



## Council Excellence Overview and Scrutiny Committee

<b>Date:</b>	Thursday, 17 November 2011
<b>Time:</b>	6.00 pm
<b>Venue:</b>	Committee Room 1 - Wallasey Town Hall

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### AGENDA

**1. MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST/PARTY WHIP**

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

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

**2. MINUTES (Pages 1 - 14)**

To receive the minutes of the meetings held on 15 and 27 September 2011.

**3. FINANCIAL MONITORING STATEMENT (Pages 15 - 20)**

**4. BUDGET PROJECTIONS 2012/2015 (Pages 21 - 28)**

**5. CAPITAL STRATEGY (Pages 29 - 46)**

**6. MEDIUM TERM FINANCIAL STRATEGY (Pages 47 - 70)**

**7. REVENUES, INCOME AND BENEFITS (Pages 71 - 78)**

8. **PROCUREMENT STRATEGY (Pages 79 - 108)**
9. **CUSTOMER ACCESS STRATEGY (Pages 109 - 140)**
10. **INTERNAL AUDIT REVIEW (Pages 141 - 144)**
11. **TREASURY MANAGEMENT - PERFORMANCE MONITORING (Pages 145 - 156)**
12. **LOCAL GOVERNMENT RESOURCE REVIEW - BUSINESS RATES REFORM CONSULTATION RESPONSE (Pages 157 - 176)**
13. **LOCALISING SUPPORT FOR COUNCIL TAX IN ENGLAND - CONSULTATION (Pages 177 - 190)**
14. **ALLOCATION OF RE-PROVISION/RESTRUCTURING COSTS (Pages 191 - 194)**
15. **CAPITALISATION OF STATUTORY REDUNDANCY PAYMENTS (Pages 195 - 198)**
16. **EARLY VOLUNTARY RETIREMENT/VOLUNTARY SEVERANCE AND ORGANISATIONAL CHANGE (Pages 199 - 202)**
17. **CORPORATE GOVERNANCE**  
  
Report to Follow
18. **STRATEGIC CHANGE PROGRAMME UPDATE (Pages 203 - 208)**
19. **BACK OFFICE EFFICIENCIES AND IMPROVEMENTS (Pages 209 - 212)**
20. **OFFICE RATIONALISATION AND AGILE WORKING (Pages 213 - 220)**
21. **2011/2012 SECOND QUARTER PERFORMANCE AND FINANCIAL REVIEW (Pages 221 - 242)**
22. **MASTERS IN BUSINESS ADMINISTRATION (MBA) PROGRAMME (Pages 243 - 246)**
23. **FORWARD PLAN**

The Forward Plan for the period November 2011 to February 2012 has now been published on the Council's intranet/website and Members are invited to review the Plan prior to the meeting in order for the Council Excellence Overview and Scrutiny Committee to consider, having regard to the work programme, whether scrutiny should take place of any items contained within the Plan and, if so, how it could be done within relevant timescales and resources.

- 24. REVIEW OF SCRUTINY WORK PROGRAMME (Pages 247 - 258)**
- 25. ANY OTHER URGENT BUSINESS APPROVED BY THE CHAIR (PART 1)**
- 26. EXEMPT INFORMATION - EXCLUSION OF MEMBERS OF THE PUBLIC**

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

RECOMMENDED – That in accordance with section 100A (4) of the Local Government Act 1972, the public be excluded from the meeting during consideration of the following items of business, on the grounds that they involve the likely disclosure of exempt information as defined by the relevant paragraphs of Part 1 of Schedule 12A (as amended) to that Act. The public interest test has been applied and favours exclusion.

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

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## COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

Thursday, 15 September 2011

Present: Councillor P Gilchrist (Chair)

Councillors A Brighouse D Dodd  
RL Abbey P Doughty  
J Keeley C Jones  
A Cox S Williams

Deputies: Councillors S Mountney (In place of J Hale)

Cabinet Member: Councillor AER Jones

In attendance: Councillor J Green

### 26 MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST/PARTY WHIP

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

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

No such declarations were made.

### 27 MINUTES

**Resolved – That the minutes of the meeting held on 12 July 2011 be approved.**

### 28 CHAIR'S ANNOUNCEMENT

The Chair referred to the Special Meeting of the Committee to be held on 27 September 2011, which had been arranged to focus primarily on key budget issues. He had also asked the officers to give a presentation in relation to the You Choose Budget Calculator and had proposed to give specific consideration to how best to move forward with budget scrutiny, within the available timescales.

He also advised Members of discussions that had taken place with group spokespersons and sought the views of the Committee to deferring consideration of a number of agenda items with budgetary implications to the Special Meeting.

**Resolved –**

**(1) That consideration of the following agenda items be deferred to the Special Meeting of the Committee to be held on 27 September 2011 –**

- **4. Budget Projections 2012/2015**
- **5. Outcome Based Commissioning**

- 7. Community Based Budgets
- 8. Treasury Management Performance Monitoring Quarter 1
- 12. Performance and Financial Review First Quarter 2011/2012

(2) That the order of the remaining items of business be varied accordingly.

29 **EARLY VOLUNTARY RETIREMENT/VOLUNTARY SEVERANCE AND ORGANISATIONAL CHANGE**

Further to minute 5 (12 July 2011), the Director of Law, HR and Asset Management provided a detailed outline of the Early Voluntary Retirement/Voluntary Severance (EVR/VS) exercise and the organisational change which took place as a result. The EVR/VS exercise resulted in 1181 employees leaving the Council between 31 December 2010 and 22 July 2011 and the Director provided a breakdown of the process by Department.

The extent of the change meant that a number of areas of targeted support needed to be put in place and he provided detailed information in relation to –

- Support for employees in their personal decision making process about whether to accept EVR/VS
- Support for those employees being redeployed as a result of service changes
- Support for the organisation to re-model structures as a result of the leavers
- Support for all managers and employees delivering in a smaller, re-modelled organisation
- Improved communication to ensure that all employees were communicated with effectively

In response to comments from Members, the Director indicated that there was a “Planning for the Future” support programme in place to guide and help those leaving the organisation. However, although there had not as yet been any sampling or follow up work undertaken, it was an area of work which may be considered in the future.

In response to further questions, the Director referred to the filters that had been applied when considering applications for EVR/VS, which were intended to ensure that people or Council services were not put at risk. He commented upon a ‘bumping’ process that had been possible in some circumstances but indicated that 351 applications for EVR/VS had subsequently been refused. An appeals process had been undertaken, which had resulted in 17 out of 127 appeals being upheld and released before July 2011. The Director recognised that the EVR/VS exercise had happened quickly but maintained that it had been a managed process, undertaken with the co-operation of the trades unions. Furthermore, although the filtering processes had been largely successful, there was a specific budget in place to fund the replacement of key posts that had been identified following departmental restructuring.

In response to further questions from a Member, the Director agreed to present an update to a future meeting of the Committee in relation to the number of vacated posts as a result of EVR/VS that had subsequently filled. He proposed also to provide details direct to the Committee in relation to the costs to the Council of the MBA leadership course and the number of Council officers who had completed it.

**Resolved –**

- (1) That the report be noted.**
- (2) That the thanks of the Committee be accorded to the officers for the intensive work in dealing with the various issues arising from the EVR/VS process, including its impact on staff and their families.**

**30 FINANCIAL MONITORING STATEMENT**

The Director of Finance presented a summary of the position of the revenue accounts and General Fund balances as at 31 July 2011, together with the latest update as at 31 August 2011. The Statement included the composition of the original 2011/2012 budget by Department including agreed savings and the 'one year' policy options; monitoring against the 2011/2012 budget including the financial implications of any changes agreed through Cabinet decisions; anticipated variances, changes not agreed by Cabinet, against the original budget and comments to provide an explanation of variances and areas identified as requiring further attention.

He reported upon the impact of Cabinet decisions having budgetary implications and outlined a number of pressure areas that had been identified by Departments. In summary, he indicated that at 1 April 2011 when setting the 2011/2012 Budget, the projected level of balances was £14.1m. Of that, £7.2m was allocated to fund 'one-off' options and the cost of the Early Voluntary Retirement/Voluntary Severance (EVR/VS) Scheme in 2011/2012, leaving a projected balance at 31 March 2012 of £6.9m. The release of Connexions reserve monies allowed £4.4m (the EVR/VS scheme element) to be funded in 2010/2011, saving that sum in 2011/2012. The outturn for 2010/2011 resulted in a net increase in balances of £1m and he indicated that the changes detailed had reduced the balances by £5.5m.

Therefore, the current predicted balances were £6.8m, which would reduce by any further budgetary allocations or overspends within the 2011/2012 financial year.

**Resolved –**

- (1) That the report be noted.**
- (2) That an updated Financial Monitoring Statement be presented to the Special Meeting of the Committee to be held on 27 September 2011.**

**31 REVENUES, INCOME AND BENEFITS**

The Director of Finance provided information on the position regarding Council Tax, National Non Domestic Rate, general debt and cash income collection and the payment of benefits.

Members referred to the shortfall in income from Golf Courses being largely as a result of adverse weather but sought the views of the Director of Technical Services in relation to the impact of the non payment of fees. The Director referred to the various measures in place to ensure that all fees were paid but commented that the benefits of increased security patrols had to be offset against their significant additional cost.

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

The Director Technical Services/Programme Director (Strategic Change) provided a detailed update on the Council's Strategic Change Programme and reported that following an assessment of the financial benefits of 35 projects, in order to establish an accurate savings target and to ensure that there was no double counting, 12 projects had been identified to deliver £10.725m during 2011/2012. Currently, the programme was set to deliver £8.4m. Of the remainder, a number had identified savings that were realised through initiatives such as the EVR/VS exercise, two did not intend to achieve savings but sought to stabilise budgets, whilst the remainder had yet to determine financial benefits.

Work had been ongoing on a number of those projects and efficiencies identified. However, some projects required further work before being integrated into the programme and he indicated that they were presently held at the conception stage. The Strategic Change Programme Board (SCPB) had requested the development of Outline Business Cases for those projects to allow further consideration before formal entry into the Strategic Change Programme and they would be considered by the Board at its October meeting. He identified nine of the 35 projects, which had been closed as a result of programme cleansing, either because the activities had been completed and benefits achieved or it was no longer feasible to continue with the original objectives. The Director provided a summary provided of the number, status and current financial benefit of each project and commented that it aimed to provide an overview to Members of the content and progress of the Strategic Change Programme. Detailed information on the objectives and progress of each project should be requested from the relevant Chief Officer and portfolio holder.

He reported that the Strategic Change Programme Office (SCPO) was now fully functioning and was closely aligned to the Finance Department. However, it was not the role of the SCPO to deliver individual projects but to co-ordinate the programme and monitor its delivery. He provided details of the governance and delivery arrangements for the Strategic Change Programme, which stated that Chief Officers were ultimately accountable to the SCPB for project delivery and ensuring that they had effective people, systems and processes in place to deliver the outcomes.

He reported also that some projects within the programme were scheduled to run beyond 2011/2012 and indicative savings for 2012/2013 were in the order of £5-6m. The Board had not agreed those targets; but would consider them in further developing the programme alongside the work of overview and scrutiny committees to identify additional projects and activities to address the budget challenges faced by the Council.

In response to questions from Members, the Director agreed to provide details of the resource requirements of the SCP. He commented also that although a sufficient number of projects had been put forward by Chief Officers, all and every suggestion would be considered fully assessed.

**Resolved –**

- (1) That the thanks of the Committee be accorded to the officers for a full and detailed report and the content and progress of the Strategic Change Programme be noted.**
- (2) That the Committee looks forward to receiving details of emerging projects for inclusion within the Strategic Change Programme.**



### 33 OFFICE RATIONALISATION - UPDATE REPORT

Further to minute 11 (12 July 2011), the Director of Law, HR and Asset Management presented a report upon progress with the office rationalisation project. He commented upon the current position in relation to the first phase of building closures comprising Westminster House, which was now vacant and ready for sale, and the relocation of staff from the Old Courthouse and from the Willowtree facility. In response to questions from Members, the Director provided detailed information in relation to the valuation and disposal of Westminster House.

Phase 2 of the project had identified the vacation and closure of Liscard Municipal Offices, Bebington Town Hall and Bebington Town Hall Annexe and he reported that some discussions with affected services had commenced. However, he commented that even if those buildings were vacated, the overall density of occupation would remain substantially above the Council's previous target of 8.5 m2pp or the more ambitious targets for occupation in the EC Harris business case. Therefore, work was also underway within Phase 2 to identify a further major building for vacation and new locations for the affected staff. He indicated that options were being developed for the potential relocation of the Acre Lane facility which, he expected, would be reported for consideration by Members in December 2011. Within those options, he reported that the re-use of both Bebington Town Hall and Annexe would be considered, together with the potential to bring the Pennant House complex into use.

Key to identifying a further major building for closure would be to determine the future use and occupation within the Wallasey Complex and maximise the use of available space. Accommodation was currently vacant within the South Annexe that was prepared in case a requirement arose to locate staff in that building in the vacation of Westminster House. He proposed to present a report for consideration by the Cabinet in November 2011, which would recommend a way forward. In respect of the Wallasey Complex currently identified next steps included the implementation of the capital scheme for fire precaution and access works to Wallasey Town Hall; North Annexe Heating replacement and the business case for North Annexe refurbishment.

#### **Resolved –**

- (1) That the report be noted.**
- (2) That further detail in relation to matters contained within Phase 2 be presented to the Cabinet at the earliest opportunity.**

### 34 FORWARD PLAN

The Director of Law, HR and Asset Management reported that the Forward Plan for the period September to December 2011 had been published on the Council's intranet/website and Members had been invited to review the Plan prior to the meeting in order for the Council Excellence Overview and Scrutiny Committee to consider, having regard to the work programme, whether scrutiny should take place of any items contained within the Plan and, if so, how it could be done within relevant timescales and resources.

The Chair requested comments from officers in relation to a number of Forward Plan items and sought the views of Members as to whether they should be considered by the group spokespersons for possible inclusion in the Committee's work programme. The Director of Finance indicated that reports would be presented to the Cabinet on 13 October 2011 and to the next meeting of this Committee in relation to the Customer Access Strategy and the Capital Strategy. A report on Balance Sheet Management – Review of Reserves and Provisions would be presented to the

Cabinet on 8 December 2011 and to this Committee in January 2012. A report in relation to Libraries/One Stop Shop Mergers would be presented to the Sustainable Communities Overview and Scrutiny Committee.

**Resolved – That the report of the Director of Finance in relation to Forward Plan items be noted.**

### 35 **REVIEW OF SCRUTINY WORK PROGRAMME**

Members considered the Committees work programme for the ensuing municipal year and, in addition to those matters identified at the last meeting of the Committee, the Chair sought views of Members as to whether any additional topics should be added to it.

**Resolved –**

- (1) That the Work Programme be noted and no additional topics be added to it at the present time.**
- (2) That a report on Back Office Efficiencies be presented to the next meeting of the Committee.**

The Chair advised the Committee that he had authorised consideration of the following item of urgent business.

### 36 **REPLACEMENT PROGRAMME CONTROL SYSTEM SOFTWARE**

The Director of Technical Services reported upon the award of a contract for a five year period, under delegated authority, for the provision and support of replacement software for management of the Council's Strategic Change Programme (SCP). The contract for the current system ceased on the 1 November 2011 and a replacement system was required to continue the management of the SCP. He indicated that at the end of the initial five years there could be advantages to the Council in extending the support contract for a further five years and a second extension of five years was also allowed for in the contract. Those extensions would be evaluated at the time and would be dependent upon a comparison between the product and support offered by the incumbent supplier and those available in the market place. A decision to invite tenders would also need to take into account the associated costs of changing supplier and re-implementing the software.

The appendix to the report of the Director of Technical Services informed Members of key details of the contract and commercial confidential information concerning the tenders received (see minute 38 post).

**Resolved –**

- (1) That the award of the contract to Concerto Support Systems Ltd for a period of five years at a fixed cost of £68,900, with options to extend it for two further periods of five years each if considered advantageous to the Council, be noted.**
- (2) That it also be noted that the contract allows for licensing expanded use of the system to meet all likely longer term council requirements to meet its project management needs.**

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

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

38 **EXEMPT APPENDIX**

The Committee considered the appendix to the report of the Director of Technical Services in relation to Replacement Programme Control System Software (see minute 36 ante), which was exempt and not for publication as it contained the key details of the contract and commercial confidential information concerning the tenders received.

**Resolved – That the information contained within the exempt appendix document be noted.**

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## COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

Tuesday, 27 September 2011

Present: Councillor P Gilchrist (Chair)

Councillors A Brighouse P Doughty  
RL Abbey J Hale  
J Keeley C Jones  
A Cox S Williams

Deputies: Councillors J Salter (In place of D Dodd)

### 39 MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST/PARTY WHIP

Members were asked to consider whether they had a personal or prejudicial interest in any matters to be considered at the meeting and, if so, to declare them and state what they were.

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

Councillors Abbey and Salter stated that they would declare a prejudicial interest as members of the Merseyside Integrated Transport Authority if there were any discussions on Pacific Road, when agenda item 7 (Performance and Financial Review) was considered (minute 46 refers).

### 40 YOU CHOOSE - BUDGET CONSULTATION

The Director of Finance submitted a report and gave a presentation to the Committee on the 'You Choose' budget simulator.

As part of the 2012/13 Budget Consultation process, on 19 August 2011 the Council had commenced a web-based public consultation entitled, 'The Great Debate' using an on-line package known as You Choose. This was a budget simulator developed by YouGov and supported by the Local Government Group which provided residents with the opportunity to suggest changes to close the estimated £25 million budget gap and limit any Council Tax increase for 2012/13. Details had been hand delivered to all residents with the electoral registration forms and a series of You Choose public engagement events were taking place throughout the Borough during the period of the consultation which was due to conclude on 30 November 2011.

Chief Officers had provided information for the simulator which showed the implications for their services of reducing budgets by 10%, 20% and 50% and of increasing budgets by 5%.

Peter Molyneux, Chief Accountant, informed the meeting that so far there had been 1334 suggestions made on the simulator and the results could be analysed on a geographical basis.

The Director, in response to Members' questions, informed the Committee that the results of the consultation would be reported to the December meeting of the Cabinet. The simulator had been promoted to the Council's workforce through the Council's One Brief and also on the internet page. Data analysis provided by YouGov would cost between £1,000 to £3,000. Users of the simulator had to supply the first four digits of their postcodes which gave a broad postcode analysis of the data although there was no system of verification.

Some Members commented that there were flaws in the simulator and that it was a dangerous exercise to suggest that the only way to save money was by cutting services.

On a motion by the Chair it was,

**Resolved –**

**(1) That Committee notes the potential of the system and also its drawbacks.**

**(2) That the Committee thanks the officers for the demonstration and looks forward to detailed analysis of results in future reports.**

#### 41 **FINANCIAL MONITORING STATEMENT**

The Director of Finance provided a summary of the position of the revenue accounts and General Fund balances as at 31 August, 2011. The report gave details of the latest departmental projections and the potentially volatile areas within these, particularly Adult Social Services and Children and Young People.

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

#### 42 **BUDGET PROJECTIONS 2012/2015**

The Director of Finance presented the projected budget for 2012-2015, which had been considered by the Cabinet on 1 September 2011 (minute 92 refers). He set out the assumptions which underpinned the projections and reported upon the outcome of grant negotiations and other legislative issues. Balances were projected to be £7.4m at 31 March 2012 and with savings having been taken into account, he reported that there would be a projected shortfall of £25.3m in 2012/2013, £31m in 2013/2014 and £30.3m in 2014/2015.

The Director responded to comments from Members and stated that the information from the 2011 Census was expected from the Office of National Statistics in late 2012, which was likely to feed into the 2013 grant settlement. A report would be going to the next Cabinet on the capitalisation of £4m for statutory redundancy payments, which had received outline approval from the Department for Communities and Local Government.

**Resolved - That the budget projections be reviewed on a regular basis.**

43 **OUTCOME BASED COMMISSIONING**

The Director of Finance provided an update on the development of a strategic approach to outcome based commissioning and its relationship with the development of Neighbourhood Plans. The report had been agreed by the Cabinet on 1 September 2011 (minute 101 refers).

**Resolved – That Committee notes the progress being made and receives further reports following the consultation on Neighbourhood Plans.**

44 **COMMUNITY BUDGETS**

The Director of Finance submitted a report on Community Budgets which were seen by the Government as the means by which local public service partners worked together to redesign services across boundaries to maximise the resources available to improve service delivery.

The Government had recently announced details of an expansion of the Community Budgets programme around Families with Multiple Problems and future more radical pilots giving communities greater control over services. The Cabinet on 1 September 2011 (minute 93 refers) had agreed to submit an expression of interest to become a pilot in the Community Budgets programme around Families with Multiple Problems. The Director informed the meeting that bids were being submitted in respect of both pilots.

**Resolved – That the report be noted, the officers be thanked and the Committee looks forward to the outcome of these bids.**

45 **TREASURY MANAGEMENT PERFORMANCE MONITORING - QUARTER 1**

The Director of Finance submitted a report which presented a review of Treasury Management activities during the first quarter of 2011/12 and confirmed compliance with treasury limits and prudential indicators. It had been prepared in accordance with the revised CIPFA Treasury Management Code and the revised Prudential Code.

The Director responded to comments from Members and informed the Committee that the Treasury Management Team had daily discussions with banks and received daily forecasts of the Council's cash position. With the current volatility in the markets the Council continued to invest on a short term basis. He also outlined the current situation in respect of PFIs and schools.

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

46 **PERFORMANCE AND FINANCIAL REVIEW - FIRST QUARTER 2011/2012**

The Chief Executive presented a report, which set out the performance of the Council's Corporate Plan 2011-14 for April to June, 2011. The report set out performance against the four key themes in the plan of, Your Family, Your Neighbourhood, Your Economy and Your Council.

In response to comments from Members, officers commented that they would look at incorporating more tangible actions within the report in respect of those indicators which were off target. They also acknowledged the need for a more meaningful summary in descriptions of performance indicators. The Director of Law, HR and Asset Management agreed that he would circulate a timetable with regard to information which had previously been provided with a hard copy of the Council diary on Members' information and contact details and departmental contact details.

**Resolved – That the officers be thanked for their report and information provided and that they be requested to address the issues raised in future reports.**

#### 47 BUDGET KEY ISSUES

The Director of Finance reported that as part of the 2012/13 Budget Consultation process Cabinet were asking Scrutiny Committees to consider the functions within their portfolio and offer suggestions as to how to close the estimated £25 million budget gap and limit any Council Tax increase in 2012/13. The responses would be considered along with the responses from the other engagement processes to inform the budget setting process. Further consultation would be undertaken regarding any specific service changes.

The report had been coordinated by the Director of Finance and included the services within the departments of Finance and Law, HR and Asset Management, and services which provided the Council's Corporate and Community Planning, Consultation, Engagement and Communications functions.

The Chair commented that it was for the Cabinet to come forward with specific budgetary proposals and only then would the Committee be in a position to scrutinise these.

Councillor Abbey suggested that it was incumbent on every elected Member to challenge officers that they were delivering on potential savings and that this Committee should try and identify any specific savings.

It was moved by the Chair and seconded by Councillor Hale –

“(1) That having regard to the Budget and Policy Framework Procedure Rules (as set out in the Constitution) this Scrutiny Committee is of the view that it will respond to the Cabinet's proposals at the earliest opportunity.

(2) This Committee considers that it is the prime responsibility of Cabinet members to come forward with proposals for investigation, research or detailed study, in sufficient depth and in the detail required for Members to make informed decisions.

(3) In order for this to be thorough and constructive this Committee requests that proposals should be provided as soon as possible and available for Members to seek information and advice.



(4) This Committee will therefore consider setting a date for a special meeting to consider Cabinet led suggestions highlighting potential savings as soon as they are available.”

It was then moved as an amendment by Councillor Abbey and seconded by Councillor Doughty that -

“(1) This Committee recognises the difficulties caused by the severity of last year’s budget cuts and the speed with which they had to be implemented.

(2) Committee further recognises that some services are under considerable stress as a result.

(3) However, Committee believes it is imperative that no overspends are incurred on the 2011/12 budget and that the savings promised as part of that budget must be delivered, or replaced with alternative savings, if we are to avoid passing on the hole into the 2012/13 budget.

(4) Committee believes that, if this is not done, there is a real risk of destabilising the Council’s finances at a point where the Council needs maximum stability to enable it to face the serious challenges ahead, and accepts it has a very real role to play in the detailed and careful monitoring of spending in this year’s budget.

(5) Committee recognises that there is currently an overall projected budget gap of £25m for 2012/13, further gaps of £31m and £30.3m predicted for 2013/14 and 2014/15 and the potential for a further gap again of £60m if the localisation of business rates is implemented without any ongoing protection for authorities like Wirral with less ability to raise high levels of income from business rates.

(6) Committee welcomes the involvement of the public in the budget simulation exercise, and the high level of response, both as a way of ascertaining priorities and as an educational tool to demonstrate the kind of decisions that have to be taken in setting the Council’s budget.

(7) Committee believes that it should do everything it can to provide positive and creative suggestions to assist the Executive in the difficult task that lies ahead and welcomes the early opportunity given it by the Executive to do this, in stark contrast with the lack of involvement of the Scrutiny process last year.

(8) Committee is also aware that last year savings proposals were presented to Cabinet by the Coalition administration just two working days before a package of savings was taken at Council and that Scrutiny Committees were denied their constitutional right to scrutinise those proposals, with the relevant part of the Constitution being suspended by Council to facilitate this.

(9) Committee believes it is unrealistic to expect the Executive to present it with detailed options for savings at this point in the year, and agrees to scrutinise any options at the point where they are referred to the Scrutiny Committee by the Executive, in accordance with the Constitution and, if necessary, hold Special meetings at that point.”

The amendment was put and lost (4:6).

The motion was put and carried (6:4) (Councillors Abbey, Doughty, C Jones and Salter voting against).

**Resolved (6:4) (Councillors Abbey, Doughty, C Jones and Salter voting against) –**

**(1) That having regard to the Budget and Policy Framework Procedure Rules (as set out in the Constitution) this Scrutiny Committee is of the view that it will respond to the Cabinet's proposals at the earliest opportunity.**

**(2) This Committee considers that it is the prime responsibility of Cabinet members to come forward with proposals for investigation, research or detailed study, in sufficient depth and in the detail required for Members to make informed decisions.**

**(3) In order for this to be thorough and constructive this Committee requests that proposals should be provided as soon as possible and available for Members to seek information and advice.**

**(4) This Committee will therefore consider setting a date for a special meeting to consider Cabinet led suggestions highlighting potential savings as soon as they are available.**

#### **48 TIMETABLE FOR CONSIDERATION OF EMERGING BUDGET ISSUES**

The Chair commented that the next scheduled meetings of the Committee were due on 17 November, 2011 and 31 January, 2012.

It was then suggested and agreed that once any Cabinet proposals did emerge in respect of the budget, the Chair and Party spokespersons agree a date for a special meeting.

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# Agenda Item 3

WIRRAL COUNCIL

COUNCIL EXCELLENCE OVERVIEW & SCRUTINY COMMITTEE

17 NOVEMBER 2011

<b>SUBJECT</b>	<b>FINANCIAL MONITORING STATEMENT</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>NO</b>

## **1.0 EXECUTIVE SUMMARY**

- 1.1 This report provides a summary of the position of the revenue accounts and General Fund balances as at 30 September 2011.

## **2.0 RECOMMENDATION**

- 2.1 That the contents of the Financial Monitoring Statement be noted.

## **3.0 REASON FOR RECOMMENDATION**

- 3.1 The Statement is sent out after the end of each month to all Members of the Council. At each meeting of this Committee a formal report is produced to accompany the latest available Statement.

## **4.0 BACKGROUND AND KEY ISSUES**

### **MONITORING STATEMENT**

- 4.1 The Statement is attached to this report and includes the following:
- Composition of the original 2011/12 budget by Department including agreed savings and the 'one year' policy options.
  - Monitoring against the 2011/12 budget including the financial implications of any changes agreed through Cabinet decisions.
  - Anticipated variances, changes not agreed by Cabinet, against the original budget.
  - Comments providing an explanation of variances and areas identified as requiring further attention.

### **IMPACT OF CABINET DECISIONS HAVING BUDGETARY IMPLICATIONS**

- 4.2 The changes agreed by Cabinet affecting the 2011/12 financial position are:-
- On 17 March 2011 it was agreed to retain Fernleigh for the 2011/12 financial year at a cost of £0.5 million.
  - On 2 June 2011 an update on Government Grants included the new Local Services Support Grant and New Homes Bonus which are both general, not specific grants. The effect was to increase balances by £0.5 million.

- On 23 June 2011 additional funding of £0.3 million was allocated for the Integrated Transport Unit.
- On 21 July 2011 £0.2 million was provided to support the Schools Budget in respect of School pay. The same meeting was also advised of the £3.5 million of re-provision that was included for Adult Social Services and the £1 million for the changes by HM Treasury to national insurance contributions since April 2011 as part of the Budget Projections report.

Overall these decisions have reduced the balances by £5 million.

- 4.3 On 23 June 2011 Cabinet agreed the Financial Out-turn report for the 2010/11 financial year. In summary this showed a net increase in the balance at 31 March 2011 of £1 million. This included the accounting requirement to fund the cost of the Early Voluntary Retirement / Voluntary Severance Scheme leavers in 2010/11 and so the £4.4 million included for this purpose in the Budget 2011/12 was therefore available to be released to balances.

### **LATEST DEPARTMENTAL PROJECTIONS**

- 4.4 The Statement presents an update of the revenue budget and General Fund balances as at 30 September 2011. At this stage of the financial year departments are reporting pressures and the potentially volatile areas within departments are:-

#### **4.4.1 Adult Social Services**

The Interim Director is reporting pressures of £7.1 million. Potential slippage in implementing 2011/12 savings accounts for £3 million; underlying demand for older people and people with learning disabilities accounts for £2.9 million and shortfall in re-provision available for Community Care Services £1.2 million. The Interim Director is looking at options to reduce any potential overspend.

#### **4.4.2 Children & Young People**

The reported pressures of £6 million at 31 May 2011 have been reduced to £2 million. This is due to a one-off contribution from balances from a reserve relating to Children's Centre income and uncommitted resources within the Early Intervention Grant activities. Increasing demand within Child Care amounts to £2.8 million with foster care accounting for £1.6 million of this. The Integrated Transport Unit has potentially a £1.1 million overspend through increased commitments and the non-achievement of savings. £1 million relates to other costs including delayed EVR savings, court fees and social care car allowances. The Acting Director is continuing to explore options to reduce any potential overspend.

#### **4.4.3 Other Departments**

In respect of the other departments the implementation of the policy options and delivery of the savings are all progressing. The achievement of income targets remains the key concern with £0.5 million of pressure highlighted by Corporate Services for building and planning control. Technical Services concerns are regarding car parking and cultural services income.

## 5.0 RELEVANT RISKS

5.1 The risks are incorporated within section 4 of this report. Any variations from the agreed budget will impact, positively or negatively, upon Council balances and so affect the financial position.

## 6.0 OTHER OPTIONS CONSIDERED

6.1 There are no options considered in this report.

## 7.0 CONSULTATION

7.1 No specific consultation has been undertaken with regard to this report.

## 8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

8.1 There are no direct implications arising from this report.

## 9.0 RESOURCE IMPLICATIONS

9.1 As at 30 September 2011 the decisions taken by Cabinet would result in balances at 31 March 2012 of £7.3 million. This is more than the £6.9 million that was projected when setting the 2011/12 budget although two departments are reporting pressures. The relevant Directors continue to look at actions to address the pressures within their departmental budgets.

Details	£million	£million
<b>Projected General Fund balance at 31 March 2012 when setting the budget for 2011/12</b>		6.9
<b>Cabinet decisions</b>		
17 March - Retention of Fernleigh for 2011/12	-0.5	
02 June - Government Grant changes	+0.5	
23 June - Integrated Transport Unit	-0.3	
21 July - Support for Schools Budget for pay	-0.2	
21 July- National Insurance increased costs	-1.0	
21 July - Re-provision within Adult Social Services	-3.5	-5.0
23 June - Outturn 2010/11 and net increase in balances	+1.0	
23 June - Out-turn 2010/11 removed need to fund Early Voluntary Retirement / Voluntary Severance in 2011/12	+4.4	+5.4
<b>Projected variances / potential overspends</b>		
At this stage none identified although pressures within Adult Social Services of £7 million and Children & Young People of £4.4 million		
<b>General Fund balance at 31 March 2012 based upon the latest projections</b>		7.3

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

## **10.0 LEGAL IMPLICATIONS**

10.1 There are none arising directly from this report.

## **11.0 EQUALITIES IMPLICATIONS**

11.1 There are none arising directly from this report.

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

## **12.0 CARBON REDUCTION IMPLICATIONS**

12.1 There are none arising directly from this report.

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

13.1 There are none arising directly from this report.

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## **APPENDICES**

Financial Monitoring Statement 2011/12 - Position as at 30 September 2011.

## **REFERENCE MATERIAL / SUBJECT HISTORY**

<b>Council Meeting</b>	<b>Date</b>
Cabinet - Departmental Budgets 2011/12	23 June 2011
Council Excellence Overview & Scrutiny Committee - Financial Monitoring Statement	12 July 2011
Council Excellence Overview & Scrutiny Committee - Financial Monitoring Statement	15 September 2011
Council Excellence Overview & Scrutiny Committee - Financial Monitoring Statement	27 September 2011

## WIRRAL COUNCIL

## FINANCIAL MONITORING STATEMENT 2011/12

## UPDATED POSITION AS AT 30 SEPTEMBER 2011

Department	ORIGINAL BUDGET			MONITORING			COMMENTS (INCLUDING Red/Amber/Green RATING)	
	Policy Option	Saving Target	Agreed Budget	Changes Agreed	Changes Not agreed	Forecast	Rate	Comments
Expenditure	£000	£000	£000	£000	£000	£000		
Adult Social Services	-	16,907	63,411	+3,980	Pressure of £7.1 million	67,391	A	Pressures include. £3m slippage in savings implementation (EVR & Market Management); £2.9m Community Care from rising demand for older peoples and learning disabilities services and £1.2m for Care Services following EVR scheme. Cabinet decisions to retain Fernleigh in 2011/12 and re-provide following EVR/VS Scheme.
Children & Young People	392	7,954	74,753	+540	Pressure of £2.0 million	75,293	A	Pressures reduced and primarily children's care services through demand £2.8m, transport £1.1m and staffing (inc EVR / vacancy targets) £1m .Offset by one-off release of £2.6m of balances. Cabinet decisions relate to transport and Local Services Grant.
Corporate Services	758	3,726	25,407	+610	Pressure of £0.5 million	26,017	A	The income budgets for planning / building control are the main issue with a projected shortfall of £0.5m. Cabinet decisions on Local Services Grant and New Homes Bonus Grant.
Finance	250	7,811	26,638	-	-	26,638	G	Housing benefit is most significant budget and caseload still rising.
Law, HR and Asset Mgt	364	2,658	16,275	-	-	16,275	G	Asset management of buildings and the savings from disposals and rationalisation continue as pressure areas.
Technical Services	1,002	2,813	59,943	+123		60,066	A	Income targets remain the most significant challenge for car parking and cultural activities. Delayed sale of museum may impact on budget. Cabinet decision is Local Services Grant.
National Insurance	-	-	-	+1,000	-	1,000	A	HM Treasury changes – to be allocated to departments.
Merseytravel	-	-	28,817	-	-	28,817	G	Fixed amount – no change.
Local Pay Review	-	-	956	-	-	956	G	Available to meet the implementation of the Review.
Funding of EVR/VS Scheme	-	-	5,795	(4,400)	-	1,395	G	Based on employees leaving. Part funded in 2010/11
Council Tax Freeze Grant	-	-	(3,285)	-	-	(3,285)	G	Amount of grant confirmed by Government in April.
Contribution from Balances	-	-	(7,166)	(370)	-	(7,536)	G	Amount before any changes agreed by Cabinet.
<b>Budget Requirement</b>	<b>2,766</b>	<b>41,869</b>	<b>291,544</b>	<b>(1,483)</b>	-	<b>293,027</b>		
<b>Income</b>								
Revenue Support Grant	-	-	37,498	-	-	37,498	G	Fixed amount - no change
National Non Domestic Rate	-	-	121,312	-	-	121,312	G	Fixed amount - no change
Local Services / New Homes			-	1,483	-	1,483	G	New / increased general rather than specific grant. Cabinet 2 June allocated £933k, £550k added to balances as already in the budget.
Council Tax	-	-	131,434	-	-	131,434	G	Fixed amount - no change
Collection Fund	-	-	1,300	-	-	1,300	G	From the change in treatment of empty properties.
<b>Total Income</b>	<b>-</b>	<b>-</b>	<b>291,544</b>	<b>1,483</b>	-	<b>293,027</b>		
<b>Statement of Balances</b>								
As at 1 April	-	-	14,071	-	-	14,071		Opening balance with forecast for 31 March 2012 of £6.9 million.
Contributions from Balances	-	-	(7,166)	4,400	-	(2,766)		EVR/VS balance contribution was made in 2010/11 accounts.
2010/11 Outturn variance				1,000		1,000		2010/11 Outturn and release of reserves reported to Cabinet 23 June
Cabinet decisions	-	-	-	(4,960)	-	(4,960)		Fernleigh for 2011/12 £480k (17 Mar), Local Services / New Homes -£550k (2 Jun), Transport £340K (23 Jun), Transfer to schools £190K (21 Jul). Nat Ins costs £1m and DASS Re-provision £3.5m (21 Jul)
Changes – Not Agreed	-	-	-	-	-	-		Based upon departmental projections and not yet agreed.
<b>BALANCES</b>	<b>-</b>	<b>-</b>	<b>6,905</b>	<b>440</b>	-	<b>7,345</b>		<b>Projected balance for 31 March 2012 at start / end of year</b>

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## COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

17 NOVEMBER 2011

<b>SUBJECT</b>	<b>BUDGET PROJECTIONS 2012-15</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 Following the agreement of the budget for 2011-12 at the Council meeting on 1 March 2011, this report presents the projected budgets for 2012-15.

**2.0 RECOMMENDATION**

2.1 That the budget projections be regularly reviewed.

**3.0 REASON FOR RECOMMENDATION**

3.1 Regular reporting of the projected financial prospects is a requirement of good corporate and financial planning.

**4.0 BACKGROUND AND KEY ISSUES****4.1 Assumptions Underpinning the Projections**

- a) Inflation - Provision is currently being made for price inflation of 2% per annum with income to continue to increase by 3% per annum. Pay awards will be limited to those employees earning less than £21,000 per annum for 2012-13 and are assumed to increase by 2% per annum from 2013. A report on the provision for inflation for 2012-13 is included elsewhere on this agenda.
- b) Capital Financing - Cabinet on 21 February 2011 agreed a capital programme at an increased revenue cost of £1.9m in 2012-13.
- c) Pension Fund - the increase arising from the actuarial valuation including the impact of the outsourcing of the highways and engineering services contract will increase the contribution by £0.3m in 2012-13 and by £0.3m in 2013-14. The revaluation scheduled for March 2013 will be implemented from 2014.
- d) National Insurance – Employers NI changes will cost an additional £1m.
- e) Waste Disposal - Landfill Tax is increasing by £8 per ton per annum, an increase of 50% between 2010-11 and 2014-15. The levy is assumed to increase by £1.5m per annum from 2013.
- f) Merseytravel - From 2013 the levy is assumed to increase by £1m per annum.

- g) Schools - it is assumed that the Schools Budget will vary in line with the Dedicated Schools grant.
- h) Academies – the Department for Education will reduce the budget by a further £0.9m in 2012-13 to fund academies.
- i) Neighbourhood Management – Cabinet on 2 June 2011 agreed to increase the budget by £0.4m to be funded by the Local Services Support Grant.
- j) Home to School Transport – Cabinet on 2 June 2011 agreed to increase the budget by £0.2m to be funded by the Local Services Support Grant.
- k) Integrated Transport – Cabinet on 23 June 2011 agreed to increase the budget by £0.3m.
- l) Housing – Cabinet on 21 July 2011 agreed to increased housing expenditure of £0.3m to equal the New Homes Bonus.
- m) Adult Social Services Reprovision - £3.5m identified as part of budget preparation.
- n) Efficiency Investment - in order to continue to deliver efficiencies in future years it will be necessary to continue to invest and therefore £2m per annum has been provided.
- o) Other Unavoidable Growth - a number of items of unavoidable growth of less than £0.2m will arise. These usually total about £1m per annum.

## 4.2 Grant Negotiations

- 4.2.1 The Local Government Finance Settlement for 2011-12 incorporated a provisional settlement for 2012-13, in which the Formula Grant will be reduced by £14m.
- 4.2.2 The Spending Review 2011-15 incorporated four year projections for local government expenditure. However the Finance Settlement only provided figures for 2011-13. Figures for 2013-15 will be subject to the outcome of the Local Government Resource Review (LGRR). Clearly this will have a major impact on the budget projections for 2013-15 included in the appendix. The Terms of Reference for phase I of the LGRR were reported to Cabinet on 14 April 2011. A response to a consultation paper on phase I, localisation of business rates, was agreed by Cabinet on 13 October 2011. Phase II, community budgets, was reported to Cabinet on 1 September 2011. Subsequent phases will be reported to Cabinet as they are released.
- 4.2.3. The Government has announced a new general grant, the Local Services Support Grant of £1.2m. This absorbs a number of previous specific grants totalling £0.5m and was reported to Cabinet on 2 June 2011.
- 4.2.4. The New Homes Bonus of £0.3m has also been released as a general grant which was reported to Cabinet on 2 June 2011.

- 4.2.5. H. M. Treasury (HMT) has announced a Council Tax freeze grant for 2012-13 only equivalent to a 2.5% Council Tax increase, amounting to £3.3m for Wirral.
- 4.2.6. As part of the LGRR the Government proposes to reduce specific grants from 2013. The pro-rata impact for Wirral could be a loss of £7m in 2013-14 and £23m in 2014-15.

#### 4.3 **Other Legislative Issues**

- 4.3.1 Independent Public Service Pensions Commission – Final recommendations issued on 10 March 2011. The detailed Government response is expected in Autumn.
- 4.3.2 Pensions Contributions – HMT is seeking to recover either from employers or pension funds an amount equal to a 3.2 percentage point increase in contribution rates from 2012.
- 4.3.3 Welfare Reform Bill – Implementation of Universal Credit and a Local Council Tax Benefit System due to commence in 2013. The Local Council Tax Benefit System will result in a reduction of grant of £3.2m. A response to a consultation paper was agreed by Cabinet on 22 September 2011.
- 4.3.4 Localism Bill - Will require a local referendum if a proposed Council Tax increase is considered to be excessive from 2012-13.
- 4.3.5 Council Tax Revaluation - This has been deferred until after 2015.
- 4.3.6 **Census** - During the course of this budgeting period the results of the Census 2011 will become available and will be incorporated into the grant distribution formulae. The Office for National Statistics (ONS) has released the Mid 2009 estimated populations. The reduction for Wirral since the Census 2001 is greater than for any other metropolitan or unitary authority. If this is confirmed in the Census 2011 then the reduction in grant receivable could be significant. The ONS has confirmed that the analysis of the Census data should be completed for incorporation into the Finance Settlement for 2013-14.

#### 4.4 **Balances**

- 4.4.1 The budget for 2011-12 includes balances of £14.1m.
- 4.4.2 The final phase of the Early Voluntary Retirement/Voluntary Severance Scheme covering those staff due to depart in early 2011-12 is projected to utilise £4.4m of the balances.
- 4.4.3. The budget for 2011-12 will utilise £2.8m of the balances to fund one-off expenditure.
- 4.4.4. HM Treasury has announced two increases to National Insurance which will cost an additional £1m.
- 4.4.5. Cabinet on 17 March 2011 agreed to reinstate the budget for Fernleigh for 2011-12 at a cost of £0.5m.

- 4.4.6. Cabinet on 2 June 2011 received details of the Local Services Support Grant and the New Homes Bonus.
- 4.4.7. Cabinet on 23 June 2011 agreed that integrated transport would not deliver the previously agreed savings but would instead cost an additional £0.3m.
- 4.4.8. Closure of the Accounts for 2010-11 which was reported to Cabinet on 23 June 2011 resulted in a net overspending of £3.3m.
- 4.4.9. The Insurance Fund Annual Report presented to Cabinet on 23 June 2011 transferred £0.9m to balances.
- 4.4.10. The Treasury Management Annual Report presented to Cabinet on 23 June 2011 transferred £3.0m to balances.
- 4.4.11. Cabinet on 23 June 2011 agreed to transfer the Connexions Pension Reserve of £4.7m to General Fund balances.
- 4.4.12. This had originally been identified to meet reprovision costs of £3.5m in Adult Social Services in 2011-12.
- 4.4.13. Cabinet on 21 July 2011 agreed to allocate an amount equal to the New Homes Bonus for housing expenditure.
- 4.4.14. Cabinet on 22 September 2011 agreed to fund the costs of the independent review following the DASS PIDA totalling £0.3m.
- 4.4.15.. Therefore the projected balances are as follows:-

	£m
Budgeted opening balance	14.1
Overspending 2010-11	-3.3
Insurance Fund	0.9
Treasury Management	3.0
Connexions Pension Reserve	4.7
Adult Social Services Reprovision	-3.5
EVR/VS	-4.4
Policy Options 2011-12 only	-2.8
National Insurance	-1.0
Fernleigh	-0.5
Local Services Support Grant	0.5
Integrated Transport	-0.3
Independent Review	<u>-0.3</u>
Projected Balance	7.1

- 4.4.16. The minimum recommended balances are £6.0m.

#### 4.5. Savings

4.5.1. Cabinet has agreed to the following savings:-

	2012-13	2013-14	2014-15
	£000	£000	£000
Human Resources IT System	474	100	20
Family Group Conferencing	130		
IT Services	400	400	400
Benefits	1,200		
Printing Services	<u>250</u>		
	2,454	<u>500</u>	<u>420</u>

4.5.2. Subsequently the Strategic Change Programme Board has been reformed that the agreed savings from the implementation of the Human Resources IT system will not be achieved.

4.5.3. In addition to the savings agreed by Cabinet the Strategic Change Programme Board has agreed to the following additional savings for 2012-13:-

	£000
Looked After Children	70
Disposal of Assets	310
Office Rationalisation	123
Street Lighting	100
DASS Market Management	847
Facilities Management	<u>500</u>
	1,950

These revisions were reported to the Council Excellence Overview and Scrutiny Committee on 15 September 2011.

4.5.4. The full year effect of the Early Voluntary Retirement/Voluntary Severance scheme savings net of re-provision and structuring costs totals £17m which will be achieved in 2012/13. This will increase to £20m after the additional cost of the pensions has been met in 2017.

#### 5.0 RELEVANT RISKS

5.1 Any projections carry risks. For 2012-13 the Government has indicated the provisional Formula Grant and so the risks are primarily with the expenditure projections which will be influenced by changes to Government policies, inflation, and delivery against budgets in 2011-12.

5.2 For 2013-15 the Government proposes significant changes to the grant distribution system which could cause major changes to these projections.

#### 6.0 OTHER OPTIONS CONSIDERED

6.1 All of these projections represent my assumptions of the most likely outcome from a wide range of available options.

## 7.0 CONSULTATION

7.1 The Government is consulting on a number of issues which will impact on the budget projections. I respond to all consultation exercises to try to ensure the best outcome for Wirral.

## 8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

8.1 There are no direct implications arising from this report.

## 9.0 RESOURCE IMPLICATIONS – FINANCIAL

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

## 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/236/11

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## APPENDICES

Budget Projections 2012-15

## REFERENCE MATERIAL

Budget - HM Treasury - March 2011  
Independent Public Service Pensions Commission Report - March 2011  
Spending Review - HM Treasury - October 2010  
Medium Term Financial Strategy 2012-15 - October 2011  
Local Government Finance Settlement 2011-13 - DCLG - January 2011  
Council Budget 2011-12 - March 2011

## SUBJECT HISTORY

Council Meeting	Date
This report is revised for each meeting of the Cabinet.	

**Wirral Council  
Budget Projections 2012-15**

	2012-13 £m	2013-14 £m	2014-15 £m
Base Budget	294.8	284.3	277.8
Increased Requirements			
Pay Inflation	1.0	3.5	3.5
Price Inflation	4.2	4.2	4.2
Capital Financing	1.9	2.0	2.0
Pension Fund	0.3	0.3	2.5
National Insurance	1.0	-	-
Academies	0.9	-	-
Waste Disposal	-	1.5	1.5
Merseytravel	-	1.0	1.0
Neighbourhood Management	0.4	-	-
Home to School Transport	0.2	-	-
Integrated Transport	0.3	-	-
Housing	0.3	-	-
DASS Re provision	3.5	-	-
Council Tax Benefit	-	3.2	-
Other Unavoidable Growth	1.0	1.0	1.0
Efficiency Investment	2.0	2.0	2.0
Specific Grant Reduction	-	7.0	16.0
	<u>311.8</u>	<u>310.0</u>	<u>311.5</u>
Reduced Requirements			
Income Inflation	-1.0	-1.0	-1.0
Savings Agreed	-2.0	-0.4	-0.4
Additional Savings	-1.9	-	-
	<u>306.9</u>	<u>308.6</u>	<u>310.1</u>
Resources			
Revenue Support Grant	34.2	31.0	28.0
Business Rates	110.6	110.6	99.0
Council Tax Grant	6.6	3.3	3.3
Local Services Support Grant	1.2	1.2	1.2
New Homes Bonus	0.3	0.3	0.3
Council Tax	<u>131.4</u>	<u>131.4</u>	<u>131.4</u>
Forecast Resources	284.3	277.8	263.2
Shortfall	22.6	30.8	46.9

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## WIRRAL COUNCIL

### COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

17 NOVEMBER 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 agreed by Cabinet on 13 October 2011. There are only minor revisions to the Strategy which aims to provide a framework with which to support planning considerations for the medium term.

#### **2.0 RECOMMENDATION**

- 2.1 That the Capital Strategy be noted.

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

- 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.

#### **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/240/11

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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
Cabinet - Capital Strategy	13 October 2011

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## WIRRAL COUNCIL

### CAPITAL STRATEGY

<b>SECTION</b>	<b>CONTENTS</b>
<b>1.0</b>	<b>EXECUTIVE SUMMARY</b>
1.1	Introduction
1.2	Statement of aims
1.3	Review
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<b>3.0</b>	<b>LOCAL ISSUES</b>
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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.**

# Agenda Item 6

WIRRAL COUNCIL

COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

17 NOVEMBER 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 which was agreed by Cabinet on 13 October 2011. The aim is to give 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 noted.
- 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.
- 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 to provide 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 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/237/11

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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
Cabinet - Medium Term Financial Strategy	13 October 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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# Agenda Item 7

WIRRAL COUNCIL

COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

17 NOVEMBER 2011

<b>SUBJECT:</b>	<b>REVENUES, INCOME AND BENEFITS</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>NO</b>

## 1.0 EXECUTIVE SUMMARY

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

## 2.0 RECOMMENDATION

2.1 That the report be noted.

## 3.0 REASON FOR RECOMMENDATION

3.1 To update Members on financial issues.

## 4.0 BACKGROUND AND KEY ISSUES

### 4.1 REVENUES COLLECTION

4.1.1 The following statement compares the amount collected for **Council Tax** in the period 1 April 2011 to 30 September 2011 with the amount collected in the same period in 2010/11:

	<b>Actual 2011/12 £</b>	<b>Actual 2010/11 £</b>
Cash to Collect	<b>125,382,688</b>	123,973,664
Cash Collected	<b>71,414,027</b>	71,068,413
% Collected	<b>57%</b>	57.3%

Collection is behind the 2010-11 performance. This is due mainly to the additional £1.6 million Long Term Empty Property charge raised, reflected in the 2011/12 Cash to Collect as compared to 2010/11 Cash to Collect which is proving a challenge to collect. The cash collected figure is £350,000 more than at this time in 2010-11.

4.1.2 The following statement compares the amount collected for **National Non-Domestic Rates** in the period 1 April 2011 to 30 September 2011 with the amount collected in the same period in 2010/11:

	<b>Actual 2011/12 £</b>	Actual 2010/11 £
Cash to Collect	<b>65,083,315</b>	62,829,440
Cash Collected	<b>37,660,225</b>	34,505,664
% Collected	<b>57.9%</b>	54.7%

Collection is ahead of 2010/11 as many large firms are paying on time or ahead of schedule.

4.1.3 The following statement provides information concerning the collection of local taxes from 1 April 2011 to 30 September 2011:

	<b>Council Tax</b>	<b>Business Rates</b>
Reminders/Final Notices	30,979	1,861
Summonses	9,386	523
Liability Orders	5,988	250
Recovery action in progress		
Attachment of Earnings	1,185	
Deduction from Income Support	2,410	
Accounts to Bailiff	3,955	55
Pre-Committal Warning Letters	2,226	-
Committal Orders Issued	7	0
Debtors Committed	0	0

Current Status of Agent Work in respect of Committals for 1 April 2011 to 30 September 2011:

Warrants of Arrest issued by Court (Bail and No Bail)	17
Warrants of Arrest (Bail) to Warrant officer	15
Warrants of Arrest (No Bail) to Warrant officer	10
Returned successful (Bail)	21
Returned successful (No Bail)	8
Returned other reasons (Bail)	1
Returned other reasons (No Bail)	0

#### Insolvency cases to 30 September 2011

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

Bankruptcy cases	309
Charging orders	175
Winding up orders	3

### New cases from 1 April 2011 to 30 September 2011

Bankruptcy	21
Charging orders	25
Winding up orders	0

### Status of Insolvency cases at 30 September 2011

Winding-up paid	1
Charging orders granted	128
Winding up Order	1
Supporting other petitions	3
Cases paid	96
Bankruptcy orders	127
Cases closed	143
Ongoing cases	34
	533

#### 4.1.4 Sundry Debtors

	<b>Actual 2011/12</b>	<b>Actual 2010/11</b>
Net Amount Billed in last 12 months @ 30.09.11	<b>£96,922,100</b>	£97,082,959
Total outstanding @ 30.09.11	<b>£28,853,654</b>	£24,324,037
Number of reminders 01.04.11 to 30.09.11	<b>17,202</b>	16,107

The number of invoices raised in August and September has been higher than at this time in 2010/11. A number of these bills are large and a close check is kept on large accounts.

#### 4.2. INCOME

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

	<b>2010/11 Budget</b>	<b>Income to 30-Sep-10</b>	<b>2011/12 Budget</b>	<b>Income to 30-Sep-11</b>
i. School Meals	£1,575,100	£729,459	£1,473,100	£611,775
ii. Sports Centres	£3,941,300	£2,305,274	£3,760,300	£2,181,120
iii. Golf Courses	£939,600	£578,891	£967,800	£553,170
iv. Burials and Cremations	£2,502,000	£995,491	£2,577,000	£995,012
v. Building Control Fees	£494,900	£254,705	£494,900	£211,000
vi. Land Charges	£358,300	£117,806	£358,300	£111,900
vii. Car Park (Pay and Display)	£2,496,900	£1,028,601	£1,885,600	£759,400
viii. Car Park (Penalty Notices)	£1,149,800	£362,931	£922,300	£321,500

4.2.2 Further explanation of the income collection performance is provided below:

- (i) **School Meals:** A school meal service is provided by Metro Catering in 85 primary and special schools. The overall service costs total £4.5m of which £2.8m is paid by schools (representing the cost of Free School Meals). The income generated is from the charges for a school meal (£2.00), school milk and other paid meals. Whilst the income as at 30 September 2011 is only 42% of the budget, this reflects the term profile and a number of primary schools choosing to manage their own meals service. It is anticipated that the charges for meals and to schools for the year will cover the cost of the service. However, any variation in income would be reflected within the overall Schools Budget.
- (ii) **Sports Centres:** The income budget for sports centres was reduced in 2011/12 due to the loss of the free swimming grant. It is expected that this revised budget target will be met. This is due, in part, to the strong performance of income achieved from the Invigor8 scheme. Overall, income contributes 50% of the running costs of Sports Centres.
- (iii) **Golf Courses:** Although the total golf income received in 2011/12 is expected to exceed the running costs of the golf courses it will struggle to achieve the budgeted income target for the year. Poor weather during the summer has affected income this year and income is down compared to this time last year.
- (iv) **Burials and Cremations:** Again the total income received from this service exceeds its running costs. At this stage income looks to be on target but the service is affected by seasonal trends and therefore, it is too early to make a more accurate estimate.
- (v) **Building Control Fees:** Income is reliant upon the housing market and investment by developers which has suffered in recent years and shows limited signs of improvement.
- (vi) **Land Charges:** In recent years legislative changes have increased competition for this service for which information is now available online. As a result fee income is declining and there was a deficit of £148,700 in 2010/11.
- (vii) **Car Park Income (Pay and Display Tickets):** Income has been declining for a number of years due to recessionary pressures and competition from other retail areas. However, the car parking service still makes a positive contribution to the General Fund budget.

### 4.3 HOUSING BENEFITS

4.3.1 The following statement details the number of claimants in respect of benefit and the expenditure for Private Tenants and those in receipt of Council Tax Benefit up to 30 September 2011:

	2011/12	2010/11
Number of <b>Private Tenant</b> recipients	<b>29,235</b>	<b>29,740</b>
Total rent allowance expenditure	<b>£67,595,404</b>	
Number under the <b>Local Housing Allowance</b> scheme ( <u>included in the above</u> )	10,762 £26,709,591	8,941
Number of <b>Council Tax Benefit</b> recipients	<b>39,741</b>	<b>39,436</b>
Total Council Tax Benefit expenditure	<b>£31,298,240</b>	
Total expenditure on benefit to date	<b>£98,893,644</b>	

4.3.2 The following statement provides information concerning the breakdown according to client type as at 30 September 2011:

	Private Tenants	Owner Occupiers
Working age and in receipt of J.S.A.	15,154	1,754
Elderly and in receipt of J.S.A.	6,952	5,431
Working age and not receiving J.S.A.	6,427	1,318
Elderly and not in receipt of J.S.A.	<u>2,152</u>	<u>3,327</u>
<b>Total</b>	<b>30,685</b>	<b>11,830</b>

There are **42,515** benefit recipients in Wirral as at 30 September 2011.

#### 4.3.3 Housing Benefit Fraud and Enquiries To 30 September 2011

New Cases referred to Fraud team in period	834
Cases where fraud found and action taken	43
Cases investigated, no fraud found and recovery of overpayment may be sought	234
Cases under current investigation	212
Surveillance Operations Undertaken	0
Cases where fraud found and action taken:	
Administration penalty	1
Caution issued and accepted	20
Successful prosecution	22
Summons issued for prosecution purposes	3

#### **4.3.4 Discretionary Housing Payments**

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

DHP is not a payment of Housing/Council Tax Benefit and is funded separately from the main scheme. The Government contribution for 2011/12 is £282,981 with an overall limit of £707,452 which the Authority must not exceed. To date I have paid £62,355 and committed a further £66,809 to the end of the financial year.

#### **5.0 RELEVANT RISKS**

5.1 None.

#### **6.0 OTHER OPTIONS CONSIDERED**

6.1 None.

#### **7.0 CONSULTATION**

7.1 None.

#### **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 There are none arising directly 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/235/11



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**APPENDICES**

None.

**REFERENCE MATERIAL**

Information from relevant systems.

**SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Dates</b>
<b>Report submitted to each meeting of the Council Excellence Overview and Scrutiny Committee</b>	

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# Agenda Item 8

**WIRRAL COUNCIL**

**COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE**

**17 NOVEMBER 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 an update on the Corporate Procurement Strategy. It was agreed by Cabinet on 13 October 2011.
- 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 the Procurement Strategy be noted.

## **3.0 REASON FOR RECOMMENDATION**

- 3.1. All of the resource strategies were presented to Cabinet on 13 October 2011 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 was 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.

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/239/11

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## APPENDICES

Procurement Strategy

## REFERENCE MATERIAL

### SUBJECT HISTORY (last 3 years)

<b>Council Meeting</b>	<b>Date</b>
<b>Cabinet</b>	13 October 2011
<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)**

## CONTENTS

1	Introduction
2	Links to the Corporate Plan
3	What is Procurement
4	Commissioning
5	The Regulatory Framework
6	Procurement Objectives
7	Organisation of the Procurement Function
8	Options Appraisal
9	Monitoring Arrangements
10	Regulation of Procurement
11	Works Contracts
12	Project Management and Gateway Procedures
13	e-Procurement
14	Workforce Matters
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16	Environmental/Sustainability Considerations
17	Achieving fairness and equality of opportunity
18	Risk Management
19	Procurement Expertise and Operational Procedures
20	Procurement Forward Plan and Contracts Register
21	Schools and Procurement
22	Openness, Fairness and Transparency
23	Performance Management
24	Monitoring Implementation of this Strategy
25	Post contract monitoring and maintenance

### **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
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**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

<p>Procurement is about getting efficiency, value for money and improving quality</p> <p>Compliance will be monitored by a Corporate Procurement Board</p> <p>Good procurement improves the reputation of the Council</p>
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## 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
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## 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 that 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.



# Agenda Item 9

**WIRRAL COUNCIL**

**COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE**

**17 NOVEMBER 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>	<b>YES</b>

## **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. The CAS was agreed by Cabinet on 13 October 2011.

## **2.0 RECOMMENDATION**

2.1 That the CAS, which includes a re-stated introduction and governance procedure, and updated future priorities be noted.

## **3.0 REASON FOR RECOMMENDATION**

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 as 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 a 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 launch.

### **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/238/11

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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
Customer Access Strategy - Cabinet	13 October 2011



**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		

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## WIRRAL COUNCIL

### COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

17 NOVEMBER 2011

<b>SUBJECT:</b>	<b>REVIEW OF INTERNAL AUDIT</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>NO</b>

#### 1.0 EXECUTIVE SUMMARY

- 1.1 In response to a request by Cabinet on 22 September, this is an initial report, which outlines areas of work which Internal Audit could include in the Annual Plan to strengthen further the corporate governance of the Council.
- 1.2 The report also recommends that external perspectives of the workload, organisation and structure of Internal Audit be considered to identify any improvements which could ensure that any warnings are clearly heard and responded to by management.
- 1.3 The Corporate Governance Committee on 26 October 2011 agreed the following:-
  - a) The additional areas of work that Internal Audit could conduct to strengthen corporate governance and agreed to obtain external perspectives of the workload, organisation and structure of Internal Audit to identify possible improvements.
  - b) The objective of this work is to provide a fit for purpose Internal Audit Service, both in terms of planned work and skills availability to which management responds thereby strengthening the corporate governance of the Council, and consequently enhancing service delivery.

#### 2.0 RECOMMENDATION

- 2.1 That the report be noted.

#### 3.0 REASON FOR RECOMMENDATION

- 3.1 The reason for these recommendations is to respond to the findings of the AKA Report on Corporate Governance by strengthening the arrangements for Internal Audit in respect of capability and capacity.

## **4.0 BACKGROUND**

- 4.1 The service provided by Internal Audit is constantly evolving to support the management and leadership of the Council. The recent report into corporate governance coupled with changes to the management of the Authority and the tightening financial climate mean that it is an appropriate time to reflect on how Internal Audit may be strengthened, and to ensure that management responds appropriately to recommendations.
- 4.2 An initial analysis of specific topics Internal Audit could include in the Annual Plan to strengthen the corporate governance of the Council includes:
- Corporate Performance – systems, interpretation and use of data.
  - Governance – on-going role to ensure compliance with systems and that systems and policies are appropriate.
  - Risk Management – ensuring culture is embedded in the Council, and particularly that risks and emerging risks are clearly identified.
  - Counter Fraud – an increasing area of risk
  - Identification, dissemination and reporting of good practice across the Council.
  - Corporate Planning - links from corporate to service planning
  - Effectiveness and appropriateness of strategies.
- 4.3 In order to respond to such an enhanced workload it is important to gain experienced external perspectives on the potential workload, organisation and structure of Internal Audit. The objective is to ensure that Internal Audit is fit for purpose in terms of both planned work and skills availability, and that the management of the Authority responds appropriately. As part of the process, advice will be sought as to how best to align the professional competency framework with the proposed corporate performance management mechanisms.

## **5.0 RELEVANT RISKS**

- 5.1 Failure to review the workload, organisation and structure of Internal Audit may mean that the weaknesses in corporate governance identified in the Corporate Governance report are not appropriately addressed.

## **6.0 OTHER OPTIONS CONSIDERED**

- 6.1 Other options are not to undertake the review or to undertake it in house.

## **7.0 CONSULTATION**

7.1 The Comprehensive Work Programme to Achieve Improvements in Corporate Governance which was presented to the Corporate Governance Committee on 26 October 2011, identifies a need to consult Members, Audit and Risk Management Committee, Chief Officers and the District Auditor, and to benchmark with other local authorities known for best practice.

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

8.1 There are none arising out of this report.

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

9.1 **FINANCIAL:** There will be a cost to the appointment of any external reviewer; this will be dependent on who is appointed and the timescale set. There may be financial implications to any recommendations.

9.2 **IT:** None

9.3 **STAFFING:** None currently identified but could arise from any recommendations.

9.4 **ASSETS:** None

## **10.0 LEGAL IMPLICATIONS**

10.1 Any revised service must still comply with current regulations and best practice.

## **11.0 EQUALITIES IMPLICATIONS**

11.1 None.

## **12.0 CARBON REDUCTION IMPLICATIONS**

12.1 None

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

13.1 None

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**SUBJECT HISTORY (last three years)**

<b>Council Meeting</b>	<b>Date</b>
Cabinet	22 September 2011
Corporate Governance Committee	26 October 2011

## WIRRAL COUNCIL

### COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

17 NOVEMBER 2011

<b>SUBJECT</b>	<b>TREASURY MANAGEMENT PERFORMANCE MONITORING</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 presents a review of Treasury Management activities during the second quarter of 2011/12 and confirms compliance with treasury limits and prudential indicators. It has been prepared in accordance with the revised CIPFA Treasury Management Code and the revised Prudential Code. It was accepted by Cabinet on 3 November 2011.

#### **2.0 RECOMMENDATION**

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

#### **3.0 REASONS FOR RECOMMENDATION**

- 3.1 The Treasury Management Code requires public sector authorities to determine an annual Treasury Management Strategy and, as a minimum, to formally report on their treasury activities and arrangements to Council mid-year and after the year-end. These reports enable those tasked with implementing policies and undertaking transactions to demonstrate that they have properly fulfilled their responsibilities and enable those with responsibility/governance of the Treasury Management function to scrutinise and assess its effectiveness and compliance with policies and objectives.
- 3.2 On 7 October 2011 the credit rating agency, Moody's, downgraded the credit ratings of twelve UK Financial Institutions. Three institutions included on the Council's approved counterparty list have fallen below the approved minimum credit criteria and have been suspended from the list. As Natwest Bank is the Council's main bank, approval was obtained to revise the Treasury Management Strategy to allow Natwest Bank to continue to be used for short term liquidity requirements (overnight and weekends) and business continuity arrangements. The Treasury Management Team and Treasury Advisors are satisfied that this revision will help in the management of short term cash flows without creating significant exposure to increased risks.

## **4.0 BACKGROUND AND KEY ISSUES**

- 4.1 Treasury Management in Local Government is governed by the CIPFA Code of Practice on Treasury Management in the Public Services and in this context is the “management of the Council’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks”.
- 4.2 Cabinet approves the Treasury Management Strategy at the start of each financial year. This identifies proposals to finance capital expenditure, borrow and invest in the light of capital spending requirements, the interest rate forecasts and the expected economic conditions. At the end of each financial year Cabinet receives an Annual Report which details performance against the Strategy. In accordance with the revised Treasury Management Code, a Treasury Management monitoring report is presented to Cabinet and Council on a quarterly basis.

## **CURRENT ECONOMIC ENVIRONMENT**

- 4.3 In the second quarter of 2011/12 financial markets across the globe have continued to worsen. Future growth prospects have been revised downwards, particularly within the Eurozone where the economic crisis is escalating. The Greek debt problem is unresolved and there remains no clear consensus as to the course of action required to rectify the situation. Failure to find, and agree, a solution threatens to seriously destabilise not only the financial markets but also the foundations of the European Union. The announcement of Italy’s downgraded credit rating provides yet another example of how the crisis is spreading.
- 4.4 In the UK, the third and final estimate of 2011 Q2 GDP showed UK growth over the second quarter revised down to 0.1%. The first quarter GDP was also revised down to 0.4% from the previously reported 0.5%. These weaker than expected figures added further pressure to the Bank of England’s debate on another round of quantitative easing (QE). Inflation rates remain high with the CPI for August rising to 4.5% and RPI rising to 5.2%. Following further increases in energy prices in recent months, the likelihood is that there will be additional inflationary increases before the end of 2011 but these rates are expected fall back in 2012.
- 4.5 All of this economic uncertainty has led many analysts to assume that the UK Bank of England Base Rate will be unchanged, at 0.5%, until the final quarter of 2012.

- 4.6 On 6 October 2011 the Bank of England announced it will be undertaking a further £75 billion of quantitative easing as "The deterioration in the outlook has made it more likely that inflation will undershoot the 2% target in the medium term. In the light of that shift in the balance of risks, and in order to keep inflation on track to meet the target over the medium term, the Committee judged that it was necessary to inject further monetary stimulus into the economy"
- 4.7 On 7 October 2011 the credit rating agency, Moody's, downgraded the credit ratings of twelve UK Financial Institutions. This does not represent deterioration in the financial strength of the UK Government or the banking system but that the Government is now more likely to allow smaller institutions to fail if they get into financial difficulty. Consequently three institutions included on the Council's approved counterparty list (Natwest Bank, Royal Bank of Scotland and Nationwide Building Society), have fallen below the approved minimum credit criteria and have been suspended from the approved list. As Natwest Bank is the Council's main bank, approval was obtained to revise the Treasury Management Strategy to allow Natwest Bank to continue to be used for short term liquidity requirements (overnight and weekends) and business continuity arrangements, despite Natwest no longer meeting the minimum credit criteria of A+ (or equivalent) long term. The Treasury Management Team and Treasury Advisors are satisfied that this revision will help in the management of short term cash flows without creating significant exposure to increased risks.

### THE COUNCIL TREASURY POSITION

- 4.8 The table shows how the position has changed since 30 June 2011.

**Table 1 : Summary of Treasury Position**

	<b>Balance 30 Jun 11 (£m)</b>	<b>Maturities (£m)</b>	<b>Additions (£m)</b>	<b>Balance 30 Sep 11 (£m)</b>
Investments	157	(151)	142	148
Borrowings	(272)			(272)
Other Long-Term Liabilities	(65)			(65)
<b>Net Financial Liabilities</b>	<b>(180)</b>	<b>(151)</b>	<b>142</b>	<b>(189)</b>

### INVESTMENTS

- 4.9 The Treasury Management Team can invest money for periods varying from 1 day to 10 years, in accordance with the Treasury Management Strategy, to earn interest until the money is required by the Council. These investments arise from a number of sources including General Fund Balances, Reserves and Provisions, grants received in advance of expenditure, money borrowed in advance of capital expenditure, Schools' Balances and daily cashflow/ working capital.

4.10 At 30 September 2011 the Council held investments of £148 million

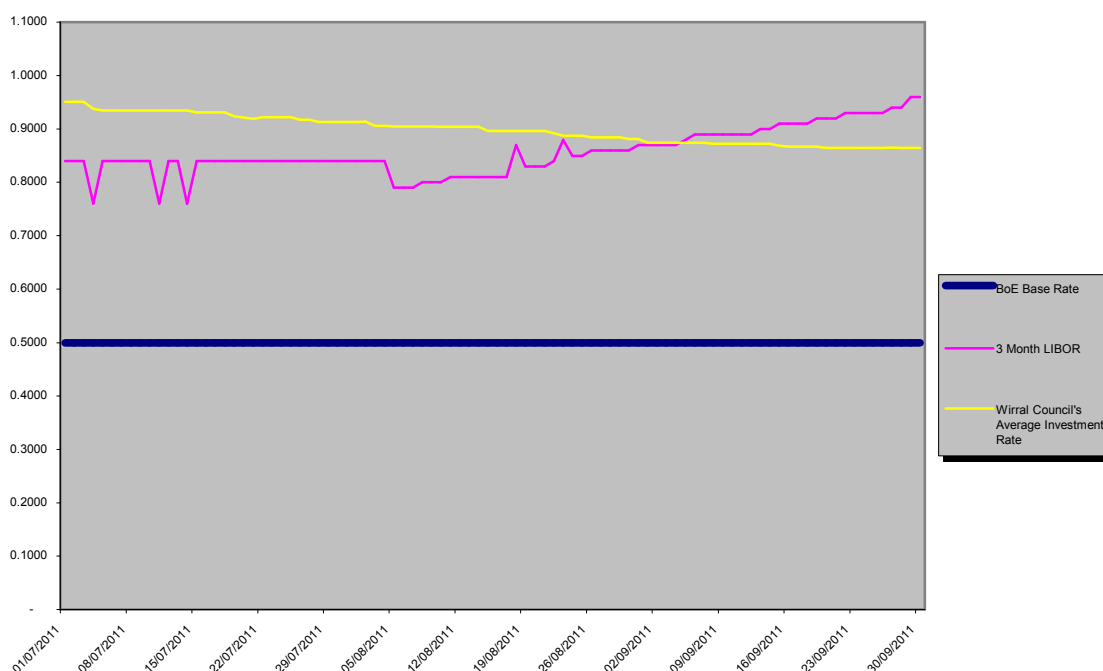
**Table 2 : Investment Profile**

Investments with:	30 Jun 11 £m	30 Sep 11 £m
UK Banks	61	60
UK Building Societies	15	15
Money Market Funds	39	29
Other Local Authorities	32	36
Gilts and Bonds	10	8
<b>TOTAL</b>	<b>157</b>	<b>148</b>

4.11 Of the above investments, £34 million is invested in instant access funds, £93 million is invested for up to 1 year and £21 million is invested for up to 5 years.

4.12 The average rate of return on investments as at 30 September 2011 is 0.86%. The graph shows the Treasury Management Team rate of return against the Bank of England base rate and the 3 month LIBOR (the inter bank lending rate):

**Investment Rate of Return in 2011/12**



4.13 The rate at which the Council can invest money continues to be low, in line with the record low Bank of England base rate. The 2011/12 investment income budget has been set at £1.3 million, reflecting the low interest rates that are anticipated to continue throughout much of the financial year.



- 4.14 The Council maintains a restrictive policy on new investments by only investing in UK institutions A+ rated or above and continues to invest in AAA rated money market funds, gilts and bonds. The current strategy has been to limit the maximum investment period to two years. However, in light of the financial problems within Greece and the risk of these problems spreading to other European countries the maximum investment period was temporarily restricted to only one year at the start of this financial year and from August 2011 has been further restricted to only six months.
- 4.15 Also, following Moody's recent credit rating downgrade of various UK financial institutions, Natwest Bank, Royal Bank of Scotland and the Nationwide Building Society have now fallen below the minimum credit criteria and have been suspended from the approved counterparty list. No new investments will be made with these three financial institutions and all instant access and call account money has been redeemed. Where the Council had previously entered into a fixed term deposit with any of these institutions the investment will be allowed to mature as originally planned.
- 4.16 As the Council main bank account is with Natwest Bank approval is sought to allow this bank on to the approved counterparty list for short term liquidity requirements (overnight and weekends) and business continuity arrangements, despite Natwest no longer meeting the minimum credit criteria.
- 4.17 The Treasury Management Team will continue to monitor the developing financial situation and will make appropriate operational adjustments, within the approved Treasury Management Strategy, to maintain the security of public money and manage the associated risks while also maximising returns within these constraints.

#### **Icelandic Investment**

- 4.18 The Authority has £2 million deposited with Heritable Bank, a UK registered Bank, at an interest rate of 6.22% which was due to mature on 28 November 2008. The Company was placed in administration on 7 October 2008. Members have received regular updates regarding the circumstances and the latest situation. In March 2009 an Audit Commission report confirmed that Wirral Council had acted, and continues to act, prudently and properly in all its investment activities.
- 4.19 The latest creditor progress report issued by the Administrators Ernst and Young, dated 28 July 2011, outlined that the return to creditors is projected to be 90p in the £ by the end of 2012 and the final recovery could be higher.
- 4.20 To date, £1,272,571 has been received with payments due over 2011-2013.

**Table 3 : Heritable Bank Repayments**

	£
<b>Initial Investment</b>	2,000,000
<b>Actual Repayments Received</b>	
As at 30 September 11	1,272,571
<b>Estimate of Future Repayments</b>	
Oct-11	124,626
Jan-12	124,626
Apr-12	124,626
Jul-12	124,626
Oct-12	124,626
<b>Total</b>	<b>623,130</b>
<b>Estimate of Minimum Total Repayment</b>	<b>1,895,701</b>

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

### **BORROWING AND OTHER FINANCIAL LIABILITIES**

- 4.23 The Council undertakes borrowing to help fund capital expenditure. In 2011/12 the capital programme requires borrowing of £16 million. As at 30 September 2011 the Council had not undertaken new borrowing for the financial year 2011/12
- 4.24 Following the Spending Review on 20 October 2010, on instruction from HM Treasury, the PWLB increased the margin for new borrowing to average 1% above the yield on the corresponding UK Government Gilt. Whilst competitive, comparable equivalents to PWLB are readily available, the Council will adopt a cautious and considered approach to future borrowing. The treasury adviser, Arlingclose, is actively consulting with investors, investment banks, lawyers and credit rating agencies to establish the attraction of different sources of borrowing, including bond schemes, loan products and their related risk/reward trade off. A prudent and pragmatic approach to borrowing will be maintained to minimise borrowing costs without compromising the longer-term stability of the portfolio, consistent with the Prudential Indicators.
- 4.25 The PWLB remains the preferred source of borrowing given the transparency and control that this continues to provide.

- 4.26 Other Long-Term Liabilities include the schools PFI scheme and finance leases used to purchase vehicles plant and equipment. Under the International Financial Reporting Standards (IFRS) these items are now shown on the balance sheet as a Financial Liability and therefore need to be considered within any Treasury Management decision making process.
- 4.27 The table shows financial liabilities at 30 September 2011.

**Table 4 : Financial Liabilities at 30 September 2011**

<b>Financial Liabilities</b>	<b>Balance 30 Jun 11 (£m)</b>	<b>Maturities (£m)</b>	<b>Additions (£M)</b>	<b>Balance 30 Sep 11 (£m)</b>
<u>Borrowings</u>				
PWLB	(98)	0	0	(98)
Market Loans	(174)	0	0	(174)
<u>Other Long Term Liabilities</u>				
PFI	(62)	0	0	(62)
Finance Leases	(3)	0	0	(3)
<b>TOTAL</b>	<b>(337)</b>	<b>0</b>	<b>0</b>	<b>(337)</b>

#### **MONITORING OF THE PRUDENTIAL CODE INDICATORS**

- 4.28 The introduction of the Prudential Code in 2004 gave Local Authorities greater freedom in making capital strategy decisions. The prudential indicators allow the Council to establish prudence and affordability within the capital strategy.
- 4.29 Below is a selection of prudential indicators which demonstrate that the treasury management decisions are in line with the capital strategy, which is prudent and affordable.

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

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

**Table 5 : Net External Borrowing compared with CFR**

	<b>£m</b>
CFR in previous year (2010/11 estimate)	390
reduced CFR in 2011/12 (estimate)	(19)
reduced CFR in 2012/13 (estimate)	(18)
reduced CFR in 2013/14 (estimate)	(19)
<b>Accumulative CFR</b>	<b>334</b>
<b>Net External Borrowing as at 30 Sep 11</b>	<b>272</b>

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

Authorised Borrowing Limit and Operational Boundary Indicators

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

**Table 6 : Authorised Limit and Operational Boundary Indicator**

	Jul 11 (£m)	Aug 11 (£m)	Sep 11 (£m)
<b>AUTHORISED LIMIT</b>	<b>497</b>	<b>497</b>	<b>497</b>
<b>OPERATIONAL BOUNDARY</b>	<b>482</b>	<b>482</b>	<b>482</b>
Council Borrowings	272	272	272
Other Long Term Liabilities	65	65	65
<b>TOTAL</b>	<b>337</b>	<b>337</b>	<b>337</b>

- 4.34 The table shows that neither the Authorised Limit nor the Operational Boundary was breached between July 2011 and September 2011. This is a key indicator of affordability.

Interest Rate Exposures Indicator

- 4.35 The Prudential Code also requires Local Authorities to set limits for the exposure to the effects of interest rate changes. Limits are set for the amount of borrowing/ investments which are subject to variable rates of interest and the amount which is subject to fixed rates of interest.

**Table 7 : Interest Rate Exposure:**

	<b>Fixed Rate of Interest (£m)</b>	<b>Variable Rate of Interest (£m)</b>	<b>TOTAL</b>
<b>Borrowings</b>	(272)	0	<b>(272)</b>
Proportion of Borrowings	100%	0%	100%
Upper Limit	100%	0%	
<b>Investments</b>	21	127	<b>148</b>
Proportion of Investments	14%	86%	100%
Upper Limit	100%	100%	
<b>Net Borrowing</b>	<b>(251)</b>	<b>127</b>	<b>(124)</b>
Proportion of Total Net Borrowing	202%	-102%	100%

- 4.36 The table shows that borrowing is mainly at fixed rates of interest and investments are mainly at variable rates of interest. This was considered to be a good position while interest rates were rising as the cost of existing borrowing remained stable and the investments, at variable rates of interest, generated increasing levels of income.
- 4.37 As the environment has changed to one of low interest rates, the Treasury Management Team is working to adjust this position which is, unfortunately, restricted by a number of factors:
- the level of uncertainty in the markets makes investing for long periods at fixed rates of interest more risky and, therefore, the Council continues to only invest short term at variable rates of interest;
  - Many of the Council loans have expensive penalties for early repayment or rescheduling which makes changing the debt position difficult.

#### Maturity Structure of Borrowing Indicator

- 4.38 The maturity structure of the borrowing has also been set to achieve maximum flexibility with the Authority being able to undertake all borrowing with a short maturity date or a long maturity date.

**Table 8 : Maturity Structure of Borrowing**

<b>Borrowings Maturity</b>	<b>As at 30 Sep 11 (£m)</b>	<b>As at 30 Sep 11 (%)</b>	<b>2011/12 Lower Limit (%)</b>	<b>2011/12 Upper Limit (%)</b>
Less than 1 year	12	4	0	20
Over 1 year under 2 years	17	6	0	20
Over 2 years under 5 years	49	18	0	50
Over 5 years under 10 years	26	10	0	50
Over 10 years	168	62	20	100
<b>Total Borrowing</b>	<b>272</b>	<b>100</b>		

## **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 performance monitoring report.

## **7.0 CONSULTATION**

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

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

8.1 There are none arising out of this report.

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

9.1 Currently all Treasury Management activities are expected to be achieved in line with the 2011-12 budget.

## **10.0 LEGAL IMPLICATIONS**

10.1 There are none arising out of this report.

## **11.0 EQUALITIES IMPLICATIONS**

11.1 There are none arising out of this report.

11.2 Equality Impact Assessment (EIA) is not required.

## **12.0 CARBON REDUCTION IMPLICATIONS**

12.1 There are none arising out of this report.

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

13.1 There are none arising out of this report.

FNCE/240/11

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## APPENDICES

None

## REFERENCE MATERIAL

DCLG Local Authority Investment Guidance, 2004.

DCLG Changes to the Capital Financing System Consultation, 2009.

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

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

## SUBJECT HISTORY

<b>Council Meeting</b>	<b>Date</b>
Cabinet - Treasury Management and Investment Strategy 2011 to 2014	21 February 2011
Cabinet - Treasury Management Annual Report 2010/11	23 June 2011
Cabinet – Treasury Management Performance Monitoring	21 July 2011
Cabinet - Treasury Management Performance Monitoring	3 November 2011

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## WIRRAL COUNCIL

### COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

17 NOVEMBER 2011

<b>SUBJECT</b>	<b>LOCAL GOVERNMENT RESOURCE REVIEW – BUSINESS RATES REFORM CONSULTATION RESPONSE</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>NO</b>

#### **1.0 EXECUTIVE SUMMARY**

- 1.1 This Local Government Resource Review was launched by the Government on 17 March 2011. The central issue is the repatriation of business rates whereby local councils keep their local business taxes with grant dependence scaled back except where it is needed to protect the interest of taxpayers. The intention is to set an initial baseline and local authorities whose business rates income is higher than this would pay the difference to the Government by way of a tariff. Those whose income is less than the baseline would receive the balance in the form of a top up
- 1.2 Reports to the Cabinet on 14 April 2011 and 22 September 2011 outlined the basic proposals. The latest consultation sets out the proposed core components for a business rates retention system. In addition it sets out how Tax Incremental Financing will operate within the system. It further outlines how the proposals interact with wider Government initiatives to promote growth, including the New Homes Bonus.
- 1.3 In addition to the core proposals there are a further eight technical papers to which councils may respond. These provide further details on the topics covered in the core consultation. A brief summary of these is included later in this report.
- 1.4 Appendix 1 contains a proposed response to the core consultation but not the technical aspects which purely inform the overall response which was agreed by Cabinet on 13 October 2011.

#### **2.0 RECOMMENDATION**

- 2.1 That the response to the core consultation be noted.

### **3.0 REASON FOR RECOMMENDATION**

- 3.1 The response is made on the basis that, as far as possible, it protects the Council's financial position. Although a series of technical papers have been released these still do not give a full understanding of the detail or the possible outcome of the consultation. This is evidenced by the number of issues, stemming from the various Resource Review meetings, that the DCLG admits still need to be resolved. It could be that the legislation will be agreed at a high level with much of the detailed workings not available until later in 2012 and possibly around the time of the Local Government Finance Settlement for 2013/14.

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

#### **PROPOSALS FOR BUSINESS RATES RETENTION**

- 4.1 On 17 March 2011 the Government launched the Local Government Resource Review. The details were reported to Cabinet on 14 April 2011 and 22 September 2011.
- 4.2 In summary the key principles for reform are:
- To build into the local government finance system an incentive for local authorities to promote local growth over the long term;
  - To reduce local authorities dependency on the Government;
  - To maintain a degree of resource distribution to ensure that local authorities with high needs and low tax bases are able to meet the needs of their areas; and
  - Protection for businesses and specifically, no increase in locally imposed taxation without the agreement of local businesses.

#### **SUMMARY OF THE TECHNICAL PAPERS**

- 4.3 **Technical paper 1 – Establishing the baseline**  
The Government proposes that baseline funding will be based on the spending review control totals. Forecast business rates for 2013-14 and 2014-15 will be higher than the control totals and it is therefore proposed to set aside a share of business rates to fund other grants to local government. There is also a proposal to make further adjustments to fund the New Homes Bonus, the guaranteed level of police funding and any changes in local authority functions.

The paper considers the options for setting individual local authorities' baselines. Should the 2012-13 formula grant allocation be adjusted or should the formula grant be recast prior to establishing the baseline. For example updating data, reviewing the relative needs formula, would alter the amount that is accounted for by service demands and resources and the use or not of floor damping. Finally the paper considers options for when the baseline should be reset which would be required when resources were becoming too divergent from service delivery pressures.

#### **4.4 Technical paper 2 – Measuring business rates**

This covers proposals to set the forecast national business rates, the basis of proportionate shares which determines how much each billing authority would be required to contribute towards the national set aside and any adjustments and the allowable deductions (e.g. hardship relief) made to business rates yield in determining the proportionate shares.

#### **4.5 Technical paper 3 – Non billing authorities**

Not applicable to Wirral

#### **4.6 Technical paper 4 – Business rates administration**

This covers business rates payments to the Government, the year end reconciliation process in respect of the set aside, adjustments, top ups and tariffs, notification of levy and safety net payments, and the treatment of Enterprise Zones on data returns.

#### **4.7 Technical paper 5 – Business rate retention**

This paper considers the choices about how tariffs and top ups are rolled forward into future years and the consequent effect on maximising the growth incentive and ensuring adequate protection for local authorities. It introduces the concept of voluntary pooling and how this would be treated for tariffs, top ups and levies. The levy, whether in relation to pooling or individual local authorities, is to generate funding for areas in need of support by limiting disproportionate gains in local authorities' pre-levy income. A number of options are proposed as to how the levy should be calculated and how the amount to fund any safety net would be calculated.

#### **4.8 Technical paper 6 – Volatility**

A number of factors give rise to changes in the volatility of business rates income, such as changes in the rateable value of very large properties. A number of options to counter this are proposed – to provide local authorities with compensation for specific events, local authorities to apply directly for support from the levy pot or to have a safety net that provides support if rates income fell below a pre-determined threshold.

#### **4.9 Technical paper 7 – Revaluation and transition**

At revaluation the business rates yield in each local authority could go up or down significantly, depending on whether rateable value growth in their area has been greater or less than the national average. It is proposed to adjust each local authority's tariff or top up following a revaluation, to ensure that their retained income is the same after revaluation as immediately before.

At the property level it maybe that following a revaluation there will be significant changes in the bills of the individual ratepayers following a revaluation. A transitional rate relief scheme works by phasing in increases in rates bills over a number of years; this is paid for by phasing in reductions in rates. Transitional relief is designed to be self financing on a national level but this will not necessarily be the case on a local level. The Government is minded to take transitional rate relief outside the rates retention scheme to prevent the potential of it undermining the incentive effect.

#### **4.10 Technical paper 8- Renewable Energy**

It is proposed that for certain renewable energy technologies rates payments the local authority will benefit from full retention of the associated rates. The full retention will apply to new projects for renewable energy as defined in previous business rates statutory instruments. It is proposed that it will be the responsibility of the billing authority to assess whether a property qualifies as a renewable energy project.

#### **IMPLICATIONS FOR WIRRAL**

4.11 The proposals could adversely affect Wirral and similar local authorities with low Business Rate tax bases and limited potential to increase the base. Local authorities with high tax bases are predominately in the South-East and gain because after the initial top-up adjustment those areas with a high base and lower needs will generate (and potentially retain) substantially more than an area with a low tax base and high needs.

4.12 The Enterprise Zone and Tax Increment Financing proposals are of interest given the Wirral Waters and International Trade Centre schemes. This would potentially allow the retention of increases in business rate revenues and provides the facility to borrow against potential future increased business rates uplifts from economic regeneration and investment.

#### **5.0 RELEVANT RISKS**

5.1 The major risk is financial. At this early stage in the process there are many unresolved issues, for example where the safety net will be set which means it is not possible to fully assess the relevant risks. The safety net is designed to provide a degree of assistance where a local authority experiences a decline of more than a certain percentage in their retained income from one year to another. It has not yet been decided at what percentage the safety net will be set which makes it difficult to assess the level of risk.

There is a financial risk to Local Authorities who will have to make up any deficit caused by failure to achieve the Government estimates of growth in NNDR.

#### **6.0 OTHER OPTIONS CONSIDERED**

6.1 There are none as the Council is responding to a Government consultation.

## **7.0 CONSULTATION**

7.1 The Government has invited contributions to its consultation paper, Local Government Resource Review: Proposals for Business Rates Retention, the deadline for responses was 24 October 2011.

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

8.1 There are none arising directly from this report. The Government has indicated that Business Ratepayers will be unaffected by the proposals and that existing reliefs will remain.

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

9.1 Wirral expects to collect £60 million in Business Rates in 2011/12 which is paid into the national pool. Wirral receives £121 million in Government Grant from the re-distribution of the pool. If the Government proposals are implemented then Wirral will retain the Business Rates collected and receive a 'top-up' grant so that Wirral will receive the same business rates income in 2013/14 as for 2012/13.

9.2 Looking ahead the annual Local Government Finance Settlement which seeks to allocate Government support to those areas based upon need, will no longer exist in its current format. It would be for Wirral to meet any increased pressures from within the Business Rates collected locally plus the 'top-up' grant although the Government is proposing the option of re-setting the system if it was felt that resources were no longer meeting pressures within local authority areas. This could offer some protection to Wirral and others with low growth options.

9.3 It is difficult to quantify the impact on Wirral. This is because of the large number of uncertainties and unknowns in the draft proposals, for example how often the system will be reset has yet to be confirmed.

9.4 There are no asset, staffing or 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.

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FNCE/242/11

### APPENDIX

Cabinet Report dated 22 September 2011

### BACKGROUND PAPERS

The Department for Communities and Local Government 'Local Government Resource Review : Proposals For Business Rates Retention consultation paper was issued on 18 July 2011 and can be found at:-

[www.communities.gov.uk/publications/localgovernment/resourcereviewbusinessrates](http://www.communities.gov.uk/publications/localgovernment/resourcereviewbusinessrates).

The plain English guide to rates retention is available at:-

[www.communities.gov.uk/publications/localgovernment/resourcereviewplainenglish](http://www.communities.gov.uk/publications/localgovernment/resourcereviewplainenglish).

### REFERENCE MATERIAL / SUBJECT HISTORY

Council Meeting	Date
Cabinet	14 April 2011
Cabinet	22 September 2011
Cabinet	13 October 2011

## Appendix 1

### Consultation Paper

Q1: What do you think that the Government should consider in setting the baseline?

The base-line position for 2013/14 will be within the overall spending control total set by the Government with each authority allocated a share in line with the 2012/13 grant allocations.

The proposed scheme critically breaks the link between funding and need and will have a significant impact on authorities that face a disproportionate increase in demand for services based on the socio-economic breakdown of the region.

Formula grant is allocated on the basis of three criteria, Relative needs, Relative resources and a central allocation. The relative weightings applied to each are shown below.

Year	Relative Needs Amount	Relative Resources Amount	Central Allocation
2008-09 to 2010-11	73.0%	-26.6%	53.6%
2011-12 to 2012-13	83.0%	-26.6%	43.6%

We have always argued that additional resources should be allocated through the RNA, and despite the severity of the cuts imposed on this Council in the last settlement we were pleased to see that the government recognised the importance of the Relative Needs weighting. However it is still considered that there is too much focus on the Central Allocation and we would have hoped there is still an opportunity to further develop the needs allocation. The proposal for business rate retention severely mitigates against this.

According to Government figures, Wirral suffered a reduction in 'Revenue Spending Power' of 7.44% in 2011/12 and 4.09% in 2012/13. There is concern that the results of the settlement will be locked into the baseline funding for Wirral if the 2012/13 Formula Grant settlement is taken as the base i.e. Wirral will be locked into a cycle of downward government funding when the baseline is set.

Whatever baseline is chosen the system must not suffer from any volatility. In order to maintain a degree of certainty within the system there should be little or no change to the formula and damping should be retained.

Q2: Do you agree with the proposal to use 2012-13 formula grant as the basis for constructing the baseline? If so, which of the two options at paragraphs 3.13 and 3.14 do you prefer and why?

We do not agree with the proposal to use the 2012-13 formula grant as the basis for constructing the baseline. The information set out in Q1 provides explanation and details behind this response.

The first option, 3.13, would be to take individual authorities' actual 2012-13 formula grant allocations as their baseline position but adjust them in proportion to the new control totals with no further changes.

The second option, 3.14, would be to establish the baseline position for each local authority by applying the process used to determine their 2012-13 formula grant allocation to the local government control totals and at the same time make very limited technical updates to the formulae.

If 2012/13 Formula Grant is to be used as the baseline then our preferred option is the first as outlined in paragraph 3.13 as at least it provides some level of certainty about the level of the funding.

Q3: Do you agree with this proposed component of tariff and top up amounts as a way of re-balancing the system in year one?

If the proposed system is to be implemented then we agree with the concept of tariffs and top ups as a mechanism for rebalancing a system for localising business rates. However we believe that it is important to conduct a needs based assessment when setting the tariff and top up.

Q4: Which option for setting the fixed tariff and top up amounts do you prefer and why?

As outlined in Q3 we believe that there should be a needs based assessment. Of the 2 options set out in the consultation paper the preferred option would be for tariffs and top ups to be updated in line with RPI. In our view the potential for volatility in funding is too much of a risk if top up and tariff amounts were to be fixed.

Q5: Do you agree that the incentive effect would work as described?

The incentive effect would have the potential to work in certain areas where conditions are conducive to encouraging businesses into the area. In areas where there is a low existing tax base and disincentives to invest such as weak infrastructure it might still prove hard to encourage investment.

It is also our view that businesses might encourage practices such as home working in certain sectors and increasing number or length of shifts will limit physical business rate growth. Also it should be considered that businesses may relocate to Enterprise Zones for financial benefits thereby reducing the capacity to generate physical business rate growth.



Q6: Do you agree with our proposal for a levy on disproportionate benefit, and why?

Based on the scheme described we agree with the proposal for a levy to recoup a share of any disproportionate benefit. This levy should be used to reduce the unevenness which exists in the current system. Due to a gearing effect a small growth in businesses in that area can lead to a large increase in business rates revenues.

Q7: Which option for calculating the levy do you prefer and why?

We would prefer option 3, to create an individual levy rate for each local authority which allows the retention of growth in an equivalent proportion to its baseline revenue; it appears to be the most equitable and avoids any authority suffering a “cliff edge” effect as might be case if authorities were put into different bands as in option 2.

Q8: What preference do you have for the size of the levy?

Wirral would prefer a larger levy with more resources being available to provide protection. It is essential that the most needy and vulnerable in society are protected from any volatility in the system.

Q9: Do you agree with this approach to deliver the Renewable Energy commitment?

We agree with the approach to deliver the Renewable Energy Commitment

Q10: Do you agree that the levy pot should fund a safety net to protect local authorities: i) whose funding falls by more than a fixed percentage compared with the previous year (protection from large year to year changes); or ii) whose funding falls by more than a fixed percentage below their baseline position (the rates income floor)?

We believe that the levy pot should be used to act as a safety net in either of the two options above not just in one situation or the other. It is critical that the safety net is at as lower variance from both the baseline and the previous years funding to ensure that Authorities do not experience damaging fluctuations in funding.

Q11: What should be the balance between offering strong protections and strongly incentivising growth?

It is important to provide strong protections, we believe that authorities are already strongly incentivised to grow their business rates revenue and that it is best to have a strong balance towards protecting authorities.

Q12: Which of the options for using any additional levy proceeds, above those required to fund the safety net, are you attracted to and why?

Of the options our preference is for options one and two, i.e. (1) provide ongoing support to authorities that have experienced significant losses that take more than one year to recover from, and (2) top up the growth achieved in every authority which had not contributed to the levy. We would be concerned about how this is to be allocated and would emphasise the importance of allocating on a needs basis.

Q13: Are there any other ways you think we should consider using the levy proceeds?

If the Government continues with its preferred option to set the baseline on damped formula grant then any levy proceeds not required for a safety net could also be used to provide funding to those Authorities that do not receive resources based on their assessed needs. Given that they are often those areas with lower tax bases such investment would also provide additional resources to support a focus on economic regeneration

Q14: Do you agree with the proposal to readjust the tariff and top up of each authority at each revaluation to maintain the incentive to promote physical growth and manage volatility in budgets?

Wirral agrees with the proposal, in order for the system to work well it is important that there is an incentive to promote growth and particularly to manage volatility in budgets.

Q15: Do you agree with this overall approach to managing transitional relief?

Yes. We agree to keep it as a national scheme; the overall high level approach would seem to be okay.

Q16: Do you agree that the system should include the capacity to reset tariff and top up levels for changing levels of service need over time?

We agree that there should be the capacity to reset tariff and top up levels.

Q17: Should the timings of resets be fixed or subject to government decision?

A fixed period seems reasonable. It would be a sensible idea to allow government to intervene and adjust the timings of a reset but only when there is reasonable justification and not on a whim.

Q18: If fixed, what timescale do you think is appropriate?

We would argue either for every four years or every three years, this would bring it more into line with spending reviews.

Q19: What are the advantages and disadvantages of both partial and full resets? Which do you prefer?

A partial reset will ensure the growth experienced by an area will be locked into that area in future. In line with concerns above, over time this risks opening up wide gaps between areas as those who have the greatest growth will continually get the edge over those with weaker growth. Over time this will have the opposite effect of what government is trying to achieve i.e. it will give the strongest economic areas the greater advantage –allowing them to use tools such as TIF or business rate discounts to attract additional investment. A partial reset over time could have very damaging effects – a full reset would offer the stability needed nationally while also allowing those who do experience growth to benefit.

Q20: Do you agree that we should retain flexibility on whether a reset involves a new basis for assessing need?

If there is a new basis for assessment it is crucial that the model remains needs based.

Q21: Do you agree that pooling should be subject to the three criteria listed at paragraph 3.50 and why?

Yes. It is important that the decision to pool should be voluntary and if the pool is dissolved authorities should return to their individual tariffs and top ups.

Q22: What assurances on workability and governance should be required?

The same assurances on workability and governance should be required as are currently in place when two local authorities collaborate currently.

Q23: How should pooling in two tier areas be managed? Should districts be permitted to form pools outside their county area subject to the consent of the county or should there be a fourth criterion stating that there should always be alignment?

N/A

Q24: Should there be further incentives for groups of authorities forming pools and, if so, what would form the most effective incentive?

No, there must already be an incentive if authorities have volunteered to form pools, it should also be considered where would the funding for further incentives come from, it would have to come at the expense of authorities who chose not to form pools.

Q25: Do you agree with these approaches to non-billing authorities?

We agree in principal as long as there is no adverse affects on billing authorities such as ourselves.

Q26: Do you agree this overall approach to funding the New Homes Bonus within the rates retention system?

We believe that the current New Homes Bonus scheme needs to be fundamentally reviewed in light of the proposals.

The scheme was established under the previous system where additional Council Tax Income generated from new homes was effectively equalised within the system with the full benefit of growth not being received by individual Authorities. The New Homes Bonus provided an added incentive.

Under the proposed system all additional Council Tax raised through new homes will be kept by individual Authorities.

Top-slicing of the funds for the New Homes Bonus means that going forward areas able to build homes will receive a double reward , increases in Council tax and Homes bonus whilst areas unable to develop will see no increase in resources

through Council tax and indeed a reduction in core funding to provide funds for the more wealthy.

Q27: What do you think the mechanism for refunding surplus funding to local government should be?

Wirral agrees with the Government's proposal to return any surplus amount to local authorities on the basis of baseline funding.

Q28: Do you agree that the current system of business rates reliefs should be maintained?

We agree that the current system should be maintained. We would note that the Government may wish to give consideration to providing additional mandatory relief for the third sector who have been hit by the Government's economic policies in the pursuit of the deficit reduction plan.

Q29: Which approach to Tax Increment Financing do you prefer and why?

Wirral do not have a preference for either option. We wish to raise concerns in relation to the impact that the proposed system. It is our view that more prosperous areas that are able to easily generate growth in business rates are in a better position to encourage business to relocate, thereby increasing growth. Our concern is that this will be at the detriment of areas where growth is difficult and resources are not available to provide financial incentives when viewed against the need to provide basis services.

We further believe that the Government needs to consider mechanisms to avoid growing areas being able to 'drain' business from other areas.

Q30: Which approach do you consider will enable local authorities and developers to take maximum advantage of Tax Increment Financing?

Option 2 would provide a greater incentive for local authorities and developers because of the greater certainty around the long term retention of any growth locally.

However it should be noted that the proposals do not recognise that some areas have high percentage of public sector workers and it will not matter which option is selected this sector will not have the resources to invest in the area.

Q31: Would the risks to revenues from the levy and reset in option 1 limit the appetite for authorities to securitise growth revenues?

Yes, we would think so as any growth would be subject to the levy calculation and would also be lost when the system is reset.

Q32: Do you agree that pooling could mitigate this risk?

We are uncertain, whether risk would be mitigated would depend upon the composition of the pool and the way in which it is set up to operate.

Q33: Do you agree that central government would need to limit the numbers of projects in option 2? How best might this work in practice?

Yes otherwise the amount of growth subject to a levy would diminish and this in turn would reduce the safety net fund.

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# WIRRAL COUNCIL

## CABINET

22 SEPTEMBER 2011

<b>SUBJECT</b>	<b>LOCAL GOVERNMENT RESOURCE REVIEW – BUSINESS RATES REFORM</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>NO</b>

### 1.0 EXECUTIVE SUMMARY

- 1.1 Phase I of the Local Government Resource Review (LGRR) was launched by the Government on 17 March 2011. The vision is of 'self-funded' councils that keep their local business taxes with Government grant dependence scaled back except where it is needed to protect the interest of taxpayers.
- 1.2 On 18 July 2011 a consultation was issued in relation to Business Rates Reform which is due to conclude on 24 October 2011. The headline is that through a series of tariffs and top-up payments local authorities would receive the same share of Government support in 2013/14 as from Formula Grant in 2012/13. The subsequent release of eight technical papers has provided additional commentary on the consultation proposals.
- 1.3 The LGRR seeks to change the distribution of funding for local authorities rather than the system of taxation and so Business Ratepayers will be unaffected. The Government intends to put the required legislation in place during 2012 in order that the funding changes can be implemented for the 2013/14 financial year.

### 2.0 RECOMMENDATIONS

- 2.1 That responses to the consultation are made which protect, as far as possible, the Council and which support the responses from SIGOMA (Special Interest Group of Metropolitan Authorities) and the Liverpool City Region.
- 2.2 That, recognising that the further papers require detailed technical analysis which is taking place during September and October, the detailed Council response be reported to the next meeting of Cabinet.

### **3.0 REASONS FOR RECOMMENDATIONS**

- 3.1 Wirral, receives more Government support from the re-distributed Business Rates pool than is collected locally and so proposals for equalisation are critical to the financial viability of Wirral (and many other local authorities). In 2011/12 Wirral will collect £60 million locally whilst receiving £121 million from re-distribution. The proposals would result in funding for 2013/14 based on the share of the available Formula Grant for 2012/13. In the following years it is not clear how the Government would vary its support to reflect increasing needs / demands for services. It presently does this as part of the annual Local Government Finance Settlement.
- 3.2 Whilst the consultation has now been supplemented by a series of technical papers these do not give a full understanding of the detail. Councils are trying to ascertain the detailed impact. However, it could be that the detailed workings will not be available until later in 2012 and possibly not until the time of the Local Government Finance Settlement for 2013/14.

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

#### **LOCAL GOVERNMENT RESOURCE REVIEW**

- 4.1 On 17 March 2011 the Government launched phase 1 of the Local Government Resource Review. The vision is of 'self-funded' councils that keep their local business taxes with Government grant dependence scaled back except where it is needed to protect the interest of taxpayers. The details were reported to Cabinet on 14 April 2011 along with the Terms of Reference of the Review.
- 4.2 Phase 1 of the review was to consider ways to establish a new system for Business Rates and Government Grant, which protects the interests of taxpayers, rewards local growth and job creation, and delivers a more self-sufficient income for councils. It sought the best way to balance funding between councils which would raise little income from business rates and those which would raise substantial amounts. Currently councils across England collect £20 billion of business rates, which is then redistributed by the Government across all local authorities through an extremely complex grant system.
- 4.3 A report was presented to Cabinet on 14 April 2011 advising that the LGRR would include Community Budgets and the localisation of Council Tax Benefit from 2013/14, as outlined in the Welfare Reform Bill. Cabinet received an update on Community Budgets on 1 September 2011. A report on the proposed localisation of Council Tax Benefits is included elsewhere on this agenda.

#### **PROPOSALS FOR BUSINESS RATES RETENTION**

- 4.4 The Department for Communities and Local Government (DCLG) released consultation proposals for Business Rate Retention on 18 July 2011 with a deadline of 24 October 2011 for responses. It is proposed that the new arrangements will commence in 2013/14.



4.5 Launching the consultation, the Secretary of State for Communities and Local Government, Eric Pickles said: "Our proposals to repatriate business rate income are balanced, fair and equitable creating self-sufficiency, the right incentives for all areas to grow and protecting the most vulnerable places. It will be much more straightforward, by letting councils keep the products of enterprise we will end their disparaging dependence on government handouts, finally start rewarding economic growth and support local firms and new jobs. The top-up and tariff measures will safeguard those places that have relied on grant by making sure successful areas share a slice of their income - from the offset no area will see less funding than they would have got under the old grant system. There will be no change to the way business pays the tax, who is eligible for discount, or the way it is set nationally".

4.6. Under the initial proposal to allow local authorities to retain their own receipts there would have been significant winners and losers and the issue of equalisation was an important consideration. The representations made have resulted in the proposal which gives local authorities a funding level based upon their share of the 2012/13 Formula Grant allocations in 2013/14. This is to be achieved through a series of 'top-up' and 'tariff' adjustments. An option will exist for periodic 're-setting' of top-ups' and 'tariffs and the detailed mechanism will be set out later but the key features of the proposal are:-

- Fair starting point

The base-line position for 2013/14 will be within the overall spending control total set by the Government with each local authority allocated a share in line with the 2012/13 grant allocations. To address the issue of equalisation there will be top-ups and tariffs with those collecting above this baseline paying a tariff whilst those below it would receive a top-up from Government. This adjustment could be fixed (in which case there is less protection to those with low taxbases and high needs) or annually uprated by the Retail Price Index.

- Strong growth incentive

In future years from 2014-15 local authorities would keep a significant proportion of increase in their business rates whilst those whose rates declined would experience negative growth. However, the influence of local government on economic growth is subject to question and the Treasury has previously stated that local government has limited impact on creating economic growth.

- Levy to recoup disproportionate growth to keep stability in the system

To address disproportionate gains the Government would create a levy to recoup a share of this financial gain. Based on the circumstances of each local authority this would be used to manage significant unforeseen falls in business rates income. The system would also be adjusted to take account of changes resulting from five yearly revaluations.

The Government has committed to the uplift in business rates revenues from within the Enterprise Zone, above the current baseline, being retained for 25 years from April 2013 to support the priorities of the Local Enterprise Partnership. These additional revenues are therefore excluded from the levy arrangements.

- An ability to reset to ensure levels of need are met

This allows the Government to adjust top ups and tariffs to balance out changes in local circumstances. A long period between resets would create a greater incentive whilst a shorter one would allow frequent reassessment of budgets. This reset could be fixed or decided by Government.

- A mechanism for collaborating

Local authorities could group together voluntarily to form a 'pool' which would be subject to a 'pooled' tariff and levy with the constituent members determining the allocation of revenues. This would enable the wider economic area to benefit from growth and reduce any volatility. However there are the issues of distribution which raise similar arguments to those against the current method of distributing business rate revenues.

- 4.7 There would be no change for business ratepayers. Rate setting powers will remain with the Government and the revaluation process will be unchanged. Rate relief will be unaffected meaning no adverse change to charities, amateur sports clubs, voluntary groups, those in hardship, and those eligible rural or small firms. Councils will continue to bill and collect the income.
- 4.8 Tax Increment Financing will allow councils to pay for future infrastructure developments by borrowing against projected growth. Councils are not currently permitted to retain rates and so they cannot borrow against future income. The consultation paper sets out options which are to be explored in a further technical paper.
- 4.9 The Government has stated that the Spending Review 2010 funding levels for local authorities for 2013/14 and 2014/15 will remain the same. At the next Spending Review, the Government will review the total spending figures for local government with a view to more closely aligning local authority functions and responsibilities with business rates income from 2015/16.

#### **IMPLICATIONS FOR WIRRAL**

- 4.10 The proposals could adversely affect Wirral and similar authorities with low Business Rate tax bases and limited potential to increase the base. Authorities with high tax bases are predominately in the South-East and would gain because after the initial top-up adjustment those areas with a high base and lower needs will generate (and potentially retain) substantially more than an area with a low tax base and high needs.
- 4.11 Wirral is a net exporter of jobs and the growth in Business Rates in surrounding areas will provide no additional direct income but Wirral will need to fund services for those living in Wirral but working outside. Whilst 'pooling' may offer one means of addressing this, membership of any 'pool' would be voluntary.

4.12 The Enterprise Zone and Tax Increment Financing proposals are of interest given the Wirral Waters and International Trade Centre schemes, with the retention of increases in business rate revenues and also being allowed to borrow against potential future increased business rates uplifts from economic regeneration and investment. The contents of the detailed technical paper are awaited.

## **5.0 RELEVANT RISKS**

5.1 The major risk is financial if local authorities are to retain locally collected Business Rates. Wirral collects less than it receives from the Government in grant support to meet needs. Whilst the Government has stated that Councils which are more deprived will continue to receive Government support the proposals have the potential to limit future income whilst demands / needs for local services continue to increase.

## **6.0 OTHER OPTIONS CONSIDERED**

6.1 There are none in this particular case as the Council is responding to Government consultation.

## **7.0 CONSULTATION**

7.1 The Government consultation paper will include extensive engagement with interested parties, including businesses of all sizes, to ensure that all views and perspectives are taken into account.

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

8.1 There are none arising directly from this report. The Government has indicated that Business Ratepayers will be unaffected by the proposals and that existing reliefs will remain.

## **9.0 RESOURCE IMPLICATIONS**

### **FINANCIAL**

9.1 Wirral expects to collect £60 million in Business Rates in 2011/12 which is paid into the national pool. Wirral receives £121 million in Government Grant from the re-distribution of the pool. If the Government proposals are implemented then Wirral will retain the Business Rates collected and receive a 'top-up' grant so that Wirral will receive the same income in 2013/14 as for 2012/13..

9.2 Looking ahead there will no longer be an annual Local Government Finance Settlement which seeks to allocate Government support to areas based upon needs. It would be for Wirral to meet any increased pressures from within the Business Rates collected locally plus the 'top-up' grant although the Government is proposing the option of re-setting the system if it was felt that resources were no longer meeting pressures within local authority areas. This could offer some protection to Wirral and other local authorities with low growth options.

9.3 There are no staffing or 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/198/11

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## **BACKGROUND PAPERS**

The Department for Communities and Local Government 'Local Government Resource Review : Proposals For Business Rates Retention consultation paper was issued on 18 July 2011 and can be found at:-

[www.communities.gov.uk/publications/localgovernment/resourcereviewbusinessrates](http://www.communities.gov.uk/publications/localgovernment/resourcereviewbusinessrates).

The plain English guide to rates retention is available at:-

[www.communities.gov.uk/publications/localgovernment/resourcereviewplainenglish](http://www.communities.gov.uk/publications/localgovernment/resourcereviewplainenglish).

## **REFERENCE MATERIAL / SUBJECT HISTORY**

<b>Council Meeting</b>	<b>Date</b>
Cabinet - Local Government Resources Review	14 April 2011

## WIRRAL COUNCIL

### COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

17 NOVEMBER 2011

<b>SUBJECT:</b>	<b>LOCALISING SUPPORT FOR COUNCIL TAX IN ENGLAND – CONSULTATION</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>NO</b>

### 1.0 EXECUTIVE SUMMARY

- 1.1 This report details proposals for the replacement of Council Tax Benefit (CTB) which are set out in the Department for Communities and Local Government (DCLG) consultation paper, 'Localising Support for Council Tax in England' and outlines a proposed response to the consultation paper. It was agreed by Cabinet on 22 September 2011.

### 2.0 RECOMMENDATION

- 2.1 That Members note the response to the consultation paper

### 3.0 REASONS FOR RECOMMENDATION

- 3.1 To ensure that Members are made aware of the issues arising out of the proposals contained in the consultation paper and the impact on those who are on a low income as well as those administering the scheme.
- 3.2. In general terms the proposals outline an intention to give local authorities the power to introduce a scheme that will:-
- Allow local authorities to provide financial support to pay Council Tax using a new form of discount as opposed to having to apply centrally set rules
  - Achieve an overall saving of 10% of the current national CTB bill of £4.8 billion
  - Simplify the current complex system of criteria and allowances
  - Establish stronger incentives to local authorities to encourage local people back into work
  - Protect pensioners (and other vulnerable groups) against any potential reduction in support

- 3.3. Members are advised that the proposed response will have a direct correlation with the responses of the associated professional representative bodies. The deadline for submissions was 7 October 2011 and it is expected that the DCLG will issue further proposals, setting out the detail of the scheme, during autumn/winter 2011.

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

- 4.1. Proposals to replace support for Council Tax via the current Council Tax Benefit system were first made reference to, briefly, within the publication of the Welfare Reform white paper, 'Welfare to Work', in November 2010. The detail of these proposals has now been made available for local authorities to consider in the consultation paper issued in August 2011.
- 4.2. Council Tax Benefit (CTB) has, since 1993, provided a system of relief against Council Tax liability for lower income households, which may amount to a partial reduction in the amount due to be paid, or support with the full liability resulting in nothing to be paid. CTB is a means tested benefit and entitlement is dependent upon income, savings and household composition. Those with capital in excess of £16,000 are not entitled to CTB. The current scheme is more generous towards pensioners as a result of pension credit rules and both owner occupiers and those in rented accommodation can claim.
- 4.3. The local authority administers the scheme, under a statutory duty, on behalf of the Department for Work and Pensions (DWP). It is heavily prescriptive and legislatively it is centrally governed. The local authority is reimbursed fully, by the DWP, for all correctly paid CTB.

#### **THE CONSULTATION PAPER IN OUTLINE**

- 4.4. The consultation paper proposes the abolition of Council Tax Benefit and the introduction of a 'localised scheme providing support for Council Tax for the most vulnerable in society, including pensioners'. This will bring about a significant change in the role of Local Authorities as they are required to move from the administration of a national defined scheme to being responsible for the design of a local scheme taking into account available funding.
- 4.5. In devising and setting up a new local rebate scheme it is expected that, whilst the DCLG will make certain regulatory provision, local authorities will have wider scope to design a system of local support that best reflects their own key priority areas.
- 4.6. As an intrinsic part of the wider Welfare Reform the DWP is to reduce the current spend on Council Tax Benefit by 10%; £3.13m for Wirral based on current spend. Funding is to be made available to local authorities to initially finance the scheme but will be reduced from the current level of awards to reflect this cut back of funding. The onus will be on each local authority to achieve the 10% saving.

- 4.7. The Local Authority will be required to design a local scheme within pre-defined, albeit wide, parameters set by the DCLG. These will include;
- Pensioners should not experience a reduction in the level of any current (CTB) award,
  - The scheme should support work incentives, avoiding disincentives to move into work
  - Consideration should be given to supporting other vulnerable groups.
- 4.8. It is clear that some people will pay more than they do under the present prescriptive CTB scheme. The reform is intended to provide an opportunity to align support for Council Tax more closely with the existing Council Tax system, in particular Council Tax discounts, so that claimants eligible for support have their liability reduced. The calculation is expected to take place once other discounts are applied e.g. single person discount.
- 4.9. The paper also suggests the potential for a collaboration of the local government sector (nationally or locally) working together to develop 'model schemes'. The national associations such as the Institute of Revenues Rating & Valuation (IRRV) and CIPFA have also indicated a willingness to support model scheme developments.
- 4.10. Council Tax Rebates' will replace Council Tax Benefit from April 2013. Currently Wirral has 22,029 working age CTB claimants and 17,553 claimants who are of pensionable age
- 4.11. For year one (2013/14) DCLG funding will be based on the previous Council Tax Benefit spend less 10%. Total subsidy claimed for Council Tax Benefit expenditure in Wirral for 2010/11 was £31,350,714 and continues to rise given the prevailing economic conditions. Some contingency will be required to allow for any ongoing increase in demand or take-up. It is a matter for consideration whether or not Local Authorities should offer rebates in excess of the grant they receive.
- 4.12. The key steps to establishing a local scheme are design and consultation feeding into the wider budget and Council Tax setting process;
- Design – aside from the obligatory parameters set by the Government, Local Authorities will be required to consider other duties, responsibilities and local priorities, which might include tackling unemployment, and child poverty mitigation. Likely take-up will need forecasting as will funding sources and the impact of non collection of Council Tax. Joint working, perhaps in collaboration with other local authorities is cited in the paper as a potential key element of design which has some potential to reduce costs, assist with risk management, reduce duplication etc.
  - Consultation – Any proposed scheme will be required to be submitted to some form of public scrutiny and will be signed off by Members and possibly the External Auditor.

- Budget / Setting Annual Council Tax- The local scheme must be finalised and agreed in advance of the annual budget Council Tax setting process. It must take into account Council Tax discounts offered to individuals under local schemes. Contingency funding must be in place to off-set unplanned increases in demand or take-up.
  - Risk Management – This will be likely to include increasing collection difficulty, as householders who experience a reduction in support with their bill struggle or even refuse to pay increased amounts.
- 4.13. Administration of local schemes – the DCLG specifies that the local scheme should be fair and easy for claimants to understand. The Local Authority is to ensure the process is administratively simple and avoids creating disincentives to work. The DCLG believes claimants may be disinclined to accept short term work if they have to keep re-establishing eligibility. Any scheme will need to establish eligibility, grant an award (in the form of a discount), allow for appeals and address fraud and error. This will be set against a background of providing certainty for claimants so that entry into temporary work is not discouraged because of the administrative complexity of the local scheme.
- 4.14. Fraud – The proposed DWP Single Fraud Investigation Service will not be responsible for addressing any Council Tax Rebate fraud. Responsibility for this will remain with the Local Authority, who will require appropriate powers since the authority to investigate Housing Benefit fraud is anticipated to have been removed by April 2013. The consultation paper suggests that Council Tax Rebate fraud could be considered alongside ‘tenancy fraud ‘ the latter being a proactive exercise that the Wirral Benefit Fraud Team is currently embarking on in conjunction with local registered social landlords and the Housing Options Team.

#### **KEY ISSUES FOR LOCAL AUTHORITIES**

- 4.15. It is in the interests of all local authorities, local government professional and representative bodies together with voluntary and third sector organisations to take the opportunity to respond to this consultation which brings significant areas of challenge, which include:-
- Any absence of establishing minimum levels of consistency, as a baseline for the scheme amongst Local Authorities may initiate the development of a ‘postcode lottery’.
  - Finding ways to protect vulnerable groups who cannot increase their income through work.
  - Finding ways to withdraw or reduce support from people of working age while supporting the ‘better off in work’ message of Universal Credit.
  - Handling appeals against decisions under any new scheme. CTB appeals are currently dealt with by an independent first tier tribunal; it is likely they will be handled locally under a replacement scheme.



- Securing the necessary data quickly, accurately and efficiently if local authority access to Universal Credit data to be held by HMRC and DWP is ultimately denied or is insufficient.
- Achieving the very large savings that will be necessary to operate the scheme with a 10% deficit which is £3.1m in Wirral. This reduction is widely viewed as an unlikely average for most current recipients as in practical terms the cut will be much larger as pensioners (which make up 44% of Wirral's 39,562 CTB claimants) within the local population are likely to be excluded / protected from the reduction.
- Collecting Council Tax from people who have not previously had to pay returns to the Community Charge (Poll Tax) situation where low income charge payers were expected to contribute a sum directly in respect of their liability which caused considerable collection issues.

4.16. Key issues which influence the proposed response on the development of the Council Tax Rebate Scheme are:-

- Timescales are of significant concern, in order to be ready to rebate 2013/14 Council Tax accounts, Local Authorities must have finalised and put into operation local schemes before the end of December 2012 to allow sufficient time for the Council Tax billing process which begins in February 2013.
- Under the DCLG timescales for primary and secondary legislation, it is likely that Local Authorities will only have a 12 to 14 month period to develop a workable and financially viable scheme.
- Given the timescale issue software companies will be in a position to significantly influence design and there is potential for Local Authorities to be faced with little scheme choice, at least in the short term, other than to accept the available design and key features. In essence, fitting a local scheme largely around the software available.
- Concern around the 10% reduction against current CTB spend and how any shortfall is found, with the risk of the Local Authority being committed to unforeseen expenditure if take up increases.
- Administration costs for the work involved in setting up and administering a local scheme, including software (procurement and set up), training and publicity. The matter of administrative funding is not covered in the consultation paper in any detail other than to acknowledge the need for detailed work to be undertaken to determine the amount of funding for local schemes.
- Any move away from a prescribed legislative process could present risks in terms of inefficiencies around both the collection and processing of data.
  - Council Tax collection rates may be at risk. Avoidance or non-payment may become an issue as people question the legitimacy of any scheme
  - The Local Authority will be subject to challenges and appeals not prescribed for a national scheme and challenges under equality or fairness issues may be encountered.

- Given the potential for a variety of schemes, running alongside each other in neighbouring Local Authorities, concerns of a 'post-code' lottery.
- A local rebate scheme may conflict with the wider principles of the Universal Credit proposals.
- Possible reliance on the DWP to obtain all the necessary information and then data share with the Local Authority for the Local Authority to determine the rebate. The consultation paper cites that the DWP collects all the data that Local Authorities need for new claims already. Most Local Authorities (including Wirral) can demonstrate that this is not the case and this assumption around such a key matter (which affects administration) is misleading and needs to be addressed in the legislation.
- The proposals around the details of the local scheme principles are still vague. Whilst reference is made to the income / capital of the claimant there is no reference to non dependants in respect of whom a deduction is currently made in both HB/CTB claims.

## CONSULTATION RESPONSE

4.17. The paper focuses on nine key themes which Local Authorities are required to consider and these are set out below along with a response on each.

### a. section 5 – Principles of the scheme

This covers the duty of local authorities to run a scheme to provide support for Council Tax. The key principles are:

- Pensioners – The intention is that those of pensionable age will not be affected by the change in that their current levels of award will not change. Questions - *How will a local scheme achieve that requirement and at what cost or otherwise to the wider working age claimant group?*
- Vulnerable groups - are identified as a group any local scheme will be obliged to consider supporting. Questions - *What will be a Local Authority's own criteria for vulnerability, what groups would it prefer to support over other groups at a local level?*
- Incentives to work - Any local scheme should support the work incentives set out in Universal Credit proposals. Questions - *How would the transition be assured within a scope of a local scheme, how would the 'better off in work' for low income families' principle of the wider welfare reform be reflected in the mechanics and distribution of the rebates through a local scheme?*

## Response

- In order to comply with the separate rules for support for pensioners, provision will have to be made from the outset to ring fence an appropriate sum leaving a reduced balance to support vulnerable groups and the working age recipients.
- It is hard to envisage a support scheme that actively discourages a return to work although it is acknowledged that care must be taken in how any transition period is supported.

### b. Section 6 - Establishing local schemes

Covers the opportunity available to Local Authorities through a local rebate scheme to align support arrangements with the wider Council Tax system, it sets out the three key steps necessary to establish such schemes :-

- Design – *what are the Local Authorities local priorities which may drive the foundation of a local scheme , for example , unemployment, how can take-up and demand be best forecast ?Can schemes be developed, amended over time?*
- Consultation – *who will the Local Authority need to submit proposed scheme details to for scrutiny or challenge, are there wider requirements for external audit?*
- Feeding into the budget and Council Tax setting process – *How will Local Authorities address the continued operation of any existing local schemes and incentives for Council Tax discounts, alongside a local rebate scheme ?*

It significantly focuses on the issues around ‘work incentives’, that Local Authorities will be required to consider how to ensure a local scheme supports a move into full or part time work and to ensure that this transition is financially sustainable - *How can Local Authorities support, through the local scheme those who are in work, or wish to work in securing affordable Tax rates?*

## Response

- The flexibility of a local rebate scheme may be able to help address local priority areas and issues.
- The difficulty in doing this may be linked to the level of grant and the breadth of priority areas / groups that may be supported.
- Contrary to this it could be viewed that support should be awarded against pure financial circumstances rather than a status, particularly if the localised scheme is not to conflict with Universal Credit principles.
- It would make sense to consider the reforms for CTB alongside a review of Council Tax.

c. Section 7 – Joint working

Covers the potential and identifiable benefits of collaboration between Local Authorities. In particular suggesting Local Authorities may wish to consider the following in developing local schemes:-

- Reduction of duplication and cost
- Avoidance of inconsistencies between boundary areas – ie the ‘ post - code lottery’
- Opportunity to better manage financial risk
- Model ‘types’ of collaborative/ joint working for consideration

Response

- It is clear that the DCLG wishes to encourage Local Authorities to look towards some form of collaboration or joint working as it is cited as an option throughout all key areas detailed.
- The Wirral Benefit service experience of collaborative working arrangements is positive and has allowed a robust and effective practice to develop primarily to help further strengthen local service resilience. A wider, contractual arrangement may not be so beneficial.
- The need for this, due to the potential of administration burden and associated cost could also be avoided if a basic scheme is established nationally which facilitates local variations within prescribed boundaries.

d. Section 8 – Managing risk

This highlights the need for Local Authorities to review the critical financial pressures which could occur if the implementation of the local rebate scheme results in a fall in Council Tax collection rates. Consideration must be given to, and contingency plans developed for, a number of possibilities, including:-

- Difficulty in collecting increased rates of Council Tax from those who previously paid nothing (under CTB) or now experience a reduction in the support they receive.
- Actual demand exceeding anticipated demand which may exceed budget forecasts.

The benefits of collaborative/ joint working are also set out in terms of helping mitigate risks such as the potential for significant associated financial pressures – *Local Authorities are asked to consider how this would work, what is the wider scope for risk sharing and what administrative provisions would be necessary to facilitate this approach?*

## Response

- As the support is to be in the form of a 'rebate or discount' collection issues and concerns could be mitigated to a significant degree as the credit is applied directly to the bill.
- Careful consideration will have to be given to removing entitlement from any group that has previously not had to pay or has benefited from support through CTB as there is a risk of non – payment.
- It will be hard to set future budget forecasts in the absence of an explanation of how the DCLG intends to fund Local Authorities from year two.
- It will be equally difficult to set future budgets if it proves difficult to accurately predict demand. Where a known and prescriptive base for any scheme is absent or lacking then the risk this presents, at least in the short term, of informing the budgetary process can only increase.

### e. Section 9 – Administering local schemes

The ethos behind a local scheme is presented as being administratively simple and avoids creating disincentives to work. The consultation paper sets out the key components that a 'good' scheme administration will need to incorporate:-

- Establish eligibility – according to prescribed terms of the scheme – *how can Local Authorities ensure the scheme is transparent / easy to understand?*
- Grant the award-*how should claimants be notified of the decision and any reduction?*
- Make provision for appeals - *how would Local Authorities consider appeals in a fair and structured manner, do Local Authorities view that scope of discretionary support for hardship should be built into a scheme design?*
- Address errors

Local Authorities will be expected to devise ways of minimising administration costs, reducing errors and the risk of fraud. There is inference that some basic consistencies must be established and agreed at a national level in order to support Local Authorities in delivering a local scheme that is able to meet the above.

#### Response

- There must be a basis for the local scheme that is set nationally. Failure to achieve this will magnify administration difficulties and present general confusion amongst those who seek and need the support.
- Any local scheme must not have the effect of making people worse off overall in terms of their income and entitlement to support when the Universal Credit and Council Tax Rebate tapers are (separately) applied.
- An appeals process needs to be structured, and there is perhaps scope to consider appeals against CTR decisions alongside Council Tax appeals. Alternatively, Benefits Teams traditionally have a wealth of experience already established in their Appeals Team. The Team role could be amended to consider challenges to CTR determinations, perhaps alongside similar challenges to the allocation of the revised Discretionary Support scheme.

#### f. Section 10 – Data sharing

The paper acknowledges that in order for Local Authorities to set up, design and operate an efficient and effective rebate scheme data sharing is paramount. Those claiming Council Tax rebates should not be required to provide their details more than once (i.e. to more than one agency). In essence Local Authorities are asked for their views on making provision, legislatively to mirror current arrangements between the DWP and Local Authorities which enable the sharing of an extensive range of data. It is suggested that in administering a local scheme Local Authorities will:-

- Be able to rely on data already gathered by the DWP in the process of administering Universal Credit – *would Local Authorities be sufficiently confident to rely on data gathered on their behalf given current situation that is widely acknowledged to be failing?*
- Retain lawful access to the DWP customer information system (CIS) - *what would the implications on a Local Authority be in terms of detecting and preventing fraud / error in the absence of access to DWP data?*

The clear links between accessibility to data and the ability to prevent and / or detect fraud are acknowledged in the consultation paper and the DCLG suggests that Local Authorities will retain responsibility for fraud investigative work in relation to local rebate schemes

#### Response

- Access to HMRC and Pension Service data as well as DWP Job Centre Plus data will be required
- Unless the DWP achieves significant improvement in their benefit claims process relying upon them to gather data for any local rebate scheme will be questionable as the best way forward.

g. Section 11- Funding

Local Authorities will be required to give consideration to the funding of a local scheme. This differs from Council Tax Benefit current funding, which in essence is direct reimbursement for expenditure incurred. The change to grant based funding under a local scheme will require the following considerations:-

- The fact that the grant will represent a 10 % reduction against previous CTB expenditure - *how will the Local Authority distribute the grant amongst the working age population , should this be on a simple ‘ equal pain’ basis?*
- The form of the grant
- Whether or not expenditure is restricted to the maximum level of the grant or can be exceeded- *how would this be funded locally?*
- Distribution of the grant , frequency and how the distribution is justified – *what provisions for in claim review and intervention are required? What is the administrative burden of any proposals around review?*

Response

- The reduction in grant may be for many recipients considerably more than 10% as the cuts cannot apply to pensioner groups. This leaves significantly higher levels of savings to be achieved through re-distribution of support largely amongst the working age sector.
- Consideration ought to be given to a review of national Council Tax discount schemes, such as Single Person Discount which may have the potential to yield significantly more than the likely savings target but comes with issues over changing others level of payment.
- The paper does acknowledge the possibility of Local Authorities and their Council Tax payers’ potential to benefit from a reduction in take-up of any local rebate scheme.

h. Section 12 – Administrative costs

The paper acknowledges that the transition to and administration of local schemes should not put pressure on Local Authority finances. Equally it suggests that Local Authorities will be under a duty and therefore will need to give consideration to the basis for such costs (i.e. compared to the present arrangements for the administration of CTB) and to establish ways to reduce the costs of administration and suggest a view, that this may be achieved through collaborative or joint working arrangements:-

- How can the DCLG/DWP help Local Authorities achieve a reduction in administration costs?
- How can the DCLG/DWP encourage / incentivise collaboration working arrangements?

#### Response

- Administrative costs are most likely to only be reduced through simplification of the scheme whoever delivers it.
- Information Technology has the capacity to drive administrative costs up out of proportion to other changes if a situation emerges with multiple solutions and with no wider DCLG involvement or interaction with the software companies.

#### i. Section 13 – Transitional and implementation issues

Local Authorities are asked to consider what might achieve the simplest, single transition to local schemes or phased transition, following similar principles to the implementation of Local Housing Allowance. Issues for consideration include:-

- Timescales – the time to design new schemes, commission and procurement of IT systems, training and implementation.
- Communication – of changes to claimants and stakeholders, including the third sector.
- The wider welfare reform programme (Universal Credit) and associated changes to Housing Benefit.

#### Response

- More detail is required regarding the scheme in order for Local Authorities to properly consider their position and options in terms of scheme establishment, transitional and implementation issues.
- Change of this magnitude would ordinarily be supported by a national communication strategy / package, however, this may not be achieved when there is the potential that for each Local Authority to operate their own support provision on an entirely different basis.

#### j. Section 14 – List of consultation questions

The paper seeks Local Authorities views on some 45 questions surrounding the areas as set out above, in addition to inviting other wider comments.

### **5.0 RELEVANT RISKS**

- 5.1 There are no risks to the Authority directly associated in responding to the consultation. There are clear issues and risks in the development of the scheme.

### **6.0. OTHER OPTIONS CONSIDERED**

- 6.1 None.



## **7.0. CONSULTATION**

7.1. Formal local consultation has not taken place as in this instance the view of the Authority is sought. Nationally recognised organisations such as the representative professional bodies are also contributing to the consultation process.

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

8.1. The reduction in the level of support will impact on the Voluntary Sector especially advice and debt agencies. The landlord sector will also see an impact as the Local Authority competes for payment for residual Council Tax debt from the tenant's income which will also have to meet rent payments.

## **9.0. RESOURCE IMPLICAITONS: FINANCIAL; IT; STAFFING AND ASSETS**

9.1 FINANCIAL: For year one (2013/14) DCLG funding will be based on the previous Council Tax Benefit spend less 10%. Total subsidy claimed for Council Tax Benefit expenditure in Wirral in 2010/11 was £31,350,714 and continues to rise given the prevailing economic conditions. A contingency will be required to allow for any ongoing increase in demand or take-up.

9.2 IT: Software companies will be in a position to significantly influence scheme design and there is potential for Local Authorities to be faced with little choice, at least in the shorter term other than to accept software companies design and key features, in essence fitting a local scheme largely around available software.

9.3 STAFFING: Council Tax Rebate proposals affect staffing levels as will the Universal Credit proposals but this will only be quantified as further details of the proposals emerge. Over 150 people work in the various areas of Benefits in the Authority.

9.4 ASSETS: The reduced staffing that is likely to be seen will reduce the accommodation requirements as will the impact of the Universal Credit proposals as currently set out.

## **10.0 LEGAL IMPLICATIONS**

10.1 There are none arising out of this report

## **11.0. EQUALITIES IMPLICATIONS**

11.1 There are none arising out of this report

11.2 Equality Impact Assessment (EIA)

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

## 12.0 CARBON REDUCTION IMPLICATIONS

12.1. There are none arising out of this report.

## 13.0.PLANNING AND COMMUNITY SAFETY IMPLICATIONS

13.1. There are none arising out of this report.

FNCE/243/11

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## APPENDICES

NONE

## REFERENCE MATERIAL

DCLG consultation paper 'Localising Support for Council Tax in England'  
<http://www.communities.gov.uk/publications/localgovernment/localisingcounciltaxconsultation> - August 2011

## SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Cabinet	22 September 2011

## WIRRAL COUNCIL

### COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

17 NOVEMBER 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 on 13 October 2011 agreed 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/244/11

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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
Cabinet - Allocation of Re-provision/Restructuring Costs	13 October 2011

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## WIRRAL COUNCIL

### COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

17 NOVEMBER 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 had to 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.
- 1.3 Cabinet on 13 October 2011 agreed the following:-
- (a) That the DCLG be advised that Wirral will utilise the permission to treat as capital £4 million of revenue expenditure in 2011/12.
  - (b) 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.
  - (c) That the release of £3 million from the provision for the Early Voluntary Retirement / Voluntary Severance Scheme costs to balances be agreed.

#### 2.0 RECOMMENDATION

- 2.1. That the report be noted.

#### 3.0 REASONS FOR RECOMMENDATION

- 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 7 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 was 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/245/11

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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
Cabinet - Capitalisation of Statutory Redundancy Payments	13 October 2011

## WIRRAL COUNCIL

### COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

17 NOVEMBER 2011

<b>SUBJECT:</b>	<b>EARLY VOLUNTARY RETIREMENT / VOLUNTARY SEVERANCE AND ORGANISATIONAL CHANGE</b>
<b>WARD/S AFFECTED:</b>	<b>ALL</b>
<b>REPORT OF:</b>	<b>DIRECTOR OF HR, LAW AND ASSET MANAGEMENT</b>
<b>RESPONSIBLE PORTFOLIO HOLDER:</b>	<b>COUNCILLOR ADRIAN JONES</b>
<b>KEY DECISION?</b>	<b>NO</b>

#### 1. EXECUTIVE SUMMARY

1.0 This report provides a detailed outline of the number of posts which were vacated as a result of the Early Voluntary Retirement/Voluntary Severance (EVR/VS) exercise, and details the number of posts which have subsequently been re-filled.

#### 2. RECOMMENDATION

2.1 That the report be noted

#### 3. BACKGROUND AND KEY ISSUES

3.1 On 15 September 2011, The Council Excellence Overview and Scrutiny Committee asked that a further report be brought to the next meeting which would look at the number of vacated posts (as a result of EVR/VS) that had subsequently been filled.

3.2 The EVR/VS exercise resulted in 1181 employees leaving the Council between 31 December 2010 and 22 July 2011.

#### 4. OVERVIEW

4.1 The Council are still in the process of implementing various restructures; therefore not all Departments have completed their remodelling which is reflected in the figures below.

4.2 The funding for the retention of posts (to facilitate bumps) and subsequent remodelling of Departments has in the main come from the Council's budget 2011/12 which included £2 million to meet the remodelling costs. In order to secure this funding Chief Officers were required to submit proposals to bid for funding to the Strategic Change Board. Additional funding for The Department of Adult Social Services for £600k was allocated to their budget to make the quality improvements necessary, which part funded their re-structure.

## 5. Deleted posts

5.1 The table below outlines the overall FTE which has been deleted as a result of the EVR/VS exercise:

Number of people who left	FTE equivalent of EVR leavers	FTE equivalent of posts deleted	FTE equivalent of post hours deleted	Total FTE deleted
1181	915.45	719.52	45.8	765.32

6.2 Following the EVR/VS exercise it was necessary to retain a number of posts within Departments to ensure the continuation of service provision, therefore as a result 150 FTE equivalent of posts are still to be deleted. Additionally a number of posts were also retained by Departments to redeploy employees into following the service changes which were agreed by Cabinet on 9 December 2010.

5.3 Of the posts which have been refilled, nearly all have been facilitated by bumps, or filled following Departmental restructures, with the exception of Children's and Young People department, where a number of Metro posts have been refilled with new employees.

6.8 The Council are still in the process of implementing various restructures; therefore not all Departments have completed their remodelling which equates to the difference in the FTE figures above.

5.4 Only fully occupied posts were deleted as part of this exercise. Where posts were occupied on a "multi occupancy" basis, for example job-share, only the hours of the person who left on EVR/VS were deleted, not the full post.

## 6. Refilled posts

6.1 The table below outlines the number of refilled posts by department:

Department	Total
Adult Social Services	43
Children & Young People's Department	50
Regeneration, Housing and Planning	7
Finance	10
Law, HR and Asset Management	2
Technical Services	7
Total	109

6.2 Of the posts which have been refilled, nearly all have been facilitated by bumps, or filled following Departmental restructures, with the exception of Children's and Young People department, where a number of Metro posts have been refilled.

6.3 The Council are still in the process of implementing various restructures; therefore not all Departments have completed their remodelling which equates to the difference in the retained posts and those which have been refilled as reflected in the figures above.

## 7. New posts

7.1 100 new posts have been created since the end of the EVR/VS exercise. The majority of these posts have been created as a result of remodelling which was facilitated by the EVR/VS exercise. Other posts are as a result of Departmental restructures which were required to meet essential services changes. 23 of the new posts created are not linked to the EVR/VS exercise as outlined in the table below.

7.2 The table below outlines the number of new posts by department:

Department	New posts Not related to EVR/VS or remodelling	Total post created in re-modelling	Total New posts
Adult Social Services	3	8	11
Children & Young People's Department	9	7	16
Finance	0	63	63
Law, HR and Asset Management	4	3	3
Regeneration, Housing and Planning	2	0	2
Technical Services	5	0	5
<b>Total</b>	<b>23</b>	<b>81</b>	<b>104</b>

7.3 Within Adult Social Services, a number of the new posts will be advertised internally and externally, these posts in the main are Social Workers and Advanced Practitioners. All of the posts within the Children's and Young People department are being filled from within the Department. The majority of the new posts within Finance have been filled internally and externally.

## 8. RELEVANT RISKS

8.1 Failure to have filled certain posts would have resulted in service provision not being maintained.

## 9. OTHER OPTIONS CONSIDERED

9.1 None

## 10. CONSULTATION

10.1 Consultation with the Trade Unions was undertaken through the formal, Corporate Joint Consultative Committee (JCC) meetings, held between Human Resources (HR) and the Trade Unions.

**11. IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

11.1 There are no implications for voluntary, community and faith groups

**12. RESOURCE IMPLICATION: FINANCIAL, IT, STAFFING AND ASSETS**

12.1 Staffing implications have been highlighted throughout this report.

**13. EQUALITIES IMPLICATIONS**

13.1 Two Equality Impact Assessments were undertaken as part of the EVR/VS exercise

13.2 Equality Impact Assessment (EIA)

(a) Is an EIA required? Yes

(b) If 'yes', has one been completed? Yes

**14. CARBON REDUCTION IMPLICATIONS**

14.1 None

**15. PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

15.1 None

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**SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>
<b>Employment and Appointments Committee</b>	<b>23 November 2010</b>
<b>Cabinet</b>	<b>9 December 2010</b>
<b>Council</b>	<b>13 December 2010</b>
<b>Employment and Appointments Committee</b>	<b>27 January 2011</b>
<b>Cabinet</b>	<b>18 March 2010</b>
<b>Council Excellence Overview and Scrutiny Committee</b>	<b>15 September 2011</b>

## WIRRAL COUNCIL

### COUNCIL EXCELLENCE OVERVIEW & SCRUTINY COMMITTEE

17 NOVEMBER 2011

<b>SUBJECT:</b>	<b>STRATEGIC CHANGE PROGRAMME - UPDATE</b>
<b>WARD/S AFFECTED:</b>	<b>ALL</b>
<b>REPORT OF:</b>	<b>Director of Finance / Deputy Chief Executive</b>
<b>RESPONSIBLE PORTFOLIO HOLDER:</b>	<b>COUNCILLOR STEVE FOULKES</b>
<b>KEY DECISION?</b>	No

#### 1.0 EXECUTIVE SUMMARY

1.1 The purpose of this report is to provide an update on the Council's Strategic Change Programme following the Strategic Change Programme Board (SCPB) meeting of 18 October 2011.

#### 2.0 RECOMMENDATION

2.1 Members note the progress and content of the Strategic Change Programme.

#### 3.0 BACKGROUND AND KEY ISSUES

3.1 Council Excellence Overview & Scrutiny Committee received an update on the Council's Strategic Change Programme on 15 September 2011. This report provides a further update following SCPB meeting on 18 October 2011.

3.2 The SCPB at its meeting in August requested that outline business cases were developed for those projects held at conception and any emerging ideas. The Board considered nine such business cases at its October meeting. The Board agreed that there was a need to review the programme in light of the council's corporate governance issues and challenging budgetary position

3.3 The Board agreed to the removal of the following projects for the reasons given:

- Balances & Reserves – to be delivered as part of the council's annual revenue budget setting process.
- Voluntary Community Faith Contracts - to be delivered as business as usual.
- General Restructure – re-modelling now completed.
- Energy Efficiency – project complete.
- Shared Services – to be delivered under Transforming Business Support.
- Value for money profiles – service reviews to be completed under the corporate governance comprehensive work programme.

3.4 The Board noted the current position of the programme which is set out in Appendix 1 for 2011/12 and Appendix 2 for 2012/13.

#### **4.0 NEXT STEPS**

4.1 The Change Programme has been identified as an area for review in the Comprehensive Work Programme to achieve improvements in corporate governance.

4.2 Determine the role of the change programme going forward to deliver projects that will fundamentally alter the way in which Wirral operates as a Council within the financial context.

#### **5.0 RELEVANT RISKS**

5.1 The main risk is the non-delivery of benefits, particularly financial, of the Strategic Change Programme. This is mitigated by careful monitoring by the Strategic Change Programme Board, supported by the Strategic Change Programme Office. Independent assurance on project delivery is provided by the Director of Finance. Risks registers are maintained by project managers. Any risks managers can no longer control are escalated as issues.



## **6.0 OTHER OPTIONS CONSIDERED**

6.1 N/A

## **7.0 CONSULTATION**

7.1 N/A

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

8.1 Opportunities to involve voluntary, community and faith organisations will be considered within individual projects.

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

9.1 The resource requirements of the Strategic Change Programme are currently being met through existing staff resources. Individual projects may impact on staffing, assets and IT; any issues will be raised at Departmental Management Teams. If these are not resolved they will be escalated to the Executive Team for resolution and subsequently to SCPB.

## **10.0 LEGAL IMPLICATIONS**

10.1 Not applicable

## **11.0 EQUALITIES IMPLICATIONS**

11.1 Not applicable

11.2 Equality Impact Assessment (EIA)

(a) Is an EIA required?	No
(b) If 'yes', has one been completed?	No

## **12.0 CARBON REDUCTION IMPLICATIONS**

12.1 Not applicable

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

13.1 Not applicable

### **REPORT AUTHOR:**

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## Appendix 1: Strategic Change Programme (2011/12)

Ref	Project	Project Manager	Project Stage	SCP Savings	Current Forecast
				2011/12	
				£m	£m
1	Procurement	Ray Williams	Delivery	2	2
3	Market Management	Steve Rowley	Delivery	5.37	3.74
5	Learning Disabilities	Jayne Marshall	Start up	0	0
6	Re-provision of in-house Care Services	Christine Beyga	Closure	1.476	1.476
9	Revenues & Benefits	Malcolm Flanagan	Delivery	0	0
11	ICT Strategic Review	Geoff Patterson	Delivery	0	0
16	Looked After Children	Julia Hassall	Delivery	0	0
19	Disposal of Assets	Ian Brand	Delivery	0.481	0.212
20	Office Rationalisation	Ian Brand	Delivery	0.368	0.11
24	PACSPE	Mark Smith	Delivery	0.2	0.2
26	Street Lighting	Kevin Ellis	Delivery	0.05	0.05
27	Traffic Management	Mark Smith	Closed	0.15	0.15
28	HAMS	Shaun Brady	Closed	0.1	0.1
31	Energy Efficiency	Ian Brand	Closed	0.08	0.03
39	Printing review	Geoff Patterson	Start up	0.25	0.25
44	Contract Review	Ray Williams	Delivery	0	0
45	CAS wider project	Malcolm Flanagan	Conception	0	0
55	Review of Employee Pay Costs	Chris Hyams	Start up	0	0
57	Review of Fees & Charges	Tom Sault	Conception	0	0
65	Facilities Management	Ian Brand	Delivery	0	0
66	Transforming Business Support	Chris Hyams	Delivery	0	0
67	Procurement: Electronic Payments	Ray Williams	Start up	0.2	0.2
				<b>10.725</b>	<b>8.518</b>

## Appendix 2: Strategic Change Programme (2012/13)

Ref	Project	Project Manager	Project	Potential Revenue Savings
			Stage	12/13 £m
1	Procurement	Ray Williams	Delivery	2
3	Market Management	Steve Rowley	Delivery	0.847
5	Learning Disabilities	Jayne Marshall	Start up	0
9	Revenues & Benefits	Malcolm Flanagan	Delivery	1.2
11	ICT Strategic Review	Geoff Patterson	Delivery	0.4
16	Looked After Children	Julia Hassall	Delivery	0.07
19	Disposal of Assets	Ian Brand	Delivery	0
20	Office Rationalisation	Ian Brand	Delivery	0.259
24	PACSPE	Mark Smith	Delivery	0
26	Street Lighting	Kevin Ellis	Delivery	0.1
39	Printing review	Geoff Patterson	Start up	0.25
65	Facilities Management	Ian Brand	Delivery	0.5 - 0.7
66	Transforming Business Support	Chris Hyams	Delivery	TBD

## REFERENCE MATERIAL

### SUBJECT HISTORY (last 3 years)

<b>Council Meeting</b>	<b>Date</b>
Cabinet	07 February 2008
Cabinet	10 December 2008
Cabinet	23 April 2009
Cabinet	15 October 2009
Cabinet	14 January 2010
Cabinet	24 June 2010
Cabinet	22 July 2010
Council Excellence Overview & Scrutiny	28 October 2010
Council Excellence Overview & Scrutiny	31 January 2011
Cabinet	03 February 2011
Council Excellence Overview & Scrutiny	15 September 2011

## WIRRAL COUNCIL

### COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

17 NOVEMBER 2011

<b>SUBJECT</b>	<b>BACK OFFICE EFFICIENCIES AND IMPROVEMENTS</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 PHIL GILCHRIST</b>
<b>KEY DECISION</b>	<b>NO</b>

#### 1.0 EXECUTIVE SUMMARY

- 1.1 This report is in response to Committee's request of 12 July 2011 and details the savings from back office services which have been agreed over the last three financial years and the benefits realised from the Insurance Fund and Treasury Management activities.

#### 2.0 RECOMMENATION

- 2.1 That the report be noted.

#### 3.0 REASON FOR RECOMMENDATION

- 3.1 The report was requested by Committee to provide information on back office efficiencies that have been included within the agreed Budgets.

#### 4.0 BACKGROUND AND KEY ISSUES

- 4.1 With all local authorities experiencing reductions in Central Government funding the aim is do more for less whilst maintaining or improving current standards in front line services. Therefore savings have had to be delivered in back office activities. Although there is no specific definition of what constitutes "back office" services they can be seen as money spent on managing the Council itself, its administrative and support functions, money which could otherwise be spent on direct provision of services to the public and meeting residents' priorities.

- 4.2 Over the 2009/10, 2010/11 and 2011/12 financial years savings have been achieved through:-

- the Early Voluntary Retirement / Voluntary Severance Scheme.
- reductions and restructurings in management and administration staff.
- better use of technology and rationalisation of IT services.
- enhanced procurement arrangements.
- office rationalisation and reduced running costs.

4.3 The table shows the savings by department and service area. It should be noted that these figures may differ from the savings included within the Budget Books as those related to back office areas have been extracted.

<b>DEPARTMENT</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>	<b>TOTAL</b>
<b>SERVICE AREA</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
ADULT SOCIAL SERVICES				
Administration Support Services	100	240	1,111	1,451
CHILDREN & YOUNG PEOPLE				
Administration Support Services	25	-	1,275	1,300
FINANCE				
IT Services	150	170	505	
Revenues Services	210	-	-	
Financial Services/Audit	-	-	280	
Support Services	-	-	518	1,833
LAW,HR,ASSET MGT				
Human Resources	125	-	39	
Legal Services	40	-	165	
Administration Services	-	-	101	470
REGENERATION/CORPORATE				
Administration Support Services	173	-	69	242
TECHNICAL SERVICES				
Administration Services	-	-	296	296
INSURANCE	400	430	588	1,418
TREASURY MANAGEMENT	500	-	370	870
<b>TOTALS</b>	<b>1,723</b>	<b>840</b>	<b>5,317</b>	<b>7,880</b>

4.4 Comparisons of the level of back office savings to overall Council savings are complicated because of changes to departmental structures over the years, for example libraries are within the Finance Department from 2011/12, and the absence of a clear definition of back office services. As a broad indication Council departmental expenditure has decreased from £289 million in 2009/10 to £266 million for 2011/12 which represents a £23 million reduction. Back office efficiencies have contributed almost £8 million towards this total.

- 4.5 For a number of years there have been improvements in insurance and risk management through a more pro-active approach to the procurement of insurance services, to the management of claims and to actions to mitigate both the number and cost of claims. Whilst reducing the cost of the annual insurance premiums this work has reduced the potential liability for claims enabling over £6 million to be transferred from the Insurance Fund to Council balances since March 2009. The Insurance Fund Budget and Annual Report are both presented to Cabinet and to Audit & Risk Management Committee.
- 4.6 Treasury management activities include the management of the cash flow of the authority. Managed on a day-to-day basis the close and active management of the daily cash position, the use of the cash flow to minimise borrowing as well as the investment of any cash holdings has realised financial benefits which over the last two financial years has seen over £4 million added to Council balances. The Treasury Management Strategy and Annual Report are presented to Cabinet.
- 4.7 The Corporate Procurement Unit support departments in the delivery of efficiencies through better procurement with the benefits then achieved by the relevant service department. An annual update on the work of the Unit is presented to Cabinet.

## **5.0 RELEVANT RISKS**

- 5.1 As back office services support the delivery of front-line services savings could impact upon the ability to deliver front line services. This is mitigated by the existence of department planning and scrutiny processes.

## **6.0 OTHER OPTIONS CONSIDERED**

- 6.1 None as this report was specifically requested by this Committee.

## **7.0 CONSULTATION**

- 7.1 No specific consultation was undertaken over this report.

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

- 8.1 There are no implications arising from this report for voluntary, community and faith groups.

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

- 9.1 At the time of implementing any changes the resource implications will have been considered and there are no further 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.

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### **SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>
The savings have been extracted from the Council Estimates for 2009/10, 2010/11 and 2011/12.	



## WIRRAL COUNCIL

### COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

17 NOVEMBER 2011

<b>SUBJECT:</b>	<b>OFFICE RATIONALISATION AND AGILE WORKING</b>
<b>WARD/S AFFECTED:</b>	<b>ALL WARDS</b>
<b>REPORT OF:</b>	<b>DIRECTOR OF LAW, HR AND ASSET MANAGEMENT</b>
<b>RESPONSIBLE PORTFOLIO HOLDER:</b>	<b>COUNCILLOR ADRIAN JONES CORPORATE RESOURCES</b>
<b>KEY DECISION?</b>	<b>NO</b>

#### 1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to update Members as to progress with the office rationalisation project and agile working.

#### 2.0 RECOMMENDATION

- 2.1 That Members note the contents of this report.

#### 3.0 REASONS FOR RECOMMENDATION

- 3.1 The report provides a basis for Members to monitor progress on office rationalisation and agile working, which form part of the Committee's work programme for 2011/12.

#### 4.0 OFFICE RATIONALISATION

- 4.1 Previous updates to this Committee have identified a first phase of building closures comprising Westminster House, The Old Courthouse and administrative accommodation within the Willowtree facility. The position in respect of each of these is set out below.
- 4.2 The sale of Westminster House to Wirral Partnership Homes was completed on 28 October 2011, with a capital receipt of £1.025m. Net annual revenue savings are £264,000 after deducting the costs of occupying accommodation in Old Market House. The saving for 2011/12 will be £110,000 (apportioned to reflect the completion date part way through the year).
- 4.3 Detailed arrangements are now being made for the relocation of staff from The Old Courthouse. The majority of staff will move to Moreton Municipal Building, whilst Community Patrol staff who are currently in The Old Courthouse will move to Cheshire Lines and be based alongside the CCTV control room. The team is staffed on a multi agency basis, with members from Merseyside Police and the Probation Service. Relocation to Moreton will take account of their specific requirements (for example in respect of data management). The

vacated building will then be disposed of, with the timescale dependent upon the route chosen. A further update will be provided to Members in due course.

- 4.4 Building works have been completed to convert the former Pensby Park Primary School (at the rear of the Children's Centre) into office accommodation. This will create flexible space for area-based staff and allow the relocation of CYPD staff currently based at Willowtree and in Moreton. It will also accommodate some area-based Adult Social Care staff and provide a 'touchdown' area for staff not based in the building. Staff are due to move into Pensby Park from Moreton Municipal Building in November and from Willowtree in December.
- 4.5 A series of other smaller staff moves is continuing in the period from now to December that will improve operational efficiency and vacate Oakenholt Building and Esher House.
- 4.6 The second phase of the rationalisation project has identified Liscard Municipal Offices, Bebington Town Hall and Bebington Town Hall Annexe for vacation and closure. Discussions have started with affected services on options for relocating staff, and further updates will be given to the Committee in due course. A report is currently being prepared with options for the vacation of a further major building, and it is intended that this report will be considered by Cabinet on 8 December 2011.
- 4.7 The Committee has previously asked for a list of Council buildings that includes a breakdown of staff by department in each. Such a list is attached for information.

## **5.0 AGILE WORKING**

- 5.1 The Committee has expressed interest in agile working and the following information is provided in response to specific questions that have been asked.
- 5.2 The Council has put in place policies to support agile and home working. These were considered by Employment and Appointments Committee on 27 January 2011 and are available to view on the intranet. They can be found using the following link –  
  
<http://wir06metrognome.admin.ad.wirral.gov.uk/ieListDocuments.aspx?CId=197&MId=3083&Ver=4>
- 5.3 The policies contain a standard corporate approach that applies to all departments. They recognise different types of workers; covering home working, mobile working and hot desking.
- 5.4 Work is in progress to identify all staff currently working in an agile manner and those individuals and teams with the potential to do so. Historically, agility has been taken forward on an ad-hoc basis, driven by service need or interest and with a number of agile working 'pilots' in different departments. For this reason an average figure of space saving is unavailable. However, the recent move of DASS social care staff out of Westminster House to the Rock Ferry Centre showed the potential savings that can be achieved with a work force that is not

desk-based. With mobile technology and hot desking the space occupied per person roughly halved from some 7 sq.m. to 3.5 sq.m. It must be stressed that this team is one where staff work away from a fixed base for much of their time. Such space reduction would not be achievable in other areas which had a high proportion of desk based staff or requirements for specialist equipment and/or furniture.

- 5.5 The report to this Committee on 31 January 2011 explained some of the IT and resource issues in relation to developing agile working across the authority, and stated an intention to trial the deployment of a virtualised desktop infrastructure in an operational section with non-technical users. This would support the more effective use of agile working. It is intended to select an appropriate service area for such a trial in the next stage of rationalisation, when there is clarity as to the next sequence of staff moves.
- 5.6 The Committee has previously considered the possibility of a seminar on agile working for Members. It is suggested that this could be structured around IT issues to allow a better understanding of the potential benefits and limitations in this area. The Committee is asked to confirm whether it wishes such a seminar to be arranged and, if so, Members' views are requested as to the areas to be covered.

## **6.0 RELEVANT RISKS**

- 6.1 Risk management for office rationalisation takes place within the governance arrangements of the Strategic Change Programme.

## **7.0 OTHER OPTIONS CONSIDERED**

- 7.1 Options for accommodation change are developed and considered within the Strategic Change programme.

## **8.0 CONSULTATION**

- 8.1 Consultation is an on-going process with services and staff affected by these proposals.

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

- 9.1 There are no implications in this report for voluntary, community or faith groups.

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

- 10.1 Financial – The rationalisation programme will proceed in line with available capital and revenue resources. The approved capital programme for 2011/12 allows for improvements to access and means of escape within Wallasey Town Hall, and for improvements to the North Annexe subject to approval of a business case.
- 10.2 IT Implications. Weekly meetings take place to coordinate the deployment of IT resources in support of office rationalisation
- 10.3 Staffing – none beyond those referred to in the body of this report

10.4 Asset Management implications are dealt with in the body of the report.

### **11.0 LEGAL IMPLICATIONS**

11.1 There are no specific legal implications associated with this report.

### **12.0 EQUALITIES IMPLICATIONS**

12.1 An Equality Impact Assessment will be completed for each building identified for closure. This will take account of the implications for staff and service users.

### **13.0 CARBON REDUCTION IMPLICATIONS**

13.1 Closure of buildings will reduce the Council's CO2 emissions and contribute to the delivery of the Council's carbon budget.

13.2 Where appropriate, those buildings identified for retention will be included in the scheme that was approved by Cabinet on 1 September 2011 to fit solar PV panels.

### **14.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

14.1 There are no specific Planning and Community Safety implications associated with this report.

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### **APPENDICES**

Appendix – Departmental Staff within Buildings

### **REFERENCE MATERIAL**

None

### **SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>
Cabinet – Transforming Wirral – Strategic Asset Review	<b>15 January 2009</b> <b>18 November 2010</b>
Council Excellence Overview & Scrutiny Committee Office Rationalisation	<b>25 November 2010</b>
Cabinet – Office Rationalisation	
Cabinet – Capital Programme	<b>21 February 2011</b>

Council Excellence Overview & Scrutiny Committee Office Rationalisation and Agile Working	<b>31 January 2011</b>
Council Excellence Overview & Scrutiny Committee Office Rationalisation	<b>16 March 2011</b>
Council Excellence Overview & Scrutiny Committee Office Rationalisation	<b>12 July 2011</b>
Council Excellence Overview & Scrutiny Committee Office Rationalisation Update	<b>15 September 2011</b>

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**COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE**

17 NOVEMBER 2011

<b>Departmental Staff within Buildings</b>		
<b>Building</b>	<b>Departments in Occupation</b>	<b>Staff Numbers</b>
Hamilton Building	CYPD	207
Conway Building	CYPD Finance DASS Regeneration, Housing & Planning	59 32 11 29
Treasury Building	Finance	222
Finance Municipal	Finance District Audit	249 15
Wallasey Town Hall	Chief Executives Office Regeneration, Housing, & Planning Law, HR & Asset Management	3 24 107
North Annexe	Regeneration, Housing & Planning	124
South Annexe	Law, HR & Asset Management	84
Liscard Municipal	CYPD DASS Law, HR & Asset Management	52 35 5
Moreton Municipal	Law, HR & Asset Management DASS Finance	2 7 10
Rock Ferry Centre	CYPD DASS Law, HR & Asset Management	51 52 2
Solar Campus – St Marys Building	CYPD	84
Pensby Park	CYPD	39
Bebington Town Hall	CYPD	103
Bebington Annexe	CYPD DASS	31 22
Cheshire Lines	Technical Services Finance Law, HR & Asset Management Regeneration, Housing & Planning	136 69 71 82
Girtrell Court	DASS	22
Old Court House	Law, HR & Asset Management	53
Pennant House	Finance	11

Birkenhead Town Hall	Law, HR & Asset Management	16
Old Market House	DASS	53
Acre Lane	CYPD	130
Willowtree	CYPD	54



## WIRRAL COUNCIL

### COUNCIL EXCELLENCE

17<sup>TH</sup> NOVEMBER 2011

<b>SUBJECT:</b>	2011/12 Second Quarter Performance & Financial Review
<b>WARD/S AFFECTED:</b>	All
<b>REPORT OF:</b>	Deputy Chief Executive and Director of Finance
<b>RESPONSIBLE PORTFOLIO HOLDER:</b>	Councillor Steve Foulkes
<b>KEY DECISION:</b>	No

#### **1.0 EXECUTIVE SUMMARY**

- 1.1 This report sets out performance of the Council's Corporate Plan 2011-14 for July to September 2011, and provides members with an overview of performance, resource and risk monitoring.
- 1.2 The report also provides requested amendments to Corporate Plan projects and indicators for Cabinet approval.

#### **2.0 RECOMMENDATION/S**

- 2.1 That the contents of this report be noted.

#### **3.0 REASON/S FOR RECOMMENDATION/S**

- 3.1 Council approved the Corporate Plan on 18<sup>th</sup> April 2011. This report provides a quarterly progress on delivering the Council's Corporate Plan, including performance of relevant projects and indicators and associated financial and risk monitoring information.

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

##### **4.1 Performance Summary**

The presentation accompanying this report provides an overview of quarter two performance with more detail outlined in this report including corrective action for performance issues.

## 4.2 Your FAMILY: CHILDREN AND YOUNG PEOPLE

### What's working well

- Projects for young people in Wirral to benefit from £2.8m early intervention funding, which will benefit some local groups and 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
- Wirral primary schools continue to perform well, 77% of all pupils gained a Level 4 or above in both English and Maths, compared to 74% nationally and 76% for the North West.
- This year's provisional GCSE results show that Wirral students have once again achieved the best ever results. 58% of Wirral students in maintained schools achieved the national benchmark of 5+ A\*-C including English and mathematics, which is up from last year's result of 54%. 80% achieved 5 or more A\*-C GCSE results, which again was up on last year's figure of 73%.
- The percentage of looked after children reaching level 4 at Key Stage 2 were 65.7% in English and 62.9% in Maths, exceeding the targets set and improving on last year's performance of 52% and 56%.
- A series of free fitness activities are now available for local teenagers at five Council-run sports centres. The sessions are open to boys and girls, aged between 13 and 19 and are designed to provide diversionary activities, as well as contributing to the health and wellbeing of our younger residents.
- The percentage of 0 - 5 year olds from disadvantaged backgrounds registered at a Children's Centre is 56%, exceeding its 50% target.
- A successful awareness raising and recruitment event has led to a further 8 young people joining the Children in Care Council, double the set target of four children.

### **The following project has been submitted for consideration at the LGC Awards 2012:**


- Education Quality - a traded school improvement service developed in joint partnership with schools with a 94% take up.


### **Performance against Corporate Plan /Strategic Change project(s)**


All of the Corporate Plan and Strategic Change projects for this theme are on target.


### Performance against indicator(s):


The following indicators have missed their quarter two target and are therefore assessed as red or amber:


Portfolio	PI no	Title	2011/2012		On target	Direction of travel
			Q2 Target	Q2 Actual		
Childrens Services & Lifelong Learning	NI 102a	Achievement gap between pupils eligible for free school meals and their peers achieving the expected level at Key Stages 2	17.9%	20.8% (P)	Red	
<b>Corrective Action:</b>	The gap between the Free School Meals and the Non Free School Meals groups is lower than the previous year. Though improvements have been made the gap has fallen short of the target. This issue has been raised with primary head teachers and as a result the School Improvement Team has identified target schools to support to deliver improved academic outcomes for those children eligible for Free School Meals.					
<b>Performance Analysis:</b>	This is a provisional figure for the 2010/11 academic year, which may be subject to minor change when the actual figure is released. The annual target has not been met, however the gap is narrowing based on previous year's performance 21% (2010/11) and 24.5% (2009/10).					

Portfolio	PI no	Title	2011/2012		On target	Direction of travel
			Q2 Target	Q2 Actual		
Childrens Services & Lifelong Learning	NI 102b	Achievement gap between pupils eligible for free school meals and their peers achieving the expected level at Key Stages 4	30.2%	34.5% (P)	Red	
<b>Corrective Action:</b>	A review is currently underway to examine the results of the 100 identified FSM pupils who were targeted with additional resources. The review has will focus in identifying the impact and actual improvement in achievement were made by this group of young people. From this analysis it will be determined whether to run a similar intervention programme to impact on the 2012 gap and how this may be delivered to ensure that the correct cohort of young people are selected.					
<b>Performance Analysis:</b>	This is a provisional figure for the 2010/11 academic year, which may be subject to minor change when the actual figure is released. The annual target has not been met, however the gap is narrowing based on previous year's performance 36% (2010/11) and 36.9% (2009/10).					

Portfolio	PI no	Title	2011/2012		On target	Direction of travel
			Q2 Target	Q2 Actual		
Childrens Services & Lifelong Learning	NI 105	The Special Educational Needs (SEN)/non-SEN gap – achieving 5 A*- C GCSE inc. English and Maths	47%	50.3% (P)	Amber	
<b>Corrective Action:</b>	School Improvement Associates are working with schools to identify the reasons why SEN pupils have not made the expected progress. The SEN Green Paper will focus senior leaders in ensuring that the correct provision is in place to move pupils' learning forward.					
<b>Performance Analysis:</b>	This is a provisional figure for the 2010/11 academic year, which may be subject to minor change when the actual figure is released. The annual target has not been met, however the gap is narrowing based on previous year's performance 52.6% (2010/11).					

Portfolio	PI no	Title	2011/2012		On target	Direction of travel
			Q2 Target	Q2 Actual		
Childrens Services & Lifelong Learning	NI 104	The Special Educational Needs SEN/non-SEN gap – achieving Key Stage 2 English and Maths threshold	46%	52.1% (P)	Red	
<b>Corrective Action:</b>	School Improvement Associates are working with schools to identify the reasons why SEN pupils have not made the expected progress. The SEN Green Paper will focus senior leaders in ensuring that the correct provision is in place to move pupils' learning forward.					
<b>Performance Analysis:</b>	This is a provisional figure for the 2010/11 academic year, which may be subject to minor change when the actual figure is released. Year end performance against this indicator was 47.7% at 2010/11, illustrating that the gap is wider for 2011/12. However, both the SEN and the non SEN groups have made progress since the 2010/11 figures. The non SEN group of children have increased 2.6% in last year's outturn, whilst the SEN group have increased by 0.2%.					

Portfolio	PI no	Title	2011/2012			On target	Direction of travel
			Q1 Status	Q2 Target	Q2 Actual		
Childrens Services & Lifelong Learning	NI 63	Stability of placements of looked after children: length of placement	Green	66.0%	62.3% (E)	Amber	
<b>Corrective Action:</b>	A number of children who have been in placement have turned 16, therefore are no longer included within this indicator. This has contributed to the reduction in performance of this indicator. Foster care recruitment numbers are on target for the end of the year. Increasing the numbers of foster carers will improve placements choice and the matching process.						
<b>Performance Analysis:</b>	2010/11 performance against this indicator was 59.8%. Performance is forecast to achieve 65% for 2011/12, which will miss the year end target (70%)						

Portfolio	PI no	Title	2011/2012		On target	Direction of travel	
			Q2 Target	Q2 Actual			
Childrens Services & Lifelong Learning	NI 70a	Reduce emergency hospital admissions caused by unintentional and deliberate injuries in 0-4 years	113	120 (E)	Amber		
<b>Corrective Action:</b>	The safety equipment scheme is still in existence but there has been a reduction in the number of safety equipment vouchers being issued to parents in receipt of healthy start vouchers who are eligible to redeem free safety equipment. However there has been an increase in the uptake of parents accessing free, fitted safety equipment though the children centres. The Child Safety Implementation Group is monitoring uptake of both schemes. In addition, a needs assessment is to be undertaken during the next quarter, within Children's A&E dept to determine the main reasons and causes for unintentional injuries in the 0-4 group. The results of this along with other data sources will help to inform the future direction of child safety interventions in Wirral.						
<b>Performance Analysis:</b>	This is an estimated figure. Performance has fallen compared to first quarter, but is forecast to achieve the 2011/12 year end target.						

### Resource implications

There are significant pressures within the Children and Young People's revenue budget which are in excess of £5m. Those that are within Children's Social Care for looked after children and within the Integrated Transport Unit are likely to be ongoing requirements, at least in the short term. A number of "one off" reductions have been identified, such as an uncommitted income balance in Children's Centres that had accumulated over a number of years and a surplus within the 14-19 Wirral Wise schemes. Other uncommitted resources have also been included - from within the Early Intervention Grant. These are helping to contain cost pressures; the projected deficit at the end of September was £2m. Work is ongoing with the aim of improving

this position where possible. In the longer term the longer term the Strategic Change program for Looked After Children will help to stabilise the Social Care budget.

The Children and Young People’s capital programme is £31 million (over 50% of the Council total). Numerous projects took place at schools during the summer holidays. The large schemes in progress include work at Birkenhead Academy, refurbishment of Cathcart Primary and satellite Children's Centre, Pensby Primary/ Stanley Special School and the Short Breaks "Children's Hotel".

### Future challenges and risks

The management of children’s safeguarding arrangements is always a very high priority and under constant review. Progress continues on the comprehensive review of services/outcomes for children following the Munro review of child protection. Recruitment to outstanding vacant social work posts has continued within the period.

Additional challenges are being faced through the continuing adverse economic climate placing further demand pressures on services especially children’s social care. The introduction of a new OFSTED framework means that schools need to be fully prepared to meet any changed requirements to meet the inspection criteria and avoid any reduction in score.

## 4.3 Your FAMILY: ADULTS

### What’s working well

- As part of Wirral’s ‘Personalisation’ agenda, a proposal has been set out to pilot a new business centre that will offer training, education and work opportunities to vulnerable adults, as part of day service transformation.

### Performance against Corporate Plan project(s) and indicator(s)

All of the Corporate Plan projects and indicators are on target.

### Performance against Strategic Change project(s)

The following strategic change projects have been assessed as **red** or **amber**:

Status Q1	Status Q2	Project	Corrective Action
Red	Red	Learning Disabilities	This project was initiated some time ago to stabilise the £2m overspend in this service area. This project has struggled to progress as scoping the activity as a distinct project, separate from core business has proved challenging. The project is currently under review. Under the original OBC the project is scheduled to conclude in March 2012, but the service area is projecting around £3.4m overspend. This overspend is due to underlying pressures from increased demand and slippage against the savings relating to the market management project.

Status Q1	Status Q2	Project	Corrective Action
Amber	Red	Market Management	<p>The project was set to deliver £5.37m savings during 2011/12. Current projections indicate a shortfall of £1.63m (30%) against this target (analysis provided to the SCPO). The current “Red” status reflects the fact the full financial benefits will not be achieved.</p> <p>Despite the shortfall in anticipated savings, this project has been well managed in terms of planning, delivery and approach to risk management. The project was ambitious in anticipating 9.5% reduction in all fees, but is still forecasting the highest level of savings in the entire programme.</p>

Status Q1	Status Q2	Project	Corrective Action
Green	Amber	Re-provision of in-house care services	This project has moved from Green to Amber because the closure documentation evidencing the achievement of savings has not been provided for several months.

### Resource implications

Significant financial pressures of £7.1 million are being experienced upon the Adult Social Services revenue budget. Underlying pressures from increased demand on older peoples and learning disability budgets account for £2.9 million. An additional £4.2 million of pressures has arisen from potential slippage on savings implementation relating to market review contract negotiations and Early Voluntary Retirement / Voluntary Severance savings.

The £3 million Adult capital programme for 2011/12 includes a new grant allocation of £941,000 to support developments relating to personalisation, reform and efficiency and £732,000 relating to the final payments for the Mendell Lodge extra care housing scheme.

### Future challenges and risks

Safeguarding arrangements for adults are under constant review by the Department of Adult Social Services and its partners on the Safeguarding Adult Partnership Board.

To aid risk mitigation new policies and procedures were approved by the Safeguarding Adults Board on 4 July. Cabinet on 22 September approved a new staffing structure for the Department of Adult Social Services which should strengthen safeguarding arrangements.

On going challenges remain regarding demand pressures from an ageing population requiring greater levels of support with more complex needs having to be managed. This needs to be achieved within budgetary constraints. Services also need to be configured to deliver greater levels of personalisation and choice to our clients.

## 4.4 Your NEIGHBOURHOOD

### What’s working well

- ‘Big Beach Clean Up’ recognises the contribution and celebrates the achievement of day service volunteers who have been going out to Wirral’s popular beauty spots and beaches on a regular basis, picking up litter, and helping Rangers keep the areas spick and span.
- Wirral’s parks and open spaces are among the best in the country – 12 of the borough’s parks received the Green Flag Award, a sign to visitors that the park is well-maintained



and well-managed, with excellent facilities. Birkenhead Park has retained its Green Heritage status in addition to its Green Flag.

- The 'Wiser Walker, Wiser Driver' roadshow events, aimed at improving road safety among older drivers and pedestrians, called at Spital, West Kirby, Heswall and Wallasey, engaging with local people over the age of 50 and getting them thinking about road safety.
- There has been an increase in the proportion of household waste recycled, 5.5% above target.
- There has been a reduction in the number of missed bin collections, (25 below the target of 40 missed bins per 100,000 collections) and in the combined levels of litter and detritus (2.5% below the 8% target).
- The level of CRed pledges has increased by 381, exceeding the target by 52.40%.

### Performance against Corporate Plan project(s)

The following projects have been assessed as **red** or **amber**:

Portfolio	Key project	Status Q1	Status Q2	Corrective Action
Housing & Community Safety	Implement a new Sub Regional Choice Based Lettings Scheme by December 2011	<b>Green</b>	<b>Red</b>	Due to delays in agreeing configuration with partners, delivery date has now slipped to April 2012, but development has now started. The implementation date is now likely to be June 2012.

Portfolio	Key project	Status Q1	Status Q2	Corrective Action
Housing & Community Safety	Deliver a heating improvement programme to 140 vulnerable private sector residents per year in 2011-12 and 2012-13	<b>Amber</b>	<b>Amber</b>	Original target for Number of households assisted will be met over the two year period but with greater numbers in year 2. This is due to the start of the scheme being delayed until the Financial Assistance Policy has been approved, which is a statutory requirement.



Portfolio	Key project	Status Q1	Status Q2	Corrective Action
Housing & Community Safety	Renegotiate / Retender Supported People/Housing services for people with Learning Difficulties (Existing LD contracts to be extended until September 2011 to allow time for renegotiated services to be implemented)	Amber	Amber	Cabinet (13/10/11) approved an extension of four months, with an option to extend further up to six months if required.
	Implement proposals to reduce under occupation in social housing by August 2011	Green	Amber	Re-forecast to December 2011. Consultation is currently underway with those under-occupying with urgent need status.

Portfolio	Key project	Status Q1	Status Q2	Corrective Action
Streetscene & Transport Services	By 2020, reduce the total number of people killed or seriously injured (KSI) road traffic casualties by 50%, compared with the average for 2004-8; (Target for 2011 : reduce to 106; Target for 2012 : reduce to 104; Target for 2013 : reduce to 102)	Green	Amber	Greater than normal incidents involving motorcycles and in-car casualties. Develop a short term action plan to include :- <ul style="list-style-type: none"> <li>(i) Further and more focussed research into "additional" road user groups, including broader data collection and analysis to improve trend identification.</li> <li>(ii) Additional enforcement activity proposed with Police.</li> <li>(iii) Identify and develop best practice networks. Improvements in the action plan are expected later in 2011/12. Analytical resource to assist with research, on a project basis, would help improve action plan delivery.</li> </ul>
	Implement a speed restriction programme during 2011/12	Green	Amber	Letter sent to DfT asking for timescale on revised speed limit guidance.

Portfolio	Key project	Status Q1	Status Q2	Corrective Action
Environment	Effectively implement the Community Energy Efficiency Fund by March 2012	Green	Amber	Decision being sought on improving Grant criteria and transfer of ownership of the scheme from Asset Management to Sustainability Unit.

Portfolio	Key project	Status Q1	Status Q2	Corrective Action
Community & Customer Engagement	Complete 1st phased integration to co-locate two libraries with one stop shops by July 2011	Green	Amber	Target changed to November 2011 in light of major restructure of Libraries Structure following EVR/VS exercise. Pathfinder to open in September 2011, 2nd to open in November 2011.

Portfolio	Key project	Status Q1	Status Q2	Corrective Action
Culture Tourism & Leisure	Roll out Wi Fi across Libraries by July 2011	Green	Amber	Target changed to November 2011. WiFi currently available in 2 libraries. ITS indicate on target to meet November 2011 completion date.
	Install information Screens in every Library by July 2011	Green	Amber	Target changed to November 2011 due to procurement exercise. Quotes obtained and on target to install by November 2011
	Install E books in every Library by September 2011	Green	Amber	Target changed to November 2011 due to procurement process. Contract entered into with Over Drive. Expected start date October 2011. On target to meet November deadline.
	Successfully deliver the Parks and Countryside Services Procurement Exercise to enable proposed contract benefits to be achieved by January/ February 2012.	Green	On Hold	This is also a Strategic Change Project, please see PACSPE project overleaf for corrective action.

## Performance against Strategic Change project(s)

The following strategic change project has been assessed as **amber**:

Status Q1	Status Q2	Project	Corrective Action
Green	Amber	Street Lighting	The key activities were behind schedule and it is not known if this has impacted on the ability to deliver the full year savings. An update position will be provided to Strategic Change Programme Board before the next quarter outturn.

Status Q1	Status Q2	Project	Corrective Action
Green	Amber	PACSPE	Cabinet have decided to retain this service in house, however following call in, Overview & Scrutiny Committee has referred this back to Cabinet and this item is referred to elsewhere on the agenda.

## Performance against indicator(s):

The following indicator has missed its quarter one target and is therefore assessed as **red**:

Portfolio	PI no	Title	2011/2012			On target	Direction of travel
			Q1 Status	Q2 Target	Q2 Actual		
Housing & Community Safety	NI 32	Repeat incidents of domestic violence	Green	7.53	8.37 (A)	Red	↔
<b>Corrective Action:</b>	The increase in referrals has been in part due to the success in engaging agencies in the MARAC process and improved police reporting systems. The unprecedented number of repeat cases in September (13) is largely due to a high percentage of victims with alcohol misuse issues for whom it is more difficult to reduce risk. This has already been addressed by the substance and alcohol misuse worker applying more focussed interventions and an in-depth analysis of domestic violence to identify any other underlying trends.						
<b>Performance Analysis:</b>	Referrals have increased by 11.16% compared to 2010/11 and 10.28% compared to quarter one. This is currently expected to meet the year end target.						

The following indicator is awaiting data:

Portfolio	PI no	Title	Reason for reporting delay
Environment	7050	Install solar panels at up to 30 sites by 2013	On 1 <sup>st</sup> September 2011 Cabinet approved: <ul style="list-style-type: none"> <li>▪ the implementation of the Solar PV Project capital scheme</li> <li>▪ the commencement of the construction phase of the project commencing in April 2012</li> <li>▪ that regular performance reports to be provided for the Cabinet's consideration following the implementation of the scheme.</li> </ul>
<b>Recommendation:</b>		That this indicator removed from 2011/12 reporting schedule and re-introduced in 2012/13 reporting schedule.	

### Resource implications

The main area of concern remains the achievement of income targets including car parking and cultural services. The delayed sale of the Pacific Road complex may also have a budgetary impact.

A number of policy options being progressed include the 'free after three' parking initiative, the deep clean street cleansing initiative, support for the Anti-Social Behaviour team and library equipment and engagement schemes. The community asset transfer programme is also continuing

Capital schemes include renovations to the Williamson Art Gallery which commenced in the spring and the Landican Crematorium Mercury Abatement scheme which commenced in September. Discussions are currently taking place with the Diocese of Chester regarding the Birkenhead Priory Scheme which is part funded by the Heritage Lottery Fund.

### Future challenges and risks

It is important to deliver services to meet the needs and wants of our citizens and businesses. To help achieve this a significant consultation process is currently under way to develop Neighbourhood Plans for each Area Forum Area, whilst a Budget Consultation using a 'You Choose' on-line budget simulator is also currently in progress.

Weather events may also impact upon Council services. A review of winter maintenance arrangements has been undertaken to help mitigate possible negative impacts.

## 4.5 Your ECONOMY

### What's working well

- Following on from the extremely successful Wirral Apprentice programme Wirral Council is launching the Wirral Intermediate Labour Market (ILM), a flexible programme to support businesses to grow and enable them to employ more people on an anticipated 52 week contract with the Council contributing funding for the first 26 weeks of that contract.
- A recent NESTA (National Endowment for Science, Technology and Arts) stated that Birkenhead had the highest concentration of fast growing companies in England. The research, published in The Sunday Telegraph, showed that 12% of Birkenhead companies had reached the minimum 20% growth in each of the last three years. .

- Wirral's tourism businesses attending the bi-annual meeting of the Wirral Tourism Business Network at Tranmere Rovers in July received a presentation highlighting New Brighton, including the exciting £60m Neptune Development's project at Marine Point.
- 552 jobs were created or safeguarded via Invest Wirral, 90 above target.
- 215 businesses were assisted through Investment Marketing providing support that helped multiple businesses at once and the Partnership Officer meeting with several new tourism businesses, 140 above target.

**The following project has been submitted for consideration at the LGC Awards 2012:**

- Wirral's Investment Strategy - an ambitious, innovative and extremely effective approach to supporting / developing the local economy, endorsed by local business testimonials.

**Performance against Corporate Plan project(s) / indicator(s):**

All of the Corporate Plan projects and indicators are on target

**Performance against Strategic Change project(s):**

There are no projects falling within this theme in the Strategic Change Programme

**Resource implications**

Particular pressures within this area relate to planning and building control income with an underachievement of £0.5 million possible.

A number of initiatives are being progressed including through the business support programme and empty shops scheme. The Wirral Waters scheme continues to progress which will bring significant financial benefits to the area.

The capital programme forecast outturn has increased by £3 million due to grant funding for housing improvement activity being carried forward from 2010/11. Progress continues on housing improvement schemes with over £1.6 million spent so far this year. Progress is being made on delivering the Mersey Heartlands Growth Point Scheme.

**Future challenges and risks**

Growth in Wirral's economy will make it easier for the Council to deliver its vision of a more prosperous and equal Wirral.

Cabinet 21 July approved proposals to develop a series of targeted inward investment activities. Invest Wirral continues to build business network and to provide assistance to businesses. The Investment Strategy 2011-2016 was also approved by Cabinet on 21 July. The Regeneration and Planning Teams are supporting an increasing number of developers seeking to bring forward residential and mixed use schemes in the East of the borough.

The Wirral Waters scheme continues to progress with permission granted for the International Trade Centre which will bring substantial future benefits for the area.

**4.6 Your COUNCIL**

**What's working well**

- Wirral Council is using an online budget simulator to consult with residents on the financial challenges facing the authority. Out of all other authorities using this simulator, Wirral Council has received the 2nd highest response rate in the UK as well as completing over 50 'road show' events throughout the borough.

- Wirral has introduced a scheme to hand out an interim membership card to parents or carers, for their child for Wirral Libraries, when going through the legal process of officially naming their child at the Registrar's Office; in response to the recent Government document on the modernisation of the library service, which made it a priority that libraries make library membership available to a child at the earliest possible stage of their life.
- There has been a 57% recovery of Council Tax, 8% above target.
- 4.02 working days/shifts were lost due to sickness absence, 0.47 below the 4.49 target.

**The following projects has been submitted for consideration at the LGC Awards 2012:**

- Neighbourhood Plan project - giving communities the power to influence the future of their area and the way the Council invests resources in it

**Performance against Corporate Plan project(s)**

The following projects have been assessed as **amber**:

Portfolio	Key project	Status Q1	Status Q2	Corrective Action
Corporate Resources	Publish workforce information as set out in the 2010 Equality Duty by July 2011	Green	Amber	Requires further action & re-direction of resources
	Review HR policies by September 2012	Amber	Amber	Additional resources bid for to support timely delivery
	Implement Job Evaluation (Stage 3) by April 2012	Green	Amber	Project plan is working to tight deadlines with variable dependencies Phase 3 JE currently two months behind original timescale, the process is taking longer than anticipated due to late returns. Proposal to extend the scope of phase 3 JE into Phase 4 (Chief Officer and Head of Service) is the subject of further Cabinet report recommending additional resources.
	Agree membership, form and function of Wirral's Local Strategic Partnership by June 2011	Green	Amber	A new memorandum of understanding and work programme has been developed. The LSP Board meeting originally scheduled for September 2011 to agree the membership, form and function will now be held in November 2011.

Portfolio	Key project	Status Q1	Status Q2	Corrective Action
Community & Customer Engagement	Work with the voluntary, community and faith sector to put in place a single strategy for funding the sector and commissioning services from April 2012 by December 2011	Amber	Amber	Corporate Procurement Board now established to take the strategic lead on this.

Portfolio	Key project	Status Q1	Status Q2	Corrective Action
Finance & Best Value	Deliver SCP 2011-2012 projects to deliver agreed benefits to the agreed quality, on time and to budget	Amber	Amber	<p>Latest analysis shows the programme is forecast to achieve £8.79m of the £10.725m target (82%), which is a slight improvement on the June position.</p> <p>The market management project has improved its forecast from £3.54m to £3.74m.</p> <p>Asset management projects will not achieve their savings targets.</p>

### Performance against Strategic Change project(s)

The following strategic change projects have been assessed as **red** or **amber**:

Status Q1	Status Q2	Project	Corrective Action
Red	Red	Disposal of Assets	<p>Grange Road has now completed. Cabinet agreed a one off budget allocation of £250k for Pacific Road for 2011/12.</p> <p>The Project Manager is forecasting the disposal of additional buildings by March 2012 which will achieve £212k.</p> <p>The Head of Asset Management has prepared a project variation requesting that the Strategic Change Programme Board vary the benefits and timing to reflect this position.</p>

Status Q1	Status Q2	Project	Corrective Action
Red	Red	Office Rationalisation	The savings target included in the SCP relates to the reduction in running costs based on the disposal of Council buildings – Westminster House, Willowtree and Old Court House. The failure to dispose of these assets by the original timescales has resulted in a reduction in the forecast saving from £368k to £110k (-70%).



Status Q1	Status Q2	Project	Corrective Action
Red	Red	Procurement Back Office	Proposals currently being reviewed to ensure compliance with corporate governance report.

Status Q1	Status Q2	Project	Corrective Action
Amber	Red	Transforming Business Support	A revised schedule will be developed by mid-November.

Status Q1	Status Q2	Project	Corrective Action
Amber	Red	Contract Review	Proposals currently being reviewed to ensure compliance with corporate governance report.

Status Q1	Status Q2	Project	Corrective Action
Green	Red	Printing Review	Activities are behind schedule. There is some concern regarding the ability to realise benefits within the timescale.

Status Q1	Status Q2	Project	Corrective Action
Amber	Amber	Facilities Management	Temporary arrangements are now operational, ensuring business continuity following the Early Voluntary Retirement departures. Further report awaited.

Status Q1	Status Q2	Project	Corrective Action
Amber	Amber	Procurement	Proposals currently being reviewed to ensure compliance with corporate governance report.

#### Performance against indicator(s):

The following indicators have missed their quarter one targets and are therefore assessed as red:

Portfolio	PI no	Title	2011/2012			On target	Direction of travel
			Q1 Status	Q2 Target	Q2 Actual		
Finance and Best Value	DEPT 2098	Percentage of audits in the Internal Audit Plan completed in 2011/12.	Green	35%	30%	Red	n/a
<b>Corrective Action:</b>	Currently being discussed with Director of Finance.						
<b>Performance Analysis:</b>	Performance has fallen compared to first quarter, but is forecast to achieve the 2011/12 year end target.						



Portfolio	PI no	Title	2011/2012			On target	Direction of travel
			Q1 Status	Q2 Target	Q2 Actual		
Finance and Best Value	DEPT 2099	Percentage financial assessments completed within 30 working days.	Red	85%	12%	Red	n/a
<b>Corrective Action:</b>	Provisional agreement reached in Oct-11 with DASS on acceptable information gathering procedures. Likely to take some months to implement. Division to identify resources to clear backlog. If the backlog is cleared by Jan-12 it is still possible that we will achieve 75% in Mar-12. If resources are not deployed, then the PI will remain low.						
<b>Performance Analysis:</b>	This missed the quarter one target by 45% and the quarter two target by 73%, and is forecast to miss the year end target by 10%.						

Portfolio	PI no	Title	2011/2012			On target	Direction of travel
			Q1 Status	Q2 Target	Q2 Actual		
Finance and Best Value	DEPT 2111	Percentage of Council Invoices from all suppliers paid within 30 days.	Amber	95%	84.15%	Red	n/a
<b>Corrective Action:</b>	Improvement Plan being developed.						
<b>Performance Analysis:</b>	This missed the quarter one target by 8.43% and the quarter two target by 10.85%, but is forecast to meet the year end target.						

Portfolio	PI no	Title	2011/2012			On target	Direction of travel
			Q1 Status	Q2 Target	Q2 Actual		
Finance and Best Value	DEPT 2112	Percentage of Council Invoices from SMEs paid within 10 days.	Red	60%	34.06 %	Red	n/a
<b>Corrective Action:</b>	Improvement Plan being developed.						
<b>Performance Analysis:</b>	This missed the quarter one target by 14.26% and the quarter two target by 25.94%, but is forecast to meet the year end target.						

## Resource implications

There are no significant budgetary issues to raise at present. However there are a number of volatile areas which require close monitoring. These include asset management costs and the savings from the rationalisation of buildings, achievement of procurement savings and treasury management activities.

Expenditure remains low as a significant element of the agreed programme relates to works connected with the release of building assets.

## Future challenges and risks

A critical report into corporate governance within the Council has been received during the period. A robust response is required to ensure the Council provides services to the community in an appropriate and open manner, that future inward investment into Wirral is not jeopardised, and to prevent damage to our reputation.

The council has responded by accepting the report and has established a Cabinet sub-committee with a specific mandate to drive improvements and tackle issues raised within the report. The implementation of any recommendations for improvement will be a key future challenge.

To deliver services to meet the needs and wants of our citizens and businesses a significant consultation process is currently under way to develop Neighbourhood Plans for each Area Forum Area. A Budget Consultation using a 'You Choose' on-line budget simulator is also currently in progress to identify priority areas and suggestions for improvement.

## 4.7 Customer Feedback

4.7.1 There were a total of 1,331 customer feedback contacts recorded in quarter 2 (Q2), which represented a 21% decrease from the 1,688 contacts reported in previous quarter 1 (Q1) and significantly below the quarterly average of 1,656 contacts for 2010/11.

4.7.2 By channel, internet and email was used for 64% of all contacts (57% in Q1).

4.7.3 Compared to Q1, there was a 14% increase in corporate complaints offset by the following comparative reductions:

- 14% less councillor/MP contacts
- 29% less statutory complaints
- 32% less Local Government Ombudsman (LGO) contacts.

4.7.4 There was an increased average response rate for complaints, from 11 working days in Q1 to 15.5 working days in this quarter. Adult Social Services reported an average of 49 working days to respond to statutory complaints (compared to 13 working days in Q1) and Law, HR and Asset Management reported an average of 18 working days in responding to their corporate complaints (3 working days in Q1 and against a corporate target of 15 working days).

4.7.5 Responses to councillor/MP enquiries took on average 6 working days in Q2 compared to 6.5 working days in Q1. Adult Social Services took an average of 23 working days to respond to councillor/MP contacts, against a corporate target of 10 working days.

4.7.6 LGO contacts took slightly longer to respond to in Q2 with an average of 15 calendar days taken compared to 14 days in Q1. The Law, HR and Asset Management and Corporate Services averages of 43 and 31 days respectively (slide 4 of presentation) both related to a single contact each for these departments.

- 4.7.7 There were significant departmental increases in complaints received by Corporate Services (74%); Adult Social Services (27%) and Finance (12.5%). After reporting a 38.5% comparative increase in Q1, Children & Young Peoples Department (corporate and statutory) complaints reduced by 54% in Q2 to a total matching the quarterly average reported in 2010/11 of 24 complaints per quarter.
- 4.7.8 The focus for complaints and wider customer feedback is '*putting things right and learning from it*' and Technical Services reported 14% of their complaints resulted in some positive organisational learning for future service delivery. Law, HR and Asset Management and Finance reported no changes implemented and Adult Social Services was unable to provide statistical evidence due to staff shortages.
- 4.7.9 Examples of organisational learning reported in Q2:
- Improved communication protocols to ensure letting agents have confirmed with landlord acting on behalf of that agrees to accreditation scheme inspection
  - Improved training instigated for SEN school escorts
  - Tighter controls on COLAS works undertaken to ensure expected standards adhered to
  - Re-emphasised guidance provided for COLAS to ensure sufficient notice given to local residents for planned works
  - Street included on list for future service review of green waste collections
  - autism awareness training to be developed for relevant staff within Adult Social Services
  - Improved disabled access provided at leisure centre
  - Improved contact arrangements between schools and admissions team to arrange 11+ exams
  - Customer questionnaire arranged in response to customer comments to review fitness suite opening hours
  - Transfer of fitness class to larger venue in response to customer suggestions

## **5.0 RELEVANT RISKS**

- 5.1 The successful implementation of actions to deal with issues arising from the recent report into Corporate Governance issues will be a key priority. There will therefore also be a key risk in ensuring issues arising are dealt with in a timely and appropriate manner.
- 5.2 Enhancements to corporate risk management arrangements and procedures were drawn up during the period for inclusion within the Risk Management Strategy approved by Cabinet on 13th October. The strategy over the medium term will provide a framework and processes which are in accordance with the latest British Standard for Risk Management.
- 5.3 The Corporate Risk Register has been updated during the quarter. Significant changes have been included within the relevant sections above.

## **6.0 OTHER OPTIONS CONSIDERED**

- 6.1 Not applicable

## **7.0 CONSULTATION**

- 7.1 Consultation in relation to the draft Corporate Plan engaged individuals and organisations from across Wirral's diverse communities and this is reflected in the Corporate Plan.

## 8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

8.1 The Corporate Plan sets out commitments and clear actions in relation to working with voluntary, community and faith sector organisations to improve outcomes for local people.

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

9.1 The Council Budget 2011/12, Schools Budget 2011/12 and Capital Programme 2011/13 have been agreed and support the delivery of the Corporate Plan. Resource implications relating to the delivery of actions in the Corporate Plan have been set out in individual departmental plans. Further details are contained in Appendices 2, 3 and 4 which are placed within the Library.

9.2 The projected general fund balance at 31 March 2012 is £7.3 million as shown below

Details	£million	£million
<b>Projected General Fund balance at 31 March 2012 when setting the budget for 2011/12</b>		6.9
<b>Cabinet decisions</b>		
17 March – Fernleigh retained		-0.5
2 June – New Homes Bonus/ Local Services Grant		+0.5
23 June - Financial out-turn 2010/11 showed a net increase in the balance of £1 million after meeting a net revenue overspend of £0.3 million		+1.0
23 June - Integrated Transport Unit additional funding		-0.3
23 June - EVR/VS scheme funded as part of 2010/11 thereby releasing the requirement to fund in 2011/12		+4.4
21 July – Social Services Reprovision		-3.5
21 July – National Insurance changes		-1.0
21 July – Support for School Pay		-0.2
<b>Projected variances / potential overspends</b>		
None declared although pressures identified at the end of September 2011 within:		-
- Adult Social Services                      £7.1 million		
- Children and Young People                £2.0 million		
- Corporate Services                            £0.5 million		
<b>General Fund balance at 31 March 2012 based upon the latest projections</b>		7.3

9.3 The Adult Social Services Children and Young People and Corporate Service Departments have highlighted pressures on their departmental budgets. Any subsequent overspend would impact upon the general fund balances.

9.4 The capital programme is summarised below:

Spend	Original	Forecast	Forecast
	Approval	Jun	Sep
	£000	£000	£000
Adult Social Services	1,154	2,943	2,943
Children & Young People	25,889	39,195	24,444
Corporate Services	5,181	10,788	13,488
Finance	1,000	3,671	3,671
Law, HR and Asset Mgt	8,163	8,779	8,779
Technical Services	7,872	11,564	11,564
<b>Total Programme</b>	<b>49,259</b>	<b>76,940</b>	<b>64,889</b>

<b>Resources</b>	<b>Original Approval £000</b>	<b>Forecast Jun £000</b>	<b>Forecast Sep £000</b>
Borrowing	15,905	28,553	22,819
Capital Receipts	3,000	3,000	3,000
Revenue, reserves, contributions	300	4,194	1,434
Grants - Education	23,441	26,283	21,536
Grants - Integrated Transport	1,155	1,155	1,155
Grants - Local Transport Plan	3,095	3,095	3,095
Grants - Other	2,363	10,660	11,850
<b>Total resources</b>	<b>49,259</b>	<b>76,940</b>	<b>64,889</b>

- 9.5 The outturn forecast for the 2011/12 capital programme has reduced by £12 million since quarter 1. This is in the main a result of the reprofiling of a number of CYP capital schemes with expenditure to take place in later years. The Corporate Services forecast has increased due to further grant funding relating to housing improvement schemes being carried forward from 2010/11.
- 9.6 Progress continues to be made on a number of schemes including those at Pensby and Cathcart Primaries and numerous other school capital projects funded from the capital maintenance and basic need grant. Work has begun on the Landican Crematorium Mercury Abatement building works programme and the Town Link Viaduct in Birkenhead.

## **10.0 LEGAL IMPLICATIONS**

- 10.1 Legal implications relating to the actions set out in the Corporate Plan will be addressed by departments as appropriate.

## **11.0 EQUALITIES IMPLICATIONS**

- 11.1 The Corporate Plan has 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.
- 11.2 Equalities implications relating to the actions set out in the Corporate Plan will be addressed by departments as appropriate, and details set out in individual departmental plans. This work is also monitored by the Corporate Equalities and Cohesion Group and the Council Excellence Overview and Scrutiny Committee.

## **12.0 CARBON REDUCTION IMPLICATIONS**

- 12.1 Carbon reduction is a specific goal in the Corporate Plan, with associated actions and measures as set out in the agreed Interim Carbon Budget 2011-12. Any carbon reduction implications have been identified in Section 4 of this report.

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

- 13.1 Planning and Community Safety is a specific goal in the Corporate Plan, with associated actions and measures. Any planning and community safety implications have been identified in Section 4 of this report.

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## APPENDICES

### To be placed in the web library:

**Appendix 1** – Financial Monitoring Summary

**Appendix 2** – Capital Monitoring Summary

**Appendix 3** – Corporate Risk Monitoring Summary

## REFERENCE MATERIAL

Previous Council and Cabinet reports as detailed in the subject history below

### SUBJECT HISTORY (last 3 years)

Council Meeting	Date
CABINET – 2011/12 Q1 Performance and Financial Review	21 July 2011
CABINET - Delivering the Corporate Plan	17 April 2011
COUNCIL - Adoption of Corporate Plan 2011-14	14 April 2011
CABINET - Draft Corporate Plan for 2011-14	17 March 2011

## WIRRAL COUNCIL

### COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

17 NOVEMBER 2011

<b>SUBJECT:</b>	<b>MASTERS IN BUSINESS ADMINISTRATION (MBA) PROGRAMME</b>
<b>WARD/S AFFECTED:</b>	<b>ALL</b>
<b>REPORT OF:</b>	<b>DIRECTOR OF HR, LAW AND ASSET MANAGEMENT</b>
<b>RESPONSIBLE PORTFOLIO HOLDER:</b>	<b>COUNCILLOR ADRIAN JONES</b>
<b>KEY DECISION?</b>	<b>NO</b>

#### **1.0 EXECUTIVE SUMMARY**

1.1 This report provides information on the MBA Programme.

#### **2.0 RECOMMENDATION**

2.1 That the report be noted.

#### **3.0 BACKGROUND AND KEY ISSUES**

3.1 On 15 September 2011, the Council Excellence Overview and Scrutiny Committee asked that a further report be brought to the next meeting in relation to the costs to the Council of the MBA Leadership Programme and the number of council officers who had completed it.

#### **4.0 OVERVIEW**

4.1 Wirral Council is committed to ensuring that all employees, managers and leaders in Wirral are skilled and resourced in order to meet current expectations placed upon them by the organisation and our customers; as well as being equipped to support and address future challenges. In line with this Wirral adopts a proactive approach to workforce development and talent management. This is delivered through building capacity at all levels of the organisation via a range of formal and informal learning methods, both vocationally and academically driven.

4.2 Leadership development is essential to organisational success; ensuring we have managers and leaders with the right skills, knowledge, ability and attitude in the right place, at the right time, to meet current and future requirements.

4.3 In line with this requirement, Wirral introduced a new learning process for current and aspiring strategic leaders and managers in 2006, in the form of the MBA academic qualification programme, delivered by Chester University.

4.4 The MBA programme builds on the suite of learning and development opportunities described above, in order to provide senior managers and leaders with distinct development opportunities. The MBA is an academic taught programme, the learning from which attendees can apply into the organisation through workplace practice and improved performance.

4.5 Through attendance at university, Wirral managers and leaders:

- Learn a range of models and theories that can be applied to workplace practice e.g. stakeholder engagement.
- Through production of assignments are encouraged to apply their learning, in a workplace context, at a theoretical level.
- Undertake a group project on a real life organisational issue, the learning from which can be applied in practice.
- Complete a dissertation on an issue linked to an organisational topic, again, the learning from which can be applied in real terms.
- Are given opportunities to externalise their focus beyond the boundaries of Wirral Council and its partners.
- Challenge current ways of thinking within themselves as individuals and across the organisation in order to generate new and creative opportunities and ideas.

## **5.0 DETAILS OF THE MBA PROGRAMME**

5.1 The full MBA programme costs £7,800 per person.

5.2 57 people completed the programme at £7,800 per place.

5.3 An additional 9 people completed two years of the programme at £5,600 per place.

5.4 The total cost of the programme to date is £491,400.

## **6.0 FUTURE OF THE MBA PROGRAMME**

6.1 The Council has re-tendered for a provider for the MBA programme in line with procurement arrangements.

## **7.0 RISKS**

7.1 Leadership development is in place to mitigate the risk of having insufficient leadership capacity for the Council.

## **8.1 OTHER OPTIONS CONSIDERED**

8.1 The MBA is part of a suite of leadership development options.

## **9.0 CONSULTATION**

9.1 None.



**10.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

10.1 There are no implications arising from this report.

**11.0 RESOURCE IMPLICATIONS: FINANCIAL, IT, STAFFING AND ASSETS**

11.1 The resource implications are highlighted in the report.

**12.0 LEGAL IMPLICATIONS**

12.1 There are no legal implications arising from this report.

**13.0 EQUALITIES IMPLICATIONS**

13.1 There are no equalities implications arising from this report.

**14.0 CARBON REDUCTION IMPLICATIONS**

14.1 There are no carbon reduction implications arising from this report.

**15.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

15.1 There are no planning and community safety implications arising from this report.

**REPORT AUTHOR:**

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**REFERENCE MATERIAL**

**SUBJECT HISTORY**

	<b>Date</b>
Council Excellence Overview and Scrutiny Meeting	15 September 2011

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## UPDATE ON WORK PROGRAM : COUNCIL EXCELLENCE SCRUTINY COMMITTEE - 17/11/11

### Reports to assist in monitoring the Committee's work programme

It was agreed by the Scrutiny Chairs Group in September 2008 to use the following reports to monitor the work programme for each Scrutiny Committee. The last item on each Scrutiny Committee agenda should be 'Review of the Committee Work Programme'.

#### Report 1 - Monitoring Report for Scrutiny Committee Work Programme

This report will list all items that have been selected by the Committee for inclusion on the work programme for the current year.

It will also include items, such as previous Panel Reviews, where recommendations have been made to Cabinet. It is important that the implementation of these recommendations is monitored. Otherwise there is no measure of the success of scrutiny.

For each item on the work programme, the report will give a description, an indication of how the item will be dealt with, a relative timescale for the work and brief comments on progress.

#### Report 2 - Suggestions for Additions to Work Programme

The Work Programme for the Committee should be reviewed at each meeting. This will enable members to ask for new Items to be added to the programme. This report will list any newly suggested items. Committee will then have the opportunity to agree (or not) for them to be added to the programme.

#### Report 3 - Proposed Outline Meeting Schedule for the Municipal Year

The report will, for each scheduled Committee meeting, list those items which are likely to be on the meeting agenda. This will give the opportunity for Committee members to take a greater lead in organising their work programme.

#### Report 4 - Progress Report on In-Depth Panel Reviews

This report will give a very brief update on progress / timescales for in-depth panel reviews which are in the 'ownership' of the Committee.

**REPORT 1**  
**MONITORING REPORT FOR SCRUTINY COMMITTEE WORK PROGRAMME**  
**COUNCIL EXCELLENCE : 2011 / 2012**

Date of New item	Topic Description	How the topic will be dealt with	Estimated Complete Date	Comments on Progress	Complete?
08/07/10	Performance Monitoring (Quarterly updates on existing performance indicators – ‘Exceptions’ only will be reported).	Officer Reports (Emma Degg) (from Oct 2011 – Ian Coleman)		Quarterly Performance Monitoring Reports will be included on each agenda from September onwards.	Continuing
08/07/10	Strategic Change Programme: - Regular updates on proposed savings; - Monitor the effectiveness of the Change Programme;	Officer Reports (Dave Green)  (from Oct 2011 – Ian Coleman)		A report on the progress of the Strategic Change Programme Board was provided for the Special meeting arranged for 28/10/10. A further report was produced for the meeting on 18/11/10 and again on 31/01/11. Committee, on 12/07/11, agreed that this item should be part of the work programme for the forthcoming municipal year. A further update was received by Committee on 15/09/11. Agreed that Committee “looks forward to receiving details of emerging projects for inclusion within the Strategic Change Programme”. An Update report is expected for the meeting on 17/11/11.	Continuing
08/07/10	Financial Reporting / Budget: - Monitoring the financial statements - How the authority performs against savings targets; - Review the impact on local residents where savings are made; - Impact of the Comprehensive Spending Review on the borough;	Officer Reports (Ian Coleman)		Financial / Budget Monitoring reports will be included on each meeting agenda.	Continuing

Date of New item	Topic Description	How the topic will be dealt with	Estimated Complete Date	Comments on Progress	Complete?
08/07/10	Office Accommodation: - The EC Harris report was referred to the Council Excellence Committee by Cabinet (24 June 2010); - Need to understand the Cabinet timetable; - What are the implications for the Council's Data Centres?; - Future role for agile working	Officer reports plus site visits. (Bill Norman / Ian Brand)		Special meeting of the Committee arranged for 24 <sup>th</sup> August 2010. Further reports provided at the meetings on 21/09/10 and 18/11/10. Another report produced for the meeting on 31/01/11; to focus particularly on agile working and working in local hubs. Further report produced for 16/03/11. Committee raised anxiety over progress and agreed that "update reports should be presented to future meetings of this Committee on a quarterly basis". Further report to Committee on 12/07/11. Committee also agreed that this item should be part of the work programme for the forthcoming municipal year. <b>A subsequent report was presented to Committee on 15/09/11. A further report will be presented to Cabinet in November 2011.</b>	Continuing
21/09/10	Employee Forums – What issues do they cover? What are the participation levels? What is the cost of providing the Forums?	Officer report (Kevin Adderley)		Issue initially raised by a member at the Committee meeting on 21/09/10. Report produced for the meeting on 18 <sup>th</sup> November 2010. An officer review of Staff Diversity Forums will take place. A further report will be produced for a future meeting.	Outstanding

Date of New item	Topic Description	How the topic will be dealt with	Estimated Complete Date	Comments on Progress	Complete?
21/09/10	Income from Golf Courses, to include: Why is projected income not met on an annual basis? Is security of courses a determinant in loss of income?	Officer report (Jim Lester)		Issue initially raised by a member at the Committee meeting on 21/09/10. Report produced for meeting on 18/11/10. Report noted – await the outcome of the PACSPE process.	Outstanding
21/09/10	Reaching Excellent Level of the Equality Framework for Local Government (EFLG)	Officer report (Kevin Adderley)		Progress report presented to meeting on 21/09/10. Further report, expected 16/03/11, requested in six months time. Report to include the reasons for low levels of Black and Ethnic Minority individuals accessing mainstream services. Subsequent report produced for meeting on 16/03/11. Agreed that a further report should be produced in relation to the Equality Implications of the recent Council Budget, to include information as to what analysis was undertaken and how officers took equality duties into account. Report presented to Committee on 12/07/11.	Outstanding

Date of New item	Topic Description	How the topic will be dealt with	Estimated Complete Date	Comments on Progress	Complete?
18/11/10	Early Voluntary Retirement / Voluntary Severance (EVR/VS) – Analysis and Restructuring	Officer report (Chris Hyams)		<p>Issue initially raised by a member at the Committee meeting on 18/11/10. Report produced for the meeting on 16/03/11. A further update report will be produced at the end of the EVR process. Committee, on 12/07/11, agreed that this item should be part of the work programme for the forthcoming municipal year. Committee, on 12/07/11, also requested a further report on the “impact on employees of restructuring / redeployment, including the support in place for individuals”.</p> <p>Further report presented to committee on 15/09/11. Committee agreed that a report will be presented to a future meeting in relation to the number of vacated posts as a result of EVR/VS that had subsequently been filled.</p>	Outstanding

Date of New item	Topic Description	How the topic will be dealt with	Estimated Complete Date	Comments on Progress	Complete?
18/11/10	Proposed changes to Housing Benefit / Council Tax Benefit system - Impact of the Welfare Reform Bill	Officer report (Ian Coleman)		Report produced for the meeting on 31/01/11. Committee agreed that "the issue of welfare reform and changes to the benefits system announced recently, and its likely impact on local government staffing and finances requires detailed examination and should be the subject of a special study by this Committee". Committee, on 12/07/11, agreed that this item should be part of the work programme for the forthcoming municipal year.	
12/07/11	Back Office efficiencies and achievements	Officer Report (Ian Coleman)		Committee, on 12/07/11, agreed that this item should be part of the work programme for the forthcoming municipal year. <b>Committee agreed, on 15/09/11, that a report will be presented to the next meeting on 17/11/11.</b>	
12/07/11	Impact of Localism Bill	Officer Report (Emma Degg)		Committee, on 12/07/11, agreed that this item should be part of the work programme for the forthcoming municipal year. A report was requested closer to the time when the Act will be enacted (likely to be late 2011/ early 2012).	



Date of New item	Topic Description	How the topic will be dealt with	Estimated Complete Date	Comments on Progress	Complete?
12/07/11	Development of an Outcome-based Commissioning Framework	Officer Report (Ian Coleman)		Committee (12/07/11) agreed that a further report be presented on options for applying such a framework to major service reviews emerging from the consultation exercise.	
15/09/11	Customer Access Strategy	Officer Report (Ian Coleman)		Committee (15/09/11) agreed that a further report will be presented on 17/11/11.	
15/09/11	Capital Strategy	Officer Report (Ian Coleman)		Committee (15/09/11) agreed that a further report will be presented on 17/11/11.	
15/09/11	Balance Sheet Management – Review of Reserves and Provisions	Officer Report (Ian Coleman)		Committee (15/09/11) agreed that a further report will be presented on 31/01/12.	

**REPORT 2**  
**SUGGESTIONS FOR ADDITIONS TO WORK PROGRAMME**  
**COUNCIL EXCELLENCE : 17/11/11**

<b>Topic Description</b>	<b>Topic suggested by</b>	<b>How the topic will be dealt with</b>	<b>Estimated Completion Date</b>

**REPORT 3**  
**PROPOSED OUTLINE MEETING SCHEDULE FOR THE MUNICIPAL YEAR**  
**COUNCIL EXCELLENCE : 2011 / 2012**

Meeting Date	Topic Description
12/07/11	Financial Monitoring Statement (Ian Coleman) Revenues Incomes and Benefits (Ian Coleman) Budget Projections 2012/2015 (Ian Coleman) Local Government Resource Review (Ian Coleman) Procurement Strategy (Ian Coleman) Housing Benefit / Council Tax Benefit Annual Report (Ian Coleman) Customer Services Annual Report (Ian Coleman) Development of an Outcome-based Commissioning Framework (Ian Coleman) Treasury Management Annual Report (Ian Coleman) Equality Implications of Council Budget (Jacqui Cross) Financial Out-turn 2010-11 (Ian Coleman) Final Local Government Finance Settlement 2011 / 2013 (Ian Coleman) Office Accommodation (Bill Norman) The People Strategy 2010-2013 (Chris Hyams) Q4 Performance Monitoring – Report concentrating on red / amber ‘exceptions’ plus a verbal update on the future (Emma Degg) Work Programme Update Forward Plan
15/09/11	Financial Monitoring Statement (Ian Coleman) Revenues Incomes and Benefits (Ian Coleman) Office Accommodation (Ian Brand) Strategic Change Programme (Dave Green) Impact on employees of restructuring / redeployment, including the support in place for individuals (Chris Hyams) <b>Replacement Programme Control System Software</b> Forward Plan Work Programme Update

Meeting Date	Topic Description
27/09/11	<p>Special Budget meeting:            Financial Monitoring Statement (Ian Coleman)            Budget Projections 2012/2015 (Ian Coleman)            Outcome Based Commissioning            Community Budgets            Treasury Management (Ian Coleman)            Q1 Performance Monitoring – Report concentrating on red / amber ‘exceptions’ plus a verbal update on the future (Emma Degg)            You Choose – Budget Consultation            Budget Key Issues</p>
17/11/11	<p>Financial Monitoring Statement (Ian Coleman)            Revenues Incomes and Benefits (Ian Coleman)            Budget Projections 2012/2015 (Ian Coleman)            Treasury Management Q2(Ian Coleman)            Medium Term Financial Strategy (Ian Coleman)            Back Office Efficiencies (Ian Coleman)            Customer Access Strategy (Ian Coleman)            Capital Strategy (Ian Coleman)            Procurement Strategy (Ian Coleman)            Internal Audit Review (Ian Coleman)            LGRR Business Rates Reform (Ian Coleman)            Council Tax Benefit Reform (Ian Coleman)            EVR Restructures (Ian Coleman)            EVR Capitalisation (Ian Coleman)            Q2 Performance Monitoring – Report concentrating on red / amber ‘exceptions’ (Ian Coleman)            Office Accommodation / Agile working (Ian Brand)            Strategic Change Programme (Ian Coleman)            Forward Plan            Work Programme Update</p>
31/01/12	
26/03/12	

**REPORT 4  
PROGRESS REPORT ON IN-DEPTH PANEL REVIEWS  
COUNCIL EXCELLENCE : 15/09/11**

<b>Title of Review</b>	<b>Members of Panel</b>	<b>Progress to Date</b>	<b>Date Due to report to Committee</b>
None at present			

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