li>• Refresh of Partnership Register and governance arrangements</li> <li>• Develop a performance management framework for the Sustainable Community Strategy</li> <li>• Comprehensive review of all economic policy in response to the recession, in line with statutory Local Economic Assessment duty</li> <li>• Ensure that partners share operational intelligence and co-ordinate activities in response to recession</li> </ul>

Draft Risk Description	Lead Officer	Existing Key Controls	Further Control Actions Planned
Business failure from a supplier to the Council, including major private sector suppliers and the voluntary, community and faith sector providers, leading to interruption of service	<b>Chief Executive</b> Jim Wilkie	<ul style="list-style-type: none"> <li>• External suppliers identified and position statement complied as to their arrangements</li> <li>• Procurement Strategy and the agreed procurement process</li> <li>• Contract and performance management arrangements</li> <li>• Linkages to Business Continuity</li> </ul>	<ul style="list-style-type: none"> <li>• See linkages to Business Continuity above</li> </ul>



	Very Low (1)	Low (2)	Medium (3)	High (4)	Very High (5)
Very High (5)	5 Very low impact but very high likelihood	10 Low impact but very high likelihood	15 Medium impact but very high likelihood	20 High impact and very high likelihood	25 Very high impact and very high likelihood
High (4)	4 Very low impact but high likelihood	8 Low impact but high likelihood	12 Medium impact but high likelihood	16 High impact and high likelihood	20 Very high impact and high likelihood
Medium (3)	3 Very low impact and medium likelihood	6 Low impact and medium likelihood	9 Medium impact and medium likelihood	12 High impact but medium likelihood	15 Very high impact and medium likelihood
Low (2)	2 Very low impact and low likelihood	4 Low impact and low likelihood	6 Medium impact and low likelihood	8 High impact but low likelihood	10 Very high impact but low likelihood
Very Low (1)	1 <b>Very low impact and very low likelihood</b>	2 Low impact and very low likelihood	3 Medium impact and very low likelihood	4 High impact but very low likelihood	5 Very high impact but very low likelihood

Likelihood ↑  
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**WIRRAL COUNCIL**

**CABINET**

**13 OCTOBER 2011**

<b>SUBJECT</b>	<b>ALLOCATION OF RE-PROVISION/RESTRUCTURING COSTS</b>
<b>WARD/S AFFECTED</b>	<b>ALL</b>
<b>REPORT OF</b>	<b>DIRECTOR OF FINANCE</b>
<b>RESPONSIBLE PORTFOLIO HOLDER</b>	<b>COUNCILLOR STEVE FOULKES</b>
<b>KEY DECISION</b>	<b>YES</b>

## **1.0 EXECUTIVE SUMMARY**

- 1.1 As part of the Council Budget 2011/12 £2 million of the Efficiency Investment Fund was set aside to meet any re-provision and restructuring costs following the Early Voluntary Retirement / Voluntary Severance (EVR/VS) Scheme. Cabinet is now recommended to allocate funding to Departmental budgets.

## **2.0 RECOMMENDATION**

- 2.1 That the sum of £1,802,000 be transferred from the Efficiency Investment Fund to Departmental Budgets.

## **3.0 REASON FOR RECOMMENDATION**

- 3.1 Any variations to the Council approved budget have to be agreed by Cabinet in accordance with the Council Constitution.

## **4.0 BACKGROUND AND KEY ISSUES**

- 4.1 Under the EVR/VS Scheme which was implemented in 2010/11 over 1,100 employees left the Council between December 2010 and July 2011. As part of the Scheme Chief Officers highlighted the need to re-provide / restructure in order to ensure that services continued to be delivered. Based upon Chief Officers initial indications Cabinet allocated £2 million from the Efficiency investment Budget in 2011/12 to meet the costs of any re-provision / restructuring.
- 4.2 The allocation of this sum was to be based upon business case submissions made by each Chief Officer that were reviewed by the Chief Executive, Head of Human Resources and myself before being approved by the Strategic Change Programme Board. The approval for the Adult Social Services Department was reported to Cabinet on 22 September 2011.

- 4.3 The table shows the initial amounts identified by Chief Officers compared to the sums approved by the Strategic Change Programme Board and now recommended for virement from the Efficiency Investment Fund to departmental budgets.

INITIAL SUM		APPROVED	
	£000		£000
Adult Social Services	300		300
Children and Young People	300		300
Corporate Services	300	Housing Division	294
Finance IT/ Internal Audit	90		90
Law, HR, Asset Mgt Environmental Health Pest Control/Trading Standards/ Facilities Management/ Legal Services Total	130 145 125 30 420	Env Health / Pests Trading Standards Facilities Management Legal Services Total	204 74 127 10 415
Technical Services Parks seasonal staff PACSPE client staff Departmental changes Total	210 100 90 400	Seasonal gardeners Parks client staff Departmental changes Total	195 111 97 403
Contingency	190		
Total	2,000	Total	1,802

## 5.0 RELEVANT RISKS

- 5.1 The £2 million was established to ensure that money was set-aside to ensure the continuation of service delivery following the EVR/VS Scheme with this sum based upon the indicative figures submitted by Chief Officers for re-provision / restructuring costs.

## 6.0 OTHER OPTIONS CONSIDERED

- 6.1 The sum was allocated specifically for re-provision / restructuring costs and so no other options were considered.

## 7.0 CONSULTATION

- 7.1 The business cases submitted by Chief Officers were reviewed by the Chief Executive, Head of Human Resources and myself before being considered by the Strategic Change Programme Board. In terms of the detailed proposals the departments concerned have involved the Trade Unions and those affected in the workforce in the discussions.

## **8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

8.1 There are none arising directly from this report.

## **9.0 RESOURCE IMPLICATIONS**

9.1 Of the £2 million set aside in the Efficiency Investment Fund for re-provision / restructuring costs it is being recommended that £1,802,000 of this sum be transferred to Departmental Budgets.

9.2 The sum has been used to retain existing employees or to recruit additional employees in order to ensure that services continue to be delivered.

9.3 There are no IT implications arising from this report.

## **10.0 LEGAL IMPLICATIONS**

10.1 There are none arising directly from this report.

## **11.0 EQUALITIES IMPLICATIONS**

11.1 There are none arising directly from this report.

## **12.0 CARBON REDUCTION IMPLICATIONS**

12.1 There are none arising directly from this report.

## **13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

13.1 There are none arising directly from this report.

FNCE/222/11

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## **BACKGROUND PAPERS**

The Strategic Change Programme Board papers including the business case submissions were used to inform this report.

## **REFERENCE MATERIAL / SUBJECT HISTORY**

<b>Council Meeting</b>	<b>Date</b>
Cabinet - Budget 2011/12	21 February 2011
Cabinet - Department of Adult Social Services Future Structure	22 September 2011

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WIRRAL COUNCIL

CABINET

13 OCTOBER 2011

<b>SUBJECT</b>	<b>CAPITALISATION OF STATUTORY REDUNDANCY PAYMENTS</b>
<b>WARD/S AFFECTED</b>	<b>ALL</b>
<b>REPORT OF</b>	<b>DIRECTOR OF FINANCE</b>
<b>RESPONSIBLE PORTFOLIO HOLDER</b>	<b>COUNCILLOR STEVE FOULKES</b>
<b>KEY DECISION</b>	<b>YES</b>

## **1.0 EXECUTIVE SUMMARY**

1.1 The Department for Communities and Local Government (DCLG) has given Wirral permission to treat statutory redundancy payments as capital spend, rather than revenue spend, in 2011/12. There are a number of conditions attached to this permission and the Council must reply by 7 October 2011 accepting these and the amount to be capitalised.

1.2 In making use of this permission the Council needs to approve a variation in the Capital Programme for 2011/12.

## **2.0 RECOMMENDATIONS**

2.1 That the DCLG be advised that Wirral will utilise the permission to treat as capital £4 million of revenue expenditure in 2011/12.

2.2 That the Capital Programme be increased for the Finance Department by £3 million and for the Children & Young People Department by £1 million and this be referred to Council.

2.3 That the release of £3 million from the provision for the Early Voluntary Retirement / Voluntary Severance Scheme costs to balances be agreed.

## **3.0 REASONS FOR RECOMMENDATIONS**

3.1 The DCLG has requested a response to the use and amount of the Capitalisation Direction by Wirral in 2011/12.

3.2 In accordance with the Council Constitution any variations to the Capital Programme must be agreed by Council.

## **4.0 BACKGROUND AND KEY ISSUES**

### **CAPITALISATION**

- 4.1 Capitalisation is the relaxation of the normal accounting requirement that long-term borrowing or capital receipts should only be used to fund capital expenditure. The Local Government Act 2003 allows the Secretary of State to issue capitalisation directions permitting specified items of expenditure that would normally be classified as revenue expenditure to be treated as capital expenditure.
- 4.2 The Government recognises that capitalisation provides financial flexibility to Councils in managing one-off unexpected costs and thereby easing the pressure on Council Tax and on services. For 2011/12 the Government increased the total sum available from £200 million to £300 million.

### **PROCESS**

- 4.3 Capitalisation is subject to an application process with applications assessed against criteria set out in the guidance note supporting the 'Capitalisation Directions (excluding equal pay 2011-12 : Policy and procedures':-
- 4.3.1 The Directions:-
- a) allow revenue expenditure to be capitalised but subject to strict criteria.
  - b) are for one-off costs such as statutory redundancy payments.
  - c) apply only for the year of submission (can be made annually).
- 4.3.2 The Criteria (Affordability Tests) for the application are that it:-
- a) must be for a sum in excess of 10% of eligible reserves.
  - b) must be for a sum in excess of 0.5% of revenue expenditure.
- 4.3.3 The timescales:-
- By 12 May 2011 local authorities must have made submissions.  
By 22 July 2011 the Government issued a formal decision. By 07 October 2011 local authorities must confirm the amounts they intend to use.  
By 12 July 2012 local authorities must state how much was actually capitalised.
- Note: The October return is to allow for a Phase 2 when approvals not required will be re-allocated to local authorities who have to prove exceptional difficulties.

### **THE WIRRAL APPLICATION**

- 4.4. The Council Budget 2011/12 reported to Cabinet on 21 February 2011 included the effect of the Early Voluntary Retirement / Voluntary Severance (EVR/VS) Scheme. At that time the statutory redundancy payment element, potentially eligible for capitalisation, was estimated at £3 million. The Schools Forum on 12 April 2011 considered a report on School Redundancies which could potentially incur up to £1 million of eligible costs.

- 4.5. The Wirral application was based upon £4 million of statutory redundancy payments. These are incurred under the Employment Rights Act 1996 Part 11. Not eligible are enhanced costs, lump sum pension payments for added years or the elimination of pension fund deficits resulting from premature retirements. The costs would be incurred in 2011/12. The application included confirmation of meeting the Affordability Tests.
- 4.6. The Financial Out-turn 2010/11 reported to Cabinet on 23 June 2011 included an update on EVR/VS costs. As details of the costs to be incurred in 2011/12 were known by 31 March 2011 the total cost of £8.7 million was required to be included in the 2010/11 accounts. A provision was established to cover these payments which required the funding from balances set aside in 2011/12 to be brought forward to 2010/11. As a bid had been submitted to the Government to seek to capitalise the statutory redundancy element a successful outcome would release a comparable sum to balances.

#### **GOVERNMENT DECISION**

- 4.7. On 22 July 2011 the DCLG advised that Wirral would be permitted to treat as capital, expenditure which:-
- a) is incurred by the Authority on statutory redundancy payments;
  - b) does not exceed a total of £4 million; and
  - c) is properly incurred during the financial year that began on 1 April 2011.
- 4.8. Wirral is required to inform the DCLG by 7 October 2011 whether the Direction will be used in its entirety and, if not, specify how much will be unused. The Authority has to provide a written return by 12 July 2012 of how much was actually used.

#### **5.0 RELEVANT RISKS**

- 5.1 The use of the Direction enables costs to be spread over a longer time period releasing resources in the short term provided that the conditions detailed in the Direction are complied with.

#### **6.0 OTHER OPTIONS CONSIDERED**

- 6.1 The options are to either meet the full cost from the revenue budget in the year that they are incurred or to use the Direction to treat the costs as capital expenditure and meet the costs over a longer time period.

#### **7.0 CONSULTATION**

- 7.1 This report concerns the announcement of a Government decision. There has been no consultation required.

#### **8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

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

## **9.0 RESOURCE IMPLICATIONS**

- 9.1 By using the Direction to classify the statutory redundancy payment element of the EVR/VS Scheme as capital expenditure this would release £3 million of the previously identified provision for EVR/VS costs to General Fund balance. The element relating to Schools represented an unmet financial pressure in 2011/12 the cost of which can now be met from the capital programme.
- 9.2. The increased capital financing costs will be £400,000.
- 9.3. There are no staffing, IT or asset implications arising directly from this report.

## **10.0 LEGAL IMPLICATIONS**

- 10.1 In order to use the Capitalisation Direction the Council must comply with the conditions specified by the Department for Communities and Local Government as detailed in section 4.7.

## **11.0 EQUALITIES IMPLICATIONS**

- 11.1 There are no direct implications arising from this report.

## **12.0 CARBON REDUCTION IMPLICATIONS**

- 12.1 There are no direct implications arising from this report.

## **13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

- 13.1 There are no direct implications arising from this report.

FNCE/221/11

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## **REFERENCE MATERIAL**

Capitalisation Directions (excluding equal pay) 2011-12 : Policy and procedures - A guidance note. Department for Communities and Local Government March 2011.  
Letter from the Department for Communities and Local Government dated 22 July 2011.

## **SUBJECT HISTORY**

<b>Council Meeting</b>	<b>Date</b>
Cabinet – Council Budget 2011/12	21 February 2011

**WIRRAL COUNCIL  
CABINET  
13 OCTOBER 2011**

<b>SUBJECT:</b>	<b>PROCUREMENT STRATEGY</b>
<b>WARD/S AFFECTED:</b>	<b>ALL</b>
<b>REPORT OF:</b>	<b>DIRECTOR OF FINANCE</b>
<b>RESPONSIBLE PORTFOLIO HOLDER:</b>	<b>COUNCILLOR ADRIAN JONES</b>
<b>KEY DECISION?</b>	YES

## **1.0. EXECUTIVE SUMMARY**

- 1.1 The purpose of this report is to provide Cabinet with an update on the Corporate Procurement Strategy.
- 1.2 The Strategy is an enabler of the procurement efficiency targets agreed for 2011-12. These are reflected in the 2011-12 Budget as:-
- £2.0m from the annual procurement efficiency programme
  - £0.5m from reviewing the top 50 contracts
  - £0.2m from reviewing administrative support costs
- 1.3 Details of the projected savings for the 2012-13 Budget will be reported to future meeting of the Cabinet.

## **2.0 RECOMMENDATION**

- 2.1 That Cabinet agrees the Procurement Strategy.

## **3.0 REASON FOR RECOMMENDATION**

- 3.1. All of the resource strategies are being presented to this meeting of the Cabinet at the commencement of the budget process for 2012-13. Therefore, although the procurement strategy was agreed by the Cabinet on 2 June 2011 it is re-presented to align the resource strategies.

#### 4.0. **BACKGROUND AND KEY ISSUES**

4.1 The Corporate Procurement Strategy was approved by Cabinet on 2 June 2011. Since then, the following key activities have taken place:-

- Corporate Procurement Board established and has met twice
- Contracts Procedure Rules amended and presented to Cabinet elsewhere on this agenda
- Contracts Procedure Toolkit produced in August 2011 which will be available to all staff involved in purchasing via the Council Intranet site from October 2011
- Contracts/Procurement Forward Plan developed in August 2011 and available on the Council Intranet site
- A review of major contracts completed and actions identified to realise savings in 2011-12 and beyond. Some of these actions will require Cabinet approval, and an enhanced degree of discipline and control to be exercised across all Departments of the Council. It will be a prime focus of the Corporate Procurement Board to ensure this happens.
- Cabinet on 14 April 2011 engaged PriceWaterhouseCoopers to review certain contracts on a 'no-win-no-fee' basis. Findings from their initial review were presented in August 2011. This has led to the identification of four major contracts that will be subject to a full contract review. Details of these will be reported to a future meeting of the Cabinet.

4.2 The Procurement Strategy key priorities and action plan were presented to Cabinet on 2 June 2011. Good progress is being made with all milestones met or on target. The next series of milestones to achieve are:-

- Ensure there are targeted training and employment initiatives built in to all major contracts (by September 2011)
- Provide greater assistance to local businesses through e-tender training, 'Meet the buyer' events, attendance at Business Fairs and prime contractor involvement. (by December 2011)
- Measure the benefits of collaborative procurement by working with the Merseyside Procurement Partnership (by March 2012)
- Arrange a training event for elected Members on procurement issues (by March 2012)
- Improve performance relating to payments to suppliers, in particular to pay all SMEs within 10 working days (by March 2012)

#### 5.0 **RELEVANT RISKS**

5.1 The risk of non-compliance with the Procurement Strategy and the governance arrangements may reduce the potential for savings. The Strategy sets out how compliance will be monitored via the Corporate Procurement Board.

5.2 A more disciplined approach to procurement may reduce flexibility in the way goods and services are sourced. This may present risks to services and the reputation of the Council if contracted suppliers are unable or unwilling to provide the goods or services required by the Council. There may be occasions when goods and services are needed urgently and to a different specification to the ones contracted for and there will need to be arrangements that will permit this, by exception, within appropriate delegated authority.

5.3 The strategy allows for such exceptions and requires Chief Officers to ensure they are properly documented and reported to the Procurement Manager to consider their potential breach of the EU Public Procurement Directives and subsequent risk of damages.

## 6.0 **OTHER OPTIONS CONSIDERED**

6.1 No other options were considered in the drafting of this report.

## 7.0 **CONSULTATION**

7.1 Consultation has been undertaken with all Departments of the Council and contracted suppliers affected by the implementation of the Procurement Strategy. There is ongoing consultation with other Councils in the Merseyside Region to promote the adoption of collaborative contracts which increase the potential for savings through aggregation.

## 8.0 **IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

8.1 There are no direct implications for voluntary, community and faith groups.

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

9.1 The Procurement Efficiency targets agreed by Council total £2.7m in 2011-12.

## 10.0 **LEGAL IMPLICATIONS**

10.1 All procurement activity will be conducted in strict accordance with the Council contract procedure rules and European procurement directives.

## 11.0 **EQUALITIES IMPLICATIONS**

11.1 An equalities impact assessment is considered for all contracts that are tendered or reviewed.

## 12.0 **CARBON REDUCTION IMPLICATIONS**

12.1 All new contracts include a requirement for suppliers to consider their carbon impact and contribute to the delivery of the Council carbon reduction targets.

## 13.0 **PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

13.1 There are none arising directly from this report

FNCE/212/11

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**APPENDICES**

Procurement Strategy

**REFERENCE MATERIAL**

**SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>
<b>Cabinet</b>	2 June 2011
<b>Cabinet</b>	4 November 2010
<b>Cabinet</b>	4 February 2010
<b>Cabinet</b>	24 September 2009
<b>Cabinet</b>	9 April 2009
<b>Cabinet</b>	4 September 2008



# **WIRRAL COUNCIL**

## **PROCUREMENT STRATEGY**

**(Refreshed April 2011)**

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- 22 Openness, Fairness and Transparency
- 23 Performance Management
- 24 Monitoring Implementation of this Strategy
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**Appendix A - Procurement Key Priorities & Action Plan**

## 1. INTRODUCTION

- 1.1 The Procurement Strategy sets the governance framework for the way the Council buys services, goods or works. It is integral to the Council's Contract Procedure Rules which all Members and officers of the Council are bound by. Compliance with it is mandatory as it serves to protect individuals and the Council from legal challenge to the way business is conducted in an ever more litigious environment. It also enhances the reputation of the Council in terms of transparency and use of resources. Since the first Procurement Strategy was agreed by Cabinet significant financial savings and service improvements have been made through more robust procurement arrangements.
- 1.2 The Strategy aims to dispel the perception that rules and regulations contained within it serve as barriers to innovation and constrain management with unnecessary red tape. **The contrary is true.** By reinforcing good procurement practice across all Council Departments (*ie getting things right first time*) will save time and money in the long run and achieves better outcomes for people and businesses in Wirral.
- 1.3 In re-drafting this Strategy greater emphasis has been given to the fact that more of what the Council offers is now procured and not provided. It also recognises that following a significant reduction in staff through the Early Voluntary Retirement and Voluntary Severance scheme in 2010-11 more effective procurement procedures and enhanced corporate support is needed to supplement limited capacity within Departments. To this end the Corporate Procurement Unit will have an enhanced central role and will conduct more of the procurement activity on behalf of Service Departments to implement this Strategy and achieve the outcomes within it.

<p>Compliance with this Strategy is mandatory for Council Members and officers</p> <p>The Strategy aims to reduce red tape by centralising the procurement process</p> <p>Good procurement delivers savings and better outcomes for people</p>
--

## 2 LINKS TO THE CORPORATE PLAN

- 2.1 This refreshment of the Procurement Strategy is set in the context of the Council's new Corporate Plan for 2011-14 which was approved by Cabinet at its meeting of 17<sup>th</sup> March 2011. It is structured around four key themes:
- Your Family:** with a focus on **Children and Young People**, and **Adults**
- Your Neighbourhood**
- Your Economy**
- Your Council**
- 2.2 Every one of the 27 goals in the Corporate Plan is supported by this Procurement Strategy. The following have particular significance:

### 2.2.1 Reducing the running costs of the Council by improving the efficiency and value for money of Council services whilst reducing bureaucracy

- Delivery of £0.5m cashable savings from reviewing the Top-50 Contracts
- Delivery of £2.0m procurement efficiencies in each of the next 3 years
- Delivery of £0.2m efficiencies from a streamlined 'procure-to-pay' system
- Improving compliance with the Corporate Procurement Governance Framework

### 2.2.2 Supporting the development of a Bigger and Stronger Society

- Enabling the Council to meet its obligations under the 2010 Equality Duty
- Supporting the Council to promote social enterprise, and voluntary, community and faith sector organisations to deliver Council services

### 2.2.3 Developing wider public sector partnerships for the improvement of services to Wirral residents

- *Collaborating with other bodies (locally and regionally) to procure goods and services more efficiently and effectively*

### 2.2.4 Reducing Wirral's Carbon Footprint

- *Supporting the delivery of the Council's Interim Carbon Budget 2011-12*
- *Working with partners to improve resource and energy efficiency*

2.3 In addition to supporting the goals in the Corporate Plan, the Council has a significant number of contracts that are due to be reviewed and possibly re-tendered alongside the changing priorities of the Council and its ability to afford what it did before. This is a rolling programme and is articulated in the Contracts Register available on the Council's web site.

Procurement is integral to the delivery of the goals agreed in the Corporate Plan  
Procurement has targets to deliver savings agreed in the 2011-12 Budget  
Good Procurement has a real impact on the local economy

## 3 WHAT IS PROCUREMENT?

3.1 Procurement is the process of managing the provision of goods, services and works spanning the life cycle of the asset or service contract. Life cycle is defined as being from the initial definition of the business need through to the end of the useful life of the asset or service contract. It includes securing services and products that best meet the needs of users and the local community.

3.2 In the context of a procurement process, obtaining value for money means choosing the provider that offers the '*optimum combination of whole life costs and benefits to meet the Council's requirements*'. Value for money is not necessarily the lowest initial price option as it requires an assessment of the ongoing revenue costs as well as initial capital investment. The driving force has in the past been

focused on economy. Whilst this remains an essential ingredient, it is also important that procurement decisions are taken in the light of the broader objectives which the Council is seeking to achieve, including the aspiration to continually improve quality and fairness.

- 3.3 Effective Procurement is important because failure to purchase goods, services and works effectively and within a tight legal framework can put the achievement of key objectives, provision of services, financial standing and reputation of the Council at risk. The Council currently procures goods, works and services to the value of £150m in any one year and this strategy provides the Corporate Procurement Governance Framework within which all procurements by the Council are to be managed. These are incorporated within the Council's Contract Procedure Rules and compliance is mandatory for all Members and officers of the Council.
- 3.4 The Strategy calls for the establishment of a Corporate Procurement Board with appropriate representation from all Departments which will:
- Oversee all major procurement initiatives across the Council
  - Develop the Strategy in line with changing legislation and best practice
  - Monitor compliance with the Corporate Procurement Governance Framework

Procurement is about getting efficiency, value for money and improving quality  
Compliance will be monitored by a Corporate Procurement Board  
Good procurement improves the reputation of the Council

## 4 COMMISSIONING

- 4.1 Commissioning is *'the process of specifying, securing and monitoring of services to meet assessed needs both in the short and long term'*. Commissioning is best described as a cycle of activity that involves:
- Assessment (or reassessment) of need
  - Identifying resources
  - Planning how to use the resources
  - Arranging service delivery through a procurement process
  - Monitoring and reviewing service delivery
- 4.2 A commissioning decision does not necessarily mean that a procurement process will follow, however some element of commissioning must take place before a procurement process can begin. The procurement process relates to how those commissioning decisions are enacted, where, in particular, a decision has been taken to look externally for the supply of goods or services. This Procurement Strategy is therefore integral to the Council's Commissioning Strategy.

Commissioning is about assessing need, resources, planning and evaluation  
Procurement is the 'buying' process within the Commissioning cycle  
Good procurement ensures assessed need matches with available resources

## 5 THE REGULATORY FRAMEWORK

5.1 There is a clear statutory framework that determines the processes and places limits on the procurement practices of the Council. It is clear from this legislation that the government has extremely high expectations of local authorities' procurement activity.

5.2 The primary legislation underpinning this Strategy includes:

- (a) European Union Public Procurement Directive 2004/18/EC
- (b) Public Contracts Regulations (Statutory Instrument 2006 No.5)
- (c) Public Contracts (Amendment) Regulations (SI 2009, 2992)
- (d) The Equality Act 2010
- (e) The Climate Change Act 2008
- (f) The Bribery Act 2010

The statutory framework is based around the requirements of the Council to:

- (a) promote fair and open competition
- (b) consult and involve local people including the Council's own staff
- (c) ensure true whole life costs are understood and taken account of
- (d) achieve sustainable outcomes for people and communities in Wirral
- (e) exploit economies of scale
- (f) focus on outcomes and not who provides the service, goods or works
- (g) promote partnerships with other organisations for mutual benefit
- (h) maximize the capacity of small and medium sized businesses and faith, community and voluntary sector bodies to deliver Council services
- (i) avoid market domination by any single provider
- (j) ensure the transparency of all procurement decisions

5.3 The additional emphasis on procurement as a vehicle for community and social change has its roots in the Local Government White Paper of 2006, Building Strong and Prosperous Communities. Of particular significance in this context is the requirement for Councils to use their procurement power to support economic growth and regeneration.

5.4 The Council is also enabled through its 'Powers of Well-being' expressed within Section 2 of the Local Government Act (2000), to undertake activity which is considered to be likely to promote or improve the economic, social and environmental welfare of their areas, providing it is not explicitly precluded by other legislation.

- 5.5 The challenge for the Council is therefore to meet the high expectations associated with the wider social, economic and environmental impact of procurement decisions, within a structured legislative framework and against the need to achieve value for money.
- 5.6 Through the principles identified within this strategy, and the associated commitments, the Council will be able to meet this challenge.

Legislation determines much of what the procurement can and can't do  
Public procurement in particular is very tightly controlled by law  
This Strategy will enable the Council to procure effectively and lawfully

## 6 **PROCUREMENT OBJECTIVES**

- 6.1 The Council's procurement objectives are designed to ensure that procurement supports and contributes to the delivery of the Council's aims and objectives set out in the Corporate and Departmental Plans. This will be achieved by:
- (a) ensuring that all procurement practices are legal, ethical, transparent and conform to local, national and European procurement regulations, and adhere to the principles of openness, accountability and fairness
  - (b) delivering significantly better quality public services that meet the needs of local citizens and communities through sustainable partnerships that are forged with a range of public, private, social enterprise and voluntary sector organisations at local, sub regional, regional, national and international level
  - (c) contributing to the Council's budget stability by continually challenging procurement arrangements and seeking opportunities to reduce prices, improve quality, maximise efficiency and achieve greater outcomes for people in Wirral
  - (d) delivering the specific savings targets agreed by Council in the 2011-12 Budget through procurement initiatives. These are:
    - £2.0m savings in Departmental Budgets through better procurement
    - £0.5m additional savings from reviewing the Top-50 Contracts
    - £0.2m savings through streamlining 'procure-to-pay' business processes
  - (e) operating a mixed economy of service provision with ready access to a diverse, competitive range of suppliers providing quality services, including small firms, social enterprises, mutuals, minority businesses and voluntary and community sector groups. This will entail wherever possible, and lawful, encouraging local sourcing and local employment opportunities for people who live in Wirral.
  - (f) realising social, environmental and community benefits through procurement activities, by developing socially responsible service specifications, building social, environmental and community benefits into the evaluation process where appropriate and lawful to do so.

- (g) working with suppliers and contractors post contract award to continually explore opportunities for realising wider benefits to local communities. This will include targeted training and employment initiatives.
- (h) demonstrating continuous improvement in the equality and fairness of opportunity and the promotion of good relationships between people within diverse communities in all procurement activity.
- (i) achieving an efficient and effective 'procure-to-pay' process, which minimises manual input, enables prompt payment of suppliers' invoices, and provides robust management information on which the most effective procurement decisions can be made.
- (j) Harnessing the latest e-procurement and other technical solutions to maximise benefit to the Council through modernising associated business processes.
- (k) Ensuring that all significant risks are identified within procurement processes and appropriately managed.
- (l) Ensuring that all procurement activities consider the environment and Carbon impact and include evaluation models that take into account the Council's sustainable objectives.
- (m) Achieving continuous improvement from all categories of procurement expenditure, by having a 'living' Procurement Strategy and ensuring that all activity within it is undertaken by a highly motivated informed, professional workforce.

6.2 The delivery plan that contributes to these objectives is provided in Appendix A

Procurement is fundamental to the Council's budget stability  
 The Procurement Unit has a target to deliver £2.7m savings in 2011-12  
 Good procurement is about socially responsible buying

## 7 ORGANISATION OF THE PROCUREMENT FUNCTION

- 7.1 The Leader of the Council holds the portfolio for Finance, Big Society and Best Value and has overall responsibility for procurement.
- 7.2 The Director of Finance is responsible under Section 151 of the Local Government Act 1972 for the proper administration of the Council's financial affairs. This includes responsibility for advising Chief Officers on all aspects of procurement, and advising the Council on an appropriate framework which must be adhered to through Contract Procedure Rules. This framework is known as the Corporate Procurement Governance Framework which is embedded in the Council's Constitution and Financial Standing Orders.
- 7.3 The Director will establish a Corporate Procurement Board which will be chaired by his Deputy and have senior representation from each Council Department and be supported by officers from Legal Services and the Procurement Team. The Board will review, co-ordinate and oversee all strategic procurement activity



including the implementation of the Corporate Procurement Strategy. The Board will also establish operational, collaborative and strategic links with the Merseyside Authorities Procurement Group reporting to the Merseyside Treasurers Group. The Board will report directly to the Council's Executive Team.

- 7.4 The Head of Service (Support Services, Finance) will take responsibility for the administration of the Board and will be accountable for the delivery of the procurement savings targets agreed by Council through the leadership of the Corporate Procurement Unit.
- 7.5 The Corporate Procurement Unit is based in the Support Services Division of the Department of Finance and will be structured to support Departmental activity through category management principles. This will mean experience and expertise is developed to effectively support (i) procurement of works, (ii) procurement of services, and (iii) procurement of business services.
- 7.6 A review of Business processes is underway in 2011 to develop a more streamlined 'procure-to-pay' system which will eventually determine the formal structure of the Unit.

The Leader of the Council has overall responsibility for procurement  
Procurement rules form part of the Council's Standing Orders  
Good procurement is conducted on a regional basis

## 8 **OPTIONS APPRAISAL**

- 8.1 In making any important decision the Council will consider the range of feasible options available to it. This means the Council will:
- (a) have no presumption on the preferred model of service delivery. This includes whether it provides services itself, externalises them or provides them in partnership with others
  - (b) undertake robust options appraisals and evaluate the optimum service delivery model that is most likely to deliver best value
  - (c) consider alternative service delivery options where an unsatisfactory level of performance is identified either by external or in-house provision and service delivery improvement plans have failed to achieve the required standard
  - (d) Find ways of encouraging new providers into the market where competition is the chosen option and it is found that there is no viable market
  - (e) Award contracts based on value for money which provides the optimum combination of true whole life costs, economic advantage to the Council, fairness and contribution to corporate objectives
  - (f) ensure partnership arrangements are encouraged where they are likely to ensure the delivery of the sustainable, economic and continuously improving services

Procurement is an evidence-based assessment of what delivers good value  
Procurement includes monitoring of contract performance  
Good procurement shapes markets and drives up quality standards

## 9 **MONITORING ARRANGEMENTS**

- 9.1 The Council will put arrangements in place to ensure that contract compliance and performance is properly monitored and managed with the objective of achieving the planned outcomes and securing of continuous improvement and value for money.

## 10 **REGULATION OF PROCUREMENT**

- 10.1 The Council will take full account of and comply with the requirements of:

- (a) Relevant European Union and United Kingdom Law
- (b) European Union Procurement Directives
- (c) Council Policies
- (d) Council Contracts Procedure Rules
- (e) Council Financial Regulations
- (f) Council Constitution
- (g) Council Corporate Procurement Governance Framework

- 10.2 The Corporate Procurement Strategy, Contracts Procedure Rules, Financial Regulations, Corporate Procurement Governance Framework will be reviewed on an annual basis to promote efficient and effective procurement.

## 11 **WORKS CONTRACTS**

- 11.1 Works contracts will be procured where appropriate in line with the Government's "Rethinking Construction" principles and will follow the recommendations contained in the Latham/Egan Reports and the report 'Accelerating Change' by the Strategic Forum for construction.

- 11.2 The principles of Rethinking Construction will also be applied, where appropriate to service contracts required for other areas of the Council.

## 12 **PROJECT MANAGEMENT AND GATEWAY PROCEDURES**

- 12.1 The Council will expand the scope of Prince 2 and include the principles of Gateway Procedures where appropriate for high cost and/or high risk procurement projects.

## 13 **E-PROCUREMENT**

- 13.1 The Council will:

- (a) harness the potential of e-Procurement, encompassing the entire 'procure-

to-pay' process, to improve the efficiency and effectiveness of all aspects of procurement for the benefit of the Council, the people it serves, and suppliers of goods, services and works

- (b) wherever possible, co-operate regionally and nationally with other Councils, statutory bodies and other independent organisations
- (c) promote the advantages of e-Procurement to its suppliers of goods services and works
- (d) ensure that all Council contracts valued at £10,000 and above will be advertised electronically using the Council's e-portal system.

## 14 **WORKFORCE MATTERS**

14.1 The Council will:

- (a) ensure that workforce matters in contracting are handled in accordance with the Office of the Deputy Prime Minister Circular 03/2003 Annex C (Handling Workforce Matters in Contracting) and Annex D (Code of Practice - Workforce Matters in Local Authority Service Contracts).
- (b) involve staff and their representatives when reviewing modes of service provision

## 15 **PARTNERSHIP APPROACH**

15.1 The Council will:

- (a) seek to work through and explore the potential for shared services and collaboration and, partnership/consortia arrangements with the public, private, mutuals, and voluntary, community and faith sectors to encourage participation in shaping services, sharing expertise, harnessing economies of scale and working together to achieve mutual goals
- (b) consider procurement based upon the principle of "partnering" in which both the Council and the supplier avoid dispute to gain maximum mutual advantage and continuous improvement
- (c) encourage and support consortia bids from social enterprises, mutuals, the voluntary, community and faith sectors and small, medium sized enterprises in the local area so that local suppliers are in a position to compete fairly for larger contracts
- (d) consult with key stakeholders, including as appropriate, the community, current and potential users, council tax payers, partners, businesses, staff and trade unions and take account of their views in the decision-making process
- (e) consult with the market to ensure that opportunities that exist to secure funding, increase capacity and encourage innovation are maximised
- (f) seek to engage with suppliers to encourage the development of the marketplace and continuous improvement in quality standards within it

- (g) seek to create the conditions which allow for new suppliers to develop or existing suppliers to become more competitive and effective
- (h) manage the procurement process in a fair and equitable way allowing sufficient flexibility to encourage providers to be innovative and creative
- (i) involve employees in the search for value for money solutions

## 16 ENVIRONMENTAL AND SUSTAINABILITY CONSIDERATIONS

16.1 The Council will promote environmentally sustainable development through its procurement processes. In particular it will seek to:

- (a) eliminate waste and maximise resource efficiency
- (b) make use of goods and services which are least harmful to the environment
- (c) maximise re-cycling opportunities
- (d) encourage the use of Fair Trade produce
- (e) contribute to the Council's Carbon reduction targets

16.2 In order to achieve these objectives the Council will:

- (a) evaluate costs over the life-cycle of contracts or products rather than just the initial price thereby taking account of issues such as durability, economy and disposal in the assessment of value for money
- (b) include appropriate environmental considerations in the evaluation of tenders and therefore the award of contracts
- (c) review specifications for contracts with the intention of reducing environmental impacts including the reduction of carbon emissions which shall contribute to the Council's Carbon Budget
- (d) work with suppliers and contractors to encourage the development and testing of environmentally preferable product and service options
- (e) encourage suppliers and contractors through their contracts with the Council to improve their environmental performance
- (f) wherever possible buy 'Fair Trade' and recycled goods and encourage contractors to do the same
- (g) not use or purchase specified environmentally damaging products through the maintenance of a 'prohibited product list'
- (h) work to raise and maintain awareness about environment and development issues in relation to procurement through training, visits, conferences, workshops, exhibitions, product fairs and product trials

## 17 ACHIEVING FAIRNESS AND EQUALITY OF OPPORTUNITY

17.1 The Council will use the powers available to it, including the provisions of the Local Government Act 1988, the Transfer of Undertakings - Protection of Employment Regulations (TUPE) 1981, the Human Rights Act 1998,

Employment Equality (Sexual Orientation) Regulations 2003 and Employment Equality (Religion/Belief) Regulations 2003, the Race Relations Act 1976 (Amended 2000), the Disability Discrimination Act 1995, the Sex Discrimination Act 1975 and the Code of Practice on Workforce Matters in Local Council Service Contracts, and the Equality Act 2010 to ensure that equality and fairness issues are addressed in the procurement of goods, works and services. This Procurement Strategy is designed to support the Council achieving the following equality objectives:

- (a) To eliminate unlawful discrimination
- (b) To promote Equality of Opportunity
- (c) To promote good relations between people in a diverse community
- (d) To ensure that public money is not spent on practices that lead to unlawful discrimination for whatever reason
- (e) To use procurement practice to support and encourage fairness equality of opportunity and positive community relations

## **18 RISK MANAGEMENT**

18.1 The Council will continue to develop its Risk Management Strategy to ensure that the consideration and management of risk is an integral part of the procurement process. Potential risks associated with procurement activity will be subject to a process of early identification, evaluation, management and monitoring.

18.2 Each major procurement project will have arrangements in place that ensures:

- (a) the nature and extent of risk is identified and recorded on the Risk Register
- (b) the impact and likelihood of the risks identified have been considered
- (c) appropriate and effective control measures are in place to manage risks
- (d) responsibility for the management of risk is clearly identified
- (e) risk is effectively monitored throughout the life of the procurement project

## **19 PROCUREMENT EXPERTISE AND OPERATIONAL PROCEDURES**

19.1 In order to continuously improve its operational procedures relating to procurement and develop its workforce and partner expertise the Council will:

- (a) seek to develop new skills and knowledge in order to better understand and explore supply markets and make best use of innovative procurement practice
- (b) develop a range of competencies which will form the basis for ongoing procurement training as a constituent part of Member and staff development
- (c) ensure that all officers responsible for procurement and contract management are appropriately trained in the principles of good procurement
- (d) advocate that procurement expertise has an essential role in the development of innovative approaches to service delivery

- (e) support a structured approach to education, training and development for Members and officers of the Council regarding procurement activity

## **20 PROCUREMENT FORWARD PLAN AND CONTRACTS REGISTER**

- 20.1 Each Department of the Council will set out its likely demand, in broad categories, for goods, works and services required over the medium term to meet the objectives agreed in the Corporate Plan. This will be done in March each year and refreshed on a regular basis.
- 20.2 This information will be compiled in the form of a Contracts Register and be available for public inspection on the Council's Business web page. It will serve to advise markets on the future procurement intentions of the Council. It will also be used to prioritise the workload of the Procurement Unit and other professional support services within the Council to ensure resources are available when they are needed.
- 20.3 Early indication of the Council's procurement intentions will also encourage collaboration with other agencies as more exploratory work can be undertaken prior to the procurement process commencing. This applies to such exploration both within and outside the organisation.

## **21 SCHOOLS AND PROCUREMENT**

- 21.1 There is a clear expectation that the Council should have effective strategies in place to enable, support and encourage schools to become informed, effective purchasers of services. School governors have a duty to ensure they are purchasing goods and services in line with value for money principles.
- 21.2 The Council will promote the development of the procurement skills of schools and offers the support of the Corporate Procurement Unit, promoting their capacity to choose, buy and evaluate services independently and effectively, within the context of achieving value for money.

## **22 OPENNESS, FAIRNESS AND TRANSPARENCY**

- 22.1 The Council will operate in an open manner in relation to the gathering of market intelligence. It will share such information to the mutual benefit of the market and the Council but not where the commercial advantage of the Council is compromised.
- 22.2 The Council will be fair in giving equal treatment to all, and have a consistency of approach in respect of ethical standards and absolute 'even handedness in dealings with trading partners and potential suppliers and contractors.
- 22.3 The Council will manage its procurement process in a fair and equitable way whilst allowing sufficient flexibility to encourage suppliers and contractors to be innovative and creative in their dealings with the Council.
- 22.4 The Council will be Transparent and have the ability to prove the above.

## **23 PERFORMANCE MANAGEMENT**

- 23.1 The Council will promote the development and use of a small number of appropriate performance measures relating to procurement to avoid unnecessary bureaucracy.
- 23.2 The Council will improve the accuracy, availability, appropriateness and accessibility of a range of procurement related management information to facilitate regional and sub-regional benchmarking.
- 23.3 Benchmarking and best practice will be further developed and, where appropriate, other public and private sector organisations will be encouraged to participate.

## **24 MONITORING THE IMPLEMENTATION OF THIS STRATEGY**

- 24.1 The Procurement Strategy will be approved by Cabinet and subject to scrutiny of the Audit and Risk Management Committee and the Council Excellence Overview and Scrutiny Committee. In order to facilitate this it will subject to the following regime of internal monitoring and review.
  - (a) The Strategy objectives and milestones will be monitored on a monthly basis via the Performance Management Framework operated in the Department of Finance. This will entail reports to the Department Management Team which will review exception reports at its monthly performance surgery, monthly Team meetings of the Procurement Unit and regular supervision with the Head of Service (Support Services, Finance)
  - (b) The Head of Procurement will submit a report to the Procurement Programme Board at each of its meetings detailing the number and type of contracts which have been let and progress against the Strategy Milestones.
  - (c) The Head of Procurement will submit an Annual Procurement Report on progress against the strategy and other developments in procurement. This report will be available on the Council's internet site.
  - (d) Audits on specific aspects of procurement activity will be carried out on a regular basis and reported to the Chief Executive and appropriate Scrutiny Committees as requested by the Chairs.

## **25 POST CONTRACT MONITORING AND MAINTENANCE**

- 25.1 The award of a contract is not the end of the procurement process. Good contract monitoring is essential if the Council is to achieve the best possible outcomes from its procured activity. The Council has moved away from old-style confrontational contracts with detailed input specifications towards more flexible partnership arrangement. The use of output specifications is designed to put the onus on the contractor to take responsibility for the end product. Value for money

considerations in the Council's contracts mean that the contractor is responsible for a continuous improvement in service or product delivery. Close monitoring of benefits realisation on high risk, high value, or strategically important contracts will be reported to Members on a regular basis.



**Procurement Key Priorities & Action Plan**

**Appendix A**

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<i>(i) Ensuring that all procurement practices are legal, ethical, and <b>transparent</b> and conform to local, national and European regulations, and adhere to the principles of <b>openness, accountability and fairness</b></i>					
	<b>Challenges</b>	<b>Action</b>	<b>Milestones</b>	<b>Completion Date</b>	<b>Comments/Progress</b>
1	Contract Procedure Rules	We will undertake an annual review of Contract Procedure Rules and recommend any necessary changes.	<b>Review</b> <b>Report</b> <b>Implement</b> <b>Benefits Measure</b>	1 June 2011 1 July 2011 1 August 2011 31 March 2012	Review in progress.
2	Departmental Procurement Guidance	We will continue to work with Council Departments to deliver guidance on procurement processes and compliance with contracts procedure rules.	<b>Review</b> <b>Report</b> <b>Implement</b> <b>Benefits Measure</b>	31 August 2011 30 September 2011 31 March 2012 31 March 2012	Procedural Guidance available on the Council's Web site. Roadshows to be undertaken from September 2012
3	Member Awareness	We will continue to seek to improve Member awareness of procurement issues through presentations, reports, workshops and training sessions as appropriate.	<b>Review</b> <b>Report</b> <b>Implement</b> <b>Benefits Measure</b>	1 June 2011 1 August 2011 1 October 2011 31 March 2012	Programme of training and awareness raising workshops to be arranged and delivered in collaboration with the Merseyside Group
4	Contract Monitoring	We will improve our contract monitoring activities and ensure that a formal monitoring strategy is in place for all major contracts.	<b>Review</b> <b>Report</b> <b>Implement</b> <b>Benefits Measure</b>	1 April 2011 1 August 2011 1 September 2011 31 March 2012	In progress and ongoing.
5	Contracts Database	We will ensure that the Contracts Database is used across the Authority to provide visibility of the Council's contractual commitments, assist in the development of a	<b>Review</b> <b>Report</b> <b>Implement</b> <b>Benefits Measure</b>	1 April 2011 1 May 2011 1 June 2011 31 March 2012	Completed and ongoing. The introduction of the e-Contracts management will

		procurement forward plan and identify opportunities for rationalisation and collaboration.			improve visibility, implementation December 2011.
6	Compliant Procedures	We will ensure that all Members and Officers involved in procurement are fully conversant with all aspects of procurement legislation and practice.	<b>Review</b> <b>Report</b> <b>Implement</b> <b>Benefits Measure</b>	1 June 2011 1 August 2011 1 October 2011 31 March 2012	Programme of training and workshop awareness raising to be completed in 2011-12.

<i>(ii) Delivering significantly better quality public services that meet the needs of all local citizens through <b>sustainable partnerships</b> that we forge with a range of public, private, social enterprise and voluntary sector organisations at local, sub regional, regional, national and international levels.</i>					
	<b>Challenges</b>	<b>Action</b>	<b>Milestones</b>	<b>Completion Date</b>	<b>Comments</b>
1	Review of contracts	We will carry out a review of all Council contracts and identify those contracts than may benefit from a partnership approach.	<b>Review</b> <b>Report</b> <b>Implement</b> <b>Benefits Measure</b>	1 June 2011 1 August 2011 1 October 2011 31 March 2012	High value/risk contracts have been reviewed as part of the project management process, all others to be part of ongoing review process.
2	Options procedures	We will ensure options for service delivery form part of the challenge process during service reviews and examine opportunities and potential benefits for partnership working.	<b>Review</b> <b>Report</b> <b>Implement</b> <b>Benefits Measure</b>	1 June 2011 1 August 2011 1 October 2011 31 March 2012	Options appraisal is incorporated into all major procurement projects.
3	Guidance on Partnering	We will develop guidance for procurement staff on partnership contracts.	<b>Review</b> <b>Report</b> <b>Implement</b> <b>Benefits Measure</b>	1 April 2011 1 April 2011 1 May 2011 31 March 2012	
4	Support for Collaboration	We will support the Merseyside	<b>Review</b>	Ongoing	Ongoing

		Authorities Procurement Group in its development of a three year Strategy and further collaborative procurement projects across the Merseyside sub-region.	<b>Report Implement Benefits Measure</b>	- - 31 March 2012	
5	Supporting the North West Improvement and Efficiency Partnership (NWIEP)	We will fully support the north west procurement hub in progressing regional procurement collaborative initiatives.	<b>Review Report Implement Benefits Measure</b>	Ongoing - - 31 March 2012	Support on going through the Merseyside Procurement Group.
6	Shared Services	We will assess opportunities for shared services by working with the NWIEP and other Public bodies to identify opportunities for such initiatives.	<b>Review Report Implement Benefits Measure</b>	As required - - 31 March 2012	Ongoing through sub-regional and Regional activity.

(iii) *Contributing to the Council's **savings targets** by continually challenging our procurement arrangements and seeking opportunities to reduce prices, improve quality, **maximize efficiency** and achieve greater outcomes for people in Wirral*

	<b>Challenges</b>	<b>Action</b>	<b>Milestones</b>	<b>Completion Date</b>	<b>Comments</b>
1	Savings Database	We will continue to develop the savings database to ensure it provides information on how savings have been identified and calculated.	<b>Review Report Implement Benefits Measure</b>	1 June 2011 1 July 2011 1 August 2011 31 March 2012	Database is being refreshed
2	Major Contracts	We will review all options for the procurement of high value / high risk contracts and work with service departments to ensure Best Value is achieved.	<b>Review Report Implement Benefits Measure</b>	Ongoing - - 31 March 2012	In progress, ongoing.

3	Involvement of the Corporate Procurement Team	The Corporate Procurement Team is integrated into all Value for Money reviews and fundamental service reviews	<b>Review</b> <b>Report</b> <b>Implement</b> <b>Benefits Measure</b>	Ongoing - - 31 March 2012	Ongoing.
4	Social care	We will support the establishment of a procurement strategy and framework for savings and efficiency	<b>Review</b> <b>Report</b> <b>Implement</b> <b>Benefits Measure</b>	Completed  30 June 2011	Target completion date in collaboration with DASS / CYPD.
<i>(iv) Operating a mixed economy of service provision with ready access to a diverse, competitive range of suppliers providing quality services, including small firms, social enterprises, mutuals, minority businesses and voluntary and community sector groups, and wherever possible encourage local sourcing and local employment opportunities for people who live in Wirral.</i>					
	<b>Challenges</b>	<b>Action</b>	<b>Milestones</b>	<b>Completion Date</b>	<b>Comments</b>
1	Prime Contractor Involvement	We will identify ways to assist local businesses to gain indirect opportunities through our prime contractors i.e. encourage prime contractors to advertise Council related opportunities through Wirral's Business Website.	<b>Review</b> <b>Report</b> <b>Implement</b> <b>Benefits Measure</b>	1 May 2011 1 November 2011 1 December 2011 31 March 2012	Strategy in progress. Support for Wirral Invest on-line process, Further development of Council's e-portal to include Contractor opportunities.
2	Training, Meet the Buyer events and Business Fairs	We will undertake training sessions to assist SMEs in accessing Council opportunities. We will attend and help organise events that will publicise 'How to do Business with The Council' and encourage participation of small businesses	<b>Review</b> <b>Report</b> <b>Implement</b> <b>Benefits Measure</b>	1 April 2011 1 May 2011 1 June 2011 31 March 2012	Six workshops have been completed in 2010/11. Six more events are planned for this financial year
3	Review of contracts	We will carry out regular reviews of all contracts and identify those contracts that could be provided by	<b>Review</b> <b>Report</b> <b>Implement</b>	1 April 2011 1 June 2011 1 July 2011	Ongoing. Procurement and Commissioning Sub-

		social enterprises, mutuals, minority businesses and voluntary and community sector (VCS) groups.	<b>Benefits Measure</b>	31 March 2012	Group moving forward the Voluntary, Community and Faith sector agenda.
4	Beacon Council liaison	We will meet with other Councils to determine how they have successfully engaged with the VCS and assess how to implement their approach within Wirral.	<b>Review</b> <b>Report</b> <b>Implement</b> <b>Benefits Measure</b>	1 April 2011 1 June 2011 1 July 2011 31 March 2012	Part of the Merseyside sub-regional strategy work already in progress
5	Payments to Suppliers / Contractors / Service Providers	We will endeavour to pay all Suppliers, Contractors and Service Providers within agreed payment terms or 30 days from the receipt of an undisputed invoice. For SMEs we will endeavour to pay within 10 working days	<b>Review</b> <b>Report</b> <b>Implement</b> <b>Benefits Measure</b>	1 May 2011 1 September 2011 1 October 2011 31 March 2012	90% Target at year end.

(v) *Realising **social, environmental and community benefits** through our procurement activities, by developing socially responsible service 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 Targeted Training and Employment Integrator.*

	<b>Challenges</b>	<b>Action</b>	<b>Milestones</b>	<b>Completion Date</b>	<b>Comments</b>
1	Community Benefits	We will explore ways in which to promote the inclusion of social and community benefits into the procurement process. We will consider requesting optional, priced proposals for the delivery of community benefits in the tender process <i>where appropriate</i> . We will	<b>Review</b> <b>Report</b> <b>Implement</b> <b>Benefits Measure</b>	1 April 2011 1 September 2011 1 October 2011 31 March 2012	Guidance model approved by Cabinet 4 November 2010 and implemented thereafter.

		also establish a model for identifying the 'voluntary' delivery of community benefits within the contracting process			
2	Targeted Training and Employment	We will include, in all major construction contracts targeted Training and Employment for young people to progress into career opportunities.	<b>Review</b> <b>Report</b> <b>Implement</b> <b>Benefits Measure</b>	1 May 2011 1 August 2011 1 September 2011 31 March 2012	Pilot projects due to commence with construction contracts. Training partner established,

<i>(vi) Demonstrating improvement in the <b>equality of opportunity</b> and the promotion of good relationships between people within a diverse community in all procurement activity</i>					
	<b>Challenges</b>	<b>Action</b>	<b>Milestones</b>	<b>Completion Date</b>	<b>Comments</b>
1	Equality Standard for Local Government	We will contribute to the Council's work towards achieving the Excellence Level of the Equality Standard for Local Government.	<b>Review</b> <b>Report</b> <b>Implement</b> <b>Benefits Measure</b>	1 October 2011 1 December 2011 1 February 2012 31 March 2012	In progress.
2	<i>'A Framework for a Fairer Future'</i>	All Council procurement activity will take account of the new Equality Duty	<b>Review</b> <b>Report</b> <b>Implement</b> <b>Benefits Measure</b>	1 May 2011 1 June 2011 1 July 2011 31 March 2012	Clause 149 of the Bill has particular relevance to procurement, and procedures are being reviewed accordingly.
3	Monitoring of Equality in Procurement	We will produce and implement a new monitoring policy for Equalities in Procurement and regularly report on compliance to the Council's Equalities Corporate Improvement Group.	<b>Review</b> <b>Report</b> <b>Implement</b> <b>Benefits Measure</b>	Ongoing - - 31 March 2012	Monitoring process agreed by Cabinet, Officer training completed.

<i>(vii) Achieving an <b>efficient and effective procure to pay process</b>, which minimises manual input, provides robust information on which procurement decisions can be made, and harnesses the latest e-procurement solutions to maximise benefit to the Council.</i>					
	<b>Challenges</b>	<b>Action</b>	<b>Milestones</b>	<b>Completion Date</b>	<b>Comments</b>
1	Electronic Procurement Systems	Routinely monitor expenditure to ensure orders, wherever appropriate, are processed using the Oracle procurement system to ensure the benefits of using e-procurement are maximised across the Council	<b>Review</b> <b>Report</b> <b>Implement</b> <b>Benefits Measure</b>	Ongoing - - 31 March 2012	Ongoing. Report to Change Board June 2011, for approval.
2	e Payments	We will explore all options for streamlining payments processes including electronic invoices, intelligent scanning and procurement cards and, recommend a plan for implementation.	<b>Review</b> <b>Report</b> <b>Implement</b> <b>Benefits Measure</b>	Ongoing - - 31 March 2012	Self Billing extended to all utilities. Intelligent Scanning process to be implemented in 2011-12. Other options being investigated.
3	e Sourcing	Managing the procurement process is a costly and labour intensive process, reducing manual input can release resources and make savings, we are committed to researching the market for an e Sourcing solution.	<b>Review</b> <b>Report</b> <b>Implement</b> <b>Benefits Measure</b>	Ongoing - - 31 March 2012	Due North contracts and sourcing management solution adopted. Contracts management modules being tested and assessed.
4	Regional/Sub-regional Development	Developing a Merseyside Procurement electronic hub is essential if collaboration is to succeed on Merseyside.	<b>Review</b> <b>Report</b> <b>Implement</b> <b>Benefits Measure</b>	Ongoing - - 31 March 2012	Three year strategy completed and approved by the Group Wirral leading.

<i>(viii) Ensuring that all potential risks are identified within procurement processes and appropriately managed.</i>					
	<b>Challenges</b>	<b>Action</b>	<b>Milestones</b>	<b>Completion Date</b>	<b>Comments</b>
1	Risk Management	Generic procurement risks are dealt with as part of the Council's risk register. However, for all major procurement projects, the identification and management of specific risk will be part of the procurement process.	<b>Review</b> <b>Report</b> <b>Implement</b> <b>Benefits Measure</b>	Ongoing - - 31 March 2012	Ongoing.
2	Training	We will produce a series of ongoing training days for Members and Officers who are directly involved in high risk procurement projects.	<b>Review</b> <b>Report</b> <b>Implement</b> <b>Benefits Measure</b>	1 April 2011 1 May 2011 1 June 2011 31 March 2012	Roadshows and Training days to commence June 2011.
3	Supplier Relationship Management	We will have procedures and processes in place that will manage our goods and service providers to ensure that maxim benefits are realised from contracts and that best value is being achieved.	<b>Review</b> <b>Report</b> <b>Implement</b> <b>Benefits Measure</b>	1 April 2011 1 September 2011 1 September 2011 31 March 2012	In progress, targeted progress review April 2012.

<i>(ix) Ensuring that all procurement considers the environment and, where appropriate, includes evaluation models that take into account the Council's sustainable objectives</i>					
	<b>Challenges</b>	<b>Action</b>	<b>Milestones</b>	<b>Completion Date</b>	<b>Comments</b>
1	Environmental Assessment	We will carry out an environmental assessment of all our key products and services and work with suppliers and contractors to reduce the negative environmental impact of our procurement activities.	<b>Review</b> <b>Report</b> <b>Implement</b> <b>Benefits Measure</b>	1 April 2011 1 May 2011 1 June 2011 31 March 2012	Flexible Framework Plan.



2	Fair trade	We will increase the number of fair trade products purchased.	<b>Review</b> <b>Report</b> <b>Implement</b> <b>Benefits Measure</b>	1 April 2011 1 May 2011 1 June 2011 31 March 2012	Flexible Framework Plan.
3	Recycling	We will increase the number of recycled products purchased.	<b>Review</b> <b>Report</b> <b>Implement</b> <b>Benefits Measure</b>	1 April 2011 1 May 2011 1 June 2011 31 March 2012	Flexible Framework Plan.
4	Evaluation Models	We will make environmental considerations a key part of the tender evaluation process where this is appropriate.	<b>Review</b> <b>Report</b> <b>Implement</b> <b>Benefits Measure</b>	Ongoing - - 31 March 2012	Completed.
5	Local Sourcing/Regulated deliveries	We will, where appropriate and within the a competitive process, encourage both the use of local suppliers to reduce the environmental impact of movement of goods and a logistical approach to minimise the number of supplier deliveries to Council premises.	<b>Review</b> <b>Report</b> <b>Implement</b> <b>Benefits Measure</b>	Ongoing - - 31 March 2012	Stationery supplies now have reduced deliveries, other options being developed.

<i>(x) Achieving continuous improvement from all categories of procurement expenditure, by having a 'living' Procurement Strategy and ensuring that all procurement activity is undertaken by <b>informed, professional procurement staff.</b></i>					
	<b>Challenges</b>	<b>Action</b>	<b>Milestones</b>	<b>Completion Date</b>	<b>Comments</b>
1	Professional Procurement	All procurement staff will have the appropriate, professional qualification, Membership of the Chartered Institute of Purchasing and Supply, and we are committed to the provision of professional training to provide professionally	<b>Review</b> <b>Report</b> <b>Implement</b> <b>Benefits Measure</b>	Ongoing - - 31 March 2012.	All procurement Staff have a training programme to follow which includes gaining professional qualifications and post graduate training.

		qualified staff for the future.			
2	Procurement Practitioners	We are committed to producing annual training plans for all Members and Officers involved in the procurement process. This will be reviewed at the beginning of each financial year and submitted to the Procurement Programme Board for approval.	<b>Review</b> <b>Report</b> <b>Implement</b> <b>Benefits Measure</b>	1 June 2011 1 August 2011 1 October 2011 31 March 2012	Training Programme to include collaboration with the Merseyside Group.
3	Sub- regional/Regional Training	We will support the adoption of a sub-regional/Regional training programme to be produced annually.	<b>Review</b> <b>Report</b> <b>Implement</b> <b>Benefits Measure</b>	1 April 2011 1 May 2011 1 September 2011 31 March 2012	Ongoing.

**WIRRAL COUNCIL**

**CABINET**

**13 OCTOBER 2011**

<b>SUBJECT:</b>	<b>BUSINESS CONSULTANCY SERVICES</b>
<b>WARD/S AFFECTED:</b>	<b>ALL</b>
<b>REPORT OF:</b>	<b>DIRECTOR OF FINANCE</b>
<b>RESPONSIBLE PORTFOLIO HOLDER:</b>	<b>COUNCILLOR ADRIAN JONES</b>
<b>KEY DECISION?</b>	<b>YES</b>

## **1.0 EXECUTIVE SUMMARY**

- 1.1 The purpose of this report is to seek Cabinet approval to join a Merseyside collaborative contract with Matrix SCM for the provision of business consultancy services.
- 1.2 This contract incentivises the provider to approach the market on behalf of Councils who are party to it to obtain the best deal in terms of quality and price. Payment will only be made to the provider if they are able to return a saving to the Council. Based on current expenditure on consultancy services savings are estimated to be in the region of £200,000 per year. These are built in to the procurement strategy which has an aggregate target to deliver £2.7 million savings in 2011-12. Progress against this target is reported elsewhere on this agenda.

## **2.0 RECOMMENDATIONS**

- 2.1. That the Authority becomes a party to the Merseyside collaborative contract with Matrix SCM for the provision of business consultancy services.
- 2.2. That this contract be the sole contract for the primary engagement of consultants by the Council.

## **3.0. REASONS FOR RECOMMENDATIONS**

- 3.1 The Council does not currently have a standard corporate contract in place for the engagement of consultants. This leaves Departments exposed to the market and could result in the Council failing to meet its duty of aggregation under Public Procurement Regulations.
- 3.2 In 2010-11 expenditure which would fall under this contract was £1.8 million. Estimated savings on this would be in the region of £0.2 million. These would be paid to the Council in the form of a rebate.

3.3 Agreeing this as the 'sole contract' for the primary engagement of consultants ensures compliance with the contract and maximisation of efficiency. However, where Matrix SCM is unable to meet its obligations under the contract the Council may source business consultancy in the normal way via open tender on the chest. In all such cases it will be necessary to demonstrate that Matrix SCM is unable to provide the service.

#### 4.0 BACKGROUND AND KEY ISSUES

4.1 The contract with Matrix SCM was awarded across a number of Merseyside authorities in April 2011 with an expiry date of 31 March 2013. There is an option to extend this for a further twelve months. The contract allows for other Merseyside Authorities to become party to it and Wirral is the only member of the Merseyside Procurement Group not yet signed up to it.

4.2 The procedures for the engagement of consultants are detailed in Part 3 of the Council Constitution and Schedule 5 and Part 4 of the Contract Procedure Rules. These require a business case to be completed prior to such engagement. The way this contract would work to ensure savings are realised and corporate governance is maintained is as follows:-

- (a) Chief Officers prepare a business case and specification for the engagement of consultants, as they are required to do now.
- (b) The appropriate executive authority is obtained (this may be under delegated powers or by Cabinet approval depending on the amount).
- (c) The Procurement Unit will commission Matrix SCM based on the specification in (a).
- (d) The Procurement Unit, in conjunction with colleagues in other Councils, will manage all aspects of the contract with Matrix SCM to ensure that the service is delivered to the required standard and that savings opportunities are maximised.
- (e) Failure to comply with these arrangements will be considered a breach of Financial and Contract Procedure Rules which may be a disciplinary matter.

4.3 The tender process sought costs for a commission fee based on a percentage of the savings achieved through each consultancy commission. The savings are calculated against contract baseline rates established across a range of disciplines that local authorities normally engage consultants on. These include business programme and project management, organisation and change management, Finance, Legal Services, Information and Communications Technology, and Human Resources. The savings the provider achieves against these market rates are split 15% as a reward to the provider and 85% paid as a rebate to the Council. If the provider is unable to achieve a price below the market rate they will not be paid.

4.4 This model of managing collaborative contracts could be applied other areas. The centralisation of contracts management is consistent with the direction set out in the Procurement Strategy endorsed by Cabinet on 2 June 2011. For this particular activity the benefits are summarised as:-

- (a) A streamlined 'one-stop-shop' approach for sourcing external consultants
- (b) Ensuring a rigorous process has been used prior to engaging consultants
- (c) Strengthened contract management controls across Merseyside Councils
- (d) A web based application to minimise back office costs
- (e) A reduction in the level of expenditure on consultants

4.5 All consultants recently used by the Council will be invited to participate in this arrangement to ensure continuity of services. Matrix SCM has a proven track record of providing this type of service and is currently engaged to provide a Merseyside-wide contract for the provision of agency workers delivering a similar level of savings to those proposed here.

## **5.0 RELEVANT RISKS**

5.1 Procurement activity is under increasing external scrutiny to ensure it is compliant with UK Public Procurement and European Union Directives. The Council has witnessed an increasing number of challenges in this area and the costs of defence and risk of financial penalty are considerable. This contract has been let in strict accordance with these Directives and its management will benefit from a collaborative approach with other Councils.

## **6.0 OTHER OPTIONS CONSIDERED**

6.1 Other consultancy solutions exist such as Buying Solutions and East Cheshire Purchasing Organisation. However they do not offer the managed service approach outlined in this report.

## **7.0 CONSULTATION**

7.1 Officers in the Procurement Unit participated in the regional options appraisal, tender process and evaluation. The model has been discussed with Service Departments and agreed to be recommended to Cabinet at the Corporate Procurement Board on 31 August 2011.

## **8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

8.1 All suppliers, including those from the voluntary, community and faith groups are given a fair and equal opportunity to register with Matrix SCM to provide consultancy services. Only where it is lawful to do so will the engagement of consultants be directed to such groups or those representing minority interests.

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

9.1 This contract will aim to deliver savings of £200,000 based on the current usage of consultants. It will increase the controls and governance of such usage which may reduce expenditure further.

9.2 In order to maximise the benefits of the Matrix SCM web based application, authorised users will need internet access. Further ITS resources may be required to interface with the I-Procurement System to improve communications and minimise transactions.

## 10.0 LEGAL IMPLICATIONS

10.1 The award of this contract has adhered to UK Public Procurement Procedures, Council Financial and Contract Procedures Rules, and European Union procurement directives.

## 11.0 EQUALITIES IMPLICATIONS

11.1 Equality implications will be considered by the Merseyside group co-ordinating and managing this contract.

## 12.0 CARBON REDUCTION IMPLICATIONS

12.1 There are no carbon reduction implications

## 13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

13.1 There are no planning and community safety implications

**FNCE/208/11**

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## APPENDICES

None

## REFERENCE MATERIAL

## SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Cabinet: Procurement Strategy	2 June 2011

**WIRRAL COUNCIL**

**CABINET**

**13 OCTOBER 2011**

<b>SUBJECT:</b>	<b>CONTRACT FOR MILK, BREAD AND MORNING GOODS</b>
<b>WARD/S AFFECTED:</b>	<b>ALL</b>
<b>REPORT OF:</b>	<b>DIRECTOR OF FINANCE</b>
<b>RESPONSIBLE PORTFOLIO HOLDER:</b>	<b>COUNCILLOR ADRIAN JONES</b>
<b>KEY DECISION?</b>	YES

## **1.0 EXECUTIVE SUMMARY**

- 1.1 The purpose of this report is to agree the extension of a contract for the provision of milk, bread and morning goods to 31 August 2012. This is in order to coincide with a number of other contracts for the supply of catering services which expire in 2012. This will present an opportunity for the Council to make procurement savings through greater aggregation by contracting with one large supplier on a 'one-stop-shop' basis.
- 1.2 It is proposed that a full review of catering provision is undertaken in 2012 in accordance with the Commissioning and Procurement Strategies agreed by Cabinet on 2 June 2011.

## **2.0 RECOMMENDATIONS**

- 2.1 That the contract for the provision of milk, bread and morning goods be extended to 31 August 2012.
- 2.2 That a Council-wide commissioning and procurement review of catering services be conducted.

## **3.0 REASON FOR RECOMMENDATIONS**

- 3.1 The Council has a number of catering contracts which expire in 2012. It is believed there is potential for efficiencies through economies of scale if these are aggregated into a single corporate contract, or collaboration with other Councils. This will require a commissioning and procurement review of catering services adopting the principles agreed by Cabinet in the Commissioning Strategy and Procurement Strategy on 2 June 2011.

#### **4.0 BACKGROUND AND KEY ISSUES**

- 4.1 This contract is for the supply of milk, bread and morning goods to Wirral Council establishments. It was awarded to Food Service Options commencing on 1 September 2007 for four years with an option to extend for a further year. The estimated contract value was £425,000 and so the tender was conducted in full accordance with European Union Procurement Directives. Actual expenditure in 2010-11 was £636,642.
- 4.2 This drift in expenditure is mainly attributable to price inflation particularly in relation to milk, packaging, wheat, fuel and utilities. Due to the volatility of the market, suppliers are reluctant to fix their prices for a long period of time. Further price increases are expected with milk expected to rise by over 5% in 2011-12 and morning goods by 6%. In 2010-11 the price of milk has risen by 10%.
- 4.3 Contract monitoring confirms that Food Service Options are meeting the service specification.

#### **5.0 RELEVANT RISKS**

- 5.1 All procurement activity is under increasing external scrutiny to ensure it is compliant with UK Public Procurement and European Union Directives. The Council has witnessed an increasing number of challenges in this area and the costs of defence and risks of financial penalty are considerable. This contract has been let in strict accordance with these Directives
- 5.2 A continued increase in food and raw material prices presents a significant risk to the Council budget. Assuming the quantity and quality of food cannot be reduced these are unavoidable cost pressures which may only be negated through more effective procurement.

#### **6.0 OTHER OPTIONS CONSIDERED**

- 6.1 A benchmarking exercise was undertaken in June 2011 to see if other providers could offer lower prices than Food Service Options. This shows there is no evidence that a tender process at this time would result in lower prices. It is proposed that the tender should only be let after a comprehensive commissioning review of catering services is completed which reflects the changing shape of the Council and considers alternative sourcing methods.

#### **7.0 CONSULTATION**

- 7.1 The commissioning and procurement review will be overseen by the Corporate Procurement Board ensuring the involvement of each Department. Particular attention will need to be given to ensuring schools, and Adults and Childrens Social Services establishments, primarily their staff and users are engaged in the process.



## 8.0 **IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

8.1 All suppliers, including those from the voluntary, community and faith groups are given a fair and equal opportunity to tender for contracts. Only where it is lawful to do so will contracts be directed to such groups or those representing minority interests.

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

9.1 The contract value increased to £636,642 in 2010-11 although this will reduce in 2011-12 as a number of establishments are no longer in operation. The Budgets for these will have been reduced as part of the agreed savings in 2011-12.

9.2 It is premature to indicate if any savings will arise from a commissioning and procurement review of catering services.

## 10.0 **LEGAL IMPLICATIONS**

10.1 The option to extend the contract for 12 months was built into the original tender process and is compliant with European Union Procurement Directives.

## 11.0 **EQUALITIES IMPLICATIONS**

11.1 Equality implications will be considered by the group conducting the commissioning and procurement review of catering services.

## 12.0 **CARBON REDUCTION IMPLICATIONS**

12.1 There are no direct carbon reduction implications. However carbon reduction targets may be built into the terms of the new contract.

## 13.0 **PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

13.1 There are no planning and community safety implications.

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## **APPENDICES**

None

## REFERENCE MATERIAL

### SUBJECT HISTORY (last 3 years)

<b>Council Meeting</b>	
Cabinet: Procurement Strategy Cabinet: Commissioning Strategy Cabinet - Outcome Based Commissioning	2 June 2011 2 June 2011 1 September 2011

## WIRRAL COUNCIL

### CABINET

13 OCTOBER 2011

<b>SUBJECT:</b>	<b>JOB EVALUATION</b>
<b>WARD/S AFFECTED:</b>	<b>ALL</b>
<b>REPORT OF:</b>	<b>DIRECTOR OF LAW, HR AND ASSET MANAGEMENT</b>
<b>RESPONSIBLE PORTFOLIO HOLDER:</b>	<b>COUNCILLOR ADRIAN JONES</b>
<b>KEY DECISION?</b>	<b>YES</b>

### 1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to seek approval from Cabinet to vary the current contract with HAY in order to implement stage four of Job Evaluation (JE) and secure Hay's support to develop a pay and grading structure.
- 1.2 By virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, the appendices to this report are exempt as they contain commercially sensitive information.

### 2.0 RECOMMENDATION/S

- 2.1 It is recommended that Cabinet agree:
- (i) The implementation of Stage Four Job Evaluation.
  - (ii) Hay provide support to develop and implement a new pay and grading structure for all posts above spinal column point 34.
  - (iii) The variation to the current contract with HAY consultants, to the value detailed in Exempt Appendix One, for services to evaluate the posts of Heads of Service and above and support to implement a pay and grading structure for posts above spinal column point 34.

### 3.0 REASON/S FOR RECOMMENDATION/S

- 3.1 To fulfil the National Joint Council (NJC) Agreement and the local collective local agreement agreed via ballot in July 2008.

## **4.0 BACKGROUND AND KEY ISSUES**

### **4.1 National Agreement**

In 1997 the Single Status Agreement set out a framework, which included a National Joint Council (NJC) Job Evaluation scheme that would allow local authorities to 'harmonise terms and conditions for manual workers and APT&C staff and develop a pay and grading structure that is fair, transparent and equal.

### **4.2 Local Agreement**

Members will be aware that in 2008 it was agreed with Cabinet and Trade Unions to implement the NJC Job Evaluation scheme up to spinal column point (SCP) 34 which included approximately 4200 employees.

Stage one included the collective agreement that the following would be delivered within the agreed timescales:

1. Harmonisation of terms and conditions for of all NJC non-school employees - July 2008
2. Job Evaluation in stages, backdated to April 2007 in line with The National Agreement, but implemented within the following timescales:
  - Stage one employees up to SCP 34 – July 2008
  - Stage two school based employees (NJC) - September 2008
  - Stage three all employees over SCP 34 up to Heads Off Service April 2009
  - Stage Four Heads of service and above April 2009

### **4.3 Current position**

#### **Stage 1 – up to SCP 34**

This stage is completed with some outstanding issues as a result of appeals.

#### **Stage 2 - Schools**

The final proposal is currently being assessed by Unison's legal representatives with a view to ballot employees in November with a proposed implementation date of 1 December 2011. The agreement with schools governing bodies is being sought in parallel to this.

#### **Stage 3 – JE for employees up to Head of Service Level**

The range of this group of employees covers SCP points 35 to 70 and covers the pay range from £29174 to £61000. Band H employees have been included (top grade of the NJC scheme) in both phases to ensure there is a bridging mechanism for the two schemes. This phase covers 1400 employees.

Whilst the NJC JE scheme was used for the first phase, the collective agreement proposed that a different scheme be used for employees above SCP34. A

procurement exercise was completed in July 2010 and Cabinet approved the Hay Group as the Council's partner for this phase of implementation on 2 September 2010. The cost of the contract with the Hay group is detailed in Exempt Appendix One.

The Job evaluation process is progressing but requires further services from HAY consultants to complete the exercise.

#### **Stage 4 – Heads of Service and above**

It was agreed by Cabinet in September 2010 that stage 4 would be deferred to a later date.

#### **4.4. Stage 4 implementation**

It is recommended that we move forward with the implementation of the final phase so that the stage 3 and 4 can be completed together.

Implementation of the final stage also provides the added advantage of being able to assess the entire pay costs when drawing the new pay line. It has always been the intention as per the collective agreement to use the same Job Evaluations scheme for stages 3 and 4.

This will involve a variation to the contract to the approximate value as detailed in Exempt Appendix One.

#### **4.5. Development of a new pay strategy and grading structure**

It is recommended that we secure the support of the Hay group to develop a new pay and grading structure for the implementation of JE for all roles above spinal column point 34. Hay's experience and expertise in this process would:

- Provide speedy analysis of results from the JE process as data is automatically collected as part of the JE process.
- Enable the development of options for the new pay and grading structure quickly.
- Benchmark Wirral jobs with similar organisations.
- Ensure there are no equal pay implications with the new grading structure.

This will involve a variation to the contract to the approximate value as detailed in Exempt Appendix One.

### **5. OTHER OPTIONS CONSIDERED**

The most appropriate option is to vary the Council's existing contract with Hay to evaluate Head of Service and above posts as the same Job evaluation scheme would need to be used. The internal review team is already trained in the Hay scheme. Similarly it would not be feasible to engage with another provider for the pay strategy and grading structure.

## **6. RELEVANT RISKS**

The Council would be unable to reach an agreement with recognised Trade Unions about an affordable pay line until the Job evaluation is complete. The purpose of Job evaluation is to mitigate the risk of equal pay or equal value claims.

## **7. CONSULTATION**

The delivery of stage four was agreed as part of the collective agreement with recognised trade unions in 2008. Further consultation took place in summer 2010 to agree the re-tender of stage 3 and 4. Consultation concerning the implementation and delivery of job evaluation takes place on an ongoing and regular basis.

## **8. IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

There are none arising from this report.

## **9. RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS**

The delivery of stage 4 will be undertaken by the HAY group, supported by the Job Evaluation Team.

The funding for the remaining stages of Job Evaluation has been agreed by Cabinet over a number of years and the cost of this contract is within the budgets of the Local Pay Reserve that has already been allocated to complete the process.

## **10. LEGAL IMPLICATIONS**

The Council will ensure that all relevant employment legislation is complied with throughout the job evaluation process.

## **11. EQUALITIES IMPLICATIONS**

11.1 There are no additional implications.

11.2 Equality Impact Assessment (EIA)

(a) Is an EIA required? No.

There would not be a requirement for an EIA on the contract variation. An EIA would be required when the proposal for the new pay structure is considered.

(b) If 'yes', has one been completed?

## **12. CARBON REDUCTION IMPLICATIONS**

There are no carbon usage implications or other relevant environmental issues arising from this report.

### 13. PLANNING AND COMMUNITY SAFETY IMPLICATIONS

There are no planning and community safety implications arising from this report.

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### EXEMPT APPENDICES

Appendix One: Current Costs and Proposed Variations to Contract: Job Evaluation, Stage Three and Four

### REFERENCE MATERIAL

There is no reference material for this report.

### SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Cabinet	2 September 2009

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## WIRRAL COUNCIL

### CABINET

13 OCTOBER 2011

<b>SUBJECT:</b>	<b>CUSTOMER ACCESS STRATEGY</b>
<b>WARD/S AFFECTED:</b>	<b>ALL</b>
<b>REPORT OF:</b>	<b>DIRECTOR OF FINANCE</b>
<b>PORTFOLIO HOLDER:</b>	<b>COUNCILLOR JEAN STAPLETON</b>
<b>KEY DECISION?</b>	YES

#### **1.0 EXECUTIVE SUMMARY**

- 1.1 The Customer Access Strategy (CAS) has been reviewed and updated. It retains the same focus of reducing service costs whilst improving customer experience. However it now also includes reference to the programme of work to co-locate Libraries and One Stop Shops. Across the Council there is a clear need to find savings and the CAS is central to meeting this need.

#### **2.0 RECOMMENDATIONS**

- 2.1 That the CAS, which includes a re-stated introduction and governance procedure, and updated future priorities be approved.
- 2.2. That an action plan to support channel migration be reported to a future meeting of the Cabinet.

#### **3.0 REASON FOR RECOMMENDATIONS**

- 3.1 To update the CAS to be used as the approved Council policy to develop access to services.

#### **4.0 BACKGROUND AND KEY ISSUES**

- 4.1 The CAS has evolved to meet a changing customer expectation of access to, and delivery of, services. It provides the direction and focus for all services to work together in achieving cost-effective and excellent services for the customer through specific actions and projects.
- 4.2 Customers of all services whether in the public or private sector are no longer satisfied as passive recipients of service. Their expectation is to have more control over the choice and quality of service delivery, reflecting the experience offered by market leaders. Promoting more efficient services, delivered via the customer's channel of choice by effectively supported staff, with a 'right first time' approach can be low cost for the Council and offer value to the customer.

- 4.3. Customer contact is more than just an interaction; it is about the service received, standard of care displayed and quality of outcomes experienced which is crucial to the customer's perception of the Council as a whole. Services delivered through the corporate access channels offer a more consistent, convenient and monitored standard of service than those delivered through disparate contact channels.
- 4.4. In addition to efficient and effective service delivery the CAS is focused upon delivering high quality services shaped around customer needs, rather than those of the organisation. An example of this is the 'Tell Us Once' bereavement service which recognises that the customer should not have to contact multiple Council services and partner agencies to provide the same information. The Call Centre has extended the service offered when booking Registrars appointments for customers wishing to notify a death. Advisers now promote the 'Tell Us Once' service and book an appointment for the customer, at their local One Stop Shop. A single contact should suffice with supporting processes to ensure this is then shared with all relevant service providers.
- 4.5. The greatest challenge lies with the Council committed to providing quality customer services against the backdrop of making significant reductions to the cost of services. It is imperative that all areas of the organisation work together in achieving cost-effective and excellent services for the customer. To this end, the CAS will play a vital role in highlighting where efficiencies can be achieved by transferring the responsibility for handling customer contact to the lowest cost access channels.
- 4.6. Extending the generic skill base within the Call Centre will allow for additional services to be introduced without the requirement to increase the staffing structure. This will also provide the potential for Call Centre staff to offer support to the network of One Stop Shops.
- 4.7. An increasing emphasis will be on moving service provision, where appropriate, from more costly, mediated channels such One Stop Shops or the Call Centre to self-service through the web. This will be informed by customer insight with the wider commitment to offering channel of choice.

#### **LIBRARIES AND ONE STOP SHOPS**

- 4.8. There are potential savings to be achieved, in terms of buildings and staff by aligning complementary services. The benefits to the public will be tangible, giving them the ability to access more services in one location. Libraries work with a range of partners, as do the One Stop Shops, including Police, Health and the Department for Work and Pensions (DWP). By locating services together it improves accessibility and offers opportunities for staff development.
- 4.9. Building rationalisation offers an opportunity for savings. An integrated flexible space looks modern and maximises usage. Schemes and estimates are being prepared for both Bebington and Rock Ferry. The following gives a building update:

- a. At Bebington the One Stop Shop could vacate Pennant House and co locate into the Civic Centre. The space could be modernised and opened out to offer merged facilities.
  - b. At Rock Ferry the Library and One Stop Shop currently occupy one building with two entrances. The plan will develop a merged unit with a central reception with flexible space consisting of pods and booths to complement the Library service function.
  - c. All merged sites could have an integrated reception served by merged Library and One Stop Shop staff operating to a single job description. Specialist advisers could also deliver some Library duties supported by a streamlined management structure.
  - d. Bromborough One Stop Shop is currently located in a DWP site which is not as easily accessed as it could be. Rationalisation will look at the options available at Bromborough Library and the benefits of a linked service from this point.
  - e. Eastham Library and One Stop Shop currently occupy one building in separate areas. An integrated service will be achieved with relative ease.
  - f. Hoylake One Stop Shop is located in a DWP site and I will look at the options available at Hoylake Library for a linked service from this point.
  - g. Moreton One Stop Shop and Library are on different sites and I am reviewing ways to achieve a linked service on one site.
  - h. Upton One Stop Shop is located in Upton DWP and I will look at the options available at Upton Library for a linked service from this point.
  - i. West Kirby Library and One Stop Shop occupy the same side of the building alongside the Leisure Centre and Health Centre and there are separate entrances. I will review how the Library and One Stop Shop can be better joined together with a single reception.
- 4.10. To achieve co-location and integration a number of complex staffing and service issues are being addressed. On staff matters this ranges from the impact of the EVR exercise to the ongoing requirements that a merged service will bring such as:
- opening hours,
  - flexible working,
  - shift patterns,
  - performance management,
  - changes in job roles

All of which are being aligned and are being presented to staff representatives. The aim is to ensure service user expectations are met and the revised service has the ability to expand usage in all aspects.

- 4.11. The Customer Services Development Team (CSDT) is working closely with the Library service to look at the following:
- Web development - the Library website is now part of the corporate website, developed to ensure no loss of access
  - Reference Library - staff are being supported to allow this specialist area to be widened and increase accessibility whilst also considering which areas can be cross supported with the Archive Service
  - Bibliographical service - the staff here are working with Customer Services Development Team to review and streamline processes.
- 4.12. We are currently extending the network of customer information screens. All One Stop Shops are already equipped to deliver electronic customer information quickly and efficiently via a network of information screens. The system is co-ordinated through the corporate marketing team and delivers a range of national and local content specifically selected to be of value to customers. The extension programme will see all Wirral Libraries equipped with the system, greatly increasing the ability to communicate with the public and improving customer outcomes as a result.
- 4.13. Radio Frequency Identification (RFID) is being implemented for the book stock at New Ferry. The project using self service technology and dual role staffing from the Library Service and Children and Young People's Department is ready to open. Equipment has been ordered to install in Heswall with an anticipated delivery date of the end of September to co-incide with the move to being a co-ordinated site.
- 4.14. We have procured an e-books package and are working with the supplier to build the collection prior to the anticipated launch date in October which should co-incide with the annual Wirral Bookfest.

### **WIRRAL WEB**

- 4.15. The current Council website was launched in May 2010 to a very positive response. Since that date there has been an 18.5% increase in visitors to the site from the previous year, which has exceeded the target increase of 10%. The visitor figures after one year indicate over 158,000 visitors per month generating up to 755,000 hits.
- 4.16. The site is being continuously developed, most of which is in response to daily feedback from our customers who have embraced the "rate this page" facility with enthusiasm.
- 4.17. In the 2011 SOCITM Better Connected report, Wirral maintained a two star website in a review that is acknowledged as being more demanding year on year. Many positive things were mentioned in this report plus a number of recommendations around the transactional elements of the site. A number of these have already been put in place and the next to be addressed is the redesign of the homepage to increase the "push" of customers to online services which will be live by the end of summer 2011.

- 4.18. In line with the ambition to consult more with customers and have more transparent processes, an E-petitions system has been launched. This service is in the early stages but a number of petitions have already been submitted and in some cases attracted a strong following.
- 4.19. Teen Wirral ([www.teenwirral.com](http://www.teenwirral.com)), the website for Wirral's 13 to 19 year olds was launched at the end of summer 2010 and contains information about activities and advice for young people. Evidence shows that how young people spend their leisure-time really matters, and taking part in constructive leisure-time activities through teenage years has a number of benefits. It can help to improve attitudes to school; build social, emotional and communication skills; help young people avoid taking risks such as experimenting with drugs or becoming involved in gangs; and improve their confidence and self-esteem. Local authorities have a statutory duty to publicise positive activities, and a website is the most relevant way of communicating with young people.
- 4.20. A new Intranet homepage has been developed in the highly regarded and increasingly used open source free software. This helps to improve communication to staff and has also put a template in place for further information areas such as information security, training and development. This homepage and use of open source software will pave the way for integrations into Electronic Document Management Systems and a new integrated intranet.
- 4.21. The library website which was previously stand alone has been brought into [wirral.gov.uk](http://wirral.gov.uk). It will now benefit from corporate support eg resilience, new developments and corporate software such as on line forms. It will be kept up to date and events will be promoted on [Wirral.gov.uk](http://Wirral.gov.uk). Users can search catalogues, renew books, reserve books and access online reference materials.
- 4.22. A number of future developments are being assessed for suitability such as the use of Mobile Apps to give greater and more efficient access to services. Video could provide an alternative way for advice and information to be distributed in a clearer and more accessible manner. There will be greater analysis of how successful a customer's journey has been through the web site and an emphasis on guiding the customer to the correct online service as efficiently as possible. The Intranet and possibly an Extranet will be developed in future strategies and Geographical Information Systems (GIS) will have a greater part to play in identifying what services and amenities are available to customers within their local area. New social-media channels (e.g. Facebook; Twitter) will be considered as part of this strategy but the intention is to avoid the cost of early adoption and developments will be monitored in consultation with the Interim Head of Planning, Engagement and Communication monitoring of these developments to ascertain when their usage will be cost-effective and appropriate to the Council.

- 4.23. As part of the ongoing commitment to producing a 24/7 self serve portal, officers have developed over 20 forms that integrate seamlessly into the Customer Relationship Management (CRM) System. These forms have been tested and have seen positive take up by customers. The requests for service can be tracked by the customer to avoid unnecessary progress chasing contacts making services more visible and reducing costs for the Council. A development programme is in place which is used to select the next batch of forms for development, based upon complexity and potential volume of usage.
- 4.24. A complementary “online forms” product has been procured using Government grant which is hosted by the Customer Services Development Team (CSDT). This product allows rapid production of simpler, non-transactional forms in conjunction with the business owner to ensure consistent and relevant information is captured via the web. It also allows CSDT to “pilot” forms to confirm if they are appropriate for self-service before they are handed over to IT Services for development into full CRM integrated forms.
- 4.25. As more forms come online, feedback builds up to enable the forms to be fine tuned to ensure the customer finds them easy and straight forward to complete. The intended outcome is accessible, streamlined services which are delivered in a way appropriate to customer needs.

#### **CUSTOMER ACCESS STRATEGY PROGRAMME OF WORK WITH DEPARTMENTS**

- 4.26. The role of the Customer Services Development Team (CSDT) is to work with departments to analyse core customer access business processes, which would include, identifying customer demand, establishing efficiencies and re-engineering service for delivery through the core access channels. Another area of work is identifying future trends in terms of customer service and to produce business cases for their delivery. An update of the work is listed below:
- a. Service Delivery System
    - i. The investment in a Customer Relationship Management (CRM) system provided the Council with a corporate application capable of delivering consistent, quality and cost-efficient services across all access channels. Anticipating future demand, the CRM has become part of a wider Service Delivery System (SDS) which incorporates the recently redesigned internet and on-line transactional forms, processing of generic email contacts, mobile working, support for contractor-delivered services, management information reporting, mail merge facility to support on-demand document production, management of corporate customer feedback, a developing intranet service delivery ‘portal’ and text-messaging functionality. The CRM will adopt a ‘citizen-centric’ approach which will enable a complete view of a customer’s interactions with the Council over the range of disparate services offered.

- ii. Consideration is being given to migrating to a later release of the Oracle CRM to maximise available functionality and minimise support costs, as agreed at Cabinet on 23 June 2011 (min 34). The intention is to make the CRM supported processes for mediated service (i.e. Call Centre and One Stop Shops) and self-service (i.e. web) as similar as possible for consistent delivery and increased use of self-service. Options for service efficiencies using the proven CRM template for mobile working are to be explored.

b. Technical Services

- i. Work continues to move all Streetscene services to a consistent delivery using the CRM. Statistical reports have been developed to enable Managers to monitor the performance within their areas against their targets.
- ii. The Highways Maintenance functionality and reports were amended in CRM to reflect Colas requirements and to allow effective monitoring of the contract.
- iii. In September 2010 all telephone calls relating to leisure services were transferred to the Call Centre which now handles leisure bookings and general enquiries relating to leisure services.
- iv. The CRM was developed to support the transfer of parks and open spaces to Technical Services so that customer contact data could be captured to inform the development of the service. It was also developed to support the Dog Fouling taskforce initiative. A web form was developed for customers to report Dog Fouling issues which integrates directly into the CRM.

c. Corporate Services

- i. The Housing Options service was reviewed, re-engineered and scripted for delivery by customer service advisors. The service is now delivered in all One Stop Shops and only emergency cases are referred directly to specialists in the service area. SMS text messages are used to remind customers of their appointments.
- ii. Support was given for the Home Insulation scheme, allowing customers to request this service via any access channel, including self-service through the web, in conjunction with the external agent contracted to carry out the works.

- d. Finance
  - i. Both the Business Rates Section and Sundry Debtors Section staffing levels have been reduced as part of the EVR / Severance scheme, and the service has been re-designed for delivery by customer service advisors in the Call Centre.
  - ii. Business analysis has been carried out, options put forward and recommendations provided in Housing Benefit Overpayments, Licensing and Freedom of Information requests.
- e. Children and Young People
  - i. Work has taken place with the Strategic Change Team on the Fostering campaign with the Customer Services Development Team developing an on-line form to allow expressions of interest to be registered on-line, as well as via the corporate access channels - the Call Centre and One Stop Shops. This also provides statistical data for the service.
- f. Pest Control
  - i. Assistance has been given to the Pest Control service, already supported by the CRM, to respond to the impact of EVR and improve processes.
- g. Blue Badges
  - i. Following a change in legislation, a review of the Blue Badge process is underway with the support of an online form.

## **ACCESS CHANNEL SUPPORT & MIGRATION**

- 4.27. Channel migration is the process of re-engineering services in such a way as to encourage more customers to access services via the most effective and efficient channel available. Central to channel migration is the recognition that customers will use the most convenient channel for them and as such public consultation is crucial – channel migration is not simply about persuading as many people as possible to use online channels. Successful channel migration is achieved by demonstrating that the cheapest access channels are also the most convenient and accessible. A separate Action Plan is being developed to support channel migration which will be presented to the Cabinet.
- 4.28 The CAS makes the commitment that customers will be offered their channel of choice, with certain more complex services or the most vulnerable customers identified as being more pertinent to delivery at One Stop Shops with the physical presence of the person being an advantage to query resolution as opposed to the telephone or web. It does not propose a 'one size fits all' approach and looks to encourage people to use the cheapest channel that is the best fit for their service query. Consideration has been given to 'digital inclusion' to ensure customers without home access to electronic communication are provided with accessible alternatives.



- 4.29. The range and quality of service offered through all access channels continues to develop in line with the overall strategy of encouraging customers to use the most cost-effective route of contact where their service request can be satisfied. The SOCITM report Better Served: Customer Access, Efficiency and Channel Shift (2011) echoes the CAS, identifying the potential cost reduction from 'active customer management' arising from three main sources: first time contact resolution; reduced avoidable contacts and channel shift.
- 4.30 Assessments of costs of individual contacts by channel vary considerably but the consistent finding is the vastly reduced cost of web contacts in comparison to telephone or 'face to face' contacts. The table below details the channel costs estimated by the SOCITM Survey 2011, referred to above and offers comparison with volumes recorded over the Council access channels. This would suggest a 'cost' saving of £7.08 for every contact shifted from the OSS to the web and although such estimates are only indicative of actual costs and unconcerned with the issues of each service suitability to channel type, the tangible benefits for this strategy are clear.

	<b>Cost per Transaction*</b>	<b>2007/08</b>	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>
<b>One Stop Shops</b>	£7.40	263737	268154	256444	250765
<b>Call Centre</b>	£2.90	991365	864867	813780	796372
<b>Web</b>	£0.32	N/A	730045	754634	1413240

SOCITM 2011

## **CUSTOMER FEEDBACK AND CUSTOMER INSIGHT**

- 4.31. CSDT handles corporate customer feedback.
- Co-ordinated and consistent process for recognising, recording, resolving and monitoring all customer feedback through the CRM system (corporate complaints, Councillor/MP enquiries, Ombudsman contacts, suggestions, compliments).
  - Creation and on-going support for a network of customer feedback coordinators to ensure reliable collation and standard of service provided across the organisation.
  - Provision of management information for monthly, quarterly and annual performance reporting to continually improve service standards, with the Council currently taking an average of 10 working days (against a target of 15 working days) to resolve complaints in 2010/11.
  - Excellent source of customer insight and promotion of a feedback system as a process of 'putting things right and learning from the experience' – as an example 345 feedback contacts resulting in changes to process or procedure were identified in 2010/11.
  - Improving liaison with the Local Government Ombudsman (LGO), with the Council responding on average within the LGO service targets for 2009/10.
  - Improving timeliness for responses to Councillor/MP enquiries, currently resolved on average within six working days against a target of ten working days. At the request of Members, the provision of an automated weekly email report detailing contacts raised through corporate access channels and providing status updates.

- Managing customer expectation and clarifying the standard of service delivery expected from staff through promotion of the publicised Customer Care Standards.
- 4.32. Work is progressing to align customer feedback reporting with the corporate plan themes, focusing on the qualitative aspect of performance in dealing with customer contacts. The opportunity for wider organisational learning from individual responses to feedback received is a focus for the complaints process.
- 4.33. Such insight into customer needs and motivations can enable the organisation to reduce costs, waste and complaints with the ability to make more informed decisions based on this intelligence. The CAS gives direction to ensure the Council is responsive to customer views and learns from feedback to shape future service delivery through this evidence-based approach.

### **JOINT WORKING WITH OTHER ORGANISATIONS & AGENCIES**

- 4.34. One Stop Shops continue to work with a considerable number of agencies and organisations. The up to date range of surgeries is available on the website. With One Stop Shops working more closely with the Library service this allows the Authority to enhance and align partnership work across the Borough.
- 4.35. Her Majesty's Revenues & Customs (HMRC) is now located within the Birkenhead One Stop Shop where they offer a face to face service. This is maximising the use of the premises, retaining a presence in the Borough and improving access for HMRC customers.
- 4.36. Promotion of services is crucial and undertaken in a variety of ways. Customer Services attend community groups, provide presentations, and have display stands.

### **EQUALITY AND DIVERSITY**

- 4.37. A commitment to equality and diversity is integral to delivering excellent services, responsive to reaching all customers including those who are current non-service users. The recognition that different customers have different physical and service needs informs the access plans, promoting access across the range of contact channels.
- 4.38. Greater customer insight will continually inform the CAS with the aim of ensuring service delivery is centred on the needs of customers and that all communities have access to these services via the preferred channel.
- 4.39. An Equality Impact Assessment is being undertaken to ensure the stated objectives of the CAS provides equality of opportunity and promotes diversity in employment and service delivery.

4.40 Maintaining the delivery of the CAS will make service areas more effective, efficient and accessible. Timely responses and joined up services provide value for money for both the customer and the Council. Customer satisfaction is maintained as individuals are dealt with by experienced staff, fully trained in all aspects of customer care. Customer insight provides a better knowledge of customers to help shape services in the future. We will continue to promote channel of choice with a targeted promotion of the most cost effective channels appropriate to the service.

4.41. The Library and One Stop Shop co-location provides a key opportunity to first sustain and then to re-invigorate and extend service usage in both areas. This will put in place a modern service that both aligns with all access channels and be the local face of the Authority.

## **5.0 RELEVANT RISKS**

5.1 If the CAS is not reviewed and refreshed the service offered directly to customers, clients and service users could become less effective and increase expenditure by not utilising corporate access points which when maximised in use offer co-ordinated access and access to relevant information.

## **6.0 OTHER OPTIONS CONSIDERED**

6.1 Allowing services to offer disparate access channels to each individual service is not recommended because of the variable level of quality of contact, the lack of consistent service standards or management information to drive performance, and the likely overall expenditure level in operating separate service led functions.

## **7.0 CONSULTATION**

7.1 Customer Services have been involved in the public consultation work. Current consultation exercises which involve support from customer services include Neighbourhood Plans and Budget 2012-13.

7.2. On a regular basis One Stop Shops meet key service users including partner organisations as well as voluntary and community organisations and other public service bodies

## **8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY & FAITH GROUPS**

8.1. One Stop Shops engage with local voluntary, community and faith organisations. This strategy takes account of the need to respond to the needs and requirements of these organisations.

## 9.0 RESOURCE IMPLICATIONS:

- 9.1 **Financial** - Migration of services through the corporate access channels supported by back office change will result in cost savings either in buildings, staffing or a reduction in the duplication of work. The merger of Libraries and One Stop Shops will further assist in this. The capital costs of any work are reported on a scheme by scheme basis.
- 9.2 **Staffing** - Migration of services to the corporate customer service access channels of the Call Centre and One Stop Shops should lead to a reduction in back office staffing levels which can either be savings or refocused to other areas. Increased usage of the web should lead to a similar reduction of staffing levels. The Library and One Stop Shop co-location project will also support this.
- 9.3 **IT** - The use of the Oracle Customer Relationship Management System (CRM) is a vital component in the effective handling of contacts via the major channels in respect of a large number of service areas such as Streetscene. Use of CRM will expand with the planned major upgrade to the system. The Call Centre uses specialist IT in recording and storing calls as well as using the workforce management system that predicts contact volumes and resource (staff) requirements which is vital when trying to ensure staffing deployment is correct to respond to demand. The website is now built largely on "freeware" which has proved successful and has seen considerable national interest from other local authorities keen to exploit this developing area of relatively cheap and reliant IT software.
- 9.4 **Assets** – The co-location of One Stop Shops and Libraries will assist Asset Management to maximise the effective use of facilities whilst not affecting service standards.

## 10.0 LEGAL IMPLICATIONS

- 10.1 There are none arising directly from this report

## 11.0 EQUALITIES IMPLICATIONS

- 11.1 The Customer Access Strategy seeks to offer the access channel of choice to ensure fair access to all residents. Migration of services to the web is being developed, alongside the increase in access to the internet by Wirral residents. Customer insight information will enable the identification of customers who are vulnerable or who are hard to reach and working collaboratively will help to meet and support these groups in the most cost effective manner.
- 11.2 Equality Impact Assessment (EIA)  
(a) Is an EIA required? Yes  
(b) If 'yes', has one been completed? Yes (Reviewed July 2011)

## 12.0 CARBON REDUCTION IMPLICATIONS

12.1 There are none arising directly from this report

## 13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

13.1 There are none arising directly from this report.

FNCE/174/11

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## APPENDICES

*Appendix 1 – Customer Access Strategy*

*Appendix 2 – Current service status for access via website*

## REFERENCE MATERIAL

SOCITM Better Connected 2011

SOCITM Better Served: Customer Access, Efficiency and Channel Shift 2011

## SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Customer Access Strategy - Cabinet	23 July 2008
Access to Services - Cabinet	5 February 2009
Customer Access Strategy - Cabinet	24 September 2009

**WIRRAL COUNCIL**

**CUSTOMER ACCESS STRATEGY**

## INTRODUCTION

The Customer Access Strategy objectives are to improve the quality of life of Wirral people, working with our partners to deliver the best services we can, in the most efficient and effective way. It is a key corporate policy, which aims to provide the direction and focus for all areas of the organisation to work together in achieving cost-effective and excellent service for every customer. It directly supports the corporate plan's aim of engaging and empowering individuals and communities in the design and delivery of council services. There is a declared strategic action for all departments to take responsibility for rationalising services which will be helped by migrating customer contact to our corporate access channels. The Customer Access Strategy is the overarching drive for us to achieve this.

People want access to a greater range of quality services and expect to be consulted on future service delivery. Our corporate access channels such as one stop shops, libraries, the call centre, generic email addresses and the website are recognised as offering the most consistent, convenient and regularly monitored standard of service. This promotes the creation of efficient services, delivered through the most appropriate and cost-effective channel by motivated staff which can be low cost for the council and offer value to the customer.

Our strategic actions continue to offer a choice of channel, whilst promoting the 'lower cost' channels such as phone or web wherever relevant. Service areas across the council need to make use of these corporate access channels to gain proven service efficiencies and ensure ease of customer access.

Customer insight is best gained through the use of corporate access channels, enabling the council to stay responsive and proactively offer customers a choice of how to access services based on local needs. Each channel, including self-access options, need to be high quality, easy to use and joined up with other relevant services so that queries can be resolved quickly, avoiding unnecessary contacts. This 'right first time' approach aims to minimise the cost of service delivery whilst improving the customer experience.

This strategy addresses the following issues:

<b>Section</b>	<b>Title</b>	<b>What it does</b>
<b>2</b>	<b>Why do we need a Customer Access Strategy</b>	<ul style="list-style-type: none"> <li>• Explains why the strategy is central to the corporate priorities.</li> </ul>
<b>3</b>	<b>Fundamental Principles</b>	<ul style="list-style-type: none"> <li>• Lays down the principles which underpins the strategy</li> </ul>
<b>4</b>	<b>Strategic Actions</b>	<ul style="list-style-type: none"> <li>• Shows how the strategy delivers the vision on service transformation.</li> </ul>
<b>5</b>	<b>Governance</b>	<ul style="list-style-type: none"> <li>• Describes how we manage progress of the strategy</li> </ul>
<b>6</b>	<b>Reducing Costs</b>	<ul style="list-style-type: none"> <li>• Outlines the need to migrate to the cheapest access channel and reduce avoidable contact.</li> </ul>
<b>7</b>	<b>Work plan</b>	<ul style="list-style-type: none"> <li>• Highlights current and future work.</li> </ul>

The Customer Access Strategy plays a key role in achieving the Council's corporate objectives, details of which are provided within this document.



## **2. WHY WE NEED A CUSTOMER ACCESS STRATEGY**

2.1. The investment in the customer access channels is aligned to corporate aims, priorities and strategies. The strategy provides the framework for further developing the Councils interaction with the customer. It is a living document which is reviewed and modified in accordance with local and central government priorities.

2.2. Central Government drivers set expectations of us in terms of:

- Being available when customers contact us.
- Providing joined up services.
- First time resolution.
- Embracing new technology.
- Delivering all in a more economical scale.
- Using customer insight to inform service delivery.
- Shaping services around customer needs rather than those of the council.
- Offering contact channel of choice with an emphasis on improving self-service options.

2.3. In order to assess the effectiveness of this strategy we measure our progress against a set of metrics, these being:

- The cost of providing each service.
- Levels of customer satisfaction with each service.
- Volumes per access channel.
- Customer insight led decisions on promoting particular channels.
- Numbers of repeat contacts (Avoidable Contact).
- Numbers of fully resolved queries at first point of contact.
- Performance against visible service-level agreements.

2.4. We are developing and will use a consistent set of measurements to help accurately measure progress. We will have local performance indicators in every service for each of these measures, as well as for each customer access channel and these will be regularly monitored by the Customer Services Management Board and reported to Chief Officers and Members.

2.5. Wirral Council is committed to ensuring that all of its customers can access its services with ease, and has published a customer pledge, which underlines this commitment.

The pledge states:

We want to:

- Make it as easy as possible for customers to contact us.
- Deal with customer enquiries as quickly as possible.

Wherever and however customers get in touch with us we aim to:

- Resolve enquiries first time – although some issues need to be referred to specialist staff.
- Provide a consistent and high quality service.

We shall make our services available at times and places and in ways which are convenient to the customer:

- We expect that customers may want to contact us by a variety of means.
- We will use evidence gathered by customer insight tools to inform our service.
- We will make it easy for customers to talk to us directly by providing One Stop Shop access in places people can easily travel to.
- We will make it easy for customers to telephone us.
- We will make it easy for customers to deal with us electronically by providing our services via the internet with transactional self access wherever possible.
- Encourage customers to use the cheapest most efficient access channel appropriate to their query.
- We will work with partner organisations to provide 'joined-up' services wherever possible.

2.6. Our Customer Care Standards identify the specific standards to which our staff will be expected to deliver services. In addition a Customer Charter outlines the standards our public can expect when contacting the council. We will monitor our commitment to these standards both internally and externally to measure our success and report openly on it.

2.7. There are key messages that support and help drive the Customer Access Strategy forward to ensure it becomes a reality and remains a focus of service development. These are set out at the end of this strategy.

### **3. FUNDAMENTAL PRINCIPLES**

3.1. Customer Service is pertinent to everyone in the organisation. The following principles outline the reasons why the Customer Access Strategy is crucial.

3.1.1. **Setting the Customer Access Strategy is a key part of the overall change agenda.**

Therefore:

- Ensuring the Customer Access Strategy and its actions form part of each department's ongoing efficiency plan.
- Due regard is paid to other corporate strategies including ICT, People, Accommodation, Equalities, Communications when working on this strategy.
- The HR Strategy will provide guidance for those staff whose role is changed or lost as a result of the migration of services to the front of house.
- Strategy implementation is a "no choice" option as its maximum benefits are achieved when all services are handled as much as possible through corporate co-ordinated access channels.
- Service areas that are receptive to change, willing to commit resources and supportive of these key objectives will experience tangible reduced costs of service and improved quality for the customer.

**3.1.2. Ongoing change will focus on both front and back office change to maximise efficiencies.**

Therefore:

- The Customer Services Development Team will work with Project Sponsors within departments to review end to end processes.
- Migrating appropriate elements of service to the corporate access channels with a focus on self-service and lower cost channels but a commitment to offering channel of choice for the customer.

**3.1.3. Setting out the clear need for resolution at first point of contact wherever possible to minimise repeat or avoidable contact.**

Therefore:

- Using the measurement of avoidable contact (defined as contacts that add no value to the outcome or are duplications or caused by failures in business processes) to both identify priorities for improved service provision and confirm the benefits of re-engineering projects

**3.1.4. Re-stating the ongoing drive to ensure customer access channels handle service contacts**

Therefore:

- All departments where there is customer contact should be delivered through the corporate access channels.
- Relevant service areas need to engage with customer services, in embracing this strategy, with a commitment to providing resources for re-engineering projects and shared aims of reducing cost of service and improving the customer experience.

**3.1.5. Ensuring that all services that engage in change have improved efficiency and value for money as an outcome**

Therefore:

- Clear project planning principles including business cases are adhered to for all services migrated.
- Services take ownership of re-engineering projects, supported by staff from both customer services and IT.
- Cost analysis is undertaken of existing and revised service delivery to highlight efficiencies realised.

**3.1.6. Clearer focus on developing and utilising the web as a low cost self access and transactional contact channel.**

Therefore

- Enabling customers to change and update information automatically.
- Encouraging customers and service users to utilise the cheapest appropriate access channel for their enquiry.
- Providing 24/7 access to the widest range of council services possible for customers
- Providing the primary information and transactional channel for customers with a single secure point of access.
- Allowing customers to monitor progress of requests for service received via this channel.

- Supporting the publication of corporate access channel contact information wherever possible.
- Using integrated transactional on-line forms wherever possible complemented by simpler e-forms where appropriate.

### 3.1.7. **Providing customer choice and encourage customers and service users to utilise the cheapest appropriate access channel.**

Therefore:

- Recognising the ongoing need to provide customers with their preferred chosen access channel in relation to their specific enquiry.
- The Customer Access Strategy does not support a 'one size fits all' approach given the differences in the breadth of services covered.
- Recognising the need to provide quality service standards via the web and call centre to encourage appropriate use of the cheapest available access channels.
- Recognising the need for face to face access providing a response to more complex enquiries and acting as a community hub for Wirral residents.
- Rationalising other face to face access points such as reception points.

### 3.1.8. **Equality and Diversity**

Therefore:

- Guided by the council's equality policy, we will ensure that services are equitable and meet the needs of our diverse population.
- Access points will meet DDA requirements.
- An Equality Impact Assessment has been completed and appropriate risks / resulting actions highlighted.

## 4. **STRATEGIC ACTIONS**

### 4.1. The areas of strategic actions needed to deliver the Customer Access Strategy are:

- **Learning from citizens and businesses**  
Engaging with stakeholders to ensure that the service we deliver meets their requirements. We will continue to liaise with the voluntary, faith and community sector so that their views are represented in the way that we deliver our services. We will also use customer feedback gathered as an opportunity for wider organisational learning and inform how our services are delivered.
- **Grouping services in a way that is meaningful to the customer**  
Offering integrated packages of services which respond directly to the issues that customers face in their day to day lives, with a timely response to their immediate needs.
- **Rationalising services for efficiency and service improvement**  
All departments are responsible for rationalising their services in line with the Customer Access Strategy and engaging with CSDT to work together in re-aligning their processes for service delivery. Providing a service framework which is simpler, clearer and more accessible by reducing the numbers of websites, front offices and processes will make it simpler for the customer.

- **Developing a website for easy access to information and for easy transactional use**  
Ensuring that the web supports easily accessible information and allows efficient self access and self resolution of enquiries, to complement the wider strategy of offering a channel of choice for the customer. This will include a focus on shifting service user preference to this access route wherever practical.
- **Making better use of customer information held**  
Establish and maintain a framework for data exchange and customer authentication within the guidelines of Government Connect.
- **Making best use of our Libraries and One Stop Shops**  
Using our libraries and One Stop Shops as key face to face access channels for both the delivery of this strategy and development of their respective services.
- **Linking local and central government**  
Ensuring that public service delivery is joined up across both local and central government. Working with partner organisations to offer the customer a single point of contact wherever possible.
- **Engaging frontline staff**  
Listening to frontline staff views on improving customer contact. Providing processes and systems to enable them to simplify service delivery.
- **Measuring our success.**  
Establishing key performance indicators measuring customer satisfaction, repeat contacts and cost of service. We will report on these and use them to develop and refine strategy.

## **5. GOVERNANCE**

- 5.1. The Chief Officers Executive Team recommends policy options and implications to Cabinet and is responsible for implementing Cabinet decisions. They delegate responsibility for delivery and progression of the Customer Access Strategy to the Director of Finance.
- 5.2. The Customer Services Board consisting of the Director of Finance (Ian Coleman) and Head of Revenues, Benefits & Customer Services (Malcolm Flanagan) will ratify priorities and act as arbitrator in response to escalations. The Board reports on the work via the Strategic Change Programme and ensures it links to corporate programmes.
- 5.3. The day to day responsibility for delivery and developments of the front line contact areas lies with the Call Centre Manager (Andrea Bruffell), Customer Service Manager (Julie Williams) and will also involve the lead officer from Libraries.
- 5.4. The Customer Service Development Team is responsible within Customer Services for delivery of the agreed priorities in consultation with appropriate stakeholders.

## **6. PRIORITY FOR REDUCING COSTS**

- 6.1. We understand which the most costly access channels are, so the more information available via the internet and able to be concluded without intervention or mediation will lower the cost of providing the service.
- 6.2. Increased value is more likely to be achieved by transactional online services. For this change to be successful we need to gain and retain customer trust in using our electronic self-serve provision for reassurance of its security, privacy, swift response and ease of use.
- 6.3. Efficiencies are also achieved by separating customer facing duties from skilled back office functions, allowing experts to concentrate on specialised work, and trained customer care operatives to deal with the public using their expertise.
- 6.4. There is a need to reduce avoidable contact which is both indicative of poor service offered to the customer and additional, unnecessary costs to the council. It is defined as including but not restricted to:
  - Customers contacting us again as we have got it wrong or they are not satisfied with our response.
  - Customers having to contact us regarding information we already hold.
  - Repeat contact due to the customers not being told the length of time for resolution of their enquiry or being unable to check progress via self-service options.
- 6.5. Reducing avoidable contact will in turn reduce resource requirements and generate savings. Nearly all repeat contacts can be avoided by effective resolution at the first point of call, taking a 'right first time' approach to dealing with customer contacts. In addition a customer will tend to escalate an unsuccessful contact to a more expensive access channel.
- 6.6. Encouraging customers to access the Council's services via the telephone reduces costs over more expensive methods. To do this we continue to ensure that the telephone service is easily accessed and responsive. This is best achieved by maximised use of the authority's Call Centre.
- 6.7. We continue to review services to ensure where possible transactions are carried out and completed by the cheapest appropriate contact method. We will use the appropriate systems to share information and evidence between departments, thus reducing the need for unnecessary paperwork.
- 6.8. In line with government and local policy and directives we will look to use face to face as a focus of linked public service, improving the overall service to local communities and minimising costs whilst using such sites to encourage self access and maximise their potential as staff hubs for agile working.

## **7. WORK PLAN**

- 7.1. There is ongoing work implementing a range of projects which underpin our Customer Access Strategy principles. A regularly reviewed update of new and ongoing service reviews is reported to Cabinet in the appropriate cycle of meetings.

## KEY MESSAGES

1. We will help increase customer satisfaction and be responsive to internal and external customers.
2. We will have choice in access channels, which are joined-up and co-ordinated.
3. We will increase the number of services delivered by the Front of House by identifying those services most appropriate to this channel.
4. We will increase partnership working.
5. We will offer the customer a single point of contact wherever possible.
6. We will be effective, efficient and offer value for money services.
7. We will help decrease duplication in working practices and help services cut overall costs.
8. We will have a fully accessible internet offering transactional services.
9. We will promote self-access to encourage the take up of cheaper channels.
10. We will exploit our Service Delivery System and increase integration of IT systems.
11. We will support a 'right first time approach'.
12. We will rationalise public reception and access points and this will focus on merged Library and One Stop Shops facilities.
13. We will support the use of generic email addresses wherever possible.
14. We will continue to give full focus to received written communication.

## **FUNDAMENTAL PRINCIPLES**

- The Customer Access Strategy is a key part of the overall change agenda as well as being one of the cornerstone projects of the efficiency plan.
- Ongoing change will focus on both front and back office change to maximise efficiencies.
- Setting out the clear need for resolution at first point of contact wherever possible to minimise repeat or avoidable contact.
- Re-stating the ongoing drive to ensure customer access channels handle service contacts.
- Ensuring that all services that engage in change have improved efficiency and value for money as an outcome.
- Clearer focus on developing and utilising the web as a low cost self access and transactional contact channel.
- Providing customer choice and encourage customers and service users to utilise the cheapest appropriate access channel.
- Equality and Diversity expectations will be met through all access methods.

## **STRATEGIC ACTIONS**

- Learning from citizens and businesses to inform service delivery.
- Grouping services in a way that is meaningful to the customer.
- Rationalising services for efficiency and service improvement.
- Developing a web for easy information access and transactional use.
- Making better use of customer information held to continually review service delivery effectiveness.
- Linking local and central government and partner organisations.
- Supporting, Engaging and motivating frontline staff to deliver excellent customer service.
- Measuring our performance to ensure effectiveness.
- Merging contact points such as Library receptions and One Stop Shops for efficiency and service improvement



The table below shows the role of the Customer Access Strategy in contributing to the objectives and delivering the priorities of the Council.

<b>Corporate Objective</b>	<b>Role of Customer Access Strategy</b>
Your Council	<p>The Customer Access Strategy primarily focuses on this objective by:</p> <ul style="list-style-type: none"> <li>• Promoting and improving Ease of contact/Dealing with contacts quickly/Resolving on first time contact/Providing a consistent high quality service.</li> <li>• Providing a variety of contact points (Call Centre/ Libraries/ OSS/ Web/ Text SMS).</li> <li>• Encouraging use of cheapest appropriate channel for the contact being made.</li> <li>• Adhering to Customer Care Standards which publicly show our standards.</li> <li>• Linking this strategy to all the Authority's change plans.</li> <li>• Maximising efficiency through corporate front office access channels.</li> <li>• Reducing avoidable or repeat contact.</li> <li>• Ensuring all change shows improved efficiency and value for money.</li> <li>• Ensuring equality and diversity issues in Access to Services are met.</li> <li>• Grouping services in a way that is meaningful to customers.</li> <li>• Making better use of information held by us.</li> <li>• Linking local and central government and partner organisations to maximise efficiency and service standards.</li> <li>• Supporting, engaging and motivating frontline staff to deliver excellent customer service</li> <li>• Measuring our performance to ensure effectiveness</li> <li>• Merging contact points such as Library receptions and One Stop Shops for efficiency and service improvement</li> <li>• Striving to continually develop the standard and level of service required by its residents .this has been achieved by</li> <li>• Providing choice of access to services through a choice of channels, the call centre, one stop shops and web</li> <li>• Exploring collaborative working as an example provide HMRC presence at the one stop shop</li> <li>• Ongoing work to achieve the customer excellence standard and continue the improvements recognised by successive awards of Customer Service Excellence</li> <li>• Contributing to achieving excellent level of Equality framework for Wirral council</li> <li>• Customer services provide value for money via service re engineering call centre contingency support , and collaborative working achieving a holistic approach to service delivery</li> <li>• Implementing a customer satisfaction programme including mystery shopping , focus groups and customer surveys</li> <li>• Increasing customer satisfaction and responsiveness to internal and external customers</li> </ul>

Corporate Objective	Role of Customer Access Strategy
Your Council (continued)	<ul style="list-style-type: none"> <li>• Encouraging use of cheapest appropriate channel for the contact made by use of intelligent online forms on the web</li> <li>• Increasing services delivered by the Front of House</li> <li>• Increasing partnership working</li> <li>• Making the service offered to customers more effective, efficient and provide better value for money</li> <li>• Decreasing duplication in working practices</li> <li>• Increasing first point of contact resolution</li> <li>• Providing experienced, fully trained staff on front line who adhere to the Customer Care Standards</li> <li>• Meeting the equality and diversity standards</li> <li>• Linking to central government bodies, agencies and voluntary sector to maximise efficiency and service standards</li> <li>• A new website which is more user-friendly enabling the Council to deliver more services online:</li> <li>• A simplified structure to make it easier to find information with updated content</li> <li>• A 'Do it online' section to show customers which services they can access through the website</li> <li>• Accessibility tools for people who are partially sighted</li> <li>• The ability to share pages on social networking sites</li> <li>• A feedback facility on every page</li> </ul>
Your Neighbourhood	<ul style="list-style-type: none"> <li>• Our sites are used to promote regeneration initiatives such Live Wirral, CRed, Landlord Accreditation, Home Insulation scheme</li> <li>• Supporting ongoing recycling initiatives and providing advice to customers around these issues.</li> <li>• Customer Service attendance at Fuel Poverty Forum.</li> <li>• All sites audited in line with Environmental Management Systems (EMS).</li> <li>• Promotion of Road Safety initiatives at all sites.</li> <li>• Customer Services representation at Hate Crime forum.</li> <li>• Our work with the Local Police through the Neighbourhood Action Group and individual networks to assist with local policing issues raised by residents.</li> <li>• Support for neighbourhood plan applications</li> <li>• Host cop shop at Eastham and West Kirby staffed by volunteers</li> </ul>

Your Family.

- Teen Wirral ([www.teenwirral.com](http://www.teenwirral.com)) is our new website for 13 to 19 year olds. The site contains information about activities and advice for young people. It can help to improve attitudes; build social, emotional and communication skills; help young people to improve their confidence and self-esteem
- We promote the advantages of the work of Response, who will help with any welfare benefits entitlements and also Connexions regarding further education opportunities.
- We offer appointments for Arch Initiatives
- We also promote Wirral Personal Social Services Young Carers scheme, who provide regular activities for young people with carer responsibilities
- Promotion and referral to WIRED Wirral parent partnership scheme providing support and advice to parents whose children have additional education needs.
- Promotion of council's Invigor8 initiative.
- Working in partnership with the NHS for a "Smoke Free Wirral" as customers are encouraged / supported with programmes to "quit".
- Wirral Alcohol Services Harm Reduction Team uses our One Stop Shops on a surgery basis to see clients. A number of our staff are trained to the same level as pharmacists / health centre staff to be able to refer directly into Harm Reduction Team scheme.
- Health and Wellbeing Team delivering Health & Lifestyle surgeries at One Stop Shops.
- Surgeries run by Wirral Change in One Stop Shops to improve outcomes in respect of the BME community.
- Host the Health Action team's mobile information trailer outside One Stop Shops venues.
- We also work with NHS Wirral's Health Trainers to help people start making healthier lifestyle choices and improve their own health through support and offering free lifestyle assessments. OSS facilitate Health Trainer surgeries at sites situated within the Health Action Areas and proactively promote the initiative offering to make a referral to the Health trainers if an underlying health issue is identified.
- The OSS host surgeries delivered by Age Concern.
- Delivery of the tell us once service so those most vulnerable need only see a skilled advisor once and their information will be shared with a number of government agencies.
- Moneyline debt advice surgeries and access to credit unions
- Wirral parent partnership scheme for advice over children's additional needs around education

## Appendix 2

This information details current service availability and level of access through the council's website, confirming the scope of future re-engineering projects that could be undertaken.

<b>Services displaying (non-transactional) e-forms on the web</b>	<b>Services displaying static forms on the web</b>	<b>Services without e-form presence on the web</b>
Abandoned Vehicles	Allotment - Application Form	Adoption
Abnormal Loads	Benefit Fraud - Reporting Form	Anti-social behaviour
Access to Information	Blue Badge - Application Form	Archive Service
Advocacy and Advice Services	Civic Hall - Enquiry Form	Arts and Museums
Access Protection Marking	Birth/Death & Marriage Certificate - Application for copy	Business Rates
Benefits Calculator	Demolition service - Application	Car parks Council operated
Bridges	Free School Meals - Welfare Benefit Application Form	Children's Services
Bridge Strengthening	Gambling - Application Form	Choosing Schools
Bulky Collections	High Hedges – Planning	Consultations
Business Rates – Occupation	Housing or Council Tax - Appeal Form	Council Budgets and Spending
Business Rates – Vacation	Housing Benefit - Welfare Benefit Application Form	Country Parks
Business Rates – Transfer	Housing Benefit – Change of Address Form	Day Care Services
Cable Laying	Invigor8 - Application Form	Day Nurseries
Car Parks	Job - Application Forms	Development control
Car Sharing	Land Charges (Searches) - Application Form	Environmental Health
Child Protection	Landlord - Application Form	Environmental permits
Coastal protection – Inspection	Licence - Application Forms	Erecting a hoarding or scaffold on a public road or pavement
Coastal protection – Maintenance	Road Closures - Application Form	Finding Childcare
Complaint	School Admissions Appeal Form	Free Sport Passes

<b>Services displaying (non-transactional) e-forms on the web</b>	<b>Services displaying static forms on the web</b>	<b>Services without e-form presence on the web</b>
Council Tax Banding reduction	Small Business Rate Relief - Application Form	Free swimming
Change of Address	Teaching in Wirral	Walking and Cycling
Single Person's Discount	Temporary Events Notice - Application Form	Golf in Wirral
Council Tax Student Exemption	Tree Preservation Orders	Housing advice
Culverts	Voting - Postal Vote Application Form	Information for Parents and Carers
Cycle Training	Wirral Passport Scheme - Application Form	Invigor8
Dangerous Road Junctions		Jobs
Demonstrations & Parades		Learning Centres
Dropped Kerbs		Leisure Centres
Event Hosting Permission		Nursery Places
Excavation		Outdoor Sport, Park Activities and Events
Fly posting		Parking
Flytipping		Parks, Beaches, Greenspaces & Countryside
Garden Waste Collection Scheme		Playgrounds, Wheelparks & Multi-use games areas
Graffiti		Playspaces
Highway Enforcement		Pre-School Playgroups
Household Waste (Assisted Collections)		Primary School Places
Household Waste (Collections)		Ranger Service
Household Waste (Missed Collections)		Register a Birth
Housing Benefit – Fraud Referral		Registering a Death
Job Applications		Registering a Marriage
Licence – Animal Movement		Request for Alternative Format
Lost Pets		School Information and Advice
Obstructions		School term dates
Parking Appeals		Secondary School Places
Parking Permits		Sport and Leisure Memberships
Pavement Crossing		Sports Centre Locations

<b>Services displaying (non-transactional) e-forms on the web</b>	<b>Services displaying static forms on the web</b>	<b>Services without e-form presence on the web</b>
Pavement Parking		Stray dogs
Pedestrian Crossing		Swim Wirral
Pedestrian Rails		Tourism
Performance Indicators		Trading Standards
Personal Injury		Truancy
Pest Control		Youth and Play
Pollution Control		
Refuge Island		
Salt – Purchase		
School Crossing Patrol		
Skip Permit		
Speed Limits		
Street Care and Cleansing		
Street Lighting		
Street Parking Fines		
Street Parties		
Sunday Trading		
Temporary Road Closures		
Traffic Calming		
Traffic Lights		
Traffic Management		
Traffic Schemes		
Travel Plans		
Verge Maintenance		
Walking Guides		
Walls – Dangerous		
Website – Accessibility		
Weight Limits		
Yellow Lines		

## WIRRAL COUNCIL

### CABINET

13 OCTOBER 2011

<b>SUBJECT:</b>	<b><i>ASSISTIVE TECHNOLOGY - RE-TENDER</i></b>
<b>WARD/S AFFECTED:</b>	<b><i>ALL</i></b>
<b>REPORT OF:</b>	<b><i>HOWARD COOPER - INTERIM DIRECTOR OF ADULT SOCIAL SERVICES</i></b>
<b>RESPONSIBLE PORTFOLIO HOLDER:</b>	<b>COUNCILLOR ANNE MCARDLE</b>
<b>KEY DECISION?</b>	YES

#### **1.0 EXECUTIVE SUMMARY**

- 1.1 On 1 September 2011 Cabinet approved the outcome of a tendering exercise for the provision of an assistive technology assessment service and telecare installation, monitoring, maintenance and response service.
- 1.2 During the standstill period following Cabinet, a challenge was received from one of the unsuccessful providers, suggesting that the tender documents did not adequately promote fairness and in turn could result in further challenge under the Remedies Directive (2009) which can be subject to financial penalty.
- 1.3 No formal contract discussions have taken place and providers who submitted a tender have been advised that the Council will not be proceeding any further with this tender.
- 1.4 The current contract expires on 30 September 2011; it will be necessary to extend the current contract until 31 March 2012 whilst re-tendering takes place.

#### **2.0 BACKGROUND AND KEY ISSUES**

- 2.1 The original tender process followed a single stage OJEU Open Procedure. On 1 September 2011 Cabinet approved the outcome of the tendering exercise for the provision of an assistive technology assessment service and telecare installation, monitoring, maintenance and response service.
- 2.2 During the statutory standstill period (Alcatel) it became apparent that a key requirement of the contract could no longer be met by the successful provider. The specific issue relates to being able to monitor a particular brand/type of assistive technology equipment i.e. "Alertacall"

- 2.3 The tender documents included mandatory selection criteria relating to installing, monitoring and maintaining equipment (that current users of the service have installed) by the start of the contract. This was to ensure continuity of service for these vulnerable individuals. The specification does not specify particular brands of equipment for installation, but it was necessary to provide for continued use (including recycling/reusing) of already purchased and installed equipment.
- 2.4 “Alertacall” equipment provides a safety confirmation service. Individuals with this equipment press an “I’m OK” button on the Alertacall telephone handset at pre agreed times, say early evening when the individual would expect to be back at home. An alert is only raised if the button is not pressed. The response will be different for each person but typically will involve trying to make contact by phone and/or contacting a named carer. On Wirral we have three individuals with this equipment installed. There are many different organisations using this equipment nationally and literature on the equipment does not suggest in any way that being able to source and use the equipment would be restricted in anyway. Indeed the website implies very clearly that Alertacall can be readily used by organisations whether or not they directly provide a monitoring service themselves or not.
- 2.5 It is common for Assistive Technology equipment to be incompatible with certain other systems, but there are not normally any restrictions to acquiring the permissions to run the required systems e.g. this is the case with Tunstall, Chubb, Tynetec and Possum which are the majority suppliers of Assistive Technology equipment in the UK.
- 2.6 To provide for fairness and suitable competition it was not reasonable to require providers to have certain permissions or licenses in place prior to submitting a tender, rather that they should be able to acquire them should they be awarded the contract.
- 2.7 No concerns or issues were raised by any organisation that received the tender documents about difficulty or problems with reasonably meeting the mandatory requirements during the tender process.
- 2.8 During the standstill period a challenge was received from one of the unsuccessful providers supported by communication from “Alertacall” stating that they were unaware of the provider that had been successful with this tender and that the company was not currently scheduled to work with any new suppliers at this time or in the immediate future. Further correspondence confirms that this is not an exclusivity issue for “Alertacall” rather they do not have the capacity to take on new business at this time.
- 2.9 Resultant investigation and communication was overseen by Corporate Procurement with advice and guidance from the Council’s Legal Services.



- 2.10 The successful provider did not lack any explicit technical competence or organisational capacity. Furthermore, at the time of completing the tender documents answered 'yes' to the mandatory criteria in good faith and in every expectation that they could secure the necessary permissions and licenses to maintain the equipment, it is now clear that they could now not meet this aspect of the contract.
- 2.11 The organisation that came second in the tender process is able to utilise the "Alertacall" system and are our current provider. Due to the issue raised in point 4.8 it could be suggested that the tender documents did not adequately promote fairness and in turn result in challenge and under the Remedies Directive (2009) which can be subject to financial penalty.
- 2.12 As this was identified during the standstill period no formal contract discussions have taken place and providers who submitted a tender have all been advised that Wirral Council will not be proceeding any further with this tender.
- 2.13 The current contract expires on 30 September 2011 and the new contract was scheduled to be live from 1 October 2011; it will be necessary to extend the current contract until 31 March 2012 whilst re-tendering takes place.

### **3.0 RELEVANT RISKS**

- 3.1 Advice from the Council's Legal Services confirms the risks highlighted above and that, subject to suitable revisions, it is necessary to re-tender.
- 3.2 Not extending the contract would leave a service that supports over 3,800 individuals without any formal contractual arrangements.

### **4.0 OTHER OPTIONS CONSIDERED**

- 4.1 No other options could be considered.

### **5.0 CONSULTATION**

- 5.1 Assistive Technology has been discussed widely at a local and national level and still features heavily in policy direction particularly about the shift toward prevention. Locally, Assistive Technology has been discussed at Health & Wellbeing events and has the support of the Older Peoples Parliament. Assistive Technology also featured in the Wirral: *be part of it* consultation. Again there was support for the service, although there was a recommendation to explore the possibility of introducing nominal charging. This is currently being researched with findings and options to be presented in the autumn of 2011.

### **6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

- 6.1 The original and any re-tender have or will open procurement processes. Due to the nature of the service it is not possible to disaggregate it to provide opportunities for local voluntary, community and faith organisations. Otherwise no implications have been identified. A representative from the local voluntary, community and faith sector was involved in the evaluation panel.

## **7.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS**

7.1 Care Services Efficiency Delivery Unit (CSED) of the Dept of Health was engaged to conduct a financial evaluation of telecare in Wirral. Estimating avoided costs on the basis of diagnosis at assessment and assumed prevention of more substantial care needs. This gave a Return on Investment (albeit presently non-cashable), of £2.18 for every £1 spent across the health and social care economy.

7.2 The specification and tender is not for agreed levels of activity and is on a cost/volume basis. Payment is based on actual activity. The specification allows for all key aspects of the service to be contained if necessary

7.3 A number of further changes to the specification and tender documents have been identified that would help in generating further value for money from a new contract.

7.4 The current service is provided under a contract that expires on the 30<sup>th</sup> September 2011. The recommendation is to extend this to allow for a re-tender exercise. Apart from some very limited resources relating to convening evaluation panels the cost of the tender exercise has been limited to relevant staff time.

7.5 There are no staffing, IT or asset issues for Wirral Council.

## **8.0 LEGAL IMPLICATIONS**

8.1 None identified

## **9.0 EQUALITIES IMPLICATIONS**

9.1 At present this is a universal service for which no equality issues have been identified.

9.2 Equality Impact Assessment (EIA)

(a) Is an EIA required? No

## **10.0 CARBON REDUCTION IMPLICATIONS**

10.1 None identified.

## **11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

11.1 None identified.

## **12.0 RECOMMENDATIONS**

12.1 Cabinet is recommended to:

- Note the developments relating to the original tender for the provision of an assistive technology assessment service and telecare installation, monitoring, maintenance and response service, in particular not progressing further with the award of the new contract.

- Approve re-tendering (using an OJEU accelerated procedure) for the provision of an assistive technology assessment service and telecare installation, monitoring, maintenance and response service. This would follow suitable revisions to the specification and documents that would provide continuity of service for vulnerable people and promotion of fair competition and value for money from the process.
- Approve the extension of the existing contract to 31<sup>st</sup> March 2012 which would allow for the re-tendering exercise to be completed and provide for a suitable handover period.

### 13.0 REASONS FOR RECOMMENDATION/S

13.1 Awarding the successful provider or the second place provider would be at clear risk of challenge for not being fair, anti-competitive or not providing value for money.

13.2 Extending the existing contract ensures that the service continues to be linked to formal contractual arrangements.

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### APPENDICES

None.

### EXEMPT APPENDICES:

None.

### REFERENCE MATERIAL

N/A

### SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Cabinet	01/09/11
Cabinet	13/01/11
Cabinet	18/03/10

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## WIRRAL COUNCIL

### CABINET

13 OCTOBER 2011

<b>SUBJECT:</b>	<b>INTRODUCTION OF NEW PROCEDURE FOR ALLOCATION OF BLUE BADGE PARKING FOR DISABLED PEOPLE</b>
<b>WARD/S AFFECTED:</b>	<b>ALL</b>
<b>REPORT OF:</b>	<b>HOWARD COOPER, INTERIM DIRECTOR OF ADULT SOCIAL SERVICES</b>
<b>RESPONSIBLE PORTFOLIO HOLDER:</b>	<b>COUNCILLOR ANNE MCARDLE</b>
<b>KEY DECISION</b>	<b>YES</b>

#### **1.0 EXECUTIVE SUMMARY**

- 1.1 The 'Blue Badge' scheme, which offers preferential parking to disabled people free of charge, has been in operation since 1971. The scheme is operated using nationally agreed regulations, and administered by local authorities.
- 1.2 Two major changes have been introduced which necessitate a reform of the process locally.
  - 1.2.1 National reforms which will include a central distribution point for the badges from 1 January 2012.
  - 1.2.2 Payment for the assessment of eligibility passed from the health service to the local authority via the Department of Adult Social Services in April 2011.

#### **2.0 BACKGROUND AND KEY ISSUES**

- 2.1 The scheme to enable preferential parking for disabled people has been in operation since 1971, under the Chronically Sick and Disabled Persons Act 1970. A number of developments have taken place over time, including in 2007 extending the scheme to children under two with specific medical conditions and re-designing the Blue Badge to help prevent fraud and abuse of the scheme. The cost to members of the public has remained stable since 1971, at £2 per badge.

2.2 Eligibility for a badge is determined by the following:

2.2.1 A person is automatically eligible for a badge if they are over two years old and meet at least one of the following criteria:

- receives the higher rate of the mobility component of the Disability Living Allowance;
- is registered blind or is severely sight-impaired;
- receives a war pensioner's mobility supplement; or
- has received a lump sum benefit within tariff levels 1-8 of the Armed Forces and Reserved Forces (Compensation) Scheme, and has been certified as having a permanent and substantial disability which causes inability to walk or very considerable difficulty in walking.

The applicant also has to provide proof of their identity and proof that they are resident in the local authority in which they are applying.

2.2.2 Some people may also be eligible for a badge if they are more than two years old and have a permanent and substantial disability which causes inability to walk or very considerable difficulty in walking. This means that the person has to demonstrate

- they are unable to walk; or
- they are unable to walk far without experiencing very considerable difficulty, which may include excessive pain and breathlessness, or a deterioration of health brought on by the effort needed to walk.

A permanent and substantial disability is one that is likely to last a life time. Eligibility is not determined on the basis of a particular diagnosis or condition. It is the effect of the permanent disability on the ability to walk that is important.

2.2.3 Some people may also be eligible for a badge if they drive a motor vehicle regularly, have a severe disability in both arms and they are unable to operate, or have considerable difficulty operating, all or some types of parking meter.

2.2.4 There are special rules for children under three. A parent of a child who is less than three years old may also apply for a badge for the child if the child has a specific medical condition which means that they must always be accompanied by bulky medical equipment and/or need to be kept near a vehicle at all times.

2.2.5 Some organisations may be eligible for a blue badge if they both care for and transport disabled people who themselves meet the eligibility criteria for a Blue Badge. It is unlikely however, that taxi or private hire operators and community transport operators would be eligible for an organisational Blue Badge as they do not usually care for disabled people.

2.2.6 The concessions provided for parking under the scheme do not apply to off-street car parks, such as those at supermarkets and hospitals, or privately owned roads such as those at airports.

2.2.7 In Wirral there were a total of 7655 badges issued in 2009/10. The table below gives a more detailed breakdown of this information.

**Blue Badges 2009/10:**

	<b>Number</b>	<b>%</b>
Automatic entitlements	3588	47
Further information required	4067	53
Total:	7655	100
New applications	2207	29
Renewal	5448	71
Total:	7655	100

2.2.8 The following table gives a breakdown of number of Blue Badges in use at any one time and badge holders as a percentage of the population and compares Wirral's statistics to those of close neighbouring authorities. Not every authority returned the information required to be entered onto the table to the Department for Transport, which is the source of the information.

<b>Local Authority</b>	<b>Number of valid badges</b>	<b>Badge holders as % of population</b>	<b>Population (thousands)</b>
Wirral	25500	8.3	309
Liverpool	27200	6.1	442
Cheshire West & Chester	23300	7.1	327
Knowsley	8300	5.5	151

Wirral has the second highest number of badge holders as a percentage of the population in England. There are currently 2.5 million badges on issue in England. The number has trebled in the past 20 years and is forecast to increase further as the population ages.

2.3 In 2010 the Government consulted with interested parties over how the Disabled Blue Badge scheme is implemented, managed and enforced, with a view to considering changes to these procedures in line with feedback from the consultation. The objectives of the consultation were to deal with and reduce the current problems, for example: operational and service delivery issues; misuse of badges, and variations in quality and consistency of issuing procedures across the country. It also sought to ensure the scheme is able to deal with future pressures and demands. The groups that were consulted included issuing authorities, disabled groups and charities. The resulting programme of reform is called the 'Blue Badge Improvement Service' (BBIS).

The reform includes measures to

- support the use of independent mobility assessors
- extend eligibility to specific categories of disabled people
- establish a common service delivery project
- implement a new badge design and amend legislation to improve enforcement.

The reform also enables the maximum fee that local authorities can charge for a badge to be raised from £2 to £10 to cover costs more appropriately.

2.3.1 The resulting new legislation comes into force on 1 January 2012 which will change the way that Blue Badges will be produced in the future by issuing authorities. The BBIS aims to improve operational efficiency, reduce public sector costs and improve customer service.

2.3.2 From 1 January 2012, badges will be produced centrally by an approved contractor – Northgate Information Solutions (NIS), working in partnership with Payne Security Systems, who will be administering and printing badges nationally. Although the Council will have overall responsibility for dealing with applications and making the decision over eligibility for badges, they will be printed centrally by NIS/Payne. For this service there will be a charge of £4.60 per badge which will need to be met by the Council.

2.3.3 The Secretary of State for Transport has signed a contract with Northgate Information Solutions to:

- a) provide ordered Software Solutions to each Authority, and
- b) manufacture the badges.

Accordingly, each Authority has been sent an Access Agreement so that Northgate Information Solutions may liaise on both issues.

2.3.4 The Access Agreement is exempt from the usual tendering and procurement rules, as the Contract Procedure Rules state:

“Where tenders have already been invited by a local government consortium or other public body, for example: the Office of Government Commerce, in accordance with the procurement procedures of that organisation, being subject to the provisions of any European or UK procurement legislation.”

2.3.5 All current issuing authorities will be obliged to use the contractor with effect from 1 January 2012 and this will help with improved efficiencies and cost financial savings with more efficient administration, reduced administration costs, availability of online applications and payments. The new system negates the need for individual council-owned issuing systems for Blue Badges.



- 2.3.6 Reminders for renewal of badges can be sent by the contractor in different format; email, letter or text which promotes use of digital and online services.
- 2.3.7 The new process will create a national database of Blue Badges which will bring improved processing and enforcement due to secure data sharing and more effective checks.
- 2.3.8 There will also be a call centre resource which will be able to answer first line enquiries and signpost callers to the correct local authority, as well as take enquiries about a badge's progress and deal with issues of badges lost in the post or documentation not complete.
- 2.3.9 A new design of badge will be issued from 1 January 2012 that is harder to forge, copy and alter.
- 2.4 The national reforms lead to a reconsideration of the local process.
- 2.4.1 To date, the assessments of eligibility for people who are not automatically entitled to a Blue Badge have been carried out by GPs. There is a cost of £27.77 for each letter written by a GP, and in 2009/10 the total cost of such letters was approximately £112,000. This was funded by the health service until April 2011, when the responsibility transferred to the local authority via DASS. However, the total amount given for this purpose is £36,357 in 2011/12 and £36,953 in 2012/13.
- 2.4.2 The current system of assessment is not financially viable and under the national reforms, other methods of assessment are permissible. As a suitably qualified professional, an occupational therapist is ideally placed to carry out such assessments. The practitioner would be employed in the local authority and use nationally recognised methods to carry out the assessment. If the recommendation is accepted, this will commence on 1 November 2011, and be fully operational by 1 December 2011.
- 2.4.3 Consideration is also being given to self assessment for those people whose application is a renewal; 71% of all badges issued in 2009/10 were in this category. If self assessment is used, a random sample of 10% of badge renewals will be carried out every year in order to reduce the risk of fraud and confirm entitlement. This will concentrate on people who do not receive any other service from the Department.
- 2.4.4 The price for each new badge from the new central provider will be £4.60, charged to the local authority. Work undertaken by CSED for the Department for Transport in 2008 calculated a total cost to local authorities of £35 per badge. The Department for Transport has raised the maximum fee that can be charged to a successful applicant from £2 (the same level as 1971) to £10. Most local authorities will be introducing this charge including Sefton, which will cover the price of the badge (including postage), and make a realistic contribution towards the administration and assessment of the badge. If the recommendation is accepted, this will become effective from 1 January 2012.

### **3.0 RELEVANT RISKS**

- 3.1 The reforms to the scheme are national, although implementation is the responsibility of the local authority, which must be in a position to do so by 1 January 2012.
- 3.2 The funding levels for the scheme are substantially lower than the amount of finance claimed in previous years by General Practitioners. There is a substantial risk of overspend within this budget, and the new system of assessment will need immediate implementation in order to reduce the level of overspend.
- 3.3 Implementation of the reforms will reduce the amount of time which is currently spent by One Stop shop staff in distribution of the badges. There are other areas of risk, however, which will now be able to receive attention, such as making sure that badges which belonged to a deceased person are returned to the authority.
- 3.4 There may be some people who will not receive a badge or have their badge renewed as a result of an Occupational Therapy assessment. This may lead to an increase in complaints to the Department.

### **4.0 OTHER OPTIONS CONSIDERED**

- 4.1 Consideration has been given to maintaining the current system of assessment and payment. However, there is a financial imperative to changing this. In addition, using fewer assessors will bring a level of consistency into the process which has not been previously available.

### **5.0 CONSULTATION**

- 5.1 The revised process has been developed between officers within the Department of Adult Social Services and Finance Department. Views have also been sought from Parking Enforcement colleagues.
- 5.2 On a national basis, consultation took place with disabled people's groups and older people's groups, and an Equality Impact Assessment was carried out.

### **6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

- 6.1 People using a Blue Badge may contact a relevant voluntary organisation for advice and information. Local groups and organisations will need to be made aware of the reforms, and of the local implications.

### **7.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS**

- 7.1 The amount of finance allocated to the local authority by the Department of Health is substantially smaller than the level of claims made by GPs in 2009/10.

- 7.2 The national reforms may require some work with the current IT systems in order to ensure compatibility.
- 7.3 An increase in staffing for assessments will be required, although the time spent by staff in the distribution of badges will diminish. Other duties connected to Blue Badges, such as the collection of badges which are no longer needed, can be undertaken.
- 7.4 Disabled parking is used on public highways and in Council-owned car parks.

## **8.0 LEGAL IMPLICATIONS**

- 8.1 Wirral is required to work with the national reforms for parking for disabled people, including the adoption of a centralised system for the distribution of parking badges.

## **9.0 EQUALITIES IMPLICATIONS**

- 9.1 The implications for equalities relate to people with a disability or mobility challenge. The majority of Blue Badge users are older people.
- 9.2 The Department for Transport undertook a full equality impact assessment and consulted relevant disability and age related organisations. A local Equality Impact Assessment is not needed on this basis, although local organisations will be prioritised in the publicity and briefing of the new process.
- 9.3 Is an Equality Impact Assessment required? No.

## **10.0 CARBON REDUCTION IMPLICATIONS**

- 10.1 None.

## **11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

- 11.1 The national reforms are targeted towards a reduction in the potential for fraud, which has an estimated cost of £46 million nationally per year.

## **12.0 RECOMMENDATION/S**

- 12.1 That Cabinet
- i) Confirms the adoption of the new national regulations from 1 January 2012.
  - ii) Implements the new assessment process for eligibility from 1 November 2011.
  - iii) Increases the charge for a Blue Badge from £2 to £10 for the life of the badge.
  - iv) Accepts the Access Agreement which enables Northgate Information Solutions to distribute the Blue Badges and provide Software Solutions for the Authority.

### 13.0 REASONS FOR RECOMMENDATIONS

- 13.1 Each local authority in England is required to adopt the new process for the distribution of Blue Badges and adhere to the regulations to be introduced on 1 January 2012.
- 13.2 Payment for assessment of eligibility was made to general practitioners on a piece by piece basis; in 2009/2010 this amounted to approximately £112,000. The funding allocated to the local authority for this service is £36,357. Therefore, a different assessment process to test eligibility will be necessary.

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### APPENDICES

N/A

### REFERENCE MATERIAL

N/A

### SUBJECT HISTORY (last 3 years)

Council Meeting	Date
N/A	

## **Context**

The Equality Duty 2010 places general and specific duties on public organisations:

1. General Duties (legal requirement)

- (1.1) To eliminate unlawful discrimination, harassment and victimisation
- (1.2) To advance equality of opportunity
- (1.3) To foster good relations between different groups of people

2. Specific Duty (legal requirement)

(2.1) Publish sufficient information to demonstrate compliance with general duties **by 30 July 2011**, including:

- (2.1.1) Information on the effect that policy / funding decisions will have / have had on protected groups (race, gender, disability, gender reassignment, age, pregnancy and maternity, religion and belief, sexual orientation, marriage and civil partnership).
- (2.1.2) Evidence of analysis undertaken.
- (2.1.3) Evidence of information used in analysis.
- (2.1.4) Details of any engagement undertaken (internal and external)

## **Implications for Report Authors**

To ensure compliance with the legal requirements of the Equality Act 2010, Report Authors must give due consideration to protected groups when making policy and / or funding decisions which will affect services, the workforce or communities. Such consideration must be documented (for example, within minutes, reports, equality impact assessments).

Therefore, please find a template overleaf for Report Authors to use as a prompt when assessing impact.

## Assessing Impact of Policy and Funding Decisions

1. What is being proposed?
  - A change to the assessment process for disabled parking badges
  - An increase in the charge for a badge to members of the public
  - The adoption of a national distribution scheme
2. Is the proposal part of the Corporate Plan? If so, which objective?
3. Has a criteria been drawn up for making a decision? If so, what are the criteria?

The criteria has been set nationally for the implementation of the new system.

4. Have you consulted or taken advice from anyone (internal or external) to inform your decision? If so please state who.

Decision informed by national guidance, change in the payment system by the Department of Health for assessments.

Department for Transport carried out an Equality Impact Assessment.

5. What information, data or research have you used to inform your decision?

Department for Transport documentation including commissioned research and CSED studies into efficiency savings.

6. Will the proposal have a favourable or negative impact on any of the protected groups (race, gender, disability, gender reassignment, age, pregnancy and maternity, religion and belief, sexual orientation, marriage and civil partnership)?

No negative impacts although it will affect older people and people with a disability.

7. What is your decision?

My recommendations are to adopt the national system of allocation of Blue Badges; to implement a new system of assessment, and to increase charges from £2 to £10.

## WIRRAL COUNCIL

### CABINET

13 OCTOBER 2011

<b>SUBJECT:</b>	<b>UPDATE ON PUBLIC HEALTH REFORM</b>
<b>WARD/S AFFECTED:</b>	<b>ALL</b>
<b>REPORT OF:</b>	<b>DIRECTOR OF PUBLIC HEALTH</b>
<b>RESPONSIBLE PORTFOLIO HOLDER:</b>	<b>COUNCILLOR ANNE MCARDLE</b>
<b>KEY DECISION?</b>	NO

#### 1.0 EXECUTIVE SUMMARY

- 1.1 The Government published *Healthy Lives, Health people: Update and way forward on 14 July 2011*, a policy statement in response to the public health white paper *Healthy Lives, Healthy People: our strategy for public health in England* consultation process and the NHS reforms listening exercise.

This report provides an overview of the key messages contained in the report and how they will impact on the Council. It also considers the milestones that will need to be addressed in the transition of public health into the Council. A further transition plan report will be brought to Cabinet in November.

#### 2.0 BACKGROUND AND KEY ISSUES

- 2.1 The update indicates that there was general support for the main measures in the White Paper – including transferring public health responsibilities to local authorities and creating Public Health England. However, there were also concerns about some of the details, such as the status of Directors of Public Health and the independence of public health advice. This has led to some clarification and shifts in emphasis, including the following.

- Local authorities will have responsibilities across all three domains of public health – health improvement, health protection and population healthcare, and will be required to deliver certain services.
- Directors of Public Health (DsPH) should be senior officers of councils reporting to local authority chief executives.
- Local authorities and their DsPH will be required to provide advice to clinical commissioning groups.
- Public Health England will now be an Executive Agency of the Department of Health to ensure greater operational independence, but in a structure that is clearly accountable to the Secretary of State.

The update also identifies the measures the government will take to engage with key stakeholders to further develop public health policy and practice. Councils and Public Health England will take on their responsibilities fully by

April 2013, but the government is encouraging shadow arrangements in preparation for the formal transfer.

## **2.2 Responsibilities of Local Government**

The policy statement confirms that local authorities will be responsible across the three domains of public health: health improvement, health protection and population healthcare. Wherever possible, commissioning decisions will be delegated to local levels, but the Secretary of State will have powers to prescribe through regulation that particular services should be delivered or steps taken, for example in health protection. The following will be mandatory for local authorities to deliver:

- appropriate access to sexual health services
- measures to protect the health of the population, with the DPH having a duty to ensure there are plans in place for this
- ensuring that NHS commissioners receive the public health advice they need
- the National Child Measurement programme
- NHS Health Check assessment
- elements of the Healthy Child Programme.

The government intends to work with stakeholders on further details and to produce a full list of the functions that would be prescribed in regulation.

A list of the other areas of responsibility for local authorities is provided in Appendix A of the policy statement. They include: tobacco control, alcohol and drug misuse, obesity and community nutrition, physical activity, public mental health, public dental health (apart from specialist dental public health), accidental injury prevention, population level interventions to reduce birth defects, lifestyle campaigns to prevent cancer and long term conditions, workplace health initiatives, reducing seasonal mortality, community safety, tackling social exclusion, and supporting/reviewing NHS delivered public health services such as immunisation programmes.

Further discussion is to take place on some functions such as the transfer of public health responsibilities for children under five and the responsibility for promoting early diagnosis in medical conditions.

## **2.3 Role of the Director of Public Health**

Directors of Public Health will have the following key areas of responsibility:

- will be responsible for all three domains of public health and
- will be the principal adviser on health to elected members and officers
- will be the officer charged with delivering key new public health functions
- will be a statutory member of the Health and Wellbeing Board
- will be the author of an annual report on the health of the population
- their teams will provide public health expertise, advice and analysis to clinical commissioning groups, Health and Wellbeing boards and the NHS Commissioning board.



In health improvement, they will lead on investing the ring-fenced grant. In health protection, they must ensure that the local area has plans in place to protect the health of the population and respond to the spectrum of incidents, outbreaks and emergencies. In population healthcare, they will provide advice and expertise to clinical commissioning groups and Health and Wellbeing boards. The government intends to work with stakeholders to develop a 'core public health' offer setting out what support NHS bodies should expect from the DPH.

DsPH will be jointly appointed by councils and Public Health England to ensure that appropriately qualified individuals are appointed, and that they receive continuing professional support and advice. The government indicates that 'it is for local authorities to determine the precise detail of their own corporate management arrangements' but they expect that the DPH would be of chief officer status, directly accountable to the Chief Executive and in line with the posts of Directors of Adult and Children's Services.

## **2.4 Funding**

The policy statement indicates that the government wants maximum flexibility for the ring-fenced public health grant to local authorities. It will have limited core conditions which define its purpose to ensure that it is spent on public health functions and has transparent accounting processes. The government will work with stakeholders to consider any possible additional conditions.

The policy statement also indicates that the government is continuing to establish the size of the budget through engagement with the NHS, 'and increasingly local government partners', to refine the assessment of baseline NHS spending on public health activity. Some of this funding will be distributed to local authorities in the ring-fenced grant, some to the NHS commissioning Board for commissioning specific public health programmes, and some would form the budget of PHE. The Advisory Committee for Resource Allocation is continuing to consider what it will recommend as an appropriate formula for the local authority grant. Shadow allocations will be made for 2012/13 by the end of this year. The government indicates that it is committed to ensuring that local authorities are 'adequately funded' for their new responsibilities. On the matter of the health premium (financial incentives to make improvements on a subset of indicators in the outcomes framework), the government indicates that it has considered the consultation response carefully and will undertake detailed developments in the coming months.

## **2.5 Health and Wellbeing Boards**

Health and Wellbeing Boards (HWBs) will have an important role in bringing together the whole system, driving opportunities for the health and wellbeing of the population and promoting joint commissioning and integration in health, social care and public health. The Health and Social Care Bill will make it clear that HWBs should be involved throughout the process of clinical commissioning groups developing their commissioning plans. The Wirral Health and Wellbeing Board had its preliminary meeting to determine the membership and terms of reference on 21 September 2011.

## **2.6 Responsibilities of the NHS**

The local NHS will also work across the three domains of public health. It will have to ensure that it is taking healthcare opportunities (e.g. GP contacts) to make a positive impact on public health. It will also deliver a range of specific population health interventions such as immunisation and screening, and will make a contribution to health protection and emergency response. The National Commissioning Board will commission some specialist health services from the public health budget, particularly screening and immunisation programmes.

The government has asked the NHS Future Forum to consider further the role of the NHS in improving health outcomes.

## **2.7 The role of Public Health England**

PHE will bring together expertise from a number of different bodies – the Health Protection Agency, National Treatment Agency for Substance Misuse, Regional Directors of Public Health, Public Health Observatories, the National Cancer Network and national screening committee. The aim is to establish an integrated public health delivery body to provide professional leadership, focus and ‘an authoritative national voice’. PHE will now be an executive agency of the Department of Health (DH) with its own distinct identity and a chief executive. PHE will operate at both local and national levels.

PHE will provide support for local delivery across the three domains and will have functions that need to be organised and aggregated at different levels to achieve maximum efficiency and this will include having a local presence. It will provide information, evidence, surveillance and leadership in topics such as the development of joint strategic needs assessment and population health outcomes. It will also be involved in encouraging health improvement action across society including local employers, individuals and families. Health protection and emergency response will be a key responsibility; the consultation raised concern that this was insufficiently robust within the new system. Appendix B of the policy statement sets out how the government intends to strengthen emergency planning arrangements.

At a national level, PHE will instigate national campaigns, such as Change4life. It will work with the National Institute for Health and Clinical Excellence on innovation and improvement and will operate on a UK, European and world-wide basis. It will work particularly closely with the NHS Commissioning Board and the DH, and the government is looking to develop details of the accountability relationship between these bodies

## **2.8 National leadership**

The Secretary of State will provide national leadership for the public health system. Detailed functions include being accountable to Parliament and the public for ensuring that the system works, setting the ring-fenced budget for public health from within the overall health budget, producing legislation where required, establishing the direction for public health nationally and locally, setting the national outcomes framework, holding PHE to account, participating in cross-UK and international development, and working across

Whitehall on issues that impact on public health, such as warm housing. To this end a Cabinet Sub Committee on public health has been put in place. The DH will continue to support the Secretary of State in the delivery of his functions.

## **2.9 Workforce development**

The policy statement indicates that the government is working with stakeholders to develop a public health workforce strategy to support specialist expertise and also a more inclusive approach to recognise that public health is not just a matter for professionals. In response to concerns about terms and conditions in the transition to local authorities, the government indicates that this is a matter for local areas, but it will be developing a high level HR concordat on transition in partnership with NHS and Local Government Employers. Public health organisations have consistently supported introducing independent regulation for the profession; the policy statement indicates that the government is seeking further evidence from the profession on risks to the public which could not be addressed by non statutory means. It will make final proposals in the autumn.

## **2.10 Future Developments**

Further policy statements and agreements will be produced throughout the autumn on the outstanding aspects of the public health system.

- The public health outcomes framework.
- An operating model describing how PHE will work.
- Further details about implementing public health in local government and the role of the DPH.
- Public health funding – establishing the baseline for expenditure, details of the allocation methodology, the health premium and shadow allocations.
- An HR Concordat with local government on the transition process.
- A People Transition Plan for the HR process of transfer to PHE.
- A comprehensive workforce development strategy – consultation in the autumn.

Regional Directors of Public Health are leading the transition of public health functions at a local level and must agree formal transition plans by March 2012.

## **2.11 Milestones for Transition**

The transfer of public health into the Council is now one of the Strategic Change Programmes, and a programme initiation document is currently being written. It will need to be refined after the publication of the policy documents described in section 2.10 above, particularly in respect of the HR concordat and the expected publication in December of the shadow public health budgets for local authorities. A transition report will be brought to the Cabinet in November for consideration of any policy issues and decisions required arising from the transfer.

Key milestones include:

Publication of the policy documents for implementing public health in local government and the HR concordat	October/November 2011
Agreement of the structural arrangements for public health within the Council (proposals will be contained in the transition plan Cabinet Report in November)	November 2011
Agreement of proposed timing of transfer of any appropriate staff from the PCT to the Council	November 2011
Publication of the shadow public health budgets and commissioning responsibilities for local authorities	December 2011

### **3.0 RELEVANT RISKS**

- 3.1 The main risks will become more tangible as detail emerges of future funding and human resource policies. The future funding could have implications for the delivery of public health outcomes if the resources are less than that which is currently invested in Wirral through the Primary Care Trust.

### **4.0 OTHER OPTIONS CONSIDERED**

- 4.1 Not applicable for this report

### **5.0 CONSULTATION**

- 5.1 Widespread consultation was undertaken on the White Paper for public health. The published policy statement is not intended for consultation. Consultation with staff affected by transfer will need to take place.

### **6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

- 6.1 Voluntary and community groups are currently supported locally through public health funding. Although there is no immediate change to this, any implications of a change in the level of budget available for public health through local authorities, or policies for local implementation or priority setting might have an impact in future and will need to be reviewed.

### **7.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS**

- 7.1 The main considerations for resources will come once the shadow budget is identified, and the human resource plans are published. These issues will be looked at in detail at that stage.

### **8.0 LEGAL IMPLICATIONS**

- 8.1 The responsibilities of local authorities in public health are identified in the draft Health & Social Care Bill which is making its way through the parliamentary processes.

8.2 If public health staff transfer to the Council prior to April 2013, then a formal memorandum of understanding will need to be put in place to manage any issues in relation to terms and conditions of work, as well as any agreement on liabilities for costs.

## **9.0 EQUALITIES IMPLICATIONS**

9.1 Has the potential impact of your proposal(s) been reviewed with regard to equality?

(c) No because of another reason: that this paper does not contain any proposals which would require an equality impact to be undertaken. It is an update on a national statement of policy. It would be useful to consider the equalities impact when the detail of the local responsibilities for public health is better understood.

## **10.0 CARBON REDUCTION IMPLICATIONS**

10.1 Not applicable for this report.

## **11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

11.1 Not applicable for this report.

## **12.0 RECOMMENDATION/S**

12.1 It is recommended that Cabinet note the contents of the report and request that a further report on transition is brought to it when more detail is available in relation to future responsibilities, budget and human resource issues.

## **13.0 REASON/S FOR RECOMMENDATION/S**

13.1 Further reports are expected in the Autumn on the development of budget allocations, public health outcomes and the local authority and Director of Public Health roles. A transition plan for Wirral will be constructed using this information during the late Autumn.

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## **APPENDICES**

*None*

## **REFERENCE MATERIAL**

Healthy Lives, Healthy People: Update and way forward. Published by the Department of Health.

**SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>
Health & Wellbeing OSC	13 September 2011
Cabinet Report	17 March 2011
Health & Wellbeing OSC	18 January 2011

## WIRRAL COUNCIL

### CABINET

13<sup>TH</sup> OCTOBER 2011

<b>SUBJECT:</b>	<b>WIRRAL'S HOUSING MARKET RENEWAL PROGRAMME END OF YEAR REPORT 2010-11 AND HOUSING INVESTMENT PROGRAMME 2011/12</b>
<b>WARD/S AFFECTED:</b>	<b>ALL</b>
<b>REPORT OF:</b>	<b>INTERIM DIRECTOR OF CORPORATE SERVICES</b>
<b>RESPONSIBLE PORTFOLIO HOLDER:</b>	<b>COUNCILLOR GEORGE DAVIES</b>
<b>KEY DECISION?</b>	<b>YES</b>

#### 1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to provide an update to members on the progress of the Housing Market Renewal Initiative in Wirral for the period April 2010-March 2011, in line with audit requirements. This will be the final report as the programme and associated grant funding was ended at the end of March this year.
- 1.2 The report seeks Cabinet's approval for Wirral's Housing Investment Programme for 2011-12 which comprises funding from the Council's Capital Programme, carried over HMR funds and Growth Point funding and capital receipts which totals £5.64m for this year.
- 1.3 The report also seeks Cabinet's approval to dispose of properties acquired as part of HMRI, which are now surplus to requirements. Receipts generated would be used to support the HMRI exit strategy.
- 1.4 The report advises cabinet that a further report will be submitted following the outcome of the HMRI Transitional Funding bid.
- 1.5 The report also seeks Cabinet's approval to use external solicitors to undertake necessary legal work to the value of £15,000 to complete the legal processes with developers.

## **2.0 RECOMMENDATION/S**

- 2.1 Cabinet is recommended to note the progress of the Housing Market Renewal Initiative in Wirral in the period April 2010-March 2011 (the final year of the programme) as detailed in this report.
- 2.2 Cabinet is recommended to agree the Housing Investment Programme 2011-12 for Wirral, set out in Appendix 1 to this report.
- 2.3 Cabinet is recommended to authorise the Interim Director of Corporate Services (in consultation with the Director of Law, HR and Asset Management) to dispose of the 21 surplus HMRI properties referred to within this report. The Interim Director of Corporate Services (in consultation with the Director of Law, HR and Asset Management) be further authorised to determine the method of disposal for each property as he considers most appropriate in the circumstances.
- 2.4 Cabinet is recommended to note that a further report will be submitted when the outcome of the HMR transition bid is known.
- 2.5 Cabinet is recommended to agree to the use of external solicitors to assist with the legal work, to the value of £15,000 arising in connection with outstanding legal work as set out in this report.

## **3.0 REASON/S FOR RECOMMENDATION/S**

- 3.1 The annual HMRI performance report is an audit requirement and a legacy of the monitoring of the programme by the Department of Communities and Local Government (CLG) and the Audit Commission
- 3.2 The Council approves its Housing Investment Programme on an annual basis and delegates authority to officers to implement the programme in line with its budgets. This report is usually presented to Cabinet over the Summer but uncertainty in funding in 2011/12 has led to this report being presented in Autumn this year.
- 3.3 The disposal of surplus properties reduces maintenance expenditure on land and buildings in support of one of the principal objectives of the Asset Management Plan and the Council's Corporate Policy to improve use of the Council's land and assets.
- 3.4 Approval is needed to retain the services of Hill Dickinson Solicitors to enable the completion of the legal processes in connection with the private sector developers

## **4.0 BACKGROUND AND KEY ISSUES**

- 4.1 The Newheartlands Business Plan for the 2008-11 programme was approved by Cabinet on 4<sup>th</sup> October 2007. This set out the vision for Wirral's HMRI Strategy, specific housing market renewal objectives, priorities for investment and a range of programme scenarios. The overall HMRI Programme for 2008-11 was agreed by Cabinet on 9<sup>th</sup> July 2008.
- 4.2 In 2008, Newheartlands (the Merseyside Housing Market Renewal Pathfinder) was allocated financial resources for 2008/09 with indicative allocations for 2009/10 and 2010/11. The subsequent allocations for both 2009/10 and 2010/11 were both



lower than the original indicative amounts. For 2010/11 Wirral was originally allocated £9.11m. Following an announcement in May 2010 that the national HMRI programme was to be reduced by £50m, Wirral's allocation was subsequently reduced to £7.437m, in line with similar proportional reductions for our HMRI partners, Liverpool and Sefton Councils. The reduction in HMRI resources necessitated revision of the Council's Housing Investment Programme, which was agreed by Cabinet on 22<sup>nd</sup> July 2010. This programme built upon priorities and initiatives previously reported and consisted of the following schemes:

- Birkenhead Clearance
- Rock Ferry (Fiveways) Clearance
- Tranmere (Church Road) Clearance
- Tranmere (Borough Road) Clearance
- Wallasey (Royston/Woodhall avenues) Clearance
- Strategic Site Assembly
- Facelift Improvements
- Private Sector Home Improvements
- Private Rented Sector Home Improvements
- Living Through Change
- New Build

- 4.3 The Regional Housing Pot (RHP) allocation for 2010/11 was £2.355m, substantially lower than the 2009/10 allocation of £5.241m. The majority of the RHP allocation has been used as match funding to Housing Market Renewal Resources. The remainder has been used to fulfil statutory responsibilities, both within and outside the HMRI area.
- 4.4 The mid-year reduction in HMRI resources led to a number of challenges. The main challenge involved property acquisition commitments exceeding the resources available, largely in North Birkenhead. Property owners and residents had reasonable expectations of moving house after agreeing a sale price but there was insufficient funding available to meet these expectations. Towards the end of the year the Council was successful in both securing and utilising £2.1m of additional capital resources from the Homes and Community Agency to assist with these acquisitions. The additional funding enabled completion of a number of urgent acquisitions and capital resources (Regional Housing Pot / Growth Point) to be carried over from 2010/11 to fund committed clearance schemes in 2011/12.
- 4.5 Following the Government's Comprehensive Spending Review last year, both the Housing Market Renewal Initiative (HMRI) and the Regional Housing Pot (RHP) were terminated from the end of March 2011. The HMRI was originally planned to be a 15 year programme but was cancelled prematurely, after eight years, with Pathfinder authorities encouraged to seek alternative funding through the new national Regional Growth Fund. Wirral submitted two Round 1 bids in conjunction with local authority and preferred developer partners however; there were 464 bids to the value of £2.8 billion bidding for funding from a pot of £450m. Only 50 bids were successful and unfortunately Wirral's bids were unsuccessful. A further bid for Regional Growth Fund resources as part of Round 2 has been submitted.
- 4.6 In addition to the Regional Growth Fund, the Government has also made available £5m in transitional revenue funding to the Pathfinders over the next 2 years to

provide local capacity to exit former HMRI areas. A bid was submitted with the aim of providing a specialist resource to be able to review and rework intervention programmes within the Merseyside Market Renewal area. This is in line with the Government's localism agenda and makes best use of the new funding regimes, which have emerged following election of the coalition. I am pleased to report that it has been announced that the Merseyside bid was successful and it has been awarded £330,000 over 11/12 and 12/13. Wirral will receive £44,000 in 2011/12 and £48,000 in 2012/13. Centrally, this will provide funding to sustain a small team of experienced staff formerly part of Newheartlands. The team will conduct a review of the programme, engineer projects in the short to medium term using the new policy framework and assist with financial feasibility work as new models are explored.

4.7 In addition to the local capacity resources the Government has also made available £30m transitional capital funding to the 5 worst affected HMR areas to achieve a structured exit to the programme and to specifically help people trapped in stalled clearance schemes. Merseyside is one of these 5 areas and a joint bid for resources was submitted in July this year. Wirral's share of this bid is £3m. Since submitting the bid further details have been requested by the CLG to assist assessment process and this was provided in September 2011. A decision about the allocation of this funding is expected later this year.

4.8 In addition to preparing bids for the limited funding opportunities being made available by Government through the HCA and other agencies, the Council has also been actively engaging with all Government agencies to lobby for investment to be maintained in HMRI and other housing programmes. This has involved a number of high profile representatives from HCA, Government and the opposition visiting the area and/or meeting members and officers.

## 5.0 THE HOUSING MARKET RENEWAL PROGRAMME 2010-11

5.1 The targets for the 2008-11 Programme and two financial years that made up the programme were agreed by Cabinet on the 9<sup>th</sup> July 2008. The targets for 2010/11 were subsequently revised following the reductions in funding. In summary, the key output targets and performance for the year 2010/11 are:

	Target April 2010-March 2011	Actual Performance April 2010-March 2011
Acquisitions	78	91
Demolitions	168	186
Home Improvements (incl. Group Repair/Facelift	107	104
Energy Efficiency Improvements	577	872
New Build RSL	120	90
New Build Private	115	181

5.2 The following sections of the report set out the detail of each of the initiatives mentioned in 4.2 & 5.1 above.

## 6.0 CLEARANCE

**6.1 BIRKENHEAD PHASE 1**

Demolition of houses on Station Road/Tyrer Street was completed. There is still an advertising hoarding to acquire to complete site assembly prior to housing redevelopment by Keepmoat Homes.

**6.2 BIRKENHEAD PHASE 2**

Progress with acquisitions in both the Milner/Carrington Street and Bray Street Clearance Areas was good with 23 properties acquired by agreement. There are 6 remaining properties and 2 leaseholds in Milner/Carrington St and 1 property remaining in Bray Street to be acquired for site assembly completion. 102 demolitions were completed in both areas, including the former Council owned and run Cavendish Enterprise Centre. The Council's private sector partner, Keepmoat Homes, will develop the Bray Street site when the final acquisition and demolitions are completed, which is anticipated to be later this year. The redevelopment will produce up to 82 new housing units.

6.3 9 non-residential/businesses that moved from the Cavendish Enterprise Centre benefited from Rent Relocation Support Grant to help them relocate. These gap funding payments are made on a reducing basis for a period of 5 years.

6.4 48 strategic acquisitions were made in Thorneycroft/Plumer/Rundle Street at the request of individual owners. 3 strategic acquisitions were made in the Laird Street/Corporation Road Neighbourhood Options Appraisal area in North Birkenhead.

**6.5 TRANMERE**

2 units were acquired by agreement in the Church Rd Masterplan area and 15 properties demolished. There are 7 commercial units and 1 residential property still to be acquired. No acquisitions/demolitions were completed on Borough Road. The redevelopment programme has begun with 55 new houses built on Whitford Road and the Church Rd retail scheme is due to begin shortly.

**6.6 ROCK FERRY**

2 private properties were acquired through agreement and 55 properties demolished. The outstanding acquisition has now been completed. Over 80 of the new houses in phase 1 of the Lovell development are occupied and residents include a number of occupiers from the clearance area.

**6.7 WALLASEY**

Both the remaining commercial acquisition in the Woodhall/Royston Avenue Clearance Area and the demolition of the final properties were completed during 10/11. The site is currently being redeveloped by Cosmopolitan Housing Association.

6.8 3 strategic acquisitions were made on King Street and an emergency demolition was undertaken at 33 Trafalgar Road due to structural instability. 1 further unit was acquired in Trafalgar Road and plans are being made to demolish all Council owned units in this terrace later this year.

6.9 Remaining funds originally allocated to strategic site assembly in Wallasey amounting to £890,000 have been carried forward into 2011/12.

## **7.0 CRAVEN/PATERSON STREET NEIGHBOURHOOD FACELIFT SCHEME**

7.1 The scheme involves externally renovating 272 properties, with an additional option to install solar thermal water heating. The scheme offers a 75% grant with a means tested household contribution of up to 25% and is being implemented in two phases.

7.2 Phase 1 completed in June 2010 with 117 properties renovated externally.

7.3 Phase 2 started in November 2010 and involves a maximum of 155 houses. The contract is scheduled to complete by November 2011. Upon completion, there are no further schemes planned.

## **8.0 PRIVATE SECTOR HOME IMPROVEMENTS**

8.1 1 Equity Renewal Loan was provided within the HMRI area to renovate a property to the Decent Home Standard. This is currently the only active Equity Renewal Loan case in the HMRI area. A number of properties were planned to be improved to the Decent Homes Standard as part of the HOUSED scheme run by the Empty Property Team, however, the mid year reduction in funding prevented implementation.

8.2 HMRI Energy Efficiency funding directly assisted 470 households, in addition to the 402 households in the area assisted by the Government's Warm Front Grant. Outputs were higher than forecast, mainly due to heating grants being for lower value works and due to more CERT funding for insulation measures. 10 solar water heating systems were installed in "The Triangles" area of Birkenhead, which completed the original offer for residents who underwent the Group Repair scheme.

## **9.0 LIVING THROUGH CHANGE**

9.1 The Living Through Change programme covers a number of non-physical interventions aimed at maintaining environmental standards, community safety and community cohesion through the Housing Market Renewal areas. In addition, the programme covers some environmental improvements. The programme supports the Clearance, New build and Improvement programmes and reduces the potential negative impact on residents in the Housing Market Renewal areas.

9.2 During the period April 2010 to March 2011 the following activity has taken place:

- Live Wirral Wardens dealt with 2482 fly tipping incidents and secured 999 properties to maintain environmental standards and keep the HMRI area clear of fly tipping
- Live Wirral Wardens have dealt with 6279 requests from residents.
- The HMRI Anti-Social Behaviour Officer dealt with 125 active enforcement cases within the HMRI area.

- The Homemovers Service completed 99 cases to assist households affected by clearance, with 16 cases ongoing. 9 first time buyers have been assisted into home ownership in the Housing Market Renewal area through the First Homes scheme which provides guidance and financial assistance and access to support services.
  - The Handyperson Service has carried out basic maintenance works to assist 757 vulnerable people.
  - The Landlord Accreditation Scheme accredited 382 private rented properties.
- 9.3 As a result of the cessation of HMR funds the living through change programme has been scaled back to focus only on Landlord Accreditation, Homemovers and Handy Person Services. This has led to the loss of the Live Wirral Wardens Service.

## 10.0 **NEW BUILD**

- 10.1 Schemes completed on former clearance areas include 9 RSL rented properties in Holt Hill (Tranmere) and 30 open market sales by Lovell in Whitford Rd (Tranmere). 39 new build completions were achieved on phase 1 of the Sevenoaks redevelopment, with 25 of these units being RSL houses for rent and part ownership. These redevelopment schemes would not have occurred without HMRI intervention and have resulted in renewal of housing stock in some of the most deprived areas of the Borough.
- 10.2 Additionally, 14 houses for rent were built at Fox Street (Birkenhead) and an extra care scheme developed by Housing 21 was completed on the former Somerville Primary School site (Wallasey). Both of these schemes have addressed local housing needs with new accommodation.

## 11.0 **MARKETING AND PUBLICITY**

- 11.1 The Marketing and Communication focus continued with the “Live Wirral Love Wirral” brand and an intensive marketing campaign publicising the activities of the programme providing a platform to promote the HMR areas as exciting, vibrant places to live, work and play. Use of a mix of communication channels such as signage, events, outdoor advertising and newsletters, supported by a range of marketing collateral, has ensured key messages were communicated to all stakeholders and residents through a consistent strong flexible brand that promotes the key attributes of Wirral as an area in which to live.
- 11.2 Continued promotion of HMR funded services through sub brands has provided comprehensive information about products and services delivered through activities of the programme facilitating strengthening of the Live Wirral brand and enabling communication with the target audience. Sustained use of the Live Wirral website has ensured that up to date information regarding the programmes activities can be accessed by the community and stakeholders at all times.
- 11.3 Further activity included;
- Regeneration Enterprise Day with Prenton High School Year 10 Pupils
  - Regeneration Enterprise Day with Wallasey High School Year 10 Pupils
  - Tranmere Show

- Landlord Expo
  - Art for Places
  - Neighbourhood Resource Centre Open Day
  - Fire Service Life Project
  - Build Wirral - Meet the Developer Event
  - Sponsorship of Park High Students 'Hooked on Fishing' Project
  - NewHeartlands Community Awards
  - Sevenoaks Residents Garden Competition
- 11.4 Press Releases issued:
- Design awards shortlist for Wirral regeneration project
  - Awards Success for Wirral Regeneration
  - Better Homes for Wirral Residents
  - Rock Ferry Residents move into New Homes
  - Get Thousands to Revamp your Empty Property
  - First Time Buyers Get a Leg Up on the Property Ladder
  - Residents set to choose Wirral's art spot!
- 11.5 The Council was short listed for a HCA National award for Regeneration for its work in Tranmere and Rock Ferry.
- 11.6 With the unexpected cessation of the HMRI Programme careful planning is now required to deal with all ongoing schemes to ensure satisfactory completion within a reasonable timescale. Any HMRI schemes yet to be started are now unlikely to proceed. The Housing Capital Programme for 2011/12 takes into account part finished HMRI schemes and legal commitments such as Development Agreements. The cessation of HMR funds has led to a scaling back of marketing, publicity and place making. The key issue now is managing expectation in neighbourhoods where HMR has been investing.
- 12.0 THE HOUSING INVESTMENT PROGRAMME 2011/12**
- 12.1 The Housing Investment Programme 2011-12 which builds upon priorities and initiatives in previous reports consists of the following initiatives, for which Cabinet's approval is sought:
- Birkenhead Clearance
  - Rock Ferry (Sevenoaks/Fiveways) Clearance
  - Tranmere (Church Road) Clearance
  - Tranmere (Borough Road/Belmont) Clearance
  - Wallasey (Trafalgar Road) Clearance
  - Facelift Improvements
  - Private Sector Home Improvements
  - Private Rented Sector Home Improvements
  - Healthy Housing Initiative
  - Empty Properties
  - New Build

The following information sets out the revised funding for each of the above initiatives.

## **13.0 CLEARANCE**

### **13.1 BIRKENHEAD**

Housing capital funds from the former RHP, Growth Point and recycled capital receipts to a value of £1.79m rolled over from 10/11 will allow for further acquisitions to be made in Birkenhead Areas 1 and 2 (Milner/Carrington Streets, Bray Street, Thorneycroft/Plumer Streets and Station Road/Tyrer Street areas) The resources will meet commitments previously agreed in 10/11 and also allow for the potential acquisition of the remaining units in Bray Street, Milner and Carrington Streets and Station Road and Tyrer Streets and at least 1 property in Belmont. Resources will also be used to fund Relocation Loans where appropriate to support low income homeowners to move.

13.2 In addition, Capital Programme funding provided from the Council's own resources will pay for any further demolition, as and when appropriate and Rent Relocation Support payment commitments. A total of £160K will available to support demolition costs across all clearance schemes and £38K will be available for Rent Relocation Grant Support commitments.

### **13.3 ROCK FERRY**

Housing capital funds to a value of approximately £150K, rolled over from 10/11 has been identified for the acquisition of the remaining property. This acquisition has now been completed and marks the final acquisition by agreement of 300 properties spanning a 6 year period. The completion of the outstanding acquisition and the demolition of the remaining units will make land available for a further 169 new housing units to be built as part of phase 2, by the Council's appointed developer Lovell. It is planned that Lovell will commence phase 2 (total 135 units), following the completion of phase 1 (76 of 148 dwellings, remaining to be completed), thereby delivering a total of 283 new homes across the site for owner-occupation and shared ownership.

13.4 Capital Programme funding provided from the Council's own resources will pay for remaining demolition. A total of £160K will available to support security and demolition costs across all clearance schemes

### **13.5 TRANMERE**

£884k Housing Capital rolled over from 10/11 will be used to fund the land value deficit of the former Abakhan site to facilitate commercial redevelopment and compensation associated with the acquisition of 2 of the remaining commercial properties, subject to negotiations. Planning permission has already been secured for this major mixed use redevelopment, consisting of 100 new houses, 55 apartments and 9 A1 retail units, which it is hoped will be as successful as the Urban Village proposals on Old Chester Road in Lower Tranmere. A total of £160k will be made available to support demolition across all areas of intervention.

### **13.6 WALLASEY**

£34,000, will be used to demolish 23-37 Trafalgar Road and make good the cleared site and adjoining buildings. This action will remove long term vacant and derelict buildings which have blighted the local area for many years.

RHP funding of £890k, previously allocated towards strategic acquisitions in the Wallasey Neighbourhood will be rolled over from 10/11. Prior to committing these resources it is intended to wait for the outcome of the HMRI Transition capital funding bid. It may be appropriate to redirect all, or a proportion of, the RHP resources to support any funding award achieved through this bid, particularly if the resources allocated are lower than necessary to achieve the outcomes. The outcome of the HMRI Transitional bid will be reported back to Cabinet.

#### **14.0 FACELIFT IMPROVEMENTS**

- 14.1 £1m recycled contributions from Phase 1 of the Facelift scheme will be used to complete Phase 2, currently on site in Craven Street, Birkenhead. Completion of the scheme will mark the end of the successful block repair programme started under the HMR Initiative which will result in the external improvement of 274 houses. The scheme will be evaluated in a similar manner to the Triangles Group Repair Scheme in Birkenhead, which has proved very successful with local residents.

#### **15.0 PRIVATE SECTOR HOME IMPROVEMENTS**

- 15.1 Housing Capital Programme resources of £300K will be made available to fund at least 50 Home Repair Assistance Loans. These borough wide loans provide up to £6K towards small scale emergency works where there is deemed to be a risk to the health and safety of the occupants. A further £90k will be used to fund 3 Equity Renewal Loans/Renovation Loans up to £30k each, for major repair works to sustainable properties. Additional RHP carry-over resources will be used to finish committed work started in 10/11.

#### **16.0 PRIVATE RENTED SECTOR IMPROVEMENTS**

- 16.1 The Council's Landlord Accreditation scheme providing incentives to landlords to improve their properties, was previously HMRI funded but in 2011/12 will be accommodated by the Community Fund. The Landlord Accreditation team are currently looking at income generating activities, which may contribute towards future costs.

#### **17.0 HEALTHY HOMES INITIATIVE**

- 17.1 Housing Capital Programme resources of £105K will be made available to fund Fire Safety Loans and priority HRA Loans where particularly vulnerable households with Category 1 hazards are identified through the scheme.

#### **18.0 EMPTY PROPERTIES**

- 18.1 £125k housing capital programme resources will be used to fund the cost of improvement works to properties that have been empty for more than 12 months via 60 Empty Property Grants of £2,000 each. The grant will be paid once the properties are re-occupied. Additional RHP carry-over resources will be used to finish committed work started in 10/11.



## 19.0 NEW BUILD

- 19.1 During 2011/12 the retail development of the former Abakhan site on Church Rd is due to start and phase 1 of the Sevenoaks redevelopment in Rock Ferry is due to complete, enabling Lovell to begin the development of phase 2. It is also anticipated that the Bray St site will be fully assembled later in the year enabling Keepmoat Homes to initiate the first phase of a new residential development in North Birkenhead.

## 20.0 COMMUNITY LED HOUSING

- 20.1 The scale of future new build resulting from HMR investment presents potential for community led new build housing products. This potential will be explored further with local developers and the HCA, to enable some of the momentum built up in these areas to be maintained in the future.

## 21.0 NEW HOMES BONUS

- 21.1 New Homes Bonus commenced in April 2011 and provides match grant funding for the additional Council Tax raised for each new home and property brought back into use for a period of 6 years. The grant is based on the national average for the Council Tax Band for the new properties/properties brought back into use. This grant is un-ringfenced. On 21<sup>st</sup> July 2011 Cabinet agreed to use £940,000 of Wirral's New Homes Bonus as match funding for the HMRI Transitional Fund bid previously mentioned in 4.7. In addition £60,000 was agreed to support the HOUSED programme and renovate 7 empty properties over 2011/12 and 2012/13. These properties are being subsequently sold to generate a capital receipt in the region of £0.5m, which will be recycled into the Council's Housing Capital Programme.

## 22.0 DISPOSAL OF SURPLUS HMRI PROPERTIES

- 22.1 Members will be aware of the Council's need to reduce expenditure on land and buildings in support of the Asset Management Plan and the Council's Corporate Priority to improve land and asset use. Accordingly, the properties listed below acquired as part of the Housing Market Renewal Initiative, are now surplus to operational requirements and need to be disposed of. All of these properties are currently vacant and incurring ongoing security, insurance, Council Tax and utility costs.

- **26, 50, 56, 94 & 111 Craven St and 9, 10 & 73 Paterson St, Birkenhead**  
These eight properties were acquired in association with the Craven/Paterson St Facelift Scheme and were intended to be used as clearance decant properties or offered to first time buyers. The properties have been renovated externally and are therefore structurally sound but limited funding availability has prohibited internal rehabilitation. The internal conditions will limit their resale value but they will provide good potential homes for those able to carry out the internal rehabilitation.
- **50, 58, 112, 129/131, 137, 346 & 356 Laird St, 62 Brassey St and 845 Corporation Rd, Birkenhead**

These nine properties were acquired in association with Neighbourhood Option Appraisals and Clearance Areas for use as decant properties for clearance participants. They represent a mix of residential and commercial accommodation in varying states of repair. It should be noted that 129/131 Laird Street has since been let to a charity shop operated through the North Birkenhead Development Trust. The original lease was for 6 months. This has now expired, but due to the success of the shop, the lease has been and will continue to be renewed on a monthly basis until the property is eventually sold.

- **57 Palatine Rd, Wallasey**

This property was acquired as part of the Empty Property Team's HOUSED scheme to bring long term void properties back into use. This property was one of 6 properties acquired and renovated for subsequent re-sale. This is the only property in the scheme to remain unsold.

- **85, 87 & 89 King St, Wallasey**

These three derelict properties were acquired as strategic acquisitions to facilitate regeneration of a terrace on the King St corridor. Since their acquisition the private sector has invested in the locality and the Council has received expressions of interest regarding their rehabilitation. Disposal to the private sector would therefore save Council resources. Due to the location of these units on a main transport route, any sale will be conditional to ensure suitable renovation

22.2 As the properties listed represent different accommodation types and various states of repair the Head of Asset Management will consider alternative methods of disposal appropriate to each asset. Depending on his conclusions, certain of these assets may be recommended for sale by private treaty or by other methods. Sale at auction is the preferred method of disposal when other avenues, if appropriate, have been exhausted. Some of these properties will be required to offer 'stock swaps' with housing associations that have homes in clearance areas. This is the first priority. After these stock-swaps have been agreed, officers will utilise the New Homes Bonus allocation set aside to refurbish empty homes for sale. Members are advised that the target of renovating 7 empty homes using £60,000 of NHB may be difficult to achieve as the residual empty property stock owned by the Council after the RSL stock swaps are completed may be of a poor internal condition. Capital receipts from the sale of all empty homes are required as match funding for the HMR transition capital bid.

## **23.0 LEGAL SUPPORT**

23.1 Since 2006 the Council has retained Hill Dickinson Solicitors as its legal advisors in dealing with both Lovell and Keepmoat Homes at a total cost of £152K. This has successfully resulted in two Development Agreements being in place to build 800 new homes and a shopping centre with private sector investment of £110m. The budget used to retain Hill Dickinson has now been spent but some important legal work is outstanding although near completion. Therefore Cabinet approval is sought for a further £15,000 to be allocated to retain Hill Dickinson until 31<sup>st</sup> March 2012 for a number of key tasks principally preparing the lease for the Church Road retail scheme, preparing the lease for the Keepmoat development

of the Bray Street site and that for Phase 2 of Sevenoaks (Fiveways) with Lovell. The £15,000 can be met from revenue funding for 2010/11.

#### **24.0 RELEVANT RISKS**

- 24.1 Failure to finish ongoing clearance and option appraisals started as part of the HMRI programme will put existing contractual obligations with our developers (Lovell and Keepmoat) and one of our previous funders, the Homes and Community Agency (HCA) at risk. This could result in litigation and/or claw back of funding, in the case of the HCA. In addition, the health and safety of any remaining residents living in any unfinished clearance areas may be at risk.
- 24.2 The acquisition of further houses in Thorneycroft/Plumer/Rundle Street area will increase the Council's land ownership and stake in the area. Future funding (yet unsecured) will be necessary to complete any outstanding acquisitions. There is a risk that this funding will not be secured, however, progressing acquisitions within available resources over a longer period of time will be an alternative option.
- 24.3 As with all outstanding acquisitions there is a risk that owners may not agree to sell to the Council. In this case the use of Compulsory Purchase Orders (CPO) may be necessary. There is a risk that the Council could lose a future Local Public Inquiry following an objection(s) to a CPO. Members should note that the land assembly already achieved in during the life of the HMRI programme has been by negotiation only, without the need to resort to CPO, however, consideration is now being given to the use of CPO powers to secure the outstanding acquisitions.

#### **25.0 OTHER OPTIONS CONSIDERED**

- 25.1 None. The proposed programme is smaller than in previous years and reflects the reduced funding available from various sources.

#### **26.0 CONSULTATION**

- 26.1 The results of the "Wirral's Future, be part of it" consultation campaign are reflected in the Housing Capital Programme, which also supports the revised Corporate Objectives. Extensive consultation takes place during the delivery of the Housing Capital Programme in the form of options appraisals, ongoing dialogue with partners, customer feedback surveys etc and the annual review of the Private Sector Housing and Regeneration Assistance Policy. This feedback informs the delivery itself, which is dynamic as opposed to static over the life of the programme.

#### **27.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

- 27.1 The Wirral Environmental Network (WEN) currently utilise the former site of 59/61 Trafalgar Road as a temporary community allotment, which has proved popular with local residents, in an area with few statutory allotments. This occupation is granted on a short term lease. The same group has expressed an interest in using the cleared site 23-37 Trafalgar Road for a similar purpose. Once the said site has been cleared it is proposed to investigate this option

further and, subject to there being no financial liability to the Council, to grant a lease to the WEN, pending the longer term redevelopment of this site.

- 27.2 The HMR Programme, working in partnership with Together Neighbourhood Management Pathfinder, Riverside Housing Association, local voluntary organisations and community members, facilitated the establishment of a Neighbourhood Resource Centre (NRC) within a vacant Council owned commercial property in Church Road. This has enabled a variety of services, including housing advice and information on programme activities, to be provided to residents within the local community. Public sector agencies, such as the PCT and Merseyside Police, and voluntary / community organisations have undertaken activities from the NRC, including training and employment courses which have been undertaken in conjunction with Involve Northwest. An example of the type of activities available for local residents is the opportunity to gain registration through the Construction Skills Certification Scheme to assist individuals in finding employment in the construction sector and this has proved very popular along with the healthy eating Bag-A-Bargain scheme which is now operating from the centre. The NRC was recently nominated for a 'Spirit of Merseyside' award aimed at recognising and celebrating the achievements and work of voluntary sector organisations and received the Community Cohesion Award in recognition of the work undertaken in helping to bond the local community and create a sense of belonging amongst residents. Whilst the premises used for the NRC was acquired for clearance purposes it is intended to continue using the building for the NRC until it becomes necessary to demolish to facilitate the redevelopment of the site by Lovell.

## **28.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS**

- 28.1 Wirral's HMRI programme has been primarily delivered by the Private Sector Housing Renewal Team, with appropriate support from other Council Departments. This team grew at the outset of the programme to ensure it had the right skills and capacity to deliver this flagship programme. At its peak the delivery team consisted of 48 staff, largely funded from the HMRI resources budget. Over time, as financial resources have reduced, the team has contracted through a combination of retirement/voluntary severance and redeployment and now consists of 21 staff. These remaining staff are responsible for the residual clearance programme and other core private sector housing functions such as empty properties, financial assistance and statutory enforcement of minimum standards. The remaining team is being funded by a combination of the Council's own resources, the Community Fund and the Primary Care Trust. The team is fewer in number in 2011 than prior to the outset of HMRI funding in 2003/4
- 28.2 The remaining Private Sector Housing Renewal team will be focussing on the delivery of the targets agreed in connection to both the Community Fund and the Council's Corporate Plan such as empty homes, HMO Licensing and Healthy Homes.
- 28.3 The financial resources identified in this report will enable the delivery of the Housing Investment Programme for 2011/12, as detailed in Appendix 1. Should additional funding be secured during the year a further report will be prepared showing the amendments to the programme.

- 28.4 It is not possible, at this stage, to quantify the total capital receipts that might be achieved from the disposal of surplus HMRI assets but current market conditions may mean that certain assets would be better sold by private treaty, which could offer an opportunity to maximise receipts. Receipts could subsequently be used to offset liability costs and support the HMRI exit strategy.
- 28.5 Planned demolitions will reduce the potential income generated under the New Homes Bonus for the following year but any new development and the reuse of empty properties will offset this loss by providing an additional income in future years

## **29.0 LEGAL IMPLICATIONS**

- 29.1 There may be legal implications if clearance plans are amended in respect of obligations to developers and risk of claw back of funding from the HCA if new build outputs are not delivered.

## **30.0 EQUALITIES IMPLICATIONS**

- 30.1 The Housing Investment programme will have a positive impact on some of the most socially and economically deprived areas of the Wirral. The programme will improve the quality of housing, bring back into use vacant dwellings and redevelopment of cleared sites with new build will help promote greater choice, increase quality and choice of housing for all local people.
- 30.2 An Equality Impact Assessment has previously been completed on 4th August 2009 for the combined delivery of the clearance, refurbishment and new build schemes in line with Housing Market Renewal Programme and the Private Sector Housing and Regeneration Assistance Policy. This Assessment has been reviewed in light of the revised programme for 2011/12.

## **31.0 CARBON REDUCTION IMPLICATIONS**

- 31.1 The continuation of the residual clearance programme will provide sites for housing redevelopment to at least level 3 of the Code for Sustainable Homes providing sustainable, lower carbon homes into the future.
- 31.2 The works completed in connection with the Neighbourhood Facelift Scheme incorporate energy efficiency measures and micro generation through solar thermal panel installations. These works reduce the carbon footprint of 100 year old houses into the future.

## **32.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

- 32.1 The HMRI programme has directly supported the Council's strategy for urban regeneration and the re-use of brownfield land and has supported the implementation of the Council's Interim Planning Policy for New Housing Development. The Housing Investment Programme for 2011/12 will continue to support these objectives. Relevant Planning Permission will be required for any housing redevelopment. Renewed planning permissions for the remainder of phase 1 (W/APP/10/01205, 148 dwellings approved 26<sup>th</sup> January 2011) and phase 2 of Rock Ferry (W/APP/10/01206, 78 houses and 57 apartments

approved 26<sup>th</sup> January 2011) have been granted to enable the development to be completed. Planning permission for the mixed use scheme of 100 dwellings, 55 apartments and 9 A1 retail units at Church Road in Tranmere was granted 1<sup>st</sup> April 2011(W/APP/11/00038). Applications for the redevelopment of Bray Street have been submitted but not yet determined.

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## APPENDICES

Appendix 1 – Housing Investment Programme 2011/12

## REFERENCE MATERIAL

*(Include background information referred to or relied upon when drafting this report, together with details of where the information can be found. There is no need to refer to publicly available material: e.g. Acts of Parliament or Government guidance.)*

## SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Cabinet – Wirral’s Housing Market Renewal Programme 2009/10	25 <sup>th</sup> June 2009
Cabinet – Wirral’s Housing Investment Programme 2010-11	27 <sup>th</sup> May 2010
Cabinet – Wirral’s Revised Housing Investment Programme 2010-11	22 <sup>nd</sup> July 2010
Cabinet – Wirral’s Housing Investment Programme 2010-11	14 <sup>th</sup> October 2010

## APPENDIX 1: HOUSING INVESTMENT PROGRAMME 2011/2012

### Funding Allocation

	RHP Carry Over	Capital Programme	Growth Point	Community Fund	Primary Care Trust	Capital Receipts & Recycled Contributions	Revenue and Reserves	Total
<b>Clearance</b>								<b>3,720,571</b>
Birkenhead	665,492		648,529			481,962		1,795,983
Rock Ferry		150,000						150,000
Tranmere		310,000				574,588		884,588
Wallasey	890,000							890,000
<b>Improvements to retained stock</b>								<b>1,929,143</b>
Private Sector Facelift Scheme						1,005,342		1,005,342
Equity Renewal Loans	10,327	90,000						100,327
Home Repair Assistance	13,464	300,000						313,464
Cosy Homes Heating		250,000						250,000
Empty Property Work	30,010	125,000						155,010
Healthy Homes (Fire Safety Loans)		105,000						105,000
<b>Staffing &amp; Resources</b>								<b>883,000</b>
				600,000	21,000	153,000	262,000	883,000

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## WIRRAL COUNCIL

### CABINET

**13TH OCTOBER 2011**

<b>SUBJECT:</b>	<b>PRIVATE SECTOR HOUSING AND REGENERATION ASSISTANCE POLICY 2011/12</b>
<b>WARD/S AFFECTED:</b>	<b>ALL</b>
<b>REPORT OF:</b>	<b>INTERIM DIRECTOR OF CORPORATE SERVICES</b>
<b>RESPONSIBLE PORTFOLIO HOLDER:</b>	<b>COUNCILLOR G DAVIES</b>
<b>KEY DECISION</b>	<b>NO</b>

#### **1.0 EXECUTIVE SUMMARY**

- 1.1 The purpose of this report is to seek approval of the Council's revised Private Sector Housing and Regeneration Assistance Policy (referred to as "the Assistance Policy") following consultation. This Assistance Policy is provided using statutory powers. Any revisions approved will be implemented with immediate effect.
- 1.2 The main emphasis of the proposed changes is to refocus the policy and financial assistance products on completing housing clearance commitments begun through HMRI, to prioritise home repair for vulnerable people, empty homes and HMOs. This report also updates Cabinet on the current position with the Council's Equity Loan administrator and proposes to replace equity based loans with interest free charges administered in-house, following the expiration of the current contract extension period.

#### **2.0 RECOMMENDATION/S**

- 2.1 Cabinet agree the revised Private Sector Housing and Regeneration Assistance Policy as set out in this report and that it is implemented with immediate effect.

#### **3.0 REASON/S FOR RECOMMENDATION/S**

- 3.1 The current Private Sector Housing and Regeneration Assistance Policy has now been operative for over 12 months, having been approved by Cabinet in May 2010. Guidance recommends that the policy should be regularly monitored, reviewed and amended (if necessary) to take into account changes in local circumstances and government policy. A commitment has previously been given by Members to

review the policy on an annual basis and the revised policy has recently been the subject of a public consultation exercise.

- 3.2 The contract for ART Homes Ltd to act as the Council's loan administrator in relation to the provision of Equity Relocation Loans and Equity Loans for Renewal was due to cease on 31st March 2011. With the agreement with ART Homes Ltd, Liverpool City Council and Sefton Council, this was extended for a further 6 months. This extension period has now expired and it is proposed to replace equity based loans with interest free charges administered in-house. This action is proposed due to the anticipated reduction in the number of loans being approved into the future.
- 3.3 The proposed introduction of fee charges relating to assistance to support property repair work and the gradual repayment of existing loans over time will generate an income. Approval is needed to recycle this income to support future assistance provided through the Assistance Policy.

#### **4.0 BACKGROUND AND KEY ISSUES**

- 4.1 The Regulatory Reform (Housing Assistance) (England and Wales) Order 2002 (referred to as the RRO in this report) gave Local Authorities the power to provide assistance to improve living conditions in their area. This assistance can be provided in any form and can include such things as advice about property improvements and financial assistance in the form of grants and/or loans. This power cannot be used unless a policy for the provision of such assistance has been adopted. Once adopted, the policy should be monitored, reviewed and amended (if necessary) to take into account changes in local circumstances and government policy. In this way, the policy should evolve over time to meet the needs and aspirations of Wirral residents. Any significant changes should be subject to consultation prior to being adopted and the public should be notified about the revised policy. In addition to the RRO, Part 1 of the Local Government Act 2000 allows Local Authorities to give financial assistance to any person in order to promote the economic, social and environmental well being of an area. This power supports the use of products aimed at non-residential interests involved in regeneration activity connected with housing schemes. Related products involving non-housing interests are also included in Wirral's policy.
- 4.2 On 27th of May 2010, Cabinet agreed to adopt the current Assistance Policy which details a range of assistance to support property owners. This assistance has been used to benefit residents and property owners throughout the borough and particularly those involved in the former Housing Market Renewal Initiative programme.
- 4.3 The current Assistance Policy introduced a number of new forms of local assistance, including a new Business Movers Support Service, provided by Invest Wirral, a small Empty Property Grant to encourage owners of empty properties to bring them back into use, the ability to respond quickly to secure funding opportunities in relation to carbon reduction measures and a new House in Multiple Occupation Fire Safety Loan. In addition, some amendments were also introduced to improve various products already available in light of operational

experience. The current Assistance Policy can be viewed using the following internet link:

<http://www.wirral.gov.uk/my-services/housing/housing-strategies-policies-partnerships/housing-regeneration-assistance-policy>

- 4.4 With the exception of the Equity based Relocation and Renewal Loans and the services provided by the Wirral Home Improvement Agency and the Handy Person Service, the majority of the assistance provided is currently administered free of charge to the recipient. Administration charges are made in relation to both Equity Relocation and Renewal Loans and a flat rate charge of £300 is paid for Independent Financial Adviser (IFA). In addition, the Wirral Home Improvement Agency charges a fee for its services which covers both supervision and administration and the Handy Person service makes a small charge. Administration and IFA charges are rolled into any subsequent loan.
- 4.5 On the 21<sup>st</sup> July 2011 Cabinet agreed to undertake a consultation exercise in relation to proposed revisions to the Council's Assistance Policy. This report provides feedback on the completed consultation exercise and proposes that the revised policy be adopted.

## **5.0 CONSULTATION**

- 5.1 The revised policy was subject to public consultation via the Council's website, local press and bespoke leaflets distributed via the Council's One Stop Shops. Council staff were also invited to comment on the proposed changes. No comments were received from members of the public about the proposed revisions, however, one comment was received from a member of staff regarding adapting the Home Repair Assistance product to assist with the Council's Healthy Homes Initiative.
- 5.2 Currently, the Council makes available loan assistance to certain categories of low income homeowners to undertake essential emergency repairs using Home Repair Assistance (HRA). Eligibility criteria restricts the availability of the HRA assistance, however, it is available borough wide. The approved budget for HRA assistance from 2011/12 is £300K. The Council has also approved a budget of £105K in 11/12 to support the Healthy Homes Initiative. These resources are to be used to target vulnerable people living in substandard housing conditions. Applicants make contact directly or via our partner agencies, including Merseyside Fire and Rescue Service, Police, social care professionals, GPs and medical professionals, Children's Centres and other agencies who work with particularly vulnerable groups. In order to utilise the resources available for Healthy Homes in the most effective way, it has been suggested that the existing HRA product be extended to include eligible residents involved in the Healthy Homes Initiative. The £105K budget available would be ring fenced to the Healthy Homes Initiative and provide essential financial assistance to those in most need, utilising the existing paperwork and procedures already in use to process HRAs as well as continuing to finance Fire Safety Loans in high risk HMOs as required.

## **6.0 SUGGESTED AMENDMENTS TO THE EXISTING POLICY**

6.1 The draft revised policy can be viewed using the link in 4.3 above:

- Assistance for relocation (in connection with demolition schemes)
- Assistance for renovation
- Other (help for first time buyers, Handyperson Service, CAB advice etc)

6.2 The following table summarises the products/services currently available, the reasons why individual products should be retained or withdrawn and where changes have been made (if any).

### **ASSISTANCE FOR RELOCATION**

<b>Assistance Currently Provided</b>	<b>Summary</b>	<b>Should it be Retained?</b>	<b>Justification</b>
Equity Relocation Loan	£35,000 (up to £55,000 in certain circumstances) repayable gap funding loan	No, however, to be replaced with an interest free loan providing a similar level of financial support – see 6.4 below	Existing clearance area commitments resulting from the former HMRI programme provide a demand for gap funding assistance be retained. Numbers of new loans are to be limited to the resources available* New loan product provides a similar level of financial support to the Equity based loan.
Homeless. Loss and Disturbance Payments	Financial compensation for moving from an area to be demolished equivalent to statutory payments	Yes	Existing clearance area commitments resulting from the former HMRI programme. Any new payments to be limited to resources available* These payments are equivalent to the statutory payments that would be made if Compulsory Purchase action is undertaken
Wirral Business Relocation Loan	£35,000 (up to £45,000 repayable gap funding loan	Yes	Existing clearance area commitments resulting from the former HMRI programme. There is a remaining business interest.
Homemovers Service	Advisory service to help people move from demolition areas	Yes	Existing clearance area commitments resulting from the former HMRI programme. Staffing numbers have been reduced from 3 to 1 in 2011 to reflect the reduced activity/demand for this service*
<b>Assistance</b>	<b>Summary</b>	<b>Should it</b>	<b>Justification</b>

Currently Provided		be Retained?	
Independent Financial Advice	Financial advice for owner-occupiers moving from clearance areas	Yes	Existing clearance area commitments resulting from the HMRI programme. This service is integral with accessing the Equity Relocation Loan and provides an 'arms length' service independent of the Council. Limited new referrals envisaged. *
Relocation Grants	Up to £10,000 gap funding grant to be paid in addition to Equity Relocation Loan, if necessary	No	None approved to date. None envisaged. Gap funding will be provided by the Relocation loan product.
Business Movers Support	Advisory service to help non residential interests move from demolition areas	Yes	LA officers will continue to provide support to any remaining businesses involved in the remaining clearance schemes.
Relocation Rent Support	Rental gap funding grant to help non residential interests move from demolition areas. Parachute payment decreasing over 5 year period	Yes	Originally created to assist with the relocation of businesses from the Cavendish Enterprise Centre in Birkenhead. This will be retained as an option to assist the remaining businesses involved in HMRI clearance schemes.

\* can be funded by a combination of resources from the Community Fund and capital receipts/capital programme funding rolled over from 2010/11

## ASSISTANCE FOR RENOVATION

Assistance Provided	Summary	Should it be Retained?	Justification
Group Repair	Block repair grant for owner-occupiers (up to 100%, but normally 75% of cost of works) and landlords (75% of cost of works)	Yes	The Council has submitted a bid for resources from the Regional Growth Fund to undertake the 4 <sup>th</sup> and final phase of the Triangles Group Repair Scheme in Birkenhead
Wirral Neighbourhood Facelift Scheme	Block repair grant for owner-occupiers (up to 100%, but normally 75% of cost of works) and landlords (75% of cost of works). Wider scope of works than Group Repair	Yes	Scheme currently in progress in Paterson Street, Birkenhead. No new schemes envisaged at this moment in time. Ongoing scheme is fully resourced from a contribution of HMRI resources and contributions made by previous scheme participants
Equity Loans for Renewal	Up to £30,000 repayable loan available to renovate houses failing the statutory minimum standard	No, however, to be replaced with an interest free loan – see 6.4 below	Capital Programme makes provision for up to 3 new Loans in 2011/12, assuming the loans are for the maximum funding available.
Home Repair Assistance	Up to £6,000 interest free repayable loan to deal with small scale emergency works to protect the health and safety of the occupants	Yes	Capital Programme makes provision for a minimum of 50 new loans in 2011/12. Product to be expanded to support the Healthy Homes Initiative.

<b>Assistance Provided</b>	<b>Summary</b>	<b>Should it be Retained?</b>	<b>Justification</b>
Wirral Business Renewal Loan	Up to £30,000 repayable loan available to renovate business premises in connection with demolition schemes and Group Repair	Yes	A number of businesses remain in HMRI clearance schemes
Wirral Home Improvement Agency	A service to help vulnerable residents to repair, improve, maintain and adapt their house	Yes	To administer the statutory/mandatory DFG process. Commission work on behalf of older, vulnerable and disabled residence
Handy Person Service	Low cost advisory and repair service for the elderly, disabled and vulnerable	Yes	Carry out works and home safety assessments on behalf of PCT, Hospital Trust, DASS & CYPD to vulnerable, disabled and older people, which include minor adaptations and hospital discharge.
Disabled Facilities Grants	statutory mandatory grant is available to eligible disabled people to assist with adaptation works	Yes	This is a mandatory grant. The Council does not have any discretion to withdraw this grant
HMO Fire Safety Loan	Up to a £10,000 repayable loan to provide essential fire safety works in certain Houses in Multiple Occupation	Yes	Capital Programme makes provision for 10 Fire Safety Loans in 11/12

## OTHER ASSISTANCE

Assistance Provided	Summary	Should it be Retained?	Justification
Empty Property Assistance	Interest free loan up to £10,000 towards bringing back certain long term empty properties	No	Empty Property Loans were resource intensive to deliver and have been replaced with small empty property grants which should bring in five times more empty properties back in to use for the same expenditure.
HOUSED	Long term empty properties acquired and renovated by the Council and sold at a 10% discount to certain categories of buyers including low income first time buyers	Yes	A Round Two Regional Growth Fund bid has been submitted requesting resources to improve a number of units acquired in Central Birkenhead as part of the HOUSED scheme. It is proposed that the model will be adapted to reduce both the work extent completed and the officer time necessary to complete a sale
Empty Property Grant	Grant of £2000 towards the renovation costs needed to bring back into use empty long term properties	Yes	The Capital Programme makes provision for 60 Empty Property Grants in 2011/12.
Cosy Loans	Interest free repayable loan up to £2,000 to help households improve their energy efficiency. Can include the provision of renewables	Yes	Revolving loan pot carry over from 10/11. No additional resources to be added in 11/12



Assistance Provided	Summary	Should it be Retained?	Justification
Cosy Homes Heating	Grant assistance previously provided to residents in the old HMRI area and the New Brighton Healthy Homes area to improve energy efficiency and heating	Yes	Capital Programme makes provision for a minimum of 140 grants in 2011/13. Grants to be available Borough wide and for heating only to compliment other Warmer Wirral activity.
First Homes	Home buying advisory service for first time buyers. Includes a grant payment of up to £2,000 towards the costs associated with buying a house	No	Limited interest in this product. No provision made within the Capital Programme for 2011-13
Home Purchase Assistance Loan	Equity based repayable loan up to 30% of the value of the house to assist with a deposit towards a commercial mortgage	No	Not possible to implement as originally envisaged, following legal advice. Concept has been superseded by HomeBuy Direct and FirstBuy models for enabling home ownership
Debt and Housing Advice	Fast Track debt and housing advisory service provided by the CAB to residents of the former HMRI area	Yes, but with a more specific remit of preventing homelessness	This service is to be refocused on homelessness prevention and maintained by the use of Homelessness Grant.

Assistance Provided	Summary	Should it be Retained?	Justification
Assistance to support carbon reduction Initiatives	The ability to introduce financial assistance in order to secure external grant funding that may be available in connection with carbon reduction schemes	Yes	Supports the Council's objectives on Carbon Reduction. Any such new assistance will have to be resourced before any commitment is made.

- 6.3 All references to the Director of Regeneration and the Department of Regeneration throughout the policy document are to be replaced with the Interim Director of Corporate Services and the Department of Corporate Services, respectively.
- 6.4 Since the introduction of Equity Relocation and Renewal Loans for home owners Wirral Council and its former HMRI partners appointed ART Homes Ltd (“ART”) to provide a loan administration service. Over time, this has resulted in 68 Loans being approved for Wirral residents to a value in excess of £1.7m. The original contract with ART provided value for money based on a minimum number of loans being referred each year. When the contract was originally let, financial resources were available to secure the turnover of loans required to ensure best value. The contract arrangements with ART expired at the end of September 2011. Following a period of uncertainty about the future of HMRI and its eventual demise and the unprecedented savings being made in local government and the public sector in general, predicting future workload and potential business value made it difficult to embark on procuring a loan provider beyond September 2011. Cabinet Members were made aware on the 21<sup>st</sup> July 2011 of a proposal to withdraw the provision of equity based products (previously provided by ART) and replace them with an interest free legal charge against the property. These replacement loan products would be administered in-house using existing staffing resources. The new loan products formed part of the consultation exercise.
- 6.5 Since the July Cabinet meeting, ART have announced that in response to the economic climate, cuts to public expenditure spending and the removal of ring fencing for private sector renewal they intend to manage down their business. Existing contracts will be honoured until they expire in March 2012, but no new business will be undertaken with a commitment beyond March 2012. This decision by ART, strengthens the case to withdraw from providing equity based loans to owner-occupiers and provide a replacement loan product, administered in-house.
- 6.6 In light of the savings being made in the public sector and the demise of both the HMRI and Regional Housing Pot as traditional sources of funding to support the delivery of the assistance policy, it is proposed to introduce a flat rate administration fee of £300 in connection with HRA Loan assistance. This charge

will be incorporated in the loan within the existing £6000 limit and will help towards meeting the revenue costs needed to ensure the delivery of these particular loans. In addition, it is proposed to introduce a similar flat rate fee in connection with any new interest free charges introduced to replace the existing equity loans for owner-occupiers.

- 6.7 On the 14<sup>th</sup> October 2010, Members agreed to a new policy on environmental responsibility in relation to support provided through the Assistance Policy. Both this policy and the supporting guidance were included as part of the consultation exercise. The policy on environmental responsibility and supporting guidance will be incorporated into the revised Assistance Policy.

## **7.0 RELEVANT RISKS**

- 7.1 Failure to reduce the range of assistance available runs the risk of raising expectations that cannot be met within both the staffing and financial resources that are available.
- 7.2 Even with a leaner assistance policy, financial resource restrictions may prevent the Council assisting all those requesting help. This may well put people who are least able to help themselves at risk in terms of their health and safety in and around their homes. Follow-up statutory enforcement action will be considered.

## **8.0 OTHER OPTIONS CONSIDERED**

- 8.1 The review and suggested revisions form part of a rolling annual review. The consultation exercise provides an opportunity to challenge existing provision and/or suggest new alternative assistance.

## **9.0 CONSULTATION**

- 9.1 The policy revisions set out in this report have been subject to public consultation via the Council's website, local press. A consultation leaflet summarising the proposed revisions was made available in the Councils One Stop Shops throughout the consultation period of 6 weeks. Comments were invited by the 19<sup>th</sup> September 2011.

## **10.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

- 10.1 None

## **11.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS**

- 11.1 Since the demise of both the Housing Market Renewal Initiative and the Regional Housing Pot the staffing provision in the Private Sector Housing Renewal and HMRI Delivery Team has been substantially reduced through a combination of voluntary severance and redeployment within the Housing Division. Revenue funding has been secured from the Community Fund and the Council's own resources to maintain the remaining staffing complement for 2011/12. It is considered that the remaining officers have both the skills and capacity necessary to deliver the proposed revised Assistance Policy utilising the capital resources available for 2011/12.

11.2 The expiration of the ART contract at the end of September 2011 will have implications for the ongoing management of the outstanding equity loan book, including any loan repayments. At the time of writing this report, the detailed implications are not yet known and I intend to report back to Members at a later stage when these details become clear.

11.3 No new IT investment is envisaged during 2011/12

11.4 Bringing long-term vacant property back into use can attract an additional unfunded grant under the New Homes Bonus, which match funds the additional Council Tax potential from increases in the effective housing stock, with an additional amount for affordable homes, for the following six years.

## **12.0 LEGAL IMPLICATIONS**

12.1 The policy is made in relation to housing stock under the powers of the Regulatory Reform ( Housing Assistance ) ( England and Wales ) Order 2002 and in relation to businesses under powers of the Local Government Act 2000

## **13.0 EQUALITIES IMPLICATIONS**

13.1 The revised assistance policy will help those members of society least able to afford to undertake improvements or move to alternative accommodation. In addition, it will assist private landlords to improve housing conditions for some of the most vulnerable members of society. The policy targets the majority of the assistance towards low income households. Those applicants deemed to have the ability to afford improvements or relocation by other means will be sign-posted accordingly.

13.2 An Equality Impact Assessment has previously been completed for the combined delivery of the clearance, refurbishment and new build schemes in line with Housing Market Renewal Programme and the Private Sector Housing and Regeneration Assistance Policy. A separate Equality Impact Assessment covering the Private Sector Housing and Regeneration Assistance Policy has now been undertaken.

## **14.0 CARBON REDUCTION IMPLICATIONS**

14.1 The introduction of a policy on environmental responsibility and supporting guidance will support Wirral Council's commitment to reduce Wirral's carbon footprint, which is a Corporate Priority in the Council's Corporate Plan.

## **15.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

15.1 None

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## APPENDICES

### REFERENCE MATERIAL

Background documents that relate to the New Homes Bonus can be viewed at <http://www.communities.gov.uk/housing/housingsupply/newhomesbonus/>

### SUBJECT HISTORY (last 3 years)

<b>Council Meeting</b>	<b>Date</b>
<b>Cabinet 'Private Sector Housing and Regeneration Assistance Policy'</b>	<b>27<sup>th</sup> May 2010</b>
<b>Cabinet 'environmental responsibility policy and guidelines in relation to Wirral's Private Sector Housing and Regeneration Assistance Policy'</b>	<b>14<sup>th</sup> October 2010</b>
<b>Cabinet 'Private Sector Housing and Regeneration Assistance Policy 2011/12</b>	<b>21<sup>st</sup> July 2011</b>

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## WIRRAL COUNCIL

### CABINET

13<sup>TH</sup> OCTOBER 2011

<b>SUBJECT:</b>	<b><i>SUPPORTING PEOPLE CONTRACTS</i></b>
<b>WARD/S AFFECTED:</b>	<b><i>ALL</i></b>
<b>REPORT OF:</b>	<b><i>KEVIN ADDERLEY, INTERIM DIRECTOR OF CORPORATE SERVICES</i></b>
<b>RESPONSIBLE PORTFOLIO HOLDER:</b>	<b><i>CLLR GEORGE DAVIES</i></b>
<b>KEY DECISION?</b>	YES

#### 1.0 EXECUTIVE SUMMARY

- 1.1 The Supporting People (SP) Programme aims to enable vulnerable people to live independently through the provision of front-line housing-related support services and to prevent individuals experiencing crises and requiring more costly interventions through Wirral Health Authority, Department of Adult Social Services (DASS), Children and Young People Department or the Criminal Justice System.
- 1.2 Whilst the majority of Supporting People contracts have been renegotiated or tendered, there remains a number of negotiations still to take place, specifically with regard to those services provided to clients with Learning Disabilities.
- 1.3 This is the second report which seeks to inform Members' of the decision of the Interim Director of Corporate Services to further extend Supporting People Contracts for services for people with Learning Disabilities, The initial report submitted to Cabinet on the 14<sup>th</sup> April 2011. The reasons for this further extension are set out in paragraphs 4.4 to 4.7.
- 1.4 The extension to the contracts will allow sufficient time for a joint review by DASS and Corporate Services of service delivery, expenditure and contracting arrangements. Ultimately the aim is to achieve efficiency savings for the Council, whilst continuing to support a number of the Councils key corporate priorities and also improving outcomes for the most vulnerable Wirral residents.

#### 2.0 RECOMMENDATION/S

- 2.1 That Members endorse the decision of the Interim Director of Corporate Services to extend the Supporting People contracts as set out in Appendix 1.

### **3.0 REASON/S FOR RECOMMENDATION/S**

3.1 In endorsing the decision to extend these contracts Members will:

- Ensure continuity of support for vulnerable residents with learning disabilities who are currently in receipt of services.
- Reduce calls for further care and financial assistance funded by DASS.
- Avoid potential challenges that may arise from the expiration of contracts without formal notice being given and the subsequent withdrawal of Supporting People funded support services.
- Ensure that SP services are effectively aligned with the supported living services commissioned by DASS.
- Enable the conclusion of the negotiation process which aims to realise efficiencies for the council, which will assist with the financial pressures on DASS statutory responsibilities.

### **4.0 BACKGROUND AND KEY ISSUES**

4.1 The majority of Supporting People contracts have been either negotiated or tendered within the last 3 years but there remain a number of negotiations still to take place, in particular for all services provided to clients with Learning Disabilities.

4.2 There have been influencing factors that have inhibited progress including: significant changes within partner departments; the requirement to ensure that further financial burden is not transferred to DASS; the need to carry out a comprehensive evaluation of the appropriateness of the use of Supporting People funding for clients with Learning Disabilities in order to align with the re-tendering of services commissioned by the DASS and the out sourcing of supported housing services which were delivered directly by DASS.

4.3 An earlier report was presented to and endorsed by Cabinet on 14<sup>th</sup> April 2011. That report sought approval to extend Supporting People contracts for Learning Disability clients for the period April 2011 to October 2011. It was anticipated that this would allow sufficient time to conduct a comprehensive consultation and analysis of services with a view to negotiating or tendering for new contracts.

4.4 The Interim Director of Corporate Services and Interim Director of Adult Social Services established a cross departmental Task and Finish group to consider how to re-assign Supporting People funding for learning disability services including the level of contribution required towards the outsourced DASS services.

4.5 It was intended that during this period DASS would conduct an analysis of the clients community care and support needs in order to determine the individuals level of independence and the appropriateness and level of Supporting People funding based upon the SP Eligibility Criteria.

4.6 The outcomes of the Task and Finish Group and the client analysis would then:



- Identify those clients for whom Supporting People funding could validly be used for the purpose for which it is intended, whilst limiting the impact on the resources of DASS.
  - Inform negotiations with existing providers
  - Identify potential efficiencies to alleviate some of the financial burden on DASS.
  - assist in the development of service specifications
  - Identify opportunities for tendering.
  - Provide an opportunity to realign services, improve joint working and commissioning whilst also delivering cost savings.
  - If possible identify opportunities for re-investment in preventive services for those clients determined as moderate and low under DASS Fair Access Care criteria.
- 4.7 Due to the complex nature of the task and the volume of the work necessary, it has not been possible to conclude the process within the anticipated six month timescale as a result of the resources available within DASS as backroom staffing numbers have reduced over this time. The clients support needs have now been determined by DASS, however, this process was only concluded in September 2011. This has meant that there has not been sufficient time to allow the Supporting People Team to renegotiate contracts with service providers.
- 4.8 In view of the imminent expiration of the contracts, it has been necessary for the Interim Director of Corporate Services, under his delegated powers of authority, (paragraph 23 of the Scheme of Delegation) to further extend the contracts for four months, with an option to extend for a further three to six months, to allow for all negotiations to be concluded and new contracts to be entered into. Where possible, and with the mutual consent of the service providers, negotiations will be concluded and new contracts issued prior to the expiration of the current contracts.
- 4.9 The Interim Director of Corporate Services was also required to extend the Service Level Agreement (SLA) with DASS for the directly managed supported living schemes which have now been outsourced. The extension to these SLA was from 30<sup>th</sup> April 2011 to 30<sup>th</sup> June 2011. Supporting Peoples contribution to the outsourced services is currently being negotiated.
- 4.10 Appendix 1 lists those Learning Disabilities contracts yet to be negotiated or tendered. There are 13 contracts for Learning Disability Services with a total annual value of £1,400,000 (based on expenditure during 2010/11). In addition there are 4 SLA's now expired with an annual value of approximately £920,000(based on 2010/11 expenditure).
- 4.11 This process and the use of the Interim Directors delegated authority has been agreed with the Director of Finance and the Director of HR, Law and Asset Management.
- 5.0 **RELEVANT RISKS**
- 5.1 The risk associated with the failure to extend these contracts would be:

- A loss of services to vulnerable people.
- Potential litigation arising from the expiration of contracts without formal notice being given.
- Potential financial implications for other Departmental budgets.

## 6.0 OTHER OPTIONS CONSIDERED

6.1 It has been determined that there are no other feasible options.

## 7.0 CONSULTATION

7.1 The Supported and Special Needs Housing Section Commissioning Strategy 2008-2011 (including a procurement methodology) outlined the basis for which future contracting and commissioning of services were to be negotiated. The Strategy was developed after full consultation with Service Users, Provider Organisations, and other relevant stakeholders.

7.2 Consultation has taken place with the Department of Adult Social Services which is supportive of the proposal set out in this report

7.3 As part of the re-contracting process, we will conduct Service User consultation in order to ensure that the re-provision meets their support needs.

## 8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

8.1 A number of Voluntary, Community and Faith groups deliver support to vulnerable people via existing contracts and we will ensure that all re-tendered contracts will reflect the Councils emerging policy on assisting voluntary, community and faith groups to tender for these services.

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

9.1 The current budget will continue to pay for these contracts.

## 10.0 LEGAL IMPLICATIONS

10.1 Contract Procedural rule 5.1.2 says that Cabinet can approve an extension to a contract, if satisfied that the extension will provide value for money. In this instance, it is not proposed to increase any of the prices in return for the Contractor agreeing to the extension of the contract.

## 11.0 EQUALITIES IMPLICATIONS

11.1 The services provided through the continuation of these contracts promote social inclusion and involvement.

11.2 Equality Impact Assessment (EIA)

(a) Is an EIA required? No

## 12.0 CARBON REDUCTION IMPLICATIONS

12.1 Wherever feasible, the use of web-based and other IT solutions will be incorporated into subsequent negotiation and tendering exercises.

## 13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

13.1 There are no specific planning implications arising from this report.

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## APPENDICES

Appendix 1: Table of contracts and extension dates.

## REFERENCE MATERIAL

### SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Cabinet: Wirral's Supported and Special Needs Housing Strategy 2008-2011	10 <sup>th</sup> December 2008
Cabinet: Wirral's Supported and Special Needs Housing Contracts Report	25 <sup>th</sup> June 2009
Cabinet: Wirral's Supported and Special Needs Housing Tendered Contracts – Floating Support	4 <sup>th</sup> February 2010
Cabinet: Wirral's Supported and Special Needs Housing Negotiated Contracts	4 <sup>th</sup> February 2010
Cabinet: Supporting People Contracts	14 <sup>th</sup> April 2011

## APPENDIX ONE

The following table shows the individual services yet to be negotiated, their respective contract values, their original contract expirations and new expiration dates.

The contract values are approximations, they vary depending on the level of utilisation / occupancy. For the purposes of this table funding estimates are based on levels of service utilisation during 2010/11.

Service Provider	Service Name	Capacity	Annual Contract Value	Original Expiration Date	New Expiration Date
Alternative Futures	58 Borrowdale Road	3	40,914	02.10.11	29.01.2012
	614 New Chester Road	4	23,050	02.10.11	29.01.2012
	87 Park Road West	4	20,206	02.10.11	29.01.2012
	99 Hoylake Road	5	38,025	02.10.11	29.01.2012
	Chestnut Lodge	3	21,666	02.10.11	29.01.2012
	Nursery House	3	19,620	02.10.11	29.01.2012
	Saxondale	3	26,008	02.10.11	29.01.2012
	The Spinney	2	12,776	02.10.11	29.01.2012

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Autism Initiatives	New Chester Road	2	19485	02.10.11	29.01.2012
	St Peter's Court	2	11,225	02.10.11	29.01.2012
European Lifestyles	European Lifestyles Floating Support	1	13,312	02.10.11	29.01.2012
Harbour Supported Living Services Limited	Rake Lane Service	4	18,310	02.10.11	29.01.2012
Hft (HF Trust Limited)	Allport Lane	3	22,538	02.10.11	29.01.2012
	Mark Rake	3	35,586	02.10.11	29.01.2012
Local Solutions	Cearns Lodge	7	73,347	02.10.11	29.01.2012
<b>Learning Disability Contracts on extension</b>	<b>Service Name</b>	<b>Capacity</b>	<b>Annual Contract Value</b>	<b>Original Expiration Date</b>	<b>New Expiration Date</b>
Macintyre Care	25 Shrewsbury Road	6	65,208	02.10.11	29.01.2012
	Macintyre Floating Support	1	3680	02.10.11	29.01.2012
	St James	6	65,860	02.10.11	29.01.2012
Northwest Community Services (Access Employment) Limited	Learning Disability Service	5	85,967	02.10.11	29.01.2012
Options for Supported Living	Options for Supported Living Floating Support	9	136,223	02.10.11	29.01.2012
Potensial	Grange Mount	4	10,675	02.10.11	29.01.2012

					2
	Hertford Drive	7	58,144	02.10.11	29.01.2012
	Osborne Road	10	73,708	02.10.11	29.01.2012
PSS	PSS Wirral Adult Placements AP75	23	395,078	02.10.11	29.01.2012
Royal Mencap Society	Grosvenor Road	5	65,054	02.10.11	29.01.2012
	Supported Living Scheme	1	6,332	02.10.11	29.01.2012
	Westbank Road	5	32,059	02.10.11	29.01.2012
WILL	WILL Floating Support	1	10,028	02.10.11	29.01.2012
<b>The following details the total SP contribution towards the in house services which have now been outsourced by DASS, and are currently being negotiated with Colleagues in DASS and the new service providers.</b>					
Social Services (Service Level Agreement)	Birkenhead Learning Disabilities Supported Housing	28	302,315.00	30/04/2011	30/06/2011
Social Services (SLA)	Livingstone Gardens	21	197,739.36	30/04/2011	30/06/2011
Social Services (SLA)	Wallasey Area LD Service	20	231,646.48	30/04/2011	30/06/2011
Social Services (SLA)	West Wirral Learning Disabilities Supported Housing	18	190,476.00	30/04/2011	30/06/2011

## WIRRAL COUNCIL

### CABINET

13 OCTOBER 2011

<b>SUBJECT:</b>	<b><i>SUPPORTING PEOPLE CONTRACT – PROVISION OF SERVICE TO OFFENDERS</i></b>
<b>WARD/S AFFECTED:</b>	<b><i>ALL</i></b>
<b>REPORT OF:</b>	<b><i>KEVIN ADDERLEY INTERIM DIRECTOR OF CORPORATE SERVICES</i></b>
<b>RESPONSIBLE PORTFOLIO HOLDER:</b>	<b><i>GEORGE DAVIES</i></b>
<b>KEY DECISION?</b>	NO

#### 1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to inform Members of the procurement of a cross-authority floating (visiting) housing-related support service for Offenders subject to Multi- Agency Public Protection Arrangements (MAPPA), through the Supporting People Programme.
- 1.2 The procurement of this service assists the Council to achieve its corporate priority of supporting vulnerable people to maintain their independence in the community.
- 1.3 The award of this three year contract has resulted in a saving to Wirral Supporting People of £17, 428 per year (£52,284 over the three years of the contract). The aim of this service is to reduce levels of re-offending and will therefore also assist partners in the Criminal Justice System.
- 1.4 Whilst the award of council funding for this provision is not a statutory requirement, Section 325 of the Criminal Justice Act 2003 imposes a 'duty to co-operate' with the MAPPA Responsible Authority (Police, Prisons and Probation) upon a number of bodies including councils.

#### 2.0 RECOMMENDATION/S

- 2.1 Members note the further extension of the current contract and the procurement of a cross-authority floating housing-related support service for Offenders subject to MAPPA.

### **3.0 REASON/S FOR RECOMMENDATION/S**

3.1 The decision to commission a cross authority visiting support services for high risk offenders will:

- Reduce re offending through a multi agency approach to managing prolific and dangerous offenders.
- Improve confidence in the Council by effectively managing these offenders in the community.
- Achieve savings through economies of scales realised through a Cross Authority contract.

3.2 The continuation and development of good quality housing related support services will engage those clients who are more susceptible to committing crime and disorder, whilst improving the positive outcomes by enabling them to break the cycle of crime and become more integrated and productive members of society.

### **4.0 BACKGROUND AND KEY ISSUES**

4.1 The Supporting People (SP) Programme is national initiative, administered at local level. On Wirral, the programme is a partnership between the Council, Merseyside Probation Trust, NHS Wirral and other stakeholders which aims to prevent individuals experiencing crises and requiring more costly service intervention; and to enable vulnerable people to live independently through the provision of front-line housing-related support services.

4.2 SP funding is allocated, through a contractual framework, to a range of organisations (voluntary, charitable, private sector, Housing Associations) to provide key front-line services to multiple disadvantaged people.

4.3 MAPPA is the name given to arrangements for responsible authorities tasked with the management of: registered sex offenders; violent and other types of sexual offenders; offenders who pose a serious risk of harm to the public. The responsible authorities include: National Probation Directorate; HM Prison Service; the Public Protection Unit within the National Offender Management Service (NOMS); the Youth Justice Board. They work in conjunction with partner agencies, like local authorities and health agencies in order to conduct a formal risk assessment and then to develop a management plan for each offender.

4.4 In 2007 Wirral Supporting People Commissioning Body authorised the development of a MAPPA Intensive Support Service as a pilot scheme, this was in response to a request made by Merseyside Probation Service. Initially the service was commissioned for 12 months in order that it could be monitored to ensure it was delivering effective results and demonstrated value for money. The total contract value of this service was £50,000 and could provide support to 8 Offenders.

4.5 The service proved to be very effective in supporting the clients and in assisting partner agencies in delivering their targets and in maintaining public



safety. Following the 12 month pilot and as a result of the success the service the Commissioning Body authorised its continuation.

- 4.6 The Merseyside Authorities became aware of the service; its success in supporting partners priorities and requirements; the benefits to public protection. The service was hailed as excellent practice and as a result the neighbouring Authorities developed similar services within their areas.
- 4.7 It was proposed by the Wirral's Supporting People Commissioning Body, that these services could be consolidated in order to deliver a larger cross-authority service, thus achieving economies of scale for each Local Authority whilst maintaining the existing number of clients supported. It was further determined that Liverpool City Council, as the largest financial contributor to this service, would manage the procurement of this service and the subsequent contract, however officers from all partner authorities evaluated the tenders submitted.
- 4.8 A formal Memorandum of Agreement was developed by Liverpool City Councils legal department and has been agreed and sealed by each of the Authorities Borough Solicitors.
- 4.9 The Invitation to tender was issued in October 2010. The procurement process concluded in May 2011 and the successful bidder was Novas Scarman, which is a charitable organisation. The new contract will commence on the 1<sup>st</sup> December 2011.
- 4.10 The cross-authority contract will be delivered as follows:

LOCAL AUTHORITY	NUMBERS OF CLIENTS SUPPORTED	CONTRACT PRICE ANNUALLY	Total Contract value (over 3 years)
Wirral	8	£ 32,571.42	£ 97,714.26
Liverpool	16	£ 65,142.87	£195,428.61
Knowsley	4	£ 16,285.71	£ 48,857.13
Total	28	£114,000.00	£342,000.00

- 4.11 Due to economies of scale attained through the larger contract, the cost has been reduced from £50,000 per annum to £32,572. This means an annual saving to Wirral Council of £17,428 (£52,284 over the 3 year life of the contract).
- 4.12 Cabinet on the 14<sup>th</sup> April 2011 endorsed the Interim Director of Corporate Services recommendation to extend funding for the existing Wirral service until the 2<sup>nd</sup> October 2011 in order to ensure a continuous service until the cross-authority provision was established. However, it has been necessary for the Interim Director of Corporate Services, under his delegated powers of authority, (paragraph 23 of the Scheme of Delegation) to further extend the contract until 1<sup>st</sup> December 2011 because Liverpool City Council, as the accountable body, had not secured Members approval within the previously proposed timescales.

## **5.0 RELEVANT RISKS**

5.1 Whilst the award of council funding for this provision is not a statutory requirement, Section 325 of the Criminal Justice Act 2003 imposes a 'duty to co-operate' with the MAPPA Responsible Authority (Police, Prisons and Probation) upon a number of bodies including councils. The provision of a Cross Authority floating support service for these offenders reduces the risk of re-offending and the impact that this has on their victims of crime and the wider community.

## **6.0 OTHER OPTIONS CONSIDERED**

6.1 No other options were considered. It was determined that the tendering of a cross authority service would be the most cost effective and efficient method of delivering services to the clients whilst continuing to support MAPPA requirements.

## **7.0 CONSULTATION**

7.1 The Supported and Special Needs Housing Section Commissioning Strategy 2008-2011 (including a procurement methodology) outlined the basis for which future contracting and commissioning of services were to be negotiated. The Strategy was developed after full consultation Service User, Provider Organisations, and other relevant stakeholders.

7.2 Consultation has taken place with members of the SP Core Strategic Group, Merseyside Probation service and representatives from the Supporting People Teams within the 3 neighbouring Merseyside Authorities. They are supportive of the actions set out in this report.

7.3 As part of the contract monitoring process, we will conduct Service User consultation in order to ensure that the re-provision continues to meet their support needs and the broader needs of the community.

## **8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

8.1 The contract for this service has been awarded to a charitable organisation.

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

9.1 The development of the Cross Authority MAPPA service has resulted in a reduction in expenditure from the Supporting People budget of £17,428 per annum, which is a total reduction of £52,284 for the life of the contract.

9.2 Wirral SP contribution to the cost of the service will be met within the current budget allocated for the SP Programme.

## **10.0 LEGAL IMPLICATIONS**

10.1 Wirral Council and the 2 Merseyside Authorities have entered into a Memorandum of Agreement for the contracting, delivery and funding of the

Cross Authority service. The Agreement was examined and authorised by the Councils Legal Services prior to sign off. The procurement process followed by Liverpool City Council was compliant with EU Procurement regulations.

#### 11.0 EQUALITIES IMPLICATIONS

- 11.1 There are no equalities implications arising from the award of this contract. The service is required to have appropriate policies and procedures in place to ensure fair access.
- 11.2 Equality Impact Assessment (EIA)  
(a) Is an EIA required? No  
(b) If 'yes', has one been completed?

#### 12.0 CARBON REDUCTION IMPLICATIONS

- 12.1 There are no environmental issues arising from this report.

#### 13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

- 13.1 There are no planning implications arising from this report.
- 13.2 The provision of housing-related support to offenders is recognised as reducing levels of criminal behaviour, thus assisting and supporting Community Safety requirements.

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#### APPENDICES

None.

#### REFERENCE MATERIAL

#### SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Cabinet - Supporting People Contracts Report	14 <sup>th</sup> April 2011

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## WIRRAL COUNCIL

**CABINET 13 OCTOBER 2011**

<b>SUBJECT:</b>	<b>THE CHANGING ROLE OF THE REGIONAL FLOOD AND COASTAL COMMITTEE (RFCC)</b>
<b>WARD/S AFFECTED:</b>	<b>ALL</b>
<b>REPORT OF:</b>	<b>DIRECTOR OF TECHNICAL SERVICES / STRATEGIC CHANGE PROGRAMME</b>
<b>RESPONSIBLE PORTFOLIO HOLDER:</b>	<b>COUNCILLOR HARRY SMITH STREETSCENE AND TRANSPORT SERVICES</b>
<b>KEY DECISION?</b>	<b>NO</b>

### **1.0 EXECUTIVE SUMMARY**

- 1.1 The Flood & Water Management Act 2010 extended the role of the Regional Flood Defence Committee (RFDC) to include governance over all flood and coastal erosion risk and in doing so it renamed it the Regional Flood and Coastal Committee (RFCC).
- 1.2 RFCC has a key role in co-ordinating the delivery of flood risk management activities across the northwest. In the future it is intended that RFCC will receive levy money from all Councils which will be available to spend on flood risk from all sources (main river, tide, ordinary water courses, surface water and ground water) as well as coastal erosion; ie it will be available to the Environment Agency and Lead Local Flood Authorities.
- 1.3 This report details proposals in relation to the development of the role of the RFCC.

### **2.0 RECOMMENDATIONS**

- 2.1 Cabinet is recommended to confirm its support for the changes to RFCC and approve the Terms of Reference for the Merseyside Flood and Coastal Risk Partnership set out Appendix 2 to this report.
- 2.2 Cabinet is recommended to approve the appointment of the Cabinet Member for Streetscene and Transport Services and the Chair of the Sustainable Communities O&S Committee as the representatives of Wirral Council (the Lead Local Flood Authority) to the Merseyside Flood and Coastal Risk Partnership, and that the Partnership continue to be supported by the Council's Health, Safety & Resilience Section.

- 2.3 Cabinet is recommended to delegate to the Cabinet Member for Streetscene and Transport Services the power to make minor amendments to the Terms of Reference of the Merseyside Flood and Coastal Risk Partnership (set out at Appendix 2) as are considered appropriate to ensure the effective operation of the Partnership.

### **3.0 INTRODUCTION**

- 3.1 The Flood and Water Management Act 2010 extended the role of the Regional Flood Defence Committee (RFDC) to include governance over all flood and coastal erosion risk and in doing so it renamed it the Regional Flood and Coastal Committee (RFCC). The current chair of RFCC is Councillor Antrobus of Salford Council.
- 3.2 In the past the RFDC received levy money from all councils and agreed the Environment Agency's (EA) annual work programme for spending this money on Main River and tidal defences. Two advisory panels sat under RFDC (one for EA North Area and one for EA South Area). Representatives (officers and Members) from all Councils were welcome to attend the advisory panels. The South Area included Greater Manchester, Cheshire and Merseyside. Two Elected Members represented Merseyside on RFCC (Councillors Ken Keith of Knowsley Council and Peter Papworth of Sefton Council).
- 3.3 RFCC has a role in co-ordinating the delivery of flood risk management activities in the northwest. This covers not just the EA but also Lead Local Flood Authorities (LLFA) responsibilities. It has been suggested that the RFCC structure changes to have five subgroups and the Merseyside subgroup, named the 'Merseyside Flood Risk Partnership' will consist of Liverpool, Sefton, Knowsley and Wirral (St Helens and Halton will be part of Cheshire). Merseyside will have two Members on RFCC (out of a total of 10 across the northwest). In the future RFCC will continue to receive levy money from all Councils and it is the government's intention that this money will be available to spend on flood risk from all sources (main river, tide, ordinary water courses, surface water and ground water) as well as coastal erosion; i.e. it will be available to EA and LLFA's.
- 3.4 RFCCs will play an important role in guiding the flood and coastal erosion risk management activities in their region. They will provide a vital link between national policy and local delivery through assisting Lead Local Flood Authorities (LLFAs) in their development of local flood risk management strategies.
- 3.5 The Authorities that will form the Merseyside Flood and Coastal Risk Partnership met on 2 August 2011 and the notes from that meeting are detailed in **Appendix 1**.
- 3.6 The proposed terms of reference for the Merseyside Flood and Coastal Risk Partnership are set out in **Appendix 2**.
- 3.7 The recommended Elected Members for Wirral are the Cabinet Member for Streetscene and Transport Services (Councillor H Smith), and the Chair of the Sustainable Communities O&S Committee (Councillor J Hale). The

Council's Health, Safety & Resilience Operations Manager who currently chairs the Wirral Flood & Water Management Partnership, will support them.

#### **4.0 BACKGROUND AND KEY ISSUES**

4.1 The Flood & Water Management Act 2010 and the Flood Risk Regulations 2009 established Wirral Council as a Lead Local Flood Authority (LLFA). LLFAs are required to lead the strategic management of local flood risk (arising from surface water, groundwater and ordinary watercourses). This new role is being directed through the Flood & Water Management Partnership, the Sustainable Communities Overview & Scrutiny Committee and finally through Cabinet for approval of any recommendations.

#### **5.0 RELEVANT RISKS**

5.1 Wirral faces a significant risk of flooding with a substantial number of domestic properties identified as at risk from potential future flooding. The proposed changes concerning the RFCC will enable Wirral Council to continue to influence the allocation of future flood risk funding thereby helping to mitigate identified flood risks.

#### **6.0 OTHER OPTIONS CONSIDERED**

6.1 Not relevant.

#### **7.0 CONSULTATION**

7.1 There is no consultation required as a result of this work.

#### **8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

8.1 Flooding affects all voluntary, community and faith groups whether it be directly with their properties being flooded, or in a responder or recovery capacity.

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

9.1 The Council currently pays an annual levy to the Regional Flood Defence Committee. In 2010/11 the levy was set at £157,700, which is entirely funded, from the Council's Revenue Support Grant (RSG). From 2012 onward the levy will be paid to the Regional Flood and Coastal Committee and the discussions to set the levy for 2012 will begin in October 2011.

#### **10.0 LEGAL IMPLICATIONS**

10.1 The legal implications are set out in the main body of the report.

#### **11.0 EQUALITIES IMPLICATIONS**

11.1 There are no Equalities implications.

#### **12.0 CARBON REDUCTION IMPLICATIONS**

12.1 There are no specific carbon reduction implications although there are significant links with carbon reduction and sea level rises, increases in

extreme weather patterns, etc. As a result the Council's Climate Change Officer is a member of the Wirral Flood and Water Management Partnership.

### 13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

13.1 There are no planning implications in relation to this report.

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### APPENDICES

- Appendix 1** - Notes from the meeting on 2 Aug 2011 of the Authorities that will form the Merseyside Partnership.
- Appendix 2** - Draft Terms of Reference for Merseyside Flood & Coastal Risk Partnership.

### REFERENCE MATERIAL

- The Flood & Water Management Act 2010  
[http://www.legislation.gov.uk/ukpga/2010/29/pdfs/ukpga\\_20100029\\_en.pdf](http://www.legislation.gov.uk/ukpga/2010/29/pdfs/ukpga_20100029_en.pdf)
- The Flood & Water Management Act explanatory notes  
<http://www.legislation.gov.uk/ukpga/2010/29/notes/contents>
- The Flood Risk Regulations 2009  
<http://www.legislation.gov.uk/uksi/2009/3042/contents/made>
- What does the Flood & Water Management Act mean for Local Authorities, Defra.  
<http://www.defra.gov.uk/environment/flooding/documents/policy/fwmb/fwma-lafactsheet.pdf>

<b>Council Meeting</b>	<b>Date</b>
<b>Cabinet (Minute 354)</b>	<b>17 March 2011</b>
<b>Cabinet (Minute 84)</b>	<b>21 July 2011</b>



## APPENDIX 1

### Minutes from Meeting of Members and Directors to discuss the Regional Flood & Coastal Committee (RFCC) and proposals for establishing a Merseyside Sub Group (Merseyside Flood Risk Partnership)

2 AUG 2011

#### Attendees:

Cllr Ken Keith	RFCC member (Knowsley)		
Cllr Peter Papworth	RFCC member (Sefton)		
Cllr David Lonergan	Knowsley	Lisa Harris	Knowsley
Cllr Tim Beaumont	Liverpool	Jayne Hettle	Liverpool
Cllr Simon Shaw	Sefton	Graham Lymbery	Sefton
Cllr Harry Smith	Wirral	Shaun Brady	Wirral
Mark Garratt	EA	Ben Lukey	EA
Claire Bursnoll	Merseyside Authorities		

#### 1) RFDC/RFCC Past and Future

- a) Mark Garratt and Ben Lukey summarised the role of RFDC in past and the proposed structure for RFCC in future. Examples were given of where local levy has been used to provide infrastructure and to do preliminary studies to pull in capital grant and external contributions.
  - i) Summary: The Flood and Water Management Act extended the role of the Regional Flood Defence Committee (RFDC) to include governance over all flood and coastal erosion risk, in doing so it renamed it the Regional Flood and Coastal Committee (RFCC). The current chair of RFCC is Cllr Derek Antrobus of Salford.
  - ii) In the past the RFDC received levy money from all councils and agreed the Environment Agency's (EA) annual work programme for spending this money on Main River and tidal defences. Two advisory panels sat under RFDC (one for EA north area and one for EA south area). Representatives (officers and members) from all Councils were welcome to attend the advisory panels. The South Area included Greater Manchester, Cheshire and Merseyside. 1.5 elected members represented Merseyside on RFCC (Cllr Ken Keith: Knowsley and Cllr Peter Papworth: Sefton).
  - iii) RFCC has a role in co-ordinating the delivery of flood risk management activities in the northwest. This covers not just the EA but also Lead Local Flood Authorities (LLFA) responsibilities. To ensure appropriate representation in this new role, Cllr Antrobus has suggested that the RFCC structure changes to have 5 subgroups. The Merseyside sub group, named the 'Merseyside Flood Risk Partnership' will consist of Liverpool, Sefton, Knowsley and Wirral (St Helens and Halton will go in Cheshire as they are hydraulically linked). Merseyside will have two members on RFCC (out of a total of 10 across the northwest). In the future RFCC will continue to receive levy money from all councils. It is the governments intension that this money will be available to spend on flood risk from all sources (Main River, tide, Ordinary Water Courses, surface water and ground water) as well as coastal erosion; ie it will be available to EA and LLFA's.
- b) Action: CB to write to Peter Fay (virtual secretariat to Liverpool City

Region Cabinet (LCRC)) to update cabinet on revised role of RFCC.	CB
<p><b>2) RFCC Merseyside Members</b></p> <p>a) The City Region Cabinet decides which Local Authorities represent Merseyside on RFCC. The nominated Local Authority then decide which Member will fill the role.</p> <p>b) The standard term is 4 years, though this can be changed if circumstances require it. Members can only serve a maximum of 10 consecutive years.</p> <p>c) Cllr Lonergan proposed that Cllr Keith and Cllr Papworth continue in their role for current term. This was agreed.</p> <p>d) It was suggested that deputies are also appointed so there is some contingency should a RFCC member not be able to attend. It was agreed that the deputies could come from the councils not currently represented at RFCC. CB to write to Peter Fay to suggest to LCRC.</p> <p>e) In future it is asked that RFCC members circulate RFCC agenda items and minutes to all in Merseyside Partnership.</p>	<p>CB</p> <p>KK/PP</p>
<p><b>3) Merseyside Partnership Arrangements</b></p> <p>a) To gain insight and understanding of RFCC it was agreed that Partnership meetings would be arranged close to the RFCC meetings. The first meeting to be before RFCC, after the agenda has been released (early Oct).</p> <p>b) The RFDC sub groups met twice yearly at times critical to levy setting (November) and agreeing capital programme (June). It was suggested that these timings are maintained in future years (to be agreed at future meeting).</p> <p>c) Attendees agreed that the invitees to this meeting were the appropriate people to form the Partnership.</p> <p>d) It was agreed that there would be 2 elected members from each council (Maximum of 12 council representatives; 2 elected members and 1 senior officer from each Authority).</p> <p>e) Elected members will make any required decisions.</p> <p>f) It was agreed that United Utilities and the Environment Agency should also be invited to sit on the Partnership.</p> <p>g) It was agreed that advisors' could be invited as required; these would be co-ordinated through the host council.</p> <p>h) The host for the partnership will rotate on an annual basis. Wirral have agreed to host the first year of the Partnership (starting October 2011).</p> <p>i) Suggestions for discussion at next meeting: RFCC agenda, how Partnership enhances LLFA duties, Local Flood Risk Strategies.</p> <p>j) It was suggested that a term of reference for the partnership be drawn up to include role, members, deputies and Term of Office (CB to draft).</p> <p>k) The primary role of the Partnership is to enable open discussion and ensure fair and strong representation for Merseyside on RFCC.</p>	
<p><b>4) Summary</b></p> <p>a) A report will be produced and sent to City Region Cabinet to update them on RFCC changes. (CB to coordinate)</p> <p>b) Proposed that the Partnership will meet 4 times a year in advance of RFCC.</p> <p>c) CB to clarify with Peter Fay how RFCC links to Merseyside Cabinet.</p> <p>d) The partnership host Authority will change annually. Wirral will host the first year.</p> <p>e) The Partnership will be formed from; 2 elected members and 1 senior manage per council, UU representative, EA representative.</p> <p>f) Terms of reference to be drafted (role, membership, RFCC members and deputies, term of office).</p>	<p>CB</p> <p>CB</p> <p>CB</p>

## APPENDIX 2

### Draft Terms of Reference for Merseyside Flood and Coastal Risk Partnership

#### 1. Role of Merseyside Flood Risk Partnership

To enable open discussion and ensure fair and strong representation on the Regional Flood and Coastal Committee.

#### 2. Membership

2 elected Members per Lead Local Flood Authority (to include RFCC members)  
1 senior officer per Lead Local Flood Authority  
1 representative from the Environment Agency  
1 representative from United Utilities

#### 3. Organisation

- 1) Meet minimum twice yearly at times critical to levy setting (November) and agreeing capital programme (June)
- 2) Meetings will be within 2 weeks of RFCC meetings.
- 3) Host Authority will change annually. Wirral will host from OCT 2011- OCT 2012.
- 4) Host Authority will prepare agenda, chair and minute the meetings.
- 5) Experts can be invited to meetings were the appropriate. Invitees shall be co-ordinated through the Host.

#### 4) RFCC Members

- a) Serve a standard term of 4 years. This can be changed if circumstances require it.
- b) Serve a maximum of 10 consecutive years.
- c) There shall be 2 deputies from the Authorities not who do not have RFCC members.

#### 5) Current RFCC Members (as at August 2011)

Cllr Ken Keith (Knowsley) 4 year term July 2008 - July 2012  
Cllr Peter Papworth (Sefton) 4 year term January 2009 - January 2013

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