



Council Excellence Overview and Scrutiny Committee

Date:	Monday, 26 March 2012
Time:	6.00 pm
Venue:	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 31 January and 28 February 2012.

3. FINANCIAL MONITORING STATEMENT (Pages 15 - 20)

4. ACHIEVEMENT OF INCOME TARGETS (Pages 21 - 24)

5. REVENUES, INCOME AND BENEFITS (Pages 25 - 30)

6. WELFARE REFORM (Pages 31 - 44)

7. TREASURY MANAGEMENT PERFORMANCE MONITORING (Pages 45 - 56)

8. TREASURY MANAGEMENT AND INVESTMENT STRATEGY 2012-2015 (Pages 57 - 86)

9. **2011/2012 THIRD QUARTER PERFORMANCE AND FINANCIAL REVIEW (Pages 87 - 110)**
10. **STRATEGIC CHANGE PROGRAMME (Pages 111 - 124)**
11. **IMPROVING CORPORATE GOVERNANCE (Pages 125 - 132)**
12. **OFFICE RATIONALISATION (Pages 133 - 136)**
13. **MASTERS IN BUSINESS ADMINISTRATION (MBA) PROGRAMME**

To follow

14. **DESTINATION EXCELLENCE**

To follow

15. **FORWARD PLAN**

The Forward Plan for the period March to June 2012 has now been published on the Council's intranet/website. Members are invited to review the Plan prior to the meeting in order for the Council Excellence Overview and Scrutiny Committee to consider, having regard to the 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.

16. **REVIEW OF SCRUTINY WORK PROGRAMME (Pages 137 - 152)**

17. **ANY OTHER URGENT BUSINESS APPROVED BY THE CHAIR (PART 1)**

18. **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.

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

COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

Tuesday, 31 January 2012

Present: Councillor P Gilchrist (Chair)

Councillors A Brighthouse P Doughty
J Keeley C Jones
D Dodd S Williams

Deputies: Councillors P Hayes (In place of J Hale)
C Povall (In place of A Cox)
J Salter (In place of RL Abbey)

73 MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST/PARTY WHIP

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

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

Councillor P Doughty declared his personal interest in agenda item 6 – Revenues Income and Benefits (see minute 78 post) by virtue of his employment.

74 MINUTES

Resolved – That the minutes of the meeting held on 17 November 2011 be approved.

75 CORPORATE GOVERNANCE COMMITTEE - PROGRESS REPORT

Further to minute 61 (17 November 2011), the Director of Law, HR and Asset Management presented an overview, for monitoring purposes, of the work being carried out in an attempt to strengthen the Council's Corporate Governance by developing and progressing the Corporate Governance work programme, to ensure that the weaknesses highlighted in the AKA Report were being properly addressed. He set out the terms of reference of the Corporate Governance Committee and set out the decisions made at each of its meetings to date.

Resolved –

- (1) That the progress made by the Corporate Governance Committee to date in addressing the findings of the AKA Report on Corporate Governance be noted.**

- (2) That the Director of Law, HR and Asset Management be requested to present a further report to the next meeting of the Committee on how the weaknesses in the Council's Corporate Governance identified in the AKA Report are being addressed, so that this Committee can monitor how the Cabinet Committee is bringing about improvements.**

76 CORPORATE PLAN

In accordance with Council minutes 77 and 78 (12 December, 2011), the Committee considered those parts of the Corporate Plan within its remit. The Committee had also had sight of a motion which had been referred to all Overview and Scrutiny Committees by the Council at its meeting on 12 December, 2011 (minute 76 refers) and which was considered in connection with the Corporate Plan.

The Draft Corporate Plan and report of the Chief Executive which had been considered by Cabinet at its meeting on 8 December were considered by the Committee and the Chair sought the views of Members. He commented also that the Council Excellence O&S Committee had a coordinating role in relation to the overall production of the Corporate Plan and he had requested that the views of the other themed O&S Committees were presented for Members' consideration. The Director of Law, HR and Asset Management submitted the following minutes –

- Minute 39 – Economy and Regeneration O&S (16 January 2012)
- Minute 44 – Health and Well Being O&S (19 January 2012)
- Minute 49 – Children and Young People O&S (26 January 2012)
- Minute 62 – Sustainable Communities O&S (30 January 2012)

The Chair referred to an email he had circulated to Members of the Committee, which contained extracts of the Audit Commission's Corporate Assessments of Wirral from December 2002 and from December 2005, both of which contained comments in relation to the development of the Corporate Plan.

Members expressed a diverse range of views in relation to the Corporate Plan, including –

- That although it is a very important document, it should be more concise.
- That if it does not contain clear and quantifiable targets, it will do nothing to improve performance.
- That the Plan is aspirational and lacks clear targets.
- That the Plan contains no reference to the Strategic Change Programme.

Members commented also –

- That the Corporate Plan is all-encompassing and detailed enough for members of the public to engage with and that there is clear indication of where to access specific more detailed information.
- The Plan should not contain specific targets or high levels of detail, but should give an indication as to the general direction of the Council.
- That, being a 3 Year Plan, it should contain goals for the life of the Plan, rather than targets. Future reports from officers will then include specific targets for the achievement of the goals set out in the Plan.
- That the need for change is clearly set out in the introduction to the Plan

On a motion by Councillor Gilchrist and seconded by Councillor Brighouse, it was –

Resolved –

- (1) That the comments of the Committee be referred to the Cabinet.**
- (2) That the Council Excellence O&S Committee welcomes the principal of the Corporate Plan as a Statement of the Council's Priorities.**
- (3) That Committee looks forward to the Plan being produced in a more accessible format.**
- (4) That Committee looks forward to targets being provided, in order for the Plan to become a more meaningful document and to allow progress to be measured.**
- (5) That the Committee welcomes the comments contained within the Corporate Plan in relation to poverty.**

77 FINANCIAL MONITORING STATEMENT

The Deputy Chief Executive/Director of Finance presented a summary of the position of the revenue accounts and General Fund balances as at 31 December 2011. The Financial Monitoring 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 not agreed by the Cabinet, against the original budget; and comments, which provided an explanation of variances and areas that were identified as requiring further attention.

The Director set out the impact of Cabinet decisions which had budget implications and highlighted the potentially volatile areas within departments that had been highlighted by Chief Officers. In response to questions from Members as to why some serious financial pressures were rated as Amber and not Red, the Director indicated that the rating was based upon a judgement by Chief Officers as to whether or not any overspend could be contained. Members expressed a view that more should be done to maximize income and that overspend should be flagged up earlier by Chief Officers to allow more time for remedial action to be taken. In addition, Members commented that Chief Officers should provide an early indication to the Cabinet as to whether budget allocations were realistic and sufficient for services to be delivered.

Resolved –

- (1) That the Financial Monitoring Statement be noted.**
- (2) That the officers be requested to review the Red, Amber and Green rating system so that serious financial pressures will be flagged as Red at an earlier stage, to allow more time for corrective action to be taken.**

78 REVENUES INCOME AND BENEFITS

The Deputy Chief Executive/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 and he provided a commentary on the

variances between 2010/2011 and 2011/2012. In response to comments from Members, the Director commented also that the Cabinet (minute 244 (12 January 2012) refers) had agreed that fees and charges should be reviewed on a regular basis as it was good practice for the Council to have a comprehensive list of fees and charges approved as part of the budget process. Accordingly, Chief Officers were undertaking a review to identify any opportunities to increase income and would also be presenting comparison data with other local authorities for consideration by the Cabinet in 2012. Members also expressed their concern in relation to reduced income from parking, and golf courses and in particular in relation to building control.

Resolved –

- (1) That the report be noted.**
- (2) That the results of the review of fees and charges being undertaken by Chief Officers be presented to a future meeting of this Committee.**
- (3) That the Director of Technical Services be requested to attend the next meeting of the Committee to provide further information to Members in relation to the achievement of income targets in those areas within his remit.**

79 PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT 2012/2013

The Deputy Chief Executive/Director of Finance reported that the Provisional Local Government Finance Settlement for 2012/2013 had been announced on 8 December 2011 and that following a consultation period, the Final Settlement had been issued today. He commented that his report had set out the latest information in respect of Wirral's Government Grant support and it appeared that the figures contained within it remained unchanged. However, the information within the Final Settlement was being analysed and would be presented to the Cabinet on 2 February 2012.

Resolved –

- (1) That the implications of the Local Government Finance Settlement be noted.**
- (2) That the Authority should continue to use every opportunity to state the case for further improvement in Wirral's Settlement**

80 SECURE DISPOSAL OF CONFIDENTIAL WASTE

The Deputy Chief Executive/Director of Finance reported upon the award of a contract to PHS Datashred, under the scheme of delegation, for the secure disposal of confidential waste. The contract commenced on 1 November 2011 for a period of three years, with an option for two further extensions, each for up to one year and he reported that a full tender process had been conducted in accordance with the European Union regulations under the restricted procedure. The Director outlined the scope of the contract and indicated that the results of the evaluation of tenders were contained within an exempt report (see minute 88 post), which was not for publication as it contained commercially sensitive information.

Resolved – That the award of the contract for the Secure Disposal of Confidential Waste to the highest scoring tenderer, be noted.

81 **YOU CHOOSE CONSULTATION**

The Deputy Chief Executive/Director of Finance provided details of the findings of the You Choose Budget Simulator, which were based upon responses received during the consultation process between 19 August and 30 November 2011. He reported that the Local Government and Public Engagement in Health Act 2007 placed upon local authorities a duty to involve, which required the provision of information and the opportunity for consultation and involvement of residents and other stakeholders. The Budget Simulator along with the development of Neighbourhood Plans was part of a process of engaging and raising the awareness of the residents of the Borough in the issues facing the Council.

The Director commented that of approximately fifty English Councils that had used the simulator package, the Wirral response rate was the second highest. The average reduction to service funding suggested by respondents of approximately £29m would result in a reduction in Council Tax of 3%, which was similar to You Choose consultations undertaken by other local authorities. He set out suggestions that had been received for raising income and making efficiencies and commented that the results shared a number of similarities with the recent Neighbourhood Plans consultation.

Resolved – That the report be noted.

82 **PROVISION FOR PAY 2010-2011**

The Deputy Chief Executive/Director of Finance reported that following the Cabinet decision (minute 216 (8 December 2011) refers) to release £1.4m of pay provision from the Council Budget for 2012/2013, the Council (minute 97 (12 December 2011) refers) referred the decision to this Committee for consideration. The Director confirmed that no pay award had been made in 2010/2011 so there had been no demand on the budget of £1.4m. As the budget was under continual review to identify potential efficiencies and savings, the Cabinet had agreed that the amount should be removed from the budget for 2012/2013.

Resolved – That the report be noted.

83 **OFFICE RATIONALISATION - UPDATE**

At the request of the Chair, the Director of Law, HR and Asset Management presented his report on Office Rationalisation, which was to be considered by the Cabinet at its meeting on 2 February 2012. The report sought decisions from the Cabinet to guide further rationalisation of the Council's administrative accommodation. It reviewed progress made to date and sought confirmation of the strategy that had been developed over the past three years as a basis for further decisions on the retention or vacation and disposal of individual buildings.

The Head of Asset Management commented that the report drew upon lessons learned from work to date and considered the likely context within which further rationalisation would be required. It reviewed the current stock of 'core' administrative accommodation, made recommendations to vacate specific buildings and sought a decision on options for the further vacation of core administrative buildings.

The Chair advised that he had requested feedback from all Members of the Council and he sought the views of the Committee to be presented to the Cabinet in relation to the recommendations contained within the report and specifically, to the preferred option for the vacation of a further core building or buildings.

Members commented that progress had been slow in the development of the Strategy and options appeared to be limited for target reductions in overall space occupancy to be met. Members supported the retention of Birkenhead Town Hall and expressed the view that a plan should have been in place to allow for changes to be made to Planning Policy to allow for the disposal of sites at the Bebington complex to be used for residential development. Members considered the proposals for the Conway and Hamilton Buildings and how to make best use of the available space. The Committee also re-affirmed its view, previously expressed (minute 32 (24 August 2010) refers) that the refurbishment and intensification in the use of the North and South Annexes at Wallasey, was the preferred option (Option 3 in Appendix E of the Cabinet Report).

However, a Member expressed an opinion that, at this stage, the Committee should not indicate a preferred option and commented that Option 3 was not ambitious enough, as it would remove only 2,645 sq.m. of floor space.

On a Motion by Councillor Gilchrist and seconded by Councillor Keeley, it was –

Resolved (9:1) (Councillor Brighthouse voting against (2) below) –

- (1) That the comments of the Committee be referred to the Cabinet.**
- (2) That Committee believes Option 3 to be the most practicable option at this stage, and that it reflects the Committee's previously stated view in relation to the redevelopment and intensification in use of the North and South Annexes.**

84 **DESTINATION EXCELLENCE**

The Chair advised that he had requested an update upon feedback received from staff who had attended the recent series of 'Destination Excellence' meetings with the Leader of the Council and Chief Executive. The Director of Finance indicated that some 4000 people had attended the events and over 1000 feedback forms had been returned to date, which were in the process of being analysed. A confidential email address had also been set up for staff to highlight any concerns they had related to corporate governance or the general running of the Council.

Resolved – That a report be presented to a future meeting of the Committee, once the analysis of feedback has been completed.

85 **FORWARD PLAN**

The Director of Law, HR and Asset Management reported that the Forward Plan for the period February to May 2012 had been published on the Council's intranet/website. 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 its 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.

Resolved – That update reports from the Deputy Chief Executive/Director of Finance be presented to the March 2012 meeting upon the following items within the Forward Plan –

- **Strategic Change Programme**
- **Benefits Budget**
- **Balance Sheet Management**
- **Welfare Reform**

86 REVIEW OF SCRUTINY WORK PROGRAMME

The Committee considered its work programme and the Chair sought the views of Members as to whether any additional topics should be added to it, having regard to whether scrutiny could be undertaken within relevant timescales and resources.

Resolved –

(1) That reports on the following matters be presented to the March 2012 meeting of the Committee –

- **Financial Monitoring Statement**
- **Revenues Incomes and Benefits**
- **Budget Projections**
- **Treasury Management Performance**
- **Performance Monitoring Report**

(2) That an update report in relation to the Centralisation of the Finance Function be presented to a future meeting of the Committee.

87 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.

88 SECURE DISPOSAL OF CONFIDENTIAL WASTE - TENDER REPORT

The Deputy Chief Executive/Director of Finance presented an evaluation of the tenders received for the contract for the Secure Disposal of Confidential Waste (see minute 80 ante).

Resolved – That the tender evaluation be noted.

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COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

Tuesday, 28 February 2012

<u>Present:</u>	Councillor	P Gilchrist (Chair)	
	Councillors	A Brighouse RL Abbey J Keeley A Cox	D Dodd P Doughty C Jones S Williams
<u>Deputies:</u>	Councillor	D McCubbin (In place of J Hale)	
<u>In attendance:</u>	Councillors	P Davies S Foulkes J Green	T Harney A Jones Mrs L Rennie

89 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.

By virtue of them being members of trades unions and in the light of the attack on trade union activities within the Cabinet Budget Proposal, Councillors Paul Doughty, Ron Abbey, Darren Dodd and Chris Jones declared their personal interest in agenda item 2 Budget Proposals (see minute 90 post).

90 BUDGET PROPOSALS

The Director of Law, HR and Asset Management reported that at the meeting of the Council held on 13 February 2012 (minute 110 refers), Councillor Jeff Green, having been elected Leader of the Council gave an acceptance speech in which, inter alia, he announced that the Budget Cabinet meeting would move from Monday 20 to Tuesday 21 February and that it was the responsibility of every Group to look at potential options and put forward a budget to Council. The budget proposals would be referred to a special meeting of the Council Excellence Overview and Scrutiny Committee at a meeting to be arranged before Budget Council on 1 March, 2012.

Although the Committee had been requested to consider the budget proposed by the Cabinet at its special meeting held on 13 February 2012 (minute 310 refers), he

advised that at its Budget Meeting held on 21 February 2012, the Cabinet resolved (minute 315 refers), that the 2012/2013 Council Budget agreed by the Cabinet on 13 February 2012 (minute 310) should be rescinded. It would not therefore go forward to Budget Council for consideration.

The budget proposed by the Cabinet, at the Budget Meeting on 21 February 2012 (minute 317 refers) would be recommended to Budget Council.

The Director reported also that in accordance with the budget procedure, he had received the following budget amendments by the deadline of 12.00noon Monday 27 February 2012, which would be referred to Budget Council for consideration –

- Labour Budget Amendment
The budget agreed by the Cabinet on 13 February 2012, amended only to include the precepts and to fulfil the pledge in the original budget to meet the cost of the precepts and to set an overall zero Council Tax increase.
- Labour Budget Procedure Amendment
To amend the Budget Council procedure to ensure a vote is taken on each budget, with the budget remaining after fallen amendments also being subject to the confirmation of a majority vote.
- Four Liberal Democrat Budget Amendments
 - (i). People's Dividend
 - (ii). Area Forums
 - (iii). Trade Unions
 - (iv). Community Justice and Local Shopping Areas

In the light of the Budget Proposals/Amendments, the Chair circulated for Members' consideration a Budget Proposal Comparison, together with an analysis of the budget proposed by Budget Cabinet on 21 February 2012 (minute 317), which he had sought from the Director of Finance.

The Director of Law, HR and Asset Management reported also that a call-in notice had been received in relation to Cabinet minute 315 (21 February 2012) – The 2012/13 Budget Agreed by Cabinet on 13 February 2012. The call-in had been submitted by Councillors Phil Davies, Ann McLachlan, George Davies, Adrian Jones and Harry Smith. The lead call-in signatory, Councillor Phil Davies provided an explanation of the call-in notice, viz:

"On 21 February 2012, the Cabinet took the following decision:

'That the 2012/13 Budget proposals agreed by the Cabinet, under urgent business, at its Special meeting held on 13 February 2012 be rescinded (Minute No. 310 refers) and therefore, they will not go forward to the Budget Council meeting, scheduled for 1 March 2012, for consideration.'

This decision, to revoke the budget proposal constitutionally referred by Cabinet on 13 February to Budget Council on 1 March 2012 was an Executive decision.

The minutes of that Cabinet were published and notified on 23 February.

The five day period subsequent to that when a call-in can be lodged expires on Thursday 1 March.

A further period of up to fifteen days is required for the call-in to be heard.

No decision can be activated until the call-in period has expired and it is clear the decision has not been called in, or until the call-in has been heard.

In order to have their budget heard, the Labour Group were required to resubmit it as an amendment to the Conservative Proposal tabled at Cabinet on 21 February and referred by just four votes to Budget Council.

This amendment had to be submitted by noon on 27 February, less than two working days after the publication of the Cabinet minutes of 21 February.

It is clear that the Executive Decision was unconstitutionally implemented before the expiry of a call-in period.

The consequence of this unconstitutional act was the change of status of the Labour Budget proposal from a Cabinet proposal agreed unanimously by all ten Cabinet members and lawfully submitted to Budget Council, to an amendment to an alternative Budget Proposal.

This relegation to the status of an amendment then allows the budget procedure agreed by Cabinet on 21 February to treat the Conservative proposal put forward at Cabinet on 21 February as the standing minute which will not require a vote if the amendments fall.

This is despite the fact that the Conservatives are not the largest party, and could be outvoted by Labour as the largest party if the Liberal Democrats continue their policy of abstention, which their communications with the press indicate they will.

In these circumstances, where two legal budgets have been formally and constitutionally proposed to Council, and where one of those budgets has been unconstitutionally revoked, the Budget Procedure should be withdrawn, allowing both proposals to stand with equal status as originally referred to Council.

A vote should then be taken on each budget, with the order of voting the same as for a usual Council, with the budget remaining after others have fallen also subject to the confirmation of a majority vote."

The Chair commented that he had been consulted with regard to the call-in being considered as a matter of urgency. In view of the meeting having been convened to consider budget matters, he had been prepared to allow consideration of the issues contained within the call-in notice and requested an explanation in relation to constitutional and procedural matters.

The Director of Law, HR and Asset Management commented that it was appropriate for the issues within the call-in notice to be considered. However, his view was that the decisions taken by the Cabinet to propose a budget to the Council and to rescind an earlier budget proposal were procedural and, as they related to a Council function (the setting of the Budget), neither were technically subject to call-in. He explained

the rationale for the Budget Council procedure, which had been introduced some years ago to ensure that, in circumstances where all amendments fell, the Council would set a lawful budget. If a budget amendment received a majority of votes then, subject to a possible vote at a second budget meeting, it would become the Council's budget. Therefore, the essence of the call-in would be addressed by the Labour Procedural Amendment to Budget Council and the Director suggested that the Budget Council procedure contained sufficient checks and balances to ensure that all views were heard before a budget was set.

It was moved by Councillor Gilchrist and seconded by Councillor Keeley –

“That, at this stage, it appears that a lawful recommendation from Cabinet was made and that it was lawful to rescind a previous budget proposal. Having regard to the procedure and to the need for due process at Council and given that this is a Council function and that amendments have been submitted to the Council and supplied to this Overview and Scrutiny Committee, this matter be not dealt with as a call-in”.

It was moved as an amendment by Councillor Abbey and seconded by Councillor Doughty –

“That the Budget Council Procedure be amended to ensure that all budget proposals will be voted upon”

The Amendment was put and lost (4:6)

The Motion was put and carried (6:4)

Resolved (6:4) (Councillors Ron Abbey, Darren Dodd, Paul Doughty and Chris Jones voting against) – That, at this stage, it appears that a lawful recommendation from Cabinet was made and that it was lawful to rescind a previous budget proposal. Having regard to the procedure and to the need for due process at Council and given that this is a Council function and that amendments have been submitted to the Council and supplied to this Overview and Scrutiny Committee, this matter be not dealt with as a call-in.

The Chair referred to the budget proposals/amendments that were to be considered at Budget Cabinet and sought comment from officers on various elements.

The Director of Finance indicated that the budget was set within the context of the Spending Review and against a background of significantly reduced government grant funding. The budget would be set in difficult financial circumstances with a likelihood of financial resources being reduced in 2013/2014, with a greater reduction in 2014/2015. Whilst key elements were in relation to the Localisation of Business Rates, the Localisation of Council Tax Benefits and general data changes, the most significant factor in relation to funding was population. Future funding could be based upon the Census 2011 figures and the Director commented that, since the last census, Wirral had suffered the biggest population fall of any metropolitan authority.

In response to questions from Members in relation to the permanent reduction of 2% in Employee Budgets contained within the Cabinet Budget Proposals, the Head of Human Resources and Organisational Development indicated that the required savings could be achieved in a number of ways. The figures had been informed by staff turnover in recent years and vacancy control would continue to be closely

monitored to ensure that savings could be made where appropriate, whilst ensuring that vacancies would be filled where Chief Officers had identified either a significant risk or loss of opportunity. Members suggested that a further loss of jobs would place an increased strain on the workforce, particularly in the light of a loss of 1200 posts last year as a result of Early Voluntary Retirement/Voluntary Severance. In response to a question from a Member as to whether there would be redundancies if the assumption of staff turnover proved to be inaccurate, the Head of HR and OD indicated that she believed the 2% reduction to be achievable, given that there were also a number of vacancies held in the system.

At the invitation of the Chair, the Leader of the Council addressed the Committee and referred to the one year reduction in Council Tax of 3%, which had been based, in part, upon the results of the consultation exercise held earlier in the year and which he hoped to be able to make permanent. He commented also that the Cabinet Budget going forward to Budget Council left a bigger general balance than the Labour Budget Amendment and he highlighted his decision that precepts of £740k would not be funded from the Council Tax element.

At the request of the Chair, the Director of Adult Social Services was requested to comment upon issues around managing budgets. The Director accepted that his Department's Budget had been an area for concern in past years and he proposed to provide more detailed information for Members in relation to future demand for services to allow more accurate budget setting. Members questioned whether DASS expenditure would be within budget in the current year and whether, in the light of increased demand for services, the Department could afford a permanent reduction in its employee budget of £400k. In response, the Director indicated that the Department would not be within budget in the current year. He proposed to provide an improved evidence base to ensure that money was spent where it would have the greatest affect and, in relation to vacancies, he proposed to work closely with HR to achieve savings whilst ensuring that critical posts were filled.

In response to further questions from Members in relation to the proposed permanent reduction in the Efficiency Investment Budget, the Director of Finance commented that ideally, he would welcome both a bigger Efficiency Budget and increased balances, as the years ahead would see the Council having to respond to significant financial challenges. There was no guidance as to the size of the Efficiency Fund, only that the Council should have one and it was essential for Chief Officers to come forward with proposals for efficiencies in the coming year.

Members commented also upon the attacks on trade union activities, set out in the Cabinet Budget and questioned whether the proposal would improve staff relations. The Director of Law, HR and Asset Management indicated that the proposal would present a challenge for all concerned. However, he confirmed that for the next 12 months the activity would be funded from the Council's efficiency budget and a review would be undertaken to ensure that Wirral's Trades Unions could effectively represent their members if the payment for full time officers was withdrawn.

On a Motion by Councillor Phil Gilchrist and seconded by Councillor Steve Williams, it was –

Resolved –

- (1) That having received the Cabinet resolution and alternative budgets tabled as part of the budget process, the Committee has considered the financial pressures and threats and recognises that a number of significant changes to local government finance are in hand.**
 - (2) That Committee considers it essential that monitoring of the budget is rigorous, that potential overspends are identified and that Cabinet pays due regard to the implementation of policy options, and that any Efficiency Investment Budget allocation is used to maximum effect.**
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WIRRAL COUNCIL

COUNCIL EXCELLENCE OVERVIEW & SCRUTINY COMMITTEE

26 MARCH 2012

SUBJECT	FINANCIAL MONITORING STATEMENT
WARD/S AFFECTED	ALL
REPORT OF	DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER	COUNCILLOR JEFF GREEN
KEY DECISION	NO

1.0 EXECUTIVE SUMMARY

1.1 This report provides a summary of the position of the revenue accounts and General Fund balances as at 29 February 2012.

2.0 BACKGROUND AND KEY ISSUES

MONITORING STATEMENT

2.1 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.

2.2 Council agreed the 2012/13 budget and revisions to the 2011/12 budget on 1 March 2012. As the revisions are primarily internal adjustments the Statement continues to reflect the original 2011/12 budget to focus attention upon the changes impacting upon the Council.

IMPACT OF CABINET DECISIONS HAVING BUDGETARY IMPLICATIONS

2.3 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 Schools pay. The same meeting was also advised of £3.5 million of re-provision included for Adult Social Services and £1 million for changes by HM Treasury to national insurance contributions from April 2011 as part of the Budget Projections report.
- On 22 September 2011 the use of £0.3 million from balances to fund the Independent Review of Adult Social Services was agreed.
- On 13 October 2011 the capitalisation of statutory redundancy payments enabled £2.6 million to be released back to balances
- On 8 December 2011 it was agreed that the sum of £1.4 million for the pay award 2010/11 was no longer required.
- On 12 January 2012 the report on the Collection Fund 2011/12 stated that the Council would receive £1.5 million from the surplus in 2012/13 an increase on the £1.3 million included in the budget.
- On 21 February 2012 it was agreed to release £5 million of Housing Benefit, and a net £4.9 million following the Balance Sheet Management review, of reserves and provisions to balances. The Estimates 2012/13 also identified that the sum identified for increased National Insurance contributions was no longer required.

The impact of these decisions is an overall increase in balances of £8.1 million,

- 2.4 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.
- 2.5 In respect of departmental projections Cabinet on 21 February 2012 considered the 2012/13 budget which included an updated 2011/12 budget. Whilst many changes were internal adjustments Cabinet did agree to a reduction in the Efficiency Investment Budget in 2011/12 of £2 million to offset the projected overspends of £4 million. Further detail can be found in the Estimates 2012/13 report to Cabinet (also known as the 'Blue Book').

LATEST DEPARTMENTAL PROJECTIONS

- 2.6 The Statement presents an update of the revenue budget and General Fund balances as at 29 February 2012. Chief Officers are reporting pressures and the potential over/underspends were identified in the Estimates 2012/13 report to Cabinet on 21 February 2012.

2.6.1 Adult Social Services

The Director is reporting pressures of £6 million. Potential slippage in implementing 2011/12 savings accounts for £3 million; underlying demand for older people and people with learning disabilities accounts for £2.8 million and shortfall in re-provision available for Community Care Services £1.2 million. The receipt of a £1.1 million contribution from the NHS in respect of winter demands has reduced any potential overspend.

2.6.2 Children & Young People

The in-year budget pressure has been reduced to £1 million. This is due to the use of one-off contributions from reserves, uncommitted resources within the Early Intervention Grant activities, savings from within the Wirral Wise programme and expenditure controls. Ongoing pressures are from increasing demand within Child Care which amounts to £3.5 million with foster care accounting for £1.8 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.

2.6.3 Finance

In respect of Treasury Management functions the continuing active management of the investments and borrowings and the cash flow of the Council are likely to generate £2.5 million of additional income in 2011-12 as reported to Cabinet on 21 February 2012. With the Cabinet decision to reduce the Efficiency Investment Budget by £2 million there is £4.5 million available to meet any potential overspends.

2.6.4 Regeneration, Housing and Planning

The achievement of income targets remains the key concern with a £0.5 million highlighted in respect of planning and building control fees although this is more than compensated for by the non-spending of the £1 million on the broadband facility in 2011/12.

2.6.5 The net effect of the departmental projections is a potential overspend of £2 million which has been reflected in the updated 2011/12 budget agreed by Cabinet on 21 February 2012.

3.0 RELEVANT RISKS

3.1 The risks are incorporated above. Any variations from the agreed budget will impact, positively or negatively, upon Council balances and so affect the financial position.

4.0 OTHER OPTIONS CONSIDERED

4.1 There are no options considered in this report.

5.0 CONSULTATION

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

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

6.1 There are no direct implications arising from this report.

7.0 RESOURCE IMPLICATIONS

7.1 As at 29 February 2012 the latest projections are for £18.4 million in balances at 31 March 2012 and this has been taken into consideration when setting the 2012/13 budget.

Details	£million	£million
Projected General Fund balance at 31 March 2012 when setting the budget for 2011/12		6.9
Cabinet decisions		
17 March – Fernleigh retained for 2011/12	-0.5	
2 June - New Homes Bonus/ Local Services Grant	+0.5	
23 June – Integrated Transport Unit additional funding	-0.3	
21 July - Social Services Reprovision	-3.5	
21 July - National Insurance changes	-1.0	
21 July - Support for School Pay	-0.2	
22 September - Independent Review	-0.3	
13 October - Capitalisation of Statutory Redundancy Payments	+2.6	
8 December - Budget for 2010/11 pay award not required	+1.4	
12 January - Collection Fund surplus due 2012/13 not 2011/12	-1.3	
21 February - Release of reserves and provisions	+9.9	
21 February - Reduce requirement for National Insurance	+0.8	+8.1
23 June - Financial out-turn 2010/11 showed a net increase	+1.0	
23 June - EVR/VS scheme funded as part of 2010/11 thereby releasing the requirement to fund in 2011/12.	+4.4	+5.4
Projected variances / potential overspends		
As reported to Cabinet on 21 February 2012:-		-2.0
Adult Social Services	+ £6.0 million	
Children and Young People	+ £1.0 million	
Finance (including Efficiency Budget)	- £4.5 million	
Regeneration, Housing and Planning	- £0.5 million	
General Fund balance at 31 March 2012 based upon the latest projections		18.4

7.2 There are no staffing, IT or asset implications arising directly from this report.

8.0 LEGAL IMPLICATIONS

8.1 There are none arising directly from this report.

9.0 EQUALITIES IMPLICATIONS

9.1 There are none arising directly from this report.

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

10.0 CARBON REDUCTION IMPLICATIONS

10.1 There are none arising directly from this report.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 There are none arising directly from this report.

12.0 RECOMMENDATION

12.1 That the contents of the Financial Monitoring Statement be noted.

13.0 REASON FOR RECOMMENDATION

13.1 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.

FNCE/75/12

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APPENDICES

Financial Monitoring Statement 2011/12 - Position as at 29 February 2012.

SUBJECT HISTORY

Council Meeting	Date
Cabinet - Departmental Budgets 2011/12 Council Excellence Overview & Scrutiny Committee - Financial Monitoring Statement reported to each meeting	23 June 2011

Department	ORIGINAL BUDGET			MONITORING			COMMENTS (INCLUDING Red/Amber/Green RATING)	
	Policy Option	Saving Target	Agreed Budget	Changes Agreed	Potential Overspend	Forecast	Rate	Comments
Expenditure	£000	£000	£000	£000	£000	£000		
Adult Social Services	-	16,907	63,411	+4,280	Potential overspend £6.0 million	73,691	R	Pressures include. £3m savings slippage; Community Care increased demand and £1.2m for Care Services. DoH £1.1 million awarded to PCT for winter pressures, assumed will offset above.
Children & Young People	392	7,954	74,753	+840	Potential overspend £1.0 million	76,593	A	Pressures reduced by ongoing expenditure control. Pressures children's care services £3.4m, transport £1.2m and staffing (EVR/vacancy targets) £1m .Part -offset by savings/ balances used.
Finance	250	7,811	26,638	-1,712	Potential underspend £4.5 million	20,426	G	Housing benefits is largest budget and forecast to be within target Treasury Management activity forecasting savings of £2.5m. Reduction in efficiency Fund by £2m agreed by Budget Cabinet.
Law, HR and Asset Mgt	364	2,658	16,275	+415	-	16,690	G	Asset management of buildings and the savings from disposals and rationalisation continue as pressure areas.
Regeneration, Housing & Planning	758	3,726	25,407	+904	Potential underspend £0.5 million	25,811	G	The income budgets for planning / building control are the main issue with a projected shortfall of £0.5m. Release of reserves will result in an in year underspend.
Technical Services	1,002	2,813	59,943	+526	-	60,469	G	Income targets remain the most significant challenge for car parking and cultural activities. Delayed sale of Arts centre may impact on budget. Compensatory savings identified.
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	(5,795)	-	-	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)	(1,275)	-	(8,441)	G	Impact of Collection Fund and overspends less NI and pay release.
Budget Requirement	2,766	41,869	291,544	(1,817)	2,000	291,727		
Income								
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	£1.5 million to be received in April 2012 (Cabinet 12 Jan).
Total Income	-	-	291,544	183	-	291,727		
Statement of Balances								
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. Budget Cabinet 21 Feb 2012.
2010/11 Outturn variance				1,000		1,000		2010/11 Outturn and release of reserves reported to Cabinet 23 June
Cabinet decisions	-	-	-	(2,660)	-	(2,660)		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) independent review £300K (22 Sep) Net impact of capitalisation of Statutory Redundancy -£2.6m (13 Oct).
Budget Decisions			-	8,995	-	8,995		National Insurance £1m and EVRs £1.4m self funded Collection Fund £1.3m in 2012/13, Fund net overspending of £2m. Net £9.9m release from reserves.
BALANCES	-	-	6,905	11,735		18,640		Projected balance for 31 March 2012 at start / end of year

Agenda Item 4

WIRRAL COUNCIL

COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

26 MARCH 2012

SUBJECT:	TECHNICAL SERVICES INCOME
WARD/S AFFECTED:	ALL
REPORT OF:	DIRECTOR OF TECHNICAL SERVICES
RESPONSIBLE PORTFOLIO HOLDER:	COUNCILLOR JEFF GREEN
KEY DECISION?	NO

1.0 EXECUTIVE SUMMARY

- 1.1 Following a Member request concerning the Revenues, Income and Benefits report submitted to the 31 January meeting of this Committee, this report provides further information relating to the major Technical Services income streams which are unlikely to fully achieve the agreed budgetary targets in 2011-2012.

2.0 BACKGROUND AND KEY ISSUES

- 2.1 A separate report on this agenda details the financial position regarding Council Tax. National Non Domestic Rate, general debt and cash income collection and the payment of benefits. This report provides further financial information relating to the income budgets within Technical Services which are currently under pressure. These income streams include golf courses, burials and cremations, together with car parking income including the issue of fixed penalty notices.

INCOME STREAMS

- 2.2. Given below is the budgetary position of the relevant areas of operation for the current and previous financial year.

FINANCIAL YEAR 2010/11

	Budget £	Actual £	Variance £
Golf Courses	939,600	765,100	174,500
Burials and Cremations	2,502,000	2,414,900	87,100
Car Park (Pay and Display)	2,496,800	2,103,200	393,600
Car Park (Penalty Notices)	1,149,800	820,800	329,000

FINANCIAL YEAR 2011/12

	Budget £	Projected Actual £ I	Variance £
Golf Courses	967,800	733,500	234,300
Burials and Cremations	2,577,000	2,285,500	291,500
Car Park (Pay and Display)	1,885,600	1,593,000	292,600
Car Park (Penalty Notices)	922,300	769,000	153,300

- 2.3 Further explanation of the income collection performance is provided below:
- (i) **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. This appears to be a national common trend and evidence suggests usage is linked to the economic position.
 - (ii) **Burials and Cremations:** Whilst the income received from this function exceeds its running costs, the service is affected by seasonal trends and income is declining and has continued to do so for a number of years.
 - (iii) **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.
 - (iv) **Car Park Income (Penalty Notices):** Income has been declining for a number of years due to the same pressures experienced by the pay and display operation. A further contributory factor is the greater level of compliance which was expected from the outset of the decriminalised enforcement which is now undertaken by the Council.
- 2.4 During regular budget monitoring meetings during 2011-2012 between the Director of Technical Services and operational managers, a strategy to manage the above variances has been developed. By use of one off compensatory savings and the application of reserves it is anticipated that overall net expenditure for the Department will be closely in line with the agreed budget at yearend. Whilst these areas are under-recovering Sports Centres and in particular the re-launched Invigor8 scheme are exceeding their income targets.
- 2.5 The overall neutral position has been reported in the financial monitoring statements circulated to Members on a monthly basis by the Deputy Chief Executive/Director of Finance.
- 3.0 RELEVANT RISKS**
- 3.1 There are none arising directly from this report.
- 4.0 OTHER OPTIONS CONSIDERED**
- 4.1 None.
- 5.0 CONSULTATION**
- 5.1 None.
- 6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**
- 6.1 There are none arising directly from this report.
- 7.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS**
- 7.1 There are none arising directly from this report.

8.0 LEGAL IMPLICATIONS

8.1 There are none arising directly from this report.

9.0 EQUALITIES IMPLICATIONS

9.1 There are none arising directly from this report.

10.0 CARBON REDUCTION IMPLICATIONS

10.1 There are none arising directly from this report.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 There are none arising directly from this report.

12.0 RECOMMENDATION

12.1 That Members' views are sought and the report be noted.

13.0 REASON FOR RECOMMENDATION

13.1 To update Members on the activity of the major income budgets within the Department of Technical Services as requested at the meeting on 31 January 2012.

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APPENDICES

Nil

REFERENCE MATERIAL

Information from relevant financial information systems

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Council Excellence Overview & Scrutiny Committee	31 January 2012

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Agenda Item 5

WIRRAL COUNCIL

COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

26 MARCH 2012

SUBJECT:	REVENUES, INCOME AND BENEFITS
WARD/S AFFECTED:	ALL
REPORT OF:	DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER:	COUNCILLOR JEFF GREEN
KEY DECISION?	NO

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 BACKGROUND AND KEY ISSUES

- 2.1. The following statement compares the amount collected for **Council Tax** in the period 1 April 2011 to 29 February 2012 with the amount collected in the same period in 2010/11:

	Actual 2011/12	Actual 2010/11
	£	£
Cash to Collect	125,264,895	123,827,907
Cash Collected	117,951,598	117,226,089
% Collected	94.2%	94.7%

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 the 2010/11 Cash to Collect. This charge is as anticipated proving a challenge to collect. The cash collected figure is £725,000 more than at this time in 2010/11.

- 2.2 The following statement compares the amount collected for **National Non-Domestic Rates** in the period 1 April 2011 to 29 February 2012 with the amount collected in the same period in 2010/11:

	Actual 2011/12	Actual 2010/11
	£	£
Cash to Collect	63,921,797	61,223,845
Cash Collected	60,739,725	58,248,366
% Collected	95.02%	95.14%

Collection has now fallen slightly behind 2010/11 for the first time this year.

- 2.3 The following statement provides information concerning the collection of local taxes from 1 April 2011 to 29 February 2012:

	Council Tax	Business Rates
Reminders/Final Notices	47,937	4,156
Summonses	14,579	782
Liability Orders	11,685	688
Recovery action in progress		
Attachment of Earnings	1,686	
Deduction from Income Support	3,386	
Accounts to Bailiff	5,700	157
Pre-Committal Warning Letters	2,458	-
Committal Orders Issued	7	0
Debtors Committed	0	0

Insolvency cases to 29 February 2012

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 29 February 2012

Bankruptcy	32
Charging orders	52
Winding up orders	0

Status of Insolvency cases at 29 February 2012

Winding-up paid	1
Charging orders granted	140
Winding up Order	1
Supporting other petitions	3
Cases paid	100
Bankruptcy orders	133
Cases closed	160
Ongoing cases	<u>33</u>
	571

2.4 **Sundry Debtors**
Accounts Receivable Stats

	Actual as at 29.02.12	Actual as at 28.02.11
Debt Raised in month	£ 8,446,081	£18,624,785
Paid in month	£ 6,564,110	£ 7,027,054
Outstanding	£28,977,793	£34,235,562
Total debt raised in year	£85,645,212	£87,473,431

INCOME

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

	2011/12 Budget	Income to 29-Feb-12	2010/11 Budget	Income to 28-Feb-11
i. School Meals	£1,473,100	£1,298,479	£1,575,100	£1,187,767
ii. Sports Centres	£3,627,100	£3,856,198	£3,941,300	£4,249,827
iii. Golf Courses	£967,800	£679,949	£939,600	£765,086
iv. Burials and Cremations	£2,577,000	£1,944,691	£2,502,000	£2,414,927
v. Building Control Fees	£494,900	£356,216	£494,900	£407,898
vi. Land Charges	£358,300	£184,478	£358,300	£192,630
vii. Car Park (Pay and Display)	£1,885,600	£1,416,590	£2,496,900	£1,876,674
viii. Car Park (Penalty Notices)	£922,300	£641,193	£1,149,800	£681,029

2.6. 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 service costs £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. 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 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. The income budget of £124,000 for Grange Road West Sport Centre has now been removed as the Centre is no longer run by the Council.

- (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 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.
- (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 the recession and competition from other retail areas.

HOUSING BENEFITS

- 2.7. 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 29 February 2012:

	2011/12	2010/11
Number of Private Tenant recipients	30,959	30,067
Total rent allowance expenditure	£119,718,060	
Number under the Local Housing Allowance scheme (<u>included in the above</u>)	11,207 £48,551,517	9,782
Number of Council Tax Benefit recipients	39,868	39,325
Total Council Tax Benefit expenditure	£31,206,040	
Total expenditure on benefit to date	£150,924,100	

- 2.8 The following statement provides information concerning the breakdown according to client type as at 29 February 2012:

	Private Tenants	Owner Occupiers
Working age and in receipt of J.S.A.	15,137	1,737
Elderly and in receipt of J.S.A.	6,868	5,318
Working age and not receiving J.S.A.	6,756	1,347
Elderly and not in receipt of J.S.A.	<u>2,198</u>	<u>3,352</u>
Total	30,959	11,754

There are **42,713** benefit recipients in Wirral as at 29 February 2012

2.9 **Housing Benefit Fraud and Enquiries** **To 29 February 2012**

New Cases referred to Fraud team in period	1,537
Cases where fraud found and action taken	90
Cases investigated, no fraud found and recovery of overpayment may be sought	639
Cases under current investigation	201
Surveillance Operations Undertaken	0
Cases where fraud found and action taken:	
Administration penalty	9
Caution issued and accepted	48
Successful prosecution	33
Summons issued for prosecution purposes	15

Discretionary Housing Payments

- 2.10 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.

- 2.11 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 £121,170 and committed £127,605 to the end of the financial year.

3.0 RELEVANT RISKS

- 3.1 None.

4.0 OTHER OPTIONS CONSIDERED

- 4.1 None.

5.0 CONSULTATION

- 5.1 None.

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

6.1 There are none arising directly from this report.

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

7.1 There are none arising directly from this report.

8.0 LEGAL IMPLICATIONS

8.1 There are none arising directly from this report.

9.0 EQUALITIES IMPLICATIONS

9.1 There are none arising directly from this report.

10.0 CARBON REDUCTION IMPLICATIONS

10.1 There are none arising directly from this report.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 There are none arising directly from this report.

12.0 RECOMMENDATION

12.1 That the report be noted.

13.0 REASON FOR RECOMMENDATION

13.1 To update Members on financial issues.

FNCE/73/12

REPORT AUTHORS: Revenues & Benefits

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APPENDICES

None.

REFERENCE MATERIAL

Information from relevant systems.

SUBJECT HISTORY (last 3 years)

Council Meeting	Dates
Report submitted to each meeting of the Council Excellence Overview and Scrutiny Committee	

WIRRAL COUNCIL

COUNCIL EXCELLENCE AND OVERVIEW SCRUTINY COMMITTEE

26 MARCH 2012

SUBJECT:	WELFARE REFORM
WARD/S AFFECTED:	ALL
REPORT OF:	DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER:	COUNCILLOR JEFF GREEN
KEY DECISION?	NO

1.0 EXECUTIVE SUMMARY

- 1.1 This report updates Members on Welfare Reform. It covers changes to Housing Benefit (Local Housing Allowance) and the Department for Communities and Local Government (DCLG) plans to replace the Council Tax Benefit Scheme (CTB) with a localised rebate scheme which will provide support for Council Tax (Council Tax Rebate, 'CTR'). It also details the introduction of the Single Fraud Investigation Service, replacing separate independent benefit fraud investigation teams that have operated in Local Authorities, HMRC and DWP with one national service. The changes are planned to be operative from April 2013. Members are also updated on the Universal Credit (UC) proposals as well as plans to reform the Social Fund from April 2013 along with an update on the Discretionary Housing Payment (DHP) fund.

2.0 BACKGROUND AND KEY ISSUES

- 2.1 The Welfare Reform Programme of which the Housing & Council Tax Benefit (HB/CTB) reforms are part, originates from the June 2010 Budget and the subsequent Spending Review. This review identified the need to make net savings of £18bn from the Welfare System. Housing Benefit was identified as an area for reform which must deliver savings of £2bn from the £21bn spend by 2015. The Welfare Reform Act was passed on 8 March 2012.
- 2.2. The National Fraud and Error Strategy reported problems with the current systems of investigation and as a result, proposals to deliver a unified service are expected to deliver around £50m of savings by 2016/17 in areas previously investigated separately by the DWP, local authorities and HMRC. This is targeted against a current spend across all sectors of some £180bn per annum with an approximate fraud and error rate of almost 3% (£5.2bn).

- 2.3. Universal Credit is described as the 'centre piece' of the Welfare Reform programme which will see a single payment for those of working age which will be paid as an 'in or out of work' benefit. It is set to replace six of the mainstream benefits including Housing Benefit. It will be administered nationally and is planned to be rolled out fully by October 2017. Pensioners are likely to have their housing cost added to their current Pension Credit.
- 2.4. Council Tax Rebate or Localised Support for Council Tax is to be introduced as part of the Localism policy. The DCLG intends that the local flexibility afforded with the introduction of this local discount scheme will enable Local Authorities to secure a necessary reduction in expenditure of 10%, from the date of introduction, April 2013, whilst reflecting local circumstances and priorities and supporting the key principle of reducing worklessness and benefit dependency.
- 2.5. In 2011/2012 Council Tax Benefit (CTB) expenditure was £31,203,776 and so, for 2013/2014 a localised rebate scheme will need to secure over £3.1m savings whilst still supporting, on a mandatory basis, Pensioners and other vulnerable groups. The current CTB caseload is 32,984 of which 17,354 are 60 years of age or older.
- 2.6. An overview of the key impacts of each major area of Welfare Reform follows below. In considering the same Members are reminded that, with the exception of the present Housing Benefit/Local Housing Allowance (LHA) change programme, the programme of development in each area is ongoing and that this coupled with a lack of regulations means that the quantifiable impact remains uncertain.
- 2.7. The Department for Work and Pensions (DWP) has produced briefings on each aspect of the changes along with the results of consultation, Impact Assessments and Equality Impact Assessments and these are accessible from the links in the Reference Material section at the end of this report.

CURRENT REFORM - HOUSING BENEFIT INCLUDING LOCAL HOUSING ALLOWANCE

- 2.8. This is the ongoing element of the welfare reform programme and concerns changes to benefits in the lead up to Universal Credit (UC). These changes started to become effective in April 2011 and will conclude once UC is fully implemented. In a report to this Committee on 16 March 2011, I detailed the changes effective from April 2011. The following further changes will influence benefit entitlements over the coming months.
- 2.9 The changes already introduced from 2011 are set out briefly below:-
 - (a) Removal of the £15 top up payment.
Under Local Housing Allowance claimants whose rent exceeded the LHA level set for their accommodation needs were allowed to retain up to £15 of the excess. This change to remove that excess retention was not transitionally protected and became immediately effective.
 - (b) Increase in non dependant resident deductions.
Having previously increased by an annual uprating, deductions were frozen until April 2011 when incremental increases were introduced to recover inflation. At April 2014 deductions will then be stabilised on that basis.

- (c) Amending size criteria rules to allow additional support for a disabled claimant's live-in carer

This positive change for those who qualify was in respect of HB/LHA now being based on a higher rate of rent to take account of the live in carer. The claimant group is hard to identify and proactive work has been undertaken to ensure people are helped to maximise their entitlement.

- (d) Capping of LHA rates to the four bedroom rate (previously a five bedroom cap)
There are only a small number of claimants affected in Wirral.

No of bedrooms	Shared Accommodation Rate (inc single under 35's)	1	2	3	4
Weekly LHA rate (£)	63.50	86.54	103.85	126.92	138.46
Monthly LHA rate (£)	275.00	375.00	450.00	550.00	600.00

- (e) Capping of LHA rates by property size

Wirral has not been affected by this as LHA rates are well within the maximum for capping purposes and so there has been no reduction in benefit for Wirral residents on the basis of this change.

- (f) Change to the methodology of setting LHA rates at the 30th percentile of passing rents rather than the median or 50th percentile

This effectively means that from April 2012, LHA rates will be frozen for the twelve month period leading up to the planned April 2013 change when LHA rates will be based on the Consumer Price Index or the local median rent level dependant upon which is the lower. This will end the monthly uprating of Local Housing Allowance rates and bring the system in line with the uprating of other pensions and benefits.

- (g) Transitional Protection from the 2011 changes

At the introduction of the April 2011 changes a new HB regulation was introduced which delays, for up to 9 months, the application of the changes as well as the revised benefit rules for existing claims. New claims were not protected and therefore were immediately affected by the new rules. The Transitional Protection rules are complex as they respond to the circumstances of the claimant and the claim. All Transitional Protection will have drawn to an end by 31 December 2012.

CHANGES INTRODUCED FROM JANUARY 2012

2.10 The Shared Accommodation Rate level is extended to single claimants under 35 yrs from the previous 25 year old limit.

- (a) This limits the maximum HB/LHA rate to that of a room in a shared house or flat with some limited exceptions. This is viewed by the Government as stopping payments for rooms that are not being used and is a support in tackling the social housing shortage with over 5m people awaiting social housing in England and Wales. In London 70,000 households receive £80m pa for bedrooms in excess of laid down requirements.

- (b) Current exemptions extend into the new age group, other than those for former care leavers which continue to apply up to age 22. Two further exemptions have been introduced but are only for those aged 25 and over. The first is for those who have spent at least three months in a hostel or hostels for the rehabilitation or resettlement of homeless people. This can be for any period of three months and does not have to be consecutive. The second new exemption is for those ex-offenders who are being managed under active multi-agency management, within the Multi Agency Public Protection Arrangements (MAPPA), to be rehabilitated back into the community. The Authority will be notified of these cases. It is likely that these exemptions will apply to less than 3,000 people nationally, not all of whom are living in the rented sector.
- (c) Once Transitional Protection ends claimants are set to experience significant shortfalls on average of £31.00 per week (in the North West of England) and approximately an average of £37.00 per week locally. This change is scheduled to deliver some £215m savings nationally by 2014/2015.
- (d) All claimants in this group have been notified of the impending change to their claim and officers are monitoring claims affected closely and are proactively working to ensure any hardship identified as a result of this drop in benefit entitlement is mitigated through Discretionary Housing Payment (DHP) and / or other appropriate sources of support. This change has significant impact on claimant income through benefits.

Discretionary Housing Payment (DHP)

- 2.11 Given the breadth and severity of the programme of change, increase in demand is expected. However, for rented sector tenants, this is likely to be incremental as transitional protection ends. The real impact of the plethora of changes is hard to gauge whilst it is deferred through TP.
- 2.12 Given the enormity of present and future changes and the very complex mix of outcomes in terms of affect on entitlement to HB/LHA officers routinely review the policy on Discretionary Housing Payments.
- 2.13 All applications for DHP are closely monitored and each is considered on an individual basis. Availability of the scheme and other sources of assistance are widely promoted to ensure provision is maximised where it is appropriate to do so and benefit officers' work alongside colleagues in other service areas and organisations, together with local landlords.
- 2.14 It is clear that significant reliance is being placed on DHP as a means to ease any negative impact of the reform changes on claimants in the five year period leading upto the full implementation of Universal Credit. This is evident by the substantial investment by the Government in additional funding:
 - Overall grant to Local Authorities increased by £10m in 2011/12
 - Additional £40m in 2012/13 and the next two years
- 2.15 Locally, for 2011/12 the Government contribution for Discretionary Housing Payment is £282,981 with an overall limit of £707,452 which the Authority must not exceed. As at 29 February 2012 I had paid £121,270 and committed up to £127,605 to the end of the financial year. This represents awards against 713 claims. This represents an approximate 40% increase on awards made in the previous year and is reflective of work undertaken to ensure support is available to those who are in need of it. Any unspent Government contribution for 2011/12 is carried over into 2012/13 and thus no funds are lost to the Authority.

- 2.16 For 2012/13 the Government permitted total has been increased to £1,159,688. On a longer term basis the profile of this cash limited, discretionary fund will clearly escalate increasing its importance. DHP is also available to support those in receipt of CTB only who do not occupy rented accommodation.
- 2.17 Rent Alignment is an incentive for landlords who agree to accept a lower rate of rent in exchange for payment of HB/LHA to the landlord directly. There is evidence of this working effectively locally and anecdotally this may well be in part attributable to the current, relatively modest take-up of DHP. Engagement with landlords suggests that in many cases rent alignment is a feasible option in return for the security of direct payments removing the need to collect rent and suggests that landlords are doing this on the basis of risk mitigation.

CHANGES TO BE INTRODUCED FROM 2013

- 2.18 Accommodation size criteria rules concerning under accommodation.
- (a) This will next year be extended to the social rented sector in respect of working age claimants only as it currently only applies to private sector claims. Significant issues are emerging in terms of social sector concerns which are being cited as the availability of sufficient, suitably sized accommodation and the reality of claimants being able to move in time to such accommodation. The restrictions to be applied for under occupation will work on a percentage reduction basis:
- One spare bedroom attracting a 14% reduction – average £12 weekly
 - Two or more spare bedrooms – attracting a 25% reduction – average £22 weekly
- (b) The DWP advises that the national DHP provision has been supplemented by £30m which they consider ought to be specifically targeted by local authorities at assisting claimants affected by this change who are in adapted accommodation or who are in-between placements of foster children.
- (c) The DWP projects that nationally some 670,000 people will experience cuts as a result of this change. It is estimated that some 46% of social sector claimants in North West England will see their benefit reduced. Social sector landlords are expressing concerns regarding the longer term issues of rent arrears, the impact on tenants and the social sector build capacity which directly influences the ability to increase housing supply. The social housing sector submits that two bedroom properties should never be regarded as under occupied but this was not accepted by the DWP.
- 2.19 Introduction of the Total Household Benefit Cap currently to be set at £26,000 pa (£500 per week) for families and couples and £18,200 pa (£350 pw) for single claimants.
- (a) Currently there is no upper limit to the total amount of benefit a household can receive in State support. The intention of this reform is to ensure that workless households no longer receive more in benefit than the average wage for working households. This is, for families, around £35,000 pa before tax. DWP estimates that this will affect 67,000 households nationally and provide savings of £290m in 2013/14 and £330m in 2014/15.

- (b) Any excess above the cap will initially be recovered by local authorities through HB albeit that DWP and HMRC benefits will contribute to the calculation for reaching the cap. Wirral will make the deduction of the excess from HB payments until the case transfers over to Universal Credit (UC). Around 54% of households will be affected in Greater London, but national statistics suggest the figure drops to 6% in the North West of England. Locally initial DWP assessment puts the potential impact in Wirral as around 200 claims.
 - (c) Claimants affected will in practice have larger families (3 or 4 children) who are out of work and who due to family size occupy larger and more expensive, rented accommodation. The cap is based on the combined income from the main 'out of work' benefits. Certain claimant groups are set to be exempt from the cap including those who are in receipt of Working Tax Credit and where a claimant, partner or child is in receipt of Disability Living Allowance. War widow(er)s are also to be excluded. Social housing providers are recommending that in order to avoid serious impacts on build capacity the total benefit cap ought to be indexed for inflation.
- 2.20 LHA rates to be updated by reference to the Consumer Price Index rather than the Retail Price Index.
- (a) This means LHA rates will move further away from local market rental levels, it is anticipated that this is in readiness for the housing support element of Universal Credit which professional organisations and local authorities representative groups project will bear little relevance to regional variations in accommodation costs.
- 2.21 Localised Support for Council Tax (Council Tax Rebate)
- (a) Council Tax Benefit is to be abolished and replaced by local support or discount schemes. Given the imminence of this change and the implications for local authorities it is covered separately below.
- 2.22 Introduction of a Single Fraud Investigation Service
- (a) This will bring together LA, DWP and HMRC fraud investigation staff operating one national scheme. The DWP has announced that this will now be achieved via interim measures from April 2013 and will not now be via a full immediate roll-out. This change is covered in more detail separately below.
- 2.23 Abolition of the Social Fund operated by the DWP and its replacement by locally administered schemes with associate funding transferred from the DWP.
- (a) The Welfare Reform Act abolishes the discretionary Social Fund. In its place at a local authority level will be provision to replace Community Care Grants and Crisis Loans for general living expenses. Community Care Grants and Crisis Loans will end at April 2013. Local authorities will be expected to use the transferred funds to maximum effect, developing new services and using the funds to support the most vulnerable. Benefit Officers have responded to the DWP invitation to attend Spring 2012 workshops and will work with colleagues from other departments in the development and delivery of the new scheme.

CHANGES FROM OCTOBER 2013

2.24 Introduction of Universal Credit

- (a) This is the major strand of the welfare reforms. It is a single household benefit which will replace six of the mainstream income related benefits including Housing Benefit. The Government estimates that 2.8m low to middle income households will be better off on Universal Credit and the average gain at transfer will be £29pw. UC has the potential to lift around 900,000 individuals out of poverty including more than 350,000 children and 550,000 working age adults. The Government also intends to invest an additional £300m into childcare support. By October 2017 approximately 12-13m tax credit and benefit claims (including HB) will transform into 8m UC payments.
- (b) The Government has pledged that no one currently claiming benefit will be worse off under UC at the point of transfer to the new benefit. Professional bodies and other local authorities representatives understand this to be the case as the majority of existing claimants will see their benefit levels reduce as a result of current reforms prior to the transfer over to UC. This is covered in more detail below.

CHANGES FROM APRIL 2015

Housing element for pensioners to be added into Pension Credit payments

- 2.25 UC is a working age payment and DWP projects that it will transfer payment for housing costs (Housing Benefit) into Pension Credit. Thus until 2015 this group will not see any changes to their benefit entitlement under either localised CTR schemes or their ongoing HB claims.

COUNCIL TAX REBATE

- 2.26 In my report to Cabinet on 22 September 2011 (minute 118) I detailed the proposals for a localised support scheme and sought approval for a proposed response to the consultation paper. DCLG published a response to the outcome of consultation on 19 December 2011. Target timescales and scheme composition remain unaltered. This presents increasing challenge to local authorities in developing local schemes, as regulations are projected to be laid only in July 2012.
- 2.27 This will leave local authorities in the position that for year one, through a lack of development time choice in terms of scheme design will be severely restricted. The core system IT suppliers have highlighted concerns to the DCLG regarding timescales and the impact this now has on their ability to scope a comprehensive range of system options. It is important to note the likelihood of IT reliance in terms of the design and options of such local schemes and that, in the majority of cases, core system suppliers have yet to finalise their respective products or even be in a position to provide local authorities with basic profiling tools.
- 2.28 The following time frame captures the very tight timescales:

December 2011	– Scheme consultation closed
January – July 2012	– Primary and secondary legislation developed
April – November 2012	– Local authorities design and consult on local schemes
September – March 2013	– Local authorities implement local schemes
March 2013	– CTR schemes go live for Council Tax main billing.

- 2.29 Through the introduction of a localised scheme the DCLG intends to:
- Give local authorities a financial stake in the provision of support for Council Tax and a greater stake in the economic future of their local area, by supporting the Government growth agenda.
 - Opportunity to reform and simplify the system of support for working age claimants.
 - Reinforce local control over Council Tax - consistent with a drive for greater local financial accountability.
 - Give local authorities a significant degree of control over how the 10% reduction in expenditure is achieved.
 - Contribute to the Government programme of deficit reduction.
- 2.30 The DCLG confirm that the parameters set to guide local authorities remain intentionally broad and that local authorities cannot expect detailed direction and must design schemes which comply with the very clearly, albeit limited, prescriptive elements of such a discount scheme whilst following a set of national core principles. These principles are:
- (a) Protect Pensioners – This is yet to be defined for the purposes of CTR by the DCLG but is expected to require that no pensioners will be worse off or see any change in their entitlement to support with Council Tax under any local CTR scheme.
 - (b) Protect Vulnerable Groups – These are yet to be defined for the purposes of CTR by the DCLG but as with pensioners they are likely to be expected to be no worse off under CTR than they were under the previous scheme.
 - (c) Support Work Incentives - Local CTR schemes will be required to recognise and support those in work, to retain work and/or increase the hours worked to support those out of work to move into work. Support into work and to retain work should take priority over support offered to non – pensionable charge payers who are not working (with certain defined exceptions).
- 2.31. Given the exclusions and projections above this will leave working age low income claimants facing the impact of the 10% overall expenditure reduction. This will result in the re-emergence of payments for Council Tax of around 20% for working age claimants.

SINGLE FRAUD INVESTIGATION SERVICE

- 2.32. Following the local authority response to consultation Ministers have charged the recently established DWP project team to design and deliver a national Single Fraud Investigation Service (SFIS) by April 2013. This service will:
- Reduce duplication
 - Increase the number of investigations undertaken
 - Improve overall efficiency
 - Ensure cases are dealt with in a consistent and fair manner
 - Reduce costs to provide better value for money
 - No longer use local authority legal services and rely on a national prosecuting body
 - Remove the powers of the local authority to prosecute benefit fraud

- 2.33. Any permission to conduct surveillance will be under SFIS (DWP as opposed to LA) powers. In practice the Wirral Benefit Fraud Investigation unit has avoided the option of undertaking surveillance in recent years, having collaborated with DWP colleagues.
- 2.34 As yet there is no model to report on how this will operate and the SFIS project team will be conducting regional workshops in order to design the model over the coming months. They are aiming to take the best practice from established local authorities, DWP and Tax Credit investigation teams and use this to design the best possible service.
- 2.35 The Wirral Benefits Fraud Investigation unit is actively involved with the north west regional workshop series.
- 2.36 There are several key issues to be addressed, which include:
- Legislation to allow LA staff to investigate HMRC and DWP only fraud
 - Funding of this new service given it comprises local authority staff based within local authorities but delivering a national service
 - Location of the SFIS
 - The development and finalising of a new, overarching Prosecution Policy
 - Service Level Agreements to be designed and then agreed with local authorities and HMRC, ensuring they meet the policy and business requirements of the DWP.
- 2.37 Following the response to national consultation, wherein a number of strategic options were considered, SFIS will be implemented incrementally. In Phase 1, April 2013 local authority investigation officers will remain within the local authority and be managed by the local authority but they will be expected to work within the terms of the SFIS. Local authority teams will be required to work under the umbrella of the DWP and be referred to as SFIS.
- 2.38 As with all elements of the reform programme timescales are now an issue for SFIS. The design of the new service and associated requirements for preparing for April 2013 are not expected to be ready until Autumn 2012. Data reliance and readiness along with resilience are issues of key concern given the scale of the change and timescales involved.
- 2.39 Uncertainty, concern and disruption to local authority investigation officers are now an increasing possibility, particularly concerning speculation of the wider SFIS resource requirements. Local authorities will have the potential to further enhance corporate fraud provision by making best use of the long established and professionally developed skills of staff who work in such a key area of specialism and with associated professional qualifications.

UNIVERSAL CREDIT

- 2.40 The DCLG and DWP implementation plan for UC is key and they currently plan migration over a four year period from October 2013 to late 2017 in three distinct phases as follows:
- Phase 1 – October 2013 – April 2014
New benefit claimants will claim UC in place of JSA, ESA, HB and Tax Credits (circa 500,000 claims). Local authorities will lose receipt and administration of new passported HB claims from this date. At the same time approximately 500,000 existing claimants will move to UC as their circumstances change.
 - Phase 2 – From April 2014
Claimants who would 'benefit' most from the transition to UC will be moved across to it by the DWP. These claimants will most likely be working a small number of hours. A move to UC will support them to increase the number of hours worked. Approximately 3.5m existing claimants will transfer to UC during phase 2.
 - Phase 3 – From April 2015 – late 2017
The remaining approx 3m households will be moved to UC. Local authorities will be advised of scheduled changes and their place in the process.
- 2.41 Local authorities will continue to deliver benefit services, based on a reducing caseload until the final claims move over to UC. This brings with it significant implications. The residual caseload is expected to still include standard cases of both working age and pensionable age claimants as late as 2016. In essence the transition period will include a very diverse and mixed spectrum of benefit schemes and claims. Concern is being expressed at a national level regarding the confusion this is likely to present to the many claimants affected.
- 2.42 A key issue for Local Authorities Benefit Services during this time of both managed and natural migration to UC is the reality and feasibility of effectively operating the benefits service. Retention of sufficient, skilled resources to deliver residual services will be a key risk and the viability of continuing to deliver the service will need considerable planning.
- 2.43 These issues will be set against a backdrop of ongoing administration of the remaining elements of the service that do not fall to be absorbed by UC. Little is known about the wider intentions for these claimant groups although it is expected that accommodation costs support for those in Supported Accommodation are not likely to be part of the single household UC payment.
- 2.44 The role of local authorities in the delivery of UC is an area of significant speculation. It is becoming increasingly apparent to practitioners that there is now acceptance by the DWP of a key role for local authorities, which whilst yet to be defined is expected to centre around the fact that the DWP will not have the capacity to offer face to face customer support and that the DWP plan is focused on a digitalised service. It is expected that the short, medium and longer term roles of local authorities under UC will differ.

2.45 A major concern is the likelihood of the new IT system being available on time and working. It will have to link with HMRC and DWP systems in live time as well as link to employers systems to make the pay/salary information accurate. The previous history of such vast national IT developments is not good but DWP continues to state that the IT development will be ready on time and working. Practical administration issues exist such as the impact on landlords both private and social of direct payment to tenants and that UC claimants will likely be weekly paid by employers whilst UC will be a monthly direct bank transfer. It is clear much still has to be ironed out on UC prior to a successful and timely implementation.

3.0 RELEVANT RISKS

3.1 Timely delivery of the national welfare reform programme is at some significant risk in terms of legislative, IT and procedural readiness given the limited timescales remaining and lack of final direction and facilitating legislation.

3.2 Furthermore, the whole programme of reform presents many risks to local authorities in the delivery of existing, residual services, and through income loss to customers. The implications are wide ranging and significant and include :-

(a) Council Tax

Collection issues as many charge payers will receive less support and so will be expected to pay more Council Tax, perhaps where they have not previously paid.

(b) General Fund

The effect on budgets as the grant for CTR is reduced and the capacity of the local authority to be able to fund any increased take-up in support.

(c) Grant distribution

The impact of the grant element in respect of precepting authorities being paid directly further reducing the real value of the grant to the local authority.

(d) Grant value

In year one, the real financial impact of the requirement to protect pensioners and other groups in practice being a 20% cut in funds available to support all other claimant groups. The grant is not ringfenced.

(e) Delays on the part of the DCLG in finalising legislation will have potentially irretrievable impact upon the ability of local authorities to develop local schemes and of software providers to respond in a timely manner.

4.0 OTHER OPTIONS CONSIDERED

4.1 The changes detailed within this report are statutory changes and as such, with the exception of local preferences for the type and nature of a local scheme for Council Tax Rebate, no options exist to their implementation.

5.0 CONSULTATION

- 5.1. Local authorities are expected to consult with stakeholders such as advocacy groups and landlord organisations as plans for reform and new scheme delivery are developed. At a national level each headline area of reform is covered in separate consultation papers which are available through the links shown in the Reference Material section at the end of this report.

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 6.1 This sector is expected to face a considerable increase in support requirements as claimant benefit levels reduce.

7.0. RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

- 7.1 Financial – These are significant throughout the programme. For CTR the grant reduction and cost of any increasing caseload together with supporting non pensioner groups will present ongoing challenges to the Authority.
- 7.2 In respect of DHP, should the Government grant be exceeded at any point between 2012 and final roll-out of UC then the amount spent in excess of this up to the permitted total will have to be funded locally and appropriate provision made. However the recent announcement of additional funding to be made available to local authorities for 2012/2013 to ease the transition of the HB changes may well mitigate this at least in the immediate term. Wirral is to receive £107,233 (out of £15m nationally) to help meet the needs of claimants affected by the current reform.
- 7.3 The cost of responding to the whole programme of change will be wide ranging and not necessarily fully funded by Government grant allocation.
- 7.4 IT - There are IT implications for each element of the reform programme mainly focused on development of new national systems by the DWP as well as local requirements for the new CTR scheme.
- 7.5 Staffing - Staffing implications are significant. A sufficient and skilled resource must be maintained to deliver the diminishing services, and staffing establishments will have to be managed to reflect the changes. The Benefits Service, Call Centre, Libraries/One Stop Shops will all be significantly affected.
- 7.6 Assets – in line with changing staffing requirements this will impact on asset requirements such as accommodation.

8.0. LEGAL IMPLICATIONS

- 8.1 The development of a localised scheme for support for Council Tax will have legal implications

9.0 EQUALITIES IMPLICATIONS

- 9.1. All equality strands are affected by at least some of these changes. A key issue for those supporting people who rely on welfare for support will be the overriding fact that UC is by design, a scheme that is 'digital by default'. In reality this will present wide ranging issues for many claimants.

- 9.2. For each area of reform a national Equality Impact Assessment has been undertaken and may be viewed on the links shown below:

[Universal Credit – equality impact assessment](#)

[Local Government Finance Bill: Localising Support for Council Tax - Equality Impact Assessment](#)

[Household benefit cap – equality impact assessment](#)

[Social sector housing under-occupation – equality impact assessment](#)

[Housing Benefit: CPI uprating of Local Housing Allowance – equality impact assessment](#)

[Single Fraud Investigation Service – equality impact assessment](#)

- 9.3. An Equality Impact Assessment has been undertaken in respect of the Benefits service, this is available for viewing at:

[Housing Benefits December 2010](#)

- 9.4. Revised and further EIA's will be required as the service prepares for the schedule of change, significantly the localised support scheme for Council Tax, once defined, will also need a separate EIA.

10. CARBON REDUCTION IMPLICATIONS

- 10.1 There are none arising directly from this report.

11. PLANNING AND COMMUNITY SAFETY IMPLICATIONS

- 11.1 There are none arising directly from this report.

12.0 RECOMMENDATION

- 12.1 That Members note the report.

12.1.REASON FOR RECOMMENDATION

- 21.1 To update Members on the significant changes being enacted and the scale of change and its consequential impact on claimants, as well as the impact of the compressed timetable being proposed by the Government.

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APPENDICES

None

REFERENCE MATERIAL

[Localising support for council tax in England: Consultation](#)

[Housing Benefit Reform – Supported Housing \(480KB\)](#)

[Consultation responses to 21st Century Welfare \(1.98MB\)](#) 

[Universal Credit: welfare that works](#)

www.dwp.gov.uk/ucla

[Localising support for council tax in England: Government's response to the outcome of consultation](#)

<http://www.laiog.org/documents/download/83/>

[Social Fund localisation \(85KB\)](#)

[Universal Credit \(277KB\)](#)

[Household benefit cap](#)

[Single Fraud Investigation Service](#)

[Local Government Finance Bill: Localising support for council tax - Impact assessment](#)

[Housing Benefit: CPI uprating of Local Housing Allowance](#)

[Social sector housing under-occupation](#)

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
CABINET	13 OCTOBER 2011
CABINET	22 SEPTEMBER 2011
COUNCIL EXCELLENCE OVERVIEW & SCRUTINY COMMITTEE	16 MARCH 2011

WIRRAL COUNCIL

COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

26 MARCH 2012

SUBJECT	TREASURY MANAGEMENT PERFORMANCE MONITORING
WARD/S AFFECTED	ALL
REPORT OF	DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER	COUNCILLOR JEFF GREEN
KEY DECISION	YES

1.0 EXECUTIVE SUMMARY

- 1.1 This report presents a review of Treasury Management policies, practices and activities during the third 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.

2.0 RECOMMENDATION

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

3.0 REASON 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 management policies, practices and activities 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.

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, to borrow and invest in the light of capital spending requirements, interest rate forecasts and 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, Council Excellence Overview & Scrutiny Committee and Council on a quarterly basis.

CURRENT ECONOMIC ENVIRONMENT

- 4.3 The third quarter of 2011/12 was dominated by the escalation of the sovereign debt crisis in the Eurozone. Despite several summits of Heads of State, the tough decisions and workable plans required to address the fundamental fiscal and economic problems were not resolved.
- 4.4 The lack of growth in the major economies was problematic for central bankers, not helped by the Eurozone sovereign debt crisis. Growth in the UK registered 0.5% for the 12 months to September 2011 as domestic demand was depressed by low wage growth, high inflation and the fiscal policy measures taken by the Government to address the deficit and level of debt. Inflation remained high, with the annual CPI for November 2011 at 4.8%, remaining above Monetary Policy Committee 3% upper limit for 23 consecutive months. However, the medium term outlook is that inflation rates will fall back during 2012.
- 4.5 Central bank policies were once again driven by the low growth outlook rather than the upward trend in inflation. The slowdown in the global economy, a deterioration in the economic outlook, the severe strains in bank funding markets and a continued lack of supply of credit were the reasons given for the Monetary Policy Committee decision in October 2011 to increase asset purchases (Quantitative Easing) by £75 billion whilst maintaining the Bank Rate at 0.5%.
- 4.6 The rating agencies' warnings also became more strident in this third quarter. Moody's said that it would review the ratings of all European Union sovereigns in the first quarter of 2012 after the December summit failed to produce decisive policy measures. Fitch placed the ratings of several sovereigns including Italy, Spain, Belgium and Ireland on rating watch negative based on its view that a comprehensive solution to the crisis is technically and politically beyond reach.

THE COUNCIL TREASURY POSITION

4.7 The table shows how the position has changed since 30 September 2011.

Table 1: Summary of Treasury Position

	Balance 30 Sep 11 (£m)	Maturities (£m)	Additions (£m)	Balance 31 Dec 11 (£m)
Investments	148	(185)	172	135
Borrowings	(272)	6	(5)	(271)
Other Long-Term Liabilities	(65)			(65)
Net Debt	(189)	(179)	167	(201)

INVESTMENTS

4.8 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 and money borrowed in advance of spending, Schools' Balances and daily cashflow / working capital.

4.9 At 31 December 2011 the Council held investments of £135 million.

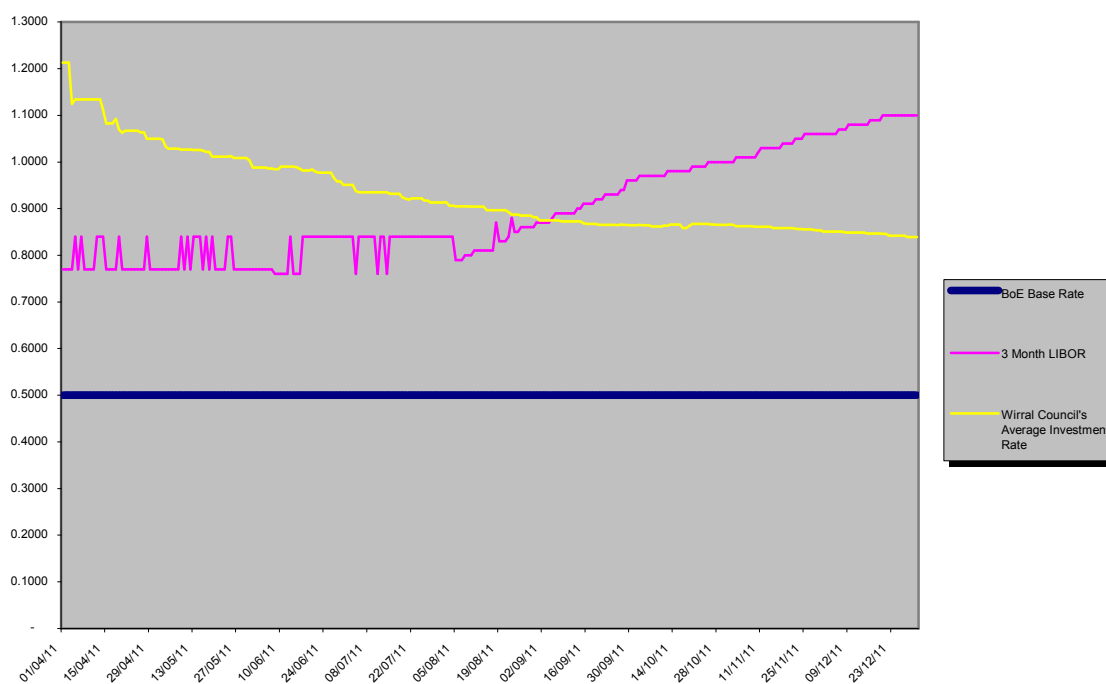
Table 2: Investment Profile

Investments with:	30 Jun 11 £m	30 Sep 11 £m	31 Dec 11 £m
UK Banks	61	60	47
UK Building Societies	15	15	6
Money Market Funds	39	29	40
Other Local Authorities	32	36	34
Gilts and Bonds	10	8	8
TOTAL	157	148	135

4.10 Of the above investments, £40 million is invested in instant access funds, £69 million is invested for up to 1 year and £26 million is invested for up to 5 years.

4.11 The average rate of return on investments as at 31 December 2011 is 0.84%. 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



- 4.12 The rate at which the Council can invest money continues to be low, in line with the low Bank of England base rate. LIBOR has begun to rise, as banks demand greater returns for the perceived increased risk in the market. The Council investment rate of return has been reducing, as money is transferred from banks to more secure investments, with this increased security coming at the cost of reduced investment returns.
- 4.13 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. Counterparty credit quality is also assessed and monitored with reference to: credit default swaps; GDP of the country in which the institution operates; the country's net debt as a percentage of GDP; sovereign support mechanisms /potential support from a well-resourced parent institution; share price.
- 4.14 The ratings of most of the UK banks and non-UK banks were either downgraded or placed on review for possible downgrade. The downgrades resulted in the long-term rating of several UK institutions falling below the minimum criteria of 'A+'. Even though there are no solvency issues with these institutions, they have been temporarily suspended as counterparties for new investments until a revision to the minimum credit criteria has been considered and approved by the Council. No new investments will be made with these 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.

- 4.15 The Council's main bank account is with Natwest Bank, and the Cabinet on 3 November 2011 agreed 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.
- 4.16 Investments with the residual banks on the Council list were limited to 3 months with Santander limited to overnight deposits and the use of the bank's liquidity account. To compensate for the restricted counterparty list the Council has actively sought investments with other Local Authorities as well as increasing investments in AAA rated money market funds. These sources of investment offer greater security but with a reduced investment return.
- 4.17 The credit rating criteria for 2012/13 are presently under review as part of the Treasury Management Strategy which will be reported to Budget Cabinet on 20 February 2012. The Treasury Management Team will continue to monitor the developing financial situation and 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.
- 4.18 The 2011/12 investment income budget has been set at £1.3 million, reflecting the low interest rates that are anticipated to continue throughout the financial year. However, the proactive management of investments, as well as the realisation of additional income through the maturity of a long held Gilt, means that a surplus of £0.5 million is now anticipated in 2011/12.

Icelandic Investment

- 4.19 The Council 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 Bank was placed in administration on 7 October 2008. Members have received regular updates regarding the circumstances and the latest situation. In March 2009 an Audit Commission report confirmed that Wirral Council had acted, and continues to act, prudently and properly in all its investment activities.
- 4.20 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.
- 4.21 To date, £1,360,645 has been received with payments due over 2011-2013.

Table 3: Heritable Bank Repayments

	£
Initial Investment	2,000,000
Actual Repayments Received	
As at 31 December 11	1,360,645
Estimate of Future Repayments	
Jan-12	133,764
Apr-12	133,764
Jul-12	133,764
Oct-12	133,764
Total	535,056
Estimate of Minimum Total Repayment	1,895,701

- 4.22 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.
- 4.23 If Heritable Bank is unable to repay in full, a pre-emptive claim has been made 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 LONG TERM LIABILITIES

- 4.24 Borrowing is undertaken to help fund capital expenditure and the approved Capital Programme shows that borrowing of £30 million is required in 2011/12. The use of internal resources in lieu of borrowing continues to be the most cost effective means of funding capital expenditure. This lowers overall treasury risk by reducing both external debt and temporary investments. However, this position is not sustainable over the medium term and there will be a need to borrow for capital purposes. Therefore the borrowing options and the timing of such borrowing will continue to be assessed.
- 4.25 On 9 November 2011 the Treasury Management Team assessed the market conditions as optimum for undertaking borrowing. £5 million was borrowed from the PWLB over 10 years at an interest rate of 2.30%. The PWLB remains the preferred source of borrowing given the transparency and control that its facilities continue to provide. The loan replaced maturing loans of £6 million which previously cost an average of 3.15%.
- 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 **Table 4: Council Debt at 31 December 2011**

Debt	Balance 30 Sep 11 (£m)	Maturities (£m)	Additions (£m)	Balance 31 Dec 11 (£m)
Borrowings				
PWLB	(98)	6	(5)	(97)
Market Loans	(174)	0	0	(174)
Other Long Term Liabilities				
PFI	(62)	0	0	(62)
Finance Leases	(3)	0	0	(3)
TOTAL	(337)	6	(5)	(336)

4.28 The level of borrowing required to fund capital schemes in 2011/12 was forecast to be £30 million. With limited external borrowing undertaken to date a saving is expected in the capital financing budget. This is due to capital expenditure being incurred later in the year and through the prudent use of internal borrowing. Consequently external borrowing is anticipated to be £20 million less than expected in 2011/12 resulting in reduced capital financing costs of £2 million for 2011/12.

MONITORING OF THE PRUDENTIAL CODE INDICATORS

4.29 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.

4.30 There follows 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 Debt and Capital Financing Requirement (CFR) Indicator

4.31 The CFR measures the underlying need to borrow money to finance capital expenditure. The Prudential Code stipulates that net debt (debt net of investments) should not, except in the short term, exceed the CFR for the previous year plus the estimated additional CFR requirement for the current and next two financial years.

Table 5: Net Debt compared with CFR

	£m
CFR in previous year (2010/11 actual)	378
Increase in CFR in 2011/12 (estimate)	14
Increase in CFR in 2012/13 (estimate)	0
Increase in CFR in 2013/14 (estimate)	0
Accumulative CFR	392
Net Debt as at 31 Dec 2011	201

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

Authorised Limit and Operational Boundary Indicators

- 4.33 The Authorised Limit is the amount determined as the level of debt which, while not desired, could be afforded but may not be sustainable. It is not treated as an upper limit for debt 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.
- 4.34 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

	Oct 11 (£m)	Nov 11 (£m)	Dec 11 (£m)
AUTHORISED LIMIT	497	497	497
OPERATIONAL BOUNDARY	482	482	482
Council Borrowings	272	272	271
Other Long Term Liabilities	65	65	65
TOTAL	337	337	336

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

Interest Rate Exposures Indicator

- 4.36 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:

	Fixed Rate of Interest (£m)	Variable Rate of Interest (£m)	TOTAL
Borrowings	(271)	0	(271)
Proportion of Borrowings	100%	0%	100%
Upper Limit	100%	0%	
Investments	19	116	135
Proportion of Investments	14%	86%	100%
Upper Limit	100%	100%	
Net Borrowing	(252)	116	(136)
Proportion of Total Net Borrowing	185%	-85%	100%

4.37 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.

4.38 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

4.39 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

Borrowings Maturity	As at 31 Dec 11 (£m)	As at 31 Dec 11 (%)	2011/12 Lower Limit (%)	2011/12 Upper Limit (%)
Less than 1 year	21	8	0	20
Over 1 year under 2 years	25	9	0	20
Over 2 years under 5 years	34	13	0	50
Over 5 years under 10 years	29	11	0	50
Over 10 years	162	60	20	100
Total Borrowing	271	100		

Total Principal Sums Invested for Periods Longer than 364 Days

4.40 This indicator allows the Council to manage the risk inherent in investments longer than 364 days. The limit for 2011/12 was set at £30 million. Currently the Council has £26.5 million of investments which are for a period greater than 364 days during this period.

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 In the financial year 2011/12, treasury management activities are now projected to result in £0.5 million of additional income from investments and a saving of £2 million from capital financing costs.

9.2 There are no IT, staffing or asset implications arising from this report.

10.0 LEGAL IMPLICATIONS

10.1 There are none arising from this report.

11.0 EQUALITIES IMPLICATIONS

11.1 There are none arising from this report.

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 from this report.

REPORT AUTHOR: Mark Goulding
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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 (2011 Edition), CIPFA 2011.
Prudential Code for Capital Finance in Local Authorities (2011 Edition), CIPFA 2011.

SUBJECT HISTORY

Council Meeting	Date
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
Cabinet - Treasury Management Performance Monitoring	2 February 2012

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WIRRAL COUNCIL

COUNCIL EXCELLENCE OVERVIEW & SCRUTINY COMMITTEE

26 MARCH 2012

SUBJECT	TREASURY MANAGEMENT AND INVESTMENT STRATEGY 2012-15
WARD/S AFFECTED	ALL
REPORT OF	DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER	COUNCILLOR JEFF GREEN
KEY DECISION	YES

1.0 EXECUTIVE SUMMARY

- 1.1 This report sets out the Treasury Management and Investment Strategy for 2012-2015 in accordance with the CIPFA Code of Practice for Treasury Management in Public Services. It was agreed by Cabinet on 21 February 2012.

2.0 RECOMMENDATION

- 2.1 That Members note the Treasury Management and Investment Strategy for 2012-2015.

3.0 REASONS FOR RECOMMENDATION

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

4.0 BACKGROUND AND KEY ISSUES

4.1 CIPFA has defined treasury management as:

“the management of the organisation’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

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

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

- The Treasury Management Strategy for 2012-15 - The long term direction for Council borrowing, debt rescheduling and investments.
- The Prudential Indicators – Information to ensure that capital investment is affordable, prudent and sustainable.
- The Minimum Revenue Provision (MRP) Statement – The policy on the repayment of long term debt.
- Authorised signatories for treasury management activities.

5.0 RELEVANT RISKS

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

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

6.0 OTHER OPTIONS CONSIDERED

6.1 There are no other options considered in this report.

7.0 CONSULTATION

7.1 This Strategy has been written in consultation with the external treasury management advisors, Arlingclose. There has been no further consultation undertaken or proposed for this Strategy. 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 directly out of this report.

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

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

10.0 LEGAL IMPLICATIONS

10.1 There are none arising directly out of this report.

11.0 EQUALITIES IMPLICATIONS

11.1 There are none arising directly out of this report.

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

12.0 CARBON REDUCTION IMPLICATIONS

12.1 There are none arising directly out of this report.

13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

13.1 There are none arising directly out of this report.

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APPENDICES

Treasury Management and Investment Strategic Statement 2012-2015

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 (2011), CIPFA 2011

Prudential Code for Capital Finance in Local Authorities (2011 Edition), CIPFA 2011

SUBJECT HISTORY

Council Meeting	Date
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 2012
Cabinet - Treasury Management Performance Monitoring	2 February 2012
Cabinet - Treasury Management and Investment Strategy 2012 to 2015	21 February 2012



Wirral Council

Treasury Management and
Investment Strategy 2012-2015

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1. Background
2. Capital Financing Requirement
3. Borrowing Strategy
4. Annual Investment Strategy
5. Interest Rate Forecast
6. Policy on Delegation
7. Balanced Budget Requirement
8. 2012/13 Minimum Revenue Provision Statement
9. Performance Monitoring and Reporting
10. Treasury Advisors

APPENDICES

- A. Treasury Management Policy Statement
- B. Existing Investment and Debt Portfolio Position
- C. Prudential Indicators 2012/13 – 2014/15
- D. Arlingclose's Economic and Interest Rate Outlook
- E. Authorised Signatories

1. BACKGROUND

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

1.2 Wirral Council defines its treasury management activities as:

"the management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

1.3 The Council will create and maintain, as the cornerstones for effective treasury management:

- A treasury management policy statement (see Appendix A), stating the policies, objectives and approach to risk management of its treasury management activities.
- Suitable treasury management practices (TMPs), setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

1.4 Treasury Management is about the management of risk. The Council is responsible for its treasury decisions and activity. No treasury management activity is without risk.

1.5 As per the requirements of the Prudential Code, the Authority has adopted the CIPFA Treasury Management. All treasury activity will comply with relevant statute, guidance and accounting standards.

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

- Treasury Management Strategy for 2012/13; including the adoption of the revised CIPFA Treasury Management Code of Practice.
- Annual Investment Strategy for 2012/13
- Minimum Revenue Provision (MRP) Statement
- Treasury Management Policy Statement
- Prudential Indicators for 2012/13, 2013/14 and 2014/15
- Authorised Signatories for Treasury Management Activity

2. CAPITAL FINANCING REQUIREMENT

- 2.1 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR). The CFR, together with Usable Reserves are the core drivers of treasury management activity.
- 2.2 The Authority's current level of debt and investments are set out in Appendix B.
- 2.3 The Authority is able to borrow funds in excess of the current level of its CFR up to the projected level in 2014/15. The Authority is likely to only borrow in advance of need if it felt the benefits of borrowing at interest rates now compared to where they are expected to be in the future, outweighs the current cost and risks associated with investing the proceeds until the borrowing was actually required.
- 2.4 The forecast movement in the CFR in coming years is one of the Prudential Indicators (PIs). The movement in actual external debt and usable reserves combine to identify the Authority's borrowing requirement and potential investment strategy in the current and future years.

Table 1: Balance Sheet Summary Analysis

	31-Mar-12 Estimate £m	31-Mar-13 Estimate £m	31-Mar-14 Estimate £m	31-Mar-15 Estimate £m
Capital Financing Requirement (CFR)	392	384	383	374
Less: Existing Profile of Borrowing and Other Long Term Liabilities	327	307	274	258
Cumulative Maximum External Borrowing Requirement	65	77	109	116
Usable Reserves	113	89	86	81
Cumulative Net Borrowing Requirement / (Investments)	(48)	(12)	23	35

- 2.5 Table 1 shows that the capital expenditure plans of the Authority over the next three years cannot be funded entirely from other sources and external borrowing would eventually be required.

3. BORROWING STRATEGY

- 3.1 Treasury management and borrowing strategies in particular continue to be influenced not only by the absolute level of borrowing rates but also the relationship between short and long term interest rates. The interest rate forecast, provided in Appendix C, indicates that an acute difference between short and longer term interest rates is expected to continue for the foreseeable future. This difference creates a “cost of carry” for any new longer term borrowing. Cost of carry is the difference between what is paid on the borrowing and the investment income that can be earned while the borrowed monies are temporarily held as investments until needed to fund capital expenditure. Whilst the cost of carry can be assumed to be a reasonably short term issue, since borrowing is often for longer dated periods (anything up to 50 years), it cannot be ignored against a backdrop of uncertainty and affordability constraints in the Authority’s wider financial position.
- 3.2 As indicated in Table 1, the Authority has a gross borrowing requirement, with an underlying potential to borrow, from internal or external sources, of up to £77m in 2012/13. The Authority will adopt a flexible approach to this borrowing in consultation with its treasury management advisers. The following issues will be considered prior to undertaking any external borrowing:
- Affordability;
 - Maturity profile of existing debt;
 - Interest rate and refinancing risk;
 - The borrowing source.

Borrowing source

- 3.3 In conjunction with advice from Arlingclose, the Authority will keep under review the following borrowing sources:
- PWLB
 - Local authorities
 - Commercial banks
 - European Investment Bank
 - Money markets
 - Capital market (stock issues, commercial papers and bills)
 - Structured finance
 - Leasing
- 3.4 At present, the PWLB remains the Council’s preferred source of borrowing given the transparency and control that its facilities continue to provide

Type of borrowing

- 3.5 As the cost of carry remains high there is a greater reliance upon shorter dated and variable rate borrowing. This type of borrowing injects volatility into the debt portfolio in terms of interest rate risk but is counterbalanced by its affordability and alignment of borrowing costs with investment returns. The Authority's exposure to shorter dated and variable rate borrowing is kept under regular review by reference to the spread between variable rate and longer term borrowing costs. A narrowing in the spread by 0.5% will result in an immediate review of the borrowing strategy to determine whether the exposure to short dated and variable rates is maintained or altered.

LOBOs

- 3.6 The Authority has £174m of exposure to LOBO loans (Lender's Option Borrower's Option) of which £169m of these can be called within 2012/13. A LOBO is called when the Lender exercises its rights to amend the interest rate on the loan at which point the Borrower can accept the revised terms or reject them and repay the loan. LOBO loans present a potential refinancing risk to the Authority since the decision to call a LOBO is entirely at the lender's discretion.
- 3.7 Any LOBOs called will be discussed with Arlingclose prior to acceptance of any revised terms. The default position will be the repayment of the LOBO without penalty i.e. the revised terms will not be accepted.

Debt Rescheduling

- 3.8 The Authority's debt portfolio can be restructured by prematurely repaying loans and refinancing them on similar or different terms to achieve a reduction in risk and/or savings in interest costs.
- 3.9 The lower interest rate environment and changes in the rules regarding the premature repayment of PWLB loans has adversely affected the scope to undertake meaningful debt restructuring although occasional opportunities arise. The rationale for undertaking debt rescheduling would be one or more of the following:
- Savings in risk adjusted interest costs
 - Rebalancing the interest rate structure of the debt portfolio
 - Changing the maturity profile of the debt portfolio
- 3.10 The affordability, prudence and sustainability of borrowing plans will be regulated by a range of Prudential Indicators, which can be found in Appendix C.
- 3.11 Borrowing and rescheduling activity will be reported to Cabinet in the Annual Treasury Management Report and the regular treasury management reports.

4. ANNUAL INVESTMENT STRATEGY

- 4.1 In accordance with Investment Guidance issued by the CLG and best practice this Authority's primary objective in relation to the investment of public funds remains the security of capital. The liquidity or accessibility of the Authority's investments followed by the yields earned on investments are important but are secondary considerations.
- 4.2 Credit markets remain volatile as a result of the level and cost of debt within financial markets. In some instance, Greece and Italy being the most notable examples, the extent and implications of the cumulative debt has lead to a sovereign debt crisis and a banking crisis with the outcome still largely unknown. It is against this backdrop of uncertainty that the Authority's investment strategy is framed.
- 4.3 Investments are categorised as 'Specified' or 'Non Specified' investments based on the criteria in the CLG Guidance. Specified investments are sterling denominated investments with a maximum maturity of one year. They would also not be deemed capital expenditure investments under Statute. Non-specified investments are effectively, everything else. Both types of investment would have to meet the high credit quality as determined by the Authority.
- 4.4 The types of investments that will be used by the Authority and whether they are specified or non-specified are as follows:

Table 2: Specified and Non Specified Investments

Investments	Specified	Non-Specified
Term deposits with banks & building societies	✓	✓
Term deposits with other UK local authorities	✓	✓
Certificates of deposit with banks & building societies	✓	✓
Gilts	✓	✓
Treasury Bills (T-Bills)	✓	✗
Bonds issued by Multilateral Development Banks	✓	✓
Local Authority Bills	✓	✗
Commercial Paper	✓	✗
Corporate Bonds	✓	✓
AAA rated Money Market Funds	✓	✗
Other Money Market and Collective Investment Schemes	✓	✓
Debt Management Account Deposit Facility	✓	✗

- 4.5 A number of changes have been implemented to investment strategy for 2012/13 in response to changes in the CLG Guidance and evolving conditions in financial markets. This has resulted in the inclusion of corporate bonds which the CLG have indicated will become eligible non-capital investment from 1 April 2012. However, the principal amendments are in relation to the individual institutions with which the Authority is prepared to lend its funds.
- 4.6 The Authority and its advisors, Arlingclose Ltd, select countries and financial institutions after analysis and ongoing monitoring of:
- Published credit ratings for financial institutions - **minimum long term rating of A- or equivalent for counterparties; AA+ or equivalent for non-UK sovereigns**. This is lower than the A+ minimum adopted in 2011/12 and is in response to downgrades in credit ratings below A+ of many institutions considered to be systemically important to the financial system. Counterparties with a credit rating of A- are defined as having high credit quality, low credit risk and a strong ability to repay.
 - Credit Default Swaps (where quoted)
 - Economic fundamentals (for example Net Debt as a percentage of GDP)
 - Sovereign support mechanisms
 - Share Prices
 - Corporate developments, news, articles, markets sentiment and momentum
 - Subjective overlay – or, put more simply, common sense.
- 4.7 Any institution can be suspended or removed should any of the factors identified above give rise to concern.
- 4.8 It remains the Authority's policy to make exceptions to counterparty policy established around credit ratings, but this is conditional and directional. What this means is that an institution that meets criteria may be suspended, but institutions not meeting criteria will not be added.
- 4.9 The Authority currently banks with Natwest. During 2012 the Authority will be undertaking a tender exercise for its banking services which could result in a change of bank. At present Natwest meets the proposed minimum credit criteria of A-. If the credit rating of Natwest or any other bank supplying the main banking services did fall below the Authority's minimum credit criteria, the bank would continue to be used for short term liquidity requirements (overnight and weekend investments) and business continuity arrangements.
- 4.10 With short term interest rates forecast to remain low, an investment strategy would typically propose a lengthening of investment periods, where cash flow permits, in order to lock in higher rates of acceptable risk adjusted returns. The problem in the current environment is finding an investment counterparty providing acceptable levels of risk.

- 4.11 In order to diversify an investment portfolio largely invested in cash, investments will be placed with a range of approved investment counterparties to achieve a diversified portfolio of prudent counterparties, investment periods and rates of return. Maximum investment levels with each counterparty will be set to ensure prudent diversification is achieved.

Money Market Funds

- 4.12 Money market funds (MMFs) are pooled funds that invest in short-term debt instruments. They provide the benefits of pooled investment, as investors can participate in a more diverse and high quality portfolio than they otherwise could. The principal objective of a MMF is the preservation of capital, very high liquidity and competitive returns commensurate with security and liquidity. MMFs will be utilised but good treasury management practice prevails and whilst MMFs provide good diversification the Authority will also seek to diversify any exposure by utilising more than one MMF. The Authority will also seek to restrict its exposure to MMFs with lower levels of funds under management and will not exceed 0.5% of the net asset value of the MMF. In the case of Government Liquidity Funds, the Council's exposure to a Fund will not exceed 2%.

Pooled Funds

- 4.13 The Authority has evaluated the use of Pooled Funds and determined the appropriateness of their use within the investment portfolio. Pooled funds enable the Authority to diversify the assets and the underlying risk in the investment portfolio and provide the potential for enhanced returns.
- 4.14 Investments in pooled funds will be undertaken with advice from Arlingclose Ltd. The Authority's current investments in pooled funds (other than MMFs) are with the Payden and Rygel Sterling Reserve Fund: their performance and continued suitability in meeting the Authority's investment objectives are regularly monitored.

Derivative Instruments

- 4.15 Currently, Local Authorities' legal power to use derivative instruments remains unclear. The General Power of Competence enshrined in the Localism Act is not sufficiently explicit. Consequently, the Authority does not intend to use derivatives.
- 4.16 Should this position change, the Council may seek to develop a detailed and robust risk management framework governing the use of derivatives, but this change in strategy will require full Council approval.

Debt Management Office

- 4.17 In any period of significant stress in the markets, the default position is for investments to be made with the Debt Management Office or UK Treasury Bills. (The rates of interest from the DMADF are below equivalent money market rates, but the returns are an acceptable trade-off for the guarantee that the Council's capital is secure.)
- 4.18 The Director of Finance and Deputy Chief Executive, under delegated powers, will undertake the most appropriate form of investments in keeping with the investment objectives, income and risk management requirements and Prudential Indicators. Decisions taken on the core investment portfolio will be reported to Cabinet meetings.

5. INTEREST RATE FORECAST

- 5.1 The economic interest rate forecast provided by the Authority's treasury management advisor is attached at Appendix D. The Authority will reappraise its strategies from time to time in response to evolving economic, political and financial events.

6. POLICY ON DELEGATION

- 6.1 The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to Cabinet, and for the execution and administration of treasury management decisions to the Director of Finance who will act in accordance with the Council's Strategy Statement, Treasury Management Practices (TMPs) and CIPFA's Standard of Professional Practice on Treasury Management.
- 6.2 On a day to day basis the Treasury Management Team within the Accountancy Section carries out the treasury management activities.
- 6.3 Decisions on short term investments and short term borrowings may be made on behalf of the Director of Finance by the Group Accountant for Treasury Management or any of the members of the Treasury Management Team who are empowered to agree deals subject to their conforming to the Authority's Treasury Management Strategy and policies outlined in this report.
- 6.4 Actual authorisation of payments from the Authority's bank account will be made by the Director of Finance, the Deputy Director of Finance, the Finance Heads of Service or the Chief Accountants, listed in Appendix E.
- 6.5 Decisions on long term investments or long term borrowings (i.e. for periods greater than one year) may be made on behalf of the Director of Finance by the Group Accountant or the Senior Assistant Accountants on the Treasury Management Team and will be reported to Cabinet.

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

6.7 The Council nominates the Council Excellence Overview and Scrutiny Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

7. BALANCED BUDGET REQUIREMENT

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

8. 2012/13 MINIMUM REVENUE POSITION (MRP) STATEMENT

8.1 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 (SI 2008/414) place a duty on local authorities to make a prudent provision for debt redemption. Guidance on Minimum Revenue Provision has been issued by the Secretary of State and local authorities are required to “have regard” to such Guidance under section 21(1A) of the Local Government Act 2003.

8.2 The four MRP options available are:
Option 1: Regulatory Method
Option 2: CFR Method
Option 3: Asset Life Method
Option 4: Depreciation Method
NB this does not preclude other prudent methods

8.3 MRP in 2012/13: Options 1 and 2 may be used only for supported expenditure. Methods of making prudent provision for self financed expenditure include Options 3 and 4 (which may also be used for supported expenditure if the Council chooses).

8.4 The MRP Statement will be submitted to Council before the start of the 2012/13 financial year. If it is ever proposed to vary the terms of the original MRP Statement during the year, a revised statement should be put to Council at that time.

8.5 The Council will apply Option 1 in respect of supported capital expenditure and Option 3 in respect of unsupported capital expenditure.

8.6 For prudence, when Option 3, the asset life method, is applied to the funding of an asset with a life greater than 25 years the Council will apply a default asset life of 25 years. Estimating assets lives over 25 years is difficult to achieve accurately; therefore, using a default of 25 years is considered the most prudent approach and is in keeping with the Regulations.

- 8.7 MRP in respect of PFI and leases brought on Balance Sheet under International Financial Reporting Standards (IFRS) will also be calculated using Option 3 and will match the annual principal repayment for the associated deferred liability.

9. PERFORMANCE MONITORING AND REPORTING

- 9.1 The Council will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close in the form prescribed in its TMPs.
- 9.2 To ensure adherence to this, the Director of Finance will report to Cabinet on treasury management policies, practices and activities activity / performance as follows :
- Quarterly against the strategy approved for the year.
 - The Council will produce an Outturn Report on its treasury activity no later than 30 September after the financial year end.
 - Council Excellence Overview and Scrutiny Committee will be responsible for the scrutiny of treasury management activity and practices.

10. TREASURY ADVISORS

- 10.1 The Authority continues to use Arlingclose Ltd. for external, independent treasury management advice. The Treasury Management Team within Accountancy monitor the quality of the service provided.

TREASURY MANAGEMENT POLICY STATEMENT

1. Introduction and background

1.1 The Council adopts the key recommendations of CIPFA's Treasury Management in the Public Services: Code of Practice (the Code), as described in Section 5 of the Code.

1.3 Accordingly, the Council will create and maintain, as the cornerstones for effective treasury management:-

- A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities
- Suitable treasury management practices (TMPs), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

1.3 The Council (i.e. full Council) will receive reports on its treasury management policies, practices and activities including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs.

1.4 The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to Cabinet, and for the execution and administration of treasury management decisions to the Director of Finance who will act in accordance with the Council's Strategy Statement, Treasury Management Practices (TMPs) and CIPFA's Standard of Professional Practice on Treasury Management.

1.5 The Council nominates the Council Excellence Overview and Scrutiny Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

2. Policies and objectives of treasury management activities

2.1 The Council defines its treasury management activities as:

“The management of the Council's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

- 2.2 This Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.
- 2.3 This Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.
- 2.4 The Council's borrowing will be affordable, sustainable and prudent and consideration will be given to the management of interest rate risk and refinancing risk. The source from which the borrowing is taken and the type of borrowing should allow the Council transparency and control over its debt.
- 2.5 The Council's primary objective in relation to investments remains the security of capital. The liquidity or accessibility of the Authority's investments followed by the yield earned on investments remain important but are secondary considerations.

EXISTING INVESTMENT & DEBT PORTFOLIO POSITION

	Current Portfolio as at 31 Dec 11 £m
External Borrowing:	
Fixed Rate – PWLB	97
Fixed Rate – Market	174
Variable Rate – PWLB	0
Variable Rate – Market	0
Total External Borrowing	271
Other long-term liabilities:	
PFI	62
Finance Leases	3
Total Other Long-Term Liabilities	65
Total External Debt	336
Investments:	
<i>Managed in-house</i>	
Deposits with Banks and Building Societies	52
Deposits with Money Market Funds	40
Deposits with other Public Sector Bodies	34
Deposits in Supranational Bonds and Gilts	8
<i>Managed externally</i>	
Payden Sterling Reserve	1
Total Investments	135
Net Borrowing Position	201

PRUDENTIAL INDICATORS 2012/13 – 2014/15

1. **Background**

There is a requirement under the Local Government Act 2003 for local authorities to have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities (the "Prudential Code") when setting and reviewing their Prudential Indicators. In 2011 the CIPFA Prudential Code was revised and the changes have been incorporated into the Prudential Indicators below.

2. **Estimates of Capital Expenditure**

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

Table A:

	2011/12 Approved £000	2011/12 Revised £000	2012/13 Estimate £000	2013/14 Estimate £000	2014/15 Estimate £000
Capital Expenditure	49,259	73,696	33,737	29,109	12,825

Capital expenditure is expected to be financed and funded as follows:

Capital Financing	2011/12 Approved £000	2011/12 Revised £000	2012/13 Estimate £000	2013/14 Estimate £000	2014/15 Estimate £000
Supported Borrowing	483	3,481	0	0	0
Unsupported Borrowing	15,422	28,496	9,135	16,610	3,305
Capital Receipts	3,000	3,000	3,000	3,000	3,000
Capital Grants	30,054	36,325	21,302	9,199	6,520
Revenue Contribution	300	2,394	300	300	0
Total Financing and Funding	49,259	73,696	33,737	29,109	12,825

3. **Incremental Impact of Capital Investment Decisions:**

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

Table B:

Incremental Impact of Capital Investment Decisions	2011/12 Approved £	2012/13 Estimate £	2013/14 Estimate £	2014/15 Estimate £
Increase in Band D Council Tax	13.54	5.30	11.93	5.37

4. Ratio of Financing Costs to Net Revenue Stream

The estimate for interest payment in 2012/13 is £14m and for interest receipts is £1m. The ratio of financing costs to the Council's net revenue stream is an indicator of affordability. It highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of revenue budget required to meeting borrowing costs. The ratio is based on costs net of investment income.

Table C:

Ratio of Finance Costs to net Revenue Stream	2011/12 Approved %	2011/12 Revised %	2012/13 Estimate %	2013/14 Estimate %	2014/15 Estimate %
Ratio	9.31	8.64	9.34	9.57	10.48

5. Capital Financing Requirement

The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose. The calculation of the CFR is taken from the amounts held in the Balance Sheet relating to capital expenditure and its financing.

Table D:

Capital Financing Requirement	2011/12 Approved £m	2011/12 Revised £m	2012/13 Estimate £m	2013/14 Estimate £m	2014/15 Estimate £m
CFR	394	392	384	383	374

6. Net Debt and the Capital Financing Requirement

As part of the revision to the Prudential Code this indicator was changed from comparing net borrowing to comparing net debt. The reason behind this was a technical one. The recent move to IFRS meant that many authorities now had PFI schemes and finance leases on their balance which were then included in the CFR. By comparing this to net borrowing, which did not include the liabilities in relation to such schemes, meant that the comparison was not on a like for like basis.

Hence, the opportunity was taken to amend the indicator to compare net debt rather than net borrowing. This means that the wider definition of debt, which includes other long term liabilities, such as those relating to PFI and finance leases, enables a more like for like comparison to CFR.

Its purpose is to ensure that over the medium term, net debt will only be for a capital purpose. In order to ensure this the Authority should ensure that the net external debt does not, except in the short term exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional increases to the capital financing requirement for the current and the next two financial years.

The Authority had no difficulty meeting this requirement in 2011/12, nor does the Director of Finance and Deputy Chief Executive envisage any difficulties meeting it in future years. This view takes into account current commitments, existing plans and the proposals in the approved budget.

7. Gross Debt and the Capital Financing Requirement

CIPFA is currently seeking views on proposed changes to the net debt and capital financing requirement prudential indicator. A change to the indicator to compare the gross debt position rather than the net debt position may better fulfil the indicators purpose.

The Authority would have had no difficulty in meeting this additional proposed indicator. Nor would there be any difficulties envisaged for future years. This view takes into account current commitments, existing plans and the proposals in the approved budget.

8. Actual External Debt

The Council's balance of Actual External Debt (i.e. long and short term borrowing, overdrawn bank balances and long term liabilities) as at 31 March 2011 was **£339m**. A breakdown of this figure is provided in Table E below. This Prudential Indicator is measured in a manner consistent for comparison with the Operational Boundary and Authorised Limit.

Table E:

Actual External Debt as at 31 March 2011	2011/12
	£m
Borrowing	274
Other Long Term Liabilities	65
Total	339

9. Gross and Net Debt

The purpose of this treasury indicator is to highlight a situation where the Council is planning to borrow in advance of need. CIPFA are again currently considering if this indicator is the most effective way of highlighting borrowing in advance of need. In the interim, an upper limit, as an absolute amount, has been set for net debt based upon the Authority's CFR.

Table F:

Gross and Net Debt	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate
	£m	£m	£m
Upper Limit for Net Debt	384	383	374

10. The Authorised Limit

The Authorised Limit sets the maximum level of external debt on a gross basis (i.e. not net of investments) for the Council. It is measured on a daily basis against all external debt items on the Balance Sheet and is the statutory limit determine under Section 3 (1) of the Local Government Act 2003.

Table G:

Authorised Limit for External Debt	2011/12 Approved £m	2011/12 Revised £m	2012/13 Estimate £m	2013/14 Estimate £m	2014/15 Estimate £m
Borrowing	489	405	397	389	381
Other Long-term Liabilities	8	85	85	85	85
Total	497	490	482	474	466

11. The Operational Boundary

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

Table H:

Operational Boundary for External Debt	2011/12 Approved £m	2011/12 Revised £m	2012/13 Estimate £m	2013/14 Estimate £m	2014/15 Estimate £m
Borrowing	479	395	387	379	371
Other Long-term Liability	3	80	80	80	80
Total	482	475	467	459	451

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

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

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

Table I:

	2011/12 Approved %	2011/12 Revised %	2012/13 Estimate %	2013/14 Estimate %	2014/15 Estimate %
Upper Limit for Fixed Interest Rate Exposure					
Borrowings	100	100	100	100	100
Investments	100	100	100	100	100
Net	200	200	200	200	200
Upper Limit for Variable Interest Rate Exposure					
Borrowings	100	100	100	100	100
Investments	100	100	100	100	100
Net	200	200	200	200	200

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

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

Table J:

Maturity structure of fixed rate borrowing	Lower Limit 2012/13 %	Upper Limit 2012/13 %
Under 12 Months	0	80
12 months and within 24 months	0	50
24 months and within 5 years	0	50
5 years and within 10 years	0	50
10 year and above	0	100

14. Upper Limit for Total Principal Sums Invested over 364 Days

The Council has placed an upper limit for principal sums invested for over 364 days, as required by the Prudential Code. This limit is to contain exposure to the possibility of loss that may arise as a result of the Council having to seek early repayment of the sums invested.

Table K:

	2011/12 Approved £m	2011/12 Revised £m	2012/13 Estimate £m	2013/14 Estimate £m	2014/15 Estimate £m
Upper Limit for total principal sums invested over 364 days	30	30	30	30	30

15. Credit Risk

The Authority considers security, liquidity and yield, in that order, when making investment decisions.

Credit ratings remain an important element of assessing credit risk, but they are not a sole feature in the Authority's assessment of counterparty credit risk. The Authority also considers alternative assessments of credit strength, and information on corporate developments of and market sentiment towards counterparties. The following key tools are used to assess credit risk:

- Published credit ratings of the financial institution (minimum A- or equivalent) and its sovereign (minimum AA+ or equivalent for non-UK sovereigns);
- Sovereign support mechanisms;
- Credit default swaps (where quoted);
- Share prices (where available);
- Economic fundamentals, such as a country's net debt as a percentage of its GDP;
- Corporate developments, news, articles, markets sentiment and momentum;
- Subjective overlay.

The only indicators with prescriptive values remain to be credit ratings. Other indicators of creditworthiness are considered in relative rather than absolute terms.

15. Adoption of the CIPFA Treasury Management Code

This indicator demonstrates that the Council has adopted the principles of best practice.

The Council previously approved the adoption of the CIPFA Treasury Management Code at its Council meeting on 1 March 2010. The Council is now asked to adopt the revised CIPFA Treasury Management Code of Practice.

ARLINCLOSE'S ECONOMIC AND INTEREST RATE OUTLOOK

	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15
Official Bank Rate													
Upside risk					0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Central case	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Downside risk													
3-month LIBID													
Upside risk	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Central case	1.00	1.00	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Downside risk	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
1-yr LIBID													
Upside risk	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Central case	1.75	1.75	1.75	1.75	1.80	1.85	1.95	2.00	2.10	2.20	2.30	2.40	2.40
Downside risk	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
5-yr gilt													
Upside risk	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Central case	1.30	1.35	1.40	1.50	1.60	1.70	1.80	2.00	2.10	2.30	2.40	2.50	2.50
Downside risk	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
10-yr gilt													
Upside risk	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Central case	2.30	2.40	2.45	2.50	2.55	2.60	2.70	2.75	2.80	2.85	2.90	3.00	3.00
Downside risk	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
20-yr gilt													
Upside risk	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Central case	3.05	3.05	3.10	3.20	3.25	3.30	3.35	3.40	3.45	3.50	3.60	3.75	3.75
Downside risk	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
50-yr gilt													
Upside risk	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Central case	3.40	3.50	3.60	3.70	3.80	3.90	4.00	4.00	4.00	4.10	4.20	4.25	4.25
Downside risk	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25

- The UK's status as a safe haven remains, keeping Gilt yields suppressed.
- Conventional monetary policy has become largely redundant; the Bank of England and the US Federal Reserve have signalled their respective official interest rates will be on hold through to the end of 2012. We think that it could be 2016 before official interest rates rise.
- The Bank of England's Monetary Policy Committee has returned to unconventional monetary policy and embarked on a further round of Quantitative Easing. There will be more to come.

Underlying Assumptions:

- Stress in financial markets continued to build. Rates within Interbank markets (where banks fund the majority of their day to day operations) continue to climb. This dynamic was a feature of the banking crisis that occurred in 2008 and whilst the authorities have flooded the markets with liquidity still provides a key barometer of rising risk within markets.
- The MPC's decision to embark on a further £75 billion of QE – which the Minutes showed was unanimously supported – is likely to be expanded in the coming months as some members of the MPC had voted for £100bn of QE.

- Inflation fell back to 4.2% from what is considered to be its peak of 5.2% reached in October. The Bank of England expects domestic inflation to subside markedly in 2012 as the twin effects of the VAT increase and surge in oil prices fall out of the twelve month series.
- Economic growth meanwhile remains largely illusive not helped by the considerable uncertainty and expansion of risks presented by the crisis in the Eurozone. Even if a credible and effective policy is implemented, the scale of the problems means that there is likely to be a prolonged period of subdued growth within the euro area. A failure to meet the challenges would almost certainly have significant implications for the global economy.
- Recent data and surveys suggest that the UK economy has lost the admittedly fragile momentum since the summer. Business and consumer surveys point to continued weakness in coming months and the situation in the euro area is likely to further undermine confidence and lead to tighter credit conditions for households and firms.
- Against this uncertain backdrop the ability of the economy (government, companies and individual consumers) to accommodate an increase in the cost of money through higher interest rates – in the absence of a deterioration in the high credit standing that the UK enjoys – remains unlikely. In fact, we believe that it is highly unlikely.

AUTHORISED SIGNATORIES

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

Director of Finance – Ian E. Coleman

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

Head of IT Services – Geoffrey W. Paterson

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

Head of Financial Services – Thomas W. Sault

Chief Accountant – Peter J. Molyneux

Chief Accountant – Jenny Spick

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WIRRAL COUNCIL

COUNCIL EXCELLENCE OVERVIEW & SCRUTINY COMMITTEE

26 MARCH 2012

SUBJECT:	2011/12 Third Quarter Performance & Financial Review
WARD/S AFFECTED:	ALL
REPORT OF:	Director of Finance
RESPONSIBLE PORTFOLIO HOLDER	
KEY DECISION?	NO

1.0 EXECUTIVE SUMMARY

1.1 This report sets out performance against the Corporate Plan 2011-14 for October to December 2011, and provides Members with an overview of performance, resource and risk monitoring. It was presented to the Cabinet on 2 February 2012.

2.0 BACKGROUND AND KEY ISSUES

2.1 Performance Summary

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

2.2 Your FAMILY: CHILDREN AND YOUNG PEOPLE

What's working well

- **Young people impress at Wirral's 9th successful Youth Voice Conference** - more than 100 young people from Wirral descended on Wallasey Town Hall in October to have their say on issues that affect them, which were taken to a special meeting of Wirral Youth Parliament.
- **Young people at St Mary's College Youth Club strike silver** - the Youth Club, operating from St Mary's College, Wallasey and run in partnership with Wirral Council's Youth and Play Service, has seen its most successful achievement since 1975 of 59 young people collecting their Silver Duke of Edinburgh Awards. This was for a catalogue of achievement including volunteering, skill and physical modules, including two 3-day expeditions to the Yorkshire Dales.
- **Award for diverting young people from anti-social behaviour (ASB)** - Merseyside Police and Wirral Council's Youth and Play Service has received an award for an innovative programme designed to divert vulnerable young people from crime and ASB. The 12-week Programme works with identified young people for two-hours per week during the evenings, focusing heavily upon drug and alcohol misuse, gun and knife crime and ASB.

- **Council to create ‘children’s hotel’ as part of review of residential accommodation** – the ‘children’s hotel’ will be for young people with complex disabilities and will give the families and carers of the young people a break, while also making sure that the young people themselves have an enjoyable time in a high quality, rewarding environment. This is just one way that Wirral Council is looking at improving care and support for our most vulnerable children and young people.
- **Never too young to get yourself fit** - The Junior Invigor8 scheme, designed to encourage young residents to exercise regularly and set them on a road to a fitter and healthier lifestyles, was recently launched. An off-shoot of the extremely popular adult scheme offering residents under the age of 18 a wide range of benefits at all of the borough’s seven leisure centres, plus the Sailing Centre at West Kirby.
- **There has been a 94% uptake of schools** (124 out of 132) receiving School Improvement Services, 14% above target.
- **24 new Foster Carers have been approved**, 4 (20%) above the target.
- **67% of 0 - 5 year olds are registered at a Children's Centre**, 7% above the target.
- **70% of 0 - 5 year olds from disadvantaged backgrounds are registered at a Children's Centre**, 10% above the target.

Performance against Corporate Plan project(s)

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

Performance against Strategic Change project(s)

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


Status			Project	Corrective Action
Q1	Q2	Q3		
Green		Red	Looked After Children	This project was scheduled to bring expenditure in line with the budget by March 2012, as well as deliver revenue savings in 2012-14. The department is currently drafting a project variation report, advising there are no revenue savings from this project and expenditure will not be brought in line with the budget until 2015.

Performance against indicator(s):

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

Portfolio	PI no	Title	2011/2012		On target	Direction of travel
			Q3 Target	Q3 Actual		
Children's Services & Lifelong Learning	NI 62	Stability of placements of looked after children: number of placements	9.0% (Lower is Better)	10.9% (P)	Red	↓
Corrective Action:	We have refreshed the plans for recruitment of Foster Carers in line with the needs identified in the sufficiency plan. The peer mentoring scheme devised by the Fostering Network has been adopted to formalise support networks for Foster Carers that will enable greater stability.					
Performance Analysis:	This is a provisional figure. Performance against this target has deteriorated, with a rise in the number of placements of 1.9 from the first quarter of 2011/12 and by 1.2 when compared to the third quarter in 2010/11, but it is forecast to achieve the 2011/12 year end target.					

Portfolio	PI no	Title	2011/2012		On target	Direction of travel
			Q3 Target	Q3 Actual		
Children's Services & Lifelong Learning	Local 1400a	Number of looked after children	645 (Lower is Better)	678 (P)	Amber	↔
Corrective Action:	The revised Special Guardianship Order policy has been implemented and the relevant procedures have been recently updated. Staff briefings are scheduled throughout January and February. The Looked After Children Performance Board has been established and meets regularly to monitor, challenge and support managers with regard to the quality and robustness of the delivery of individual Care Plans.					
Performance Analysis:	This is a provisional figure. Performance against this target has deteriorated, with a rise in the number of looked after children of 10 from the first quarter of 2011/12 and by 10 when compared to the third quarter in 2010/11, but it is forecast to achieve the 2011/12 year end target.					

Portfolio	PI no	Title	2011/2012		On target	Direction of travel
			Q3 Target	Q3 Actual		
Children's Services & Lifelong Learning	Local 7031	Percentage of under-age sales of alcohol during test purchase exercises	15% (Lower is Better)	50%	Red	
Corrective Action:	This will be achieved as the final Quarter test purchase exercises will focus on those premises given advice, guidance and training by Trading Standards Officers. It is anticipated that the risk of these premises selling to children will have been significantly reduced There are difficulties with this PI as it does not reflect the reality of the market place and it will be reviewed for the next financial year					
Performance Analysis:	Performance against this target has deteriorated, with a rise in the percentage of under-age sales of alcohol during test purchase exercises of 28% from the first quarter of 2011/12 and by 40% when compared to the third quarter in 2010/11, but it is forecast to achieve the 2011/12 year end target. The high percentage was due to it not being a representative sample, with only one test purchase exercise for alcohol sales being conducted in the 3rd quarter, as the focus was placed on the sale of tobacco test purchasing. Four alcohol premises were targeted, based on intelligence that they had sold to children. Out of those four tested, two sales took place.					

Portfolio	PI no	Title	2011/2012		On target	Direction of travel
			Q3 Target	Q3 Actual		
Children's Services & Lifelong Learning	NI 70a	Reduce emergency hospital admissions caused by unintentional and deliberate injuries in 0-4 years	163	192 (E)	Red	n/a
Corrective Action:	Regular monitoring of the homes safety equipment scheme is undertaken by the Child Safety Implementation Group and actions to reduce accidents are included in all Children Centre delivery plans. This is linked in to the Healthy homes safety pilot in the Wallasey area. A Children's Accident and Emergency Needs Assessment has been commissioned and the findings from this assessment will inform future accident prevention planning.					
Performance Analysis:	This is an estimated figure. Performance has fallen compared to the first quarter, and it is forecast to miss the 2011/12 year end target.					

Resource implications

Pressures within the 2011/12 budget have reduced in the quarter to £1.6 million. This was largely due to the use of one-off funding from balances and uncommitted funds. There are still significant underlying pressures within the Children and Young People's revenue budget. 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. The "one off" reductions identified have included 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. Work is ongoing with the aim of improving this position where possible. In the longer term the Strategic Change program for Looked After Children will help to stabilise the Social Care budget.

The approved Children and Young People's 2011/12 capital programme has increased by £1 million to £32 million (approximately 40% of the Council total). The addition is due to the permission received from DCLG for statutory redundancy costs to be capitalised. However the expenditure forecast has reduced by £1.5 million due to lower anticipated spend for schools modernisation and formula grant. Numerous projects took place at schools during the summer holidays. The large schemes in progress include work at Birkenhead Academy, Cathcart Primary and Pensby Primary/ Stanley Special School. Willowtree the Children's 'Home from Home' was opened in December.

Future challenges and risks

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

The continuing adverse economic climate placing further demand pressures on services especially children's social care creates additional challenges. The department is also facing pressures in managing within its budget.

2.3 **Your FAMILY: ADULTS**

What's working well

- **Wirral Council supports new social care 'one stop shop' website** - the new online 'one stop shop' for wellbeing, health and social care services in Wirral www.wirralwell.org which has been developed by Voluntary and Community Action Wirral (VCAW). The site brings together information and advice on health, social care and wellbeing, and will be an invaluable resource for all residents, particularly those who need signposting to health and social care services, and services for families and carers.
- **The Council and NHS reach finals of national Health and Social Care Journal awards** - pioneering work on an innovative local scheme "The Wirral Rapid Access Service" by the Council and the NHS in Wirral has reached the finals of the national Health and Social Care Journal awards. The Wirral Rapid Access Service was commissioned by NHS Wirral and local GPs in partnership

with the Department of Adult Social Services, Wirral Hospital Trust and Wirral Community trust and started in December 2010.

- **Family Safety unit awarded national accolade** - Wirral's Family Safety Unit has been awarded the prestigious Leading Lights status, one of only two authorities to receive the award. Leading Lights status is awarded by the charity Co-ordinated Action against Domestic Abuse (CAADA). The organisation supports Independent Domestic Violence Advisors (IDVA) in their work with current and potential victims of domestic violence and their families.

Performance against Corporate Plan project(s)

All of the Corporate Plan projects are on target.

Performance against Strategic Change project(s)

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

Status			Project	Corrective Action
Q1	Q2	Q3		
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 service area is still projecting a £3.3m overspend.

Status			Project	Corrective Action
Q1	Q2	Q3		
Red			Market Management	The project was set to deliver £5.37m savings during 2011/12. Current projections indicate a shortfall of £1.167m against the target for this quarter. The current "Red" status reflects the end of year forecast which is projecting a shortfall of £1.55m.

Performance against Corporate Plan indicator(s)

The following indicator has missed its quarter three target and is therefore assessed as **amber**:

Portfolio	PI no	Title	2011/2012		On target	Direction of travel
			Q3 Target	Q3 Actual		
Social Care & Inclusion	NI 130	Percentage of Social care clients receiving Self Directed Support	68.94%	63.33%	Amber	↑

Corrective Action:	<p>Close monitoring of referral activity in operational teams to determine if referral rates are impacting on this indicator.</p> <p>Performance in service areas and localities to be evaluated to determine if there are any related issues, such as delays in inputting assessments, which may have impacted on Qtr 3 performance. Measures can then be put in place to address this.</p>
Performance Analysis:	<p>Performance for the first half of 2011/12 was on target, but the Q3 target has been missed by 5.61%.</p> <p>Although currently forecast to miss the 2011/12 year end target by 5% corrective action should ensure that the year end target of 80% is achieved.</p>

Resource implications

Significant financial pressures of £6.8 million are being experienced upon the Adult Social Services revenue budget. Underlying pressures include increased demand on older peoples and learning disability budgets, potential slippage on savings relating to the implementation of the market review contract negotiations. Other pressures include Early Voluntary Retirement / Voluntary Severance savings and Community Care re-provision.

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.

The Department continues to respond to the outcomes of the Corporate governance report

On going challenges remain regarding demand pressures from an ageing population requiring greater levels of support with more complex needs having to be managed. The Department continues to face ongoing budgetary pressures linked to the increased demand for services for older people and clients with learning disabilities. Services also need to be configured to deliver greater levels of personalisation and choice to our clients.

2.4 Your NEIGHBOURHOOD

What's working well

- **A Sport England's Survey puts Wirral amongst the national leaders when it comes to sports participation**, reporting that 25.5% of those adults surveyed in October 2011 in Wirral said that they took part in, on average, sport and active recreation at moderate intensity for an equivalent of 30 minutes on 3 or more days a week. This was an increase of 6% against 19.5% in 2005, far exceeding 17% nationally and the other Merseyside boroughs (Knowsley (19.4%), Sefton (19.5%), St Helens (21%), and Liverpool – the only other Merseyside authority to show significant increase - with 21.1%.

- **National praise for Wirral's pest controllers** - The Pest Control team, part of Wirral Council's Environmental Health division, has received the Customer Service Excellence award from the Cabinet Office for the second successive year.
- **Speeding drivers go before 'Kid's Court'** - Speeding motorists outside a school in Greasby were given a dressing down by the pupils they were accused of putting at risk. Under the joint initiative, run by Wirral Council's Road Safety Team and Merseyside Police as part of Road Safety Week (Nov 21-27), motorists caught speeding driving past the school were given the choice of being fined and having points put on their licence, or being 'grilled' by a panel of children from the school about their behaviour.
- **Libraries offer downloadable books** - Wirral Libraries have recently introduced an innovative new way for members to borrow books. Taking the service forward and opening up to new users, the introduction of e-Books and e-Audiobooks allows borrowers to access their favourite books and audiobooks from the comfort of their own home.
- **There has continuous Improvement in the reduction of missed bin collections**, (4.5 lower than quarter two and 29.5 below the target of 40 missed bins per 100,000 collections) and in the maintenance of street and environmental cleanliness (combined levels of litter and detritus) which has dropped to 8%, 2.51% below the target.
- **The level of CRed pledges has increased to 568**, exceeding the target by 51.47%.

Performance against Corporate Plan project(s)

The following projects have been assessed as **amber** or have been **closed** or **withdrawn**:

Portfolio	Key project	Status			Corrective Action
		Q1	Q2	Q3	
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		Similar casualty trends occurred in Q3 as in Q2. Wirral now receives greater strategic enforcement activity by specialist Traffic Police. Analysis of casualty data has been undertaken and a bid submitted for additional funding to address known casualty locations

Portfolio	Key project	Status			Corrective Action
		Q1	Q2	Q3	
	Implement a speed restriction programme during 2011/12	Green	Amber		Appraisal of a new Department of Transport signing policy review has been undertaken. Programming of 20mph in residential areas is underway

Portfolio	Key project	Status			Corrective Action
		Q1	Q2	Q3	
Community & Customer Engagement	Complete 1 st phase integration to co-locate two libraries with one stop shops by November 2011	Green	Amber		Staff were relocated into the second pilot merged site at Eastham opened early January 2012, and building works to complete the integration are ongoing

Portfolio	Key project	Status			Corrective Action
		Q1	Q2	Q3	
Housing & Community Safety	Implement proposals to reduce under occupation in social housing by August 2011	Green	Amber		Working with Registered Social Landlords to finalise proposals and agreement to take pilot forward

Portfolio	Key project	Status			Corrective Action
		Q1	Q2	Q3	
Culture Tourism & Leisure	Roll out Wi Fi across Libraries by November 2011	Green	Amber		Wi-fi is now in 13 Library sites, with the rest planned for completion between January and March 2012
	Successfully deliver the Parks and Countryside Services Procurement Exercise to enable	Green	On Hold	Closed	Cabinet 03 November 2011 agreed to the retention of this service and this project is now closed.

		Status			
Portfolio	Key project	Q1	Q2	Q3	Corrective Action
	proposed contract benefits to be achieved by January / February 2012				


Performance against Strategic Change project(s)

The following strategic change project has been **withdrawn**:

Status			Project	Corrective Action
Q1	Q2	Q3		
Green	Amber	Closed	PACSPE	Cabinet 03 November 2011 agreed to the retention of this service and this project is now closed.

Performance against indicator(s):

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

Portfolio	PI no	Title	2011/2012			On target	Direction of travel
			Q2 Status	Q3 Target	Q3 Actual		
Housing & Community Safety	NI 32	Repeat incidents of domestic violence	Red	7.53 (Lower is Better)	9.84	Red	
Corrective Action:	<p>The Q3 rolling total for domestic violence repeat victimisation in Wirral of 9.84% is 2 percentage points over the 7.53% target set. However this does not imply poor performance of agencies working together to reduce risk. The Community Safety Partnership Strategic Assessment identified a 48% rise in referrals and further analysis showed that of those referrals, the proportion assessed as high risk increased by 14%. This is a success in reducing the under-reporting of domestic violence particularly for those that need it most.</p> <p>The consequential increase in workload prompted a policy change concentrating all safeguarding measures, (including the Multi Agency Risk Assessment Conference process), on to high risk victims, only. By definition high risk clients are more prone to repeat victimisation. However Wirral compares very favourably with those collected nationally by CAADA (Coordinated Action Against Domestic Abuse), and has been accredited with Leading Lights status by CAADA whereby rigorous scrutiny has demonstrated exemplary processes and procedures.</p>						

	The introduction of restraining orders during 2011 has provided an extra mechanism of assurance that support is provided. However this counts as a crime being committed, leading to an increase in crime levels, whilst the victimisation statistics remain unaffected.
Performance Analysis:	Referrals have increased by 2.74% compared to quarter three 2010/11 and 2.25% compared to quarter one 2011/12. This is currently expected to exceed the year end target by 1.47%.

Resource implications

The main area of concern remains the achievement of income targets including car parking and cultural services which are being contained by compensatory savings. The delayed sale of the Pacific Road Arts 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, the Landican Crematorium Mercury Abatement scheme which commenced in September and an extensive road maintenance programme and bridge strengthening works.

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 significant consultations have been undertaken to assist in the development of Neighbourhood plans for each area and to help identify priority areas to assist with the allocation of resources for neighbourhood use.

The modernisation of the maintenance arrangements for Wirral's parks and open spaces which includes the transfer of services previously undertaken by external contractors will create future challenges and opportunities.

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

2.5 Your ECONOMY

What's working well

- **Wirral Apprentice Programme Award** – the programme celebrated its second anniversary by winning a prestigious Equality and Diversity award at last week's Northwest Employers Awards 2011.
- **Tourism boost for Wirral's economy** - The Wirral peninsula was boosted by a successful programme of tourism events in 2011 that generated £3.5m as the Borough's visitor economy continued to go from strength to strength. In addition to this, the latest tourism economic impact figures revealed a 3% increase to £268m for the Borough's economy.

- **Invest Wirral annual conference** - Wirral Council Leader, Cllr Steve Foulkes told a packed audience of business leaders that together they were on the right track to creating a strong and dynamic Borough...but we can AND will do more". On the same day that a new 90,000 sq ft Asda superstore opened in the heart of Birkenhead creating hundreds of jobs for local people.
- **819 jobs were created or safeguarded**, 126 above target, via support of the Invest Wirral Relationship Managers and projects supported by the Business Investment Fund.
- **167 businesses were assisted**, 92 above the target, with a few new tourism businesses coming on stream, including New Brighton, boosting business assists by the Partnership officer for quarter three.
- **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 has been shortlisted for an award.

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):

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 reduced by £0.9 million due to slippage on improvement to stock schemes although progress continues on these schemes. Four grants were made to companies through the Think Big Investment Fund during the period. Going forward additional grant approval has been received for future years relating to former HMRI areas.

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.

The Wirral Waters scheme continues to progress with permission having been granted for the International Trade Centre. A delegation has been to China during the last quarter to help develop economic links and to promote the International Trade centre. This should bring substantial future benefits for the area.

2.6 Your COUNCIL

What's working well

- **Council to report back residents' views!** - the Council has attended over 170 community events, businesses and organised groups to gather peoples' views for the Neighbourhood Plans, about their neighbourhood; what they think of where they live; what they value and what they think needs to change. Over 1100 people took

the opportunity to voice their opinions on what matters most in their community and, as part of the process, eleven individual neighbourhood plans for the borough will be developed.

- **Partners celebrate scheme's amazing first year** - a scheme that offers money/energy-saving insulation to many local residents, as well as a jobs lifeline to others, celebrated its first birthday recently. In that short space of time, the Warmer Wirral 'Cosy Homes' scheme has been responsible for installing new insulation measures in 11,000 homes in Wirral, reducing carbon emissions in the area by some 4,500 tonnes.
- **6.47 working days/shifts were lost due to sickness absence**, 0.75 below the 7.22 target.

Performance against Corporate Plan project(s)

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

Portfolio	Key project	Status			Corrective Action
		Q1	Q2	Q3	
Finance & Best Value	Deliver SCP 2011-2012 projects to deliver agreed benefits to the agreed quality, on time and to budget	Amber		Red	Latest analysis shows the programme is to achieve £8.51m. A review of the change programme is underway
	Ensure all projects proposed to SCP during 2011-2012 have defined and achievable benefits to Council services, or budget	Green		Red	Projects proposed did not have clearly defined and achievable benefits. A review of the change programme is underway

Portfolio	Key project	Status			Corrective Action
		Q1	Q2	Q3	
Corporate Resources	Publish workforce information as set out in the 2010 Equality Duty by July 2011	Green	Amber		Data collection to be collected with employee survey and published
	Review HR policies by September 2012	Amber			Focus on other key projects has led to slippages in timescales, resources need to be re-allocated and plan put in place to deliver to timescales

Portfolio	Key project	Status			Corrective Action
		Q1	Q2	Q3	
	Implement Job Evaluation (Stage 3) by April 2012	Green	Amber		Some slippages in timescales, plan being developed to move forward
	Agree membership, form and function of Wirral's Local Strategic Partnership by June 2011	Green	Amber		The LSP Executive Board will next meet in January 2012 to discuss the form and function of the LSP

Portfolio	Key project	Status			Corrective Action
		Q1	Q2	Q3	
Community & Customer Engagement	Work with the voluntary, community and faith (VCF) sector to put in place a single strategy for funding the sector and commissioning services from April 2012 by December 2011	Amber			The main two corporate contracts with the voluntary, community and faith sector are currently out to tender. The remainder will be subject to review.
	Work with the VCF sector to Map sector activity and outcomes in Wirral by April 2011 to provide a baseline for future development	Green	Amber		The strategy is under review.
	Work with the VCF sector to review the Council's approach to engagement with the sector to put in place structures, and a clear policy framework by May 2011	Green	Amber		This strategy is under review.
	Work with the VCF sector to establish a 'Rights to Provide' policy framework by April 2012	Green	Amber		The strategy is under review, however may be subject to some delay as the Responsible Officer has been seconded to the Turnaround Team.

Performance against Strategic Change project(s)

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

Status			Project	Corrective Action
Q1	Q2	Q3		
Red			Disposal of Assets	<p>A report for the lease of Hillcroft is going to Cabinet 12/1/2012</p> <p>With regard to the other transfers, legal agreements have been completed in respect of Grosvenor, Liscard and Hoylake, with the full transfer completing after building works have been finished. These works are scheduled to be completed in the June / July.</p> <p>Greasby, Delamere, Victoria Hall and Vale are on the verge of entering in to the legal agreement, but again, the works will take them past March in most cases.</p> <p>Westbourne, Woodchurch, Kylemore and New Ferry Village Hall have been held back while the availability of the Community Fund is clarified and will hopefully transfer, but not before March.</p>

Status			Project	Corrective Action
Q1	Q2	Q3		
Red			Office Rationalisation	<p>Work is ongoing to vacate Willowtree and the Old Court House. Willowtree will be vacated by the end of January, however discussions are still underway about the proposed relocation of the Community Safety team.</p> <p>The Cabinet Report on Phase 2 is now expected to be submitted in February.</p>

Status			Project	Corrective Action
Q1	Q2	Q3		
Amber	Red		Procurement	The £2m saving will not be achieved until 2012/13.

Status			Project	Corrective Action
Q1	Q2	Q3		
Amber	Red		Transforming Business Support	This project has been paused since October and no progress has been made.

Status			Project	Corrective Action
Q1	Q2	Q3		
Amber	Red		Contract Review	The £0.5m saving will not be achieved until 2012/13.

Status			Project	Corrective Action
Q1	Q2	Q3		
Green	Red	Amber	Printing Review	Activities are behind schedule. There is some concern regarding the ability to realise benefits.

Status			Project	Corrective Action
Q1	Q2	Q3		
Amber	Red		Facilities Management	There has been no progress on this project.

Status			Project	Corrective Action
Q1	Q2	Q3		
Red			Procurement Back Office	An improvement plan has been developed with the Corporate Procurement Board with progress to be reported monthly. It is unlikely the £0.2m saving will be achieved by March 2012.

Performance against indicator(s):

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

Portfolio	PI no	Title	2011/2012			On target	Direction of travel
			Q2 Status	Q3 Target	Q3 Actual		
Finance and Best Value	DEPT 2111	Percentage of Council Invoices from all suppliers paid within 30 days.	Red	95%	87.72%	Amber	n/a
Corrective Action:	Improvement in 10 Day performance will have a positive impact upon this PI and target expected to be achieved at year end.						
Performance Analysis:	This missed the quarter one target by 8.43%, the quarter two target by 10.85%, and the quarter three target by 7.28%. It is forecast to miss the year end target by 5%.						

Portfolio	PI no	Title	2011/2012			On target	Direction of travel
			Q2 Status	Q3 Target	Q3 Actual		
Finance and Best Value	DEPT 2112	Percentage of Council Invoices from SMEs paid within 10 days.	Red	60%	40.77%	Red	n/a
Corrective Action:	Improvement Plan agreed with Corporate Procurement Board input, individual departmental performance reports to be provided to Board and to Payments Performance Group to progress and report on process no compliance issues and to implement correct action. Performance improvement targeted in February / March 2012 reports.						
Performance Analysis:	This missed the quarter one target by 14.26%, the quarter two target by 25.94%, and the quarter three target by 19.23%. It is forecast to miss the year end target by 10%.						

Portfolio	PI no	Title	2011/2012			On target	Direction of travel
			Q2 Status	Q3 Target	Q3 Actual		
Finance and Best Value	DEPT 2099	Percentage financial assessments completed within 30 working days.	Red	85%	38%	Red	n/a
Corrective Action:	<p>The review of the Care and Financial Assessment process within DASS is progressing but has experienced some delay. It is estimated revised processes will be launched in February 2012.</p> <p>There have been some difficulties at the start of the assessment process in that Financial Assessments have not been allocated to staff. This is primarily because Team Leaders are spending a significant amount of time implementing the Civica document management system, which will provide long term efficiencies, but producing a bottle neck in the short term.</p> <p>All temporary resources have been agreed with effect from 9 January 2012 to help clear the Financial Assessment backlog and further resources allocated ot clearing the initial bottleneck.</p>						
Performance Analysis:	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%.						

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.

The DCLG approval of the capitalisation of statutory redundancy costs has increased the capital programme by £3 million (with a further £1 million relating to schools) Expenditure within other areas of the programme 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 robust response to the critical report into corporate governance 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 accepted the report and has established a Cabinet sub-committee with a specific mandate to drive improvements and tackle issues raised within the report. The following has taken place in response:

- A comprehensive programme of work was established to strengthen corporate governance.
- Action plans for key lines of enquiry covering significant areas were agreed by the Corporate Governance Committee in October 2011 with actions to be implemented before April 2012.
- A series of communication events have been planned for December and January.

To deliver services to meet the needs and wants of our citizens and businesses, report to Cabinet on the outcomes of the significant consultation processes in respect of Neighbourhood Plans and in relation to the You Choose Budget Consultation have been used to help identify priority areas and suggestions for improvement.

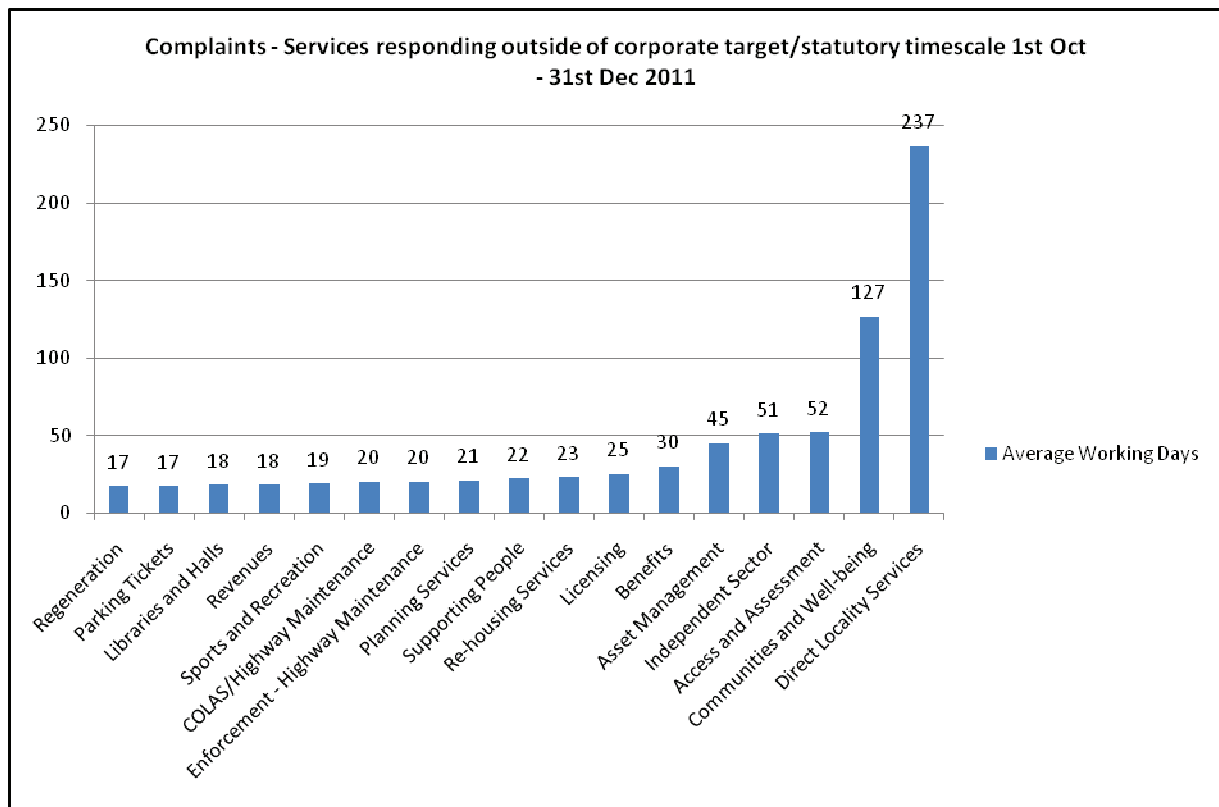
2.7 Customer Feedback

2.7.1 There were a total of 1,301 customer feedback contacts recorded in quarter 3 (Q3), which represented a negligible change from Q2 and is still significantly below the quarterly average of 1,656 reported in 2010/11.

2.7.2 By channel, internet and email was used for 68% of all contacts representing a third consecutive quarterly increase in this channel's usage (64% in Q2 and 57% in Q1).

2.7.3 Compared to Q2 there was a minimal change in the numbers of complaints and councillor/MP contacts received.

2.7.4 There was a third consecutive quarterly increase in the average response rate for complaints with an average of 16 working days taken to respond to complaints in this quarter (15.5 working days in Q2 and 11 working days in Q1). The corporate target to respond is 15 working days. Services with complaints responded to outside of targets:



- DASS report an on-going issue with resources to investigate and respond to complaints; the Direct Locality Services complaint (237 working days) was a particularly complex historical investigation which limited resources again affected the ability of the service to respond within a reasonable time.
- The Asset Management (LHRAM) average of 45 working days referred to a single complaint which covered a number of historical issues requiring significant investigation.
- Finance report similar resource issues and complexities of stage 2 complaint investigation (Benefits), requiring liaison with external agencies affecting response times.

2.7.5 Responses to councillor/MP enquiries took on average 8 working days in Q3 compared to 6 working days in Q2. The corporate target is 10 working days. DASS reported an average of 13 working days (a significant improvement on 23 working days reported in Q2) and LHRAM took an average of 12 working days to respond.

2.7.6 Local Government Ombudsman (LGO) contacts took slightly longer to respond to in Q3 with an average of 17 calendar days taken compared to 15 calendar days in Q2 and 14 calendar days in Q1. The standard response target is 28 calendar days. Finance and Technical Services took the longest to respond to LGO contacts, taking an average of 27 and 21 calendar days respectively.

2.7.7 The focus for complaints and wider customer feedback is 'putting things right and learning from it' with the following departments reporting some positive organisational learning during this quarter:

- CYPD 6%
- Technical Services 5%
- RHP 3%

2.7.8 Examples of organisational learning reported in Q3:

- Review of CCTV coverage in leisure centre to minimise reports of anti-social behaviour
- Implementation of additional training for staff at a leisure centre in response to safeguarding issues raised
- Increased frequency of street cleansing in response to complaints received
- Erection of dog fouling signs in local park to deter fouling in response to complaint
- Website information reviewed and amended in response to customer suggestion

3.0 RELEVANT RISKS

- 3.1 The successful implementation of actions to deal with issues arising from the report into Corporate Governance issues remains a key priority. There remains a key risk in ensuring issues arising are dealt with in a timely and appropriate manner.
- 3.2 Enhancements to corporate risk management arrangements and procedures continue to be examined. The Risk Management strategy over the medium term will provide a framework and processes which are in accordance with the latest British Standard for Risk Management. To achieve this, 'a gap analysis' has been undertaken to identify actions required for improvement.
- 3.3 The Corporate Risk Register has been evaluated and added to by the Executive Team during the quarter. Progress in mitigating actions has been included within the relevant sections above.

4.0 OTHER OPTIONS CONSIDERED

- 4.1 Not applicable

5.0 CONSULTATION

- 5.1 Consultation in relation to the draft Corporate Plan engaged individuals and organisations from across Wirral and this is reflected in the Corporate Plan.

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 6.1 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.

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

- 7.1 The Council Budget 2011/12, Schools Budget 2011/12 and Capital Programme 2011/14 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.

7.2 The projected general fund balance at 31 March 2012 is £9.7 million as shown below

Details	£million	£million
Projected General Fund balance at 31 March 2012 when setting the budget for 2011/12		6.9
Cabinet decisions		
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
22 September – Independent Review		-0.3
13 October - Capitalisation of Statutory Redundancy Payments		+2.7
Projected variances / potential overspends		
None declared although pressures identified at the end of September 2011 within:		-
- Adult Social Services	£6.8 million	
-Children and Young People	£1.6 million	
- Regeneration, Housing and Planning	£0.5 million	
General Fund balance at 31 March 2012 based upon the latest projections		9.7

7.3 The Adult Social Services Children and Young People, and Regeneration, Housing and Planning Departments have highlighted pressures on their departmental budgets. Any subsequent overspend would impact upon the general fund balances.

7.4 The capital programme is summarised below:

Spend	Original Approval £000	Revised Approval £000	Forecast Sep £000	Forecast Dec £000
Adult Social Services	1,154	2,943	2,943	2,943
Children & Young People	25,889	32,290	24,444	22,953
Regeneration, Housing & Planning	5,181	18,037	13,488	12,571
Finance	1,000	6,728	3,671	6,728
Law, HR and Asset Mgt	8,163	8,879	8,779	8,879
Technical Services	7,872	11,564	11,564	11,564
Total Programme	49,259	80,441	64,889	65,638

Resources	Original Approval £000	Revised Approval £000	Forecast Sep £000	Forecast Dec £000
Borrowing	15,905	32,584	22,819	27,337
Capital Receipts	3,000	3,000	3,000	3,000
Revenue, reserves, contributions	300	2,394	1,434	1,434
Grants - Education	23,441	22,703	21,536	19,084
Grants - Integrated Transport	1,155	1,155	1,155	1,155
Grants - Local Transport Plan	3,095	3,095	3,095	3,095
Grants - Other	2,363	15,510	11,850	10,533
Total resources	49,259	80,441	64,889	65,638

7.5 The outturn forecast for the 2011/12 capital programme has slightly increased since quarter 2. This is mainly due to the additional approval granted following the receipt of permission from the DCLG to capitalise statutory redundancy payments. There has been some re-profiling of schemes within CYP and Regeneration, Housing and Planning.

7.6 Progress continues to be made on a number of schemes including those at Pensby and Cathcart Primaries which is nearing completion. Willowtree the Children's Home from home based at the former Rosclare site opened in December The Landican Crematorium Mercury Abatement building works programme continues as does work on the Town Link Viaduct in Birkenhead.

8.0 LEGAL IMPLICATIONS

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

9.0 EQUALITIES IMPLICATIONS

9.1 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.

9.2 The potential impact has not been reviewed with regard to equality as this report is for information and does require a key decision or change to existing policy.

10.0 CARBON REDUCTION IMPLICATIONS

10.1 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 2 of this report.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 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 2 of this report.

12.0 RECOMMENDATION

12.1 That the report be noted.

13.0 REASON FOR RECOMMENDATION

13.1 Council approved the Corporate Plan on 18 April 2011. This report provides quarterly progress on delivering the Corporate Plan, including performance of relevant projects and indicators and associated financial and risk monitoring information.

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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 -Q3 Performance and Financial Review	2 February 2012
CABINET - Q2 Performance and Financial Review	3 November 2011
CABINET - 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

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WIRRAL COUNCIL

COUNCIL EXCELLENCE OVERVIEW & SCRUTINY COMMITTEE

26 MARCH 2012

SUBJECT:	STRATEGIC CHANGE PROGRAMME
WARD/S AFFECTED:	ALL
REPORT OF:	DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER:	COUNCILLOR JEFF GREEN
KEY DECISION?	YES

1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to update the Strategic Change Programme (SCP) for 2011/12 and to recommend a schedule of projects for the next three years.
- 1.2 The report also provides an outline of the major projects that the Change Team will be addressing in 2012.
- 1.3 The SCP was amended and subsequently agreed by Cabinet on 21 February 2012. This report reflects the amended SCP.

2.0 RECOMMENDATION

- 2.1 That the revised Strategic Change Programme be noted.

3.0 REASON FOR RECOMMENDATION

- 3.1 The Strategic Change Programme has been reviewed and revised.

4.0 BACKGROUND AND KEY ISSUES

- 4.1 Council Excellence Overview and Scrutiny Committee received the last update on the SCP on 17 November 2011. The position as regards 2011/12 and 2012/13 was set out in this update. (Appendix 1)
- 4.2 Chief Officers have subsequently developed a revised SCP for 2012/15. (Appendix 2)

4.3 This report outlines the actions that propose budgetary savings within the revised SCP and some of the major projects where the Change Team will be assisting delivery.

4.4 Finance

- (a) Procurement: The £1.2m is the estimated procurement savings as reported to Cabinet on 2 February 2012.
- (b) Income: The £1m additional saving each year is based on income increasing year on year by 3%. In addition, income reviews are to be undertaken by each Chief Officer to identify income opportunities through benchmarking and comparison with other local authorities. The SCP projections will be updated when the impact of this exercise is reported on by Chief Officers.
- (c) Benefits Welfare Reform: The phased implementation of Universal Credit between 2013 and 2017 will have major implications for the Benefits Services provided by the Authority. The overall financial implications of these changes remains unclear but an estimate of an annual saving of £1m has been included. This is a major change project for the Authority which will be updated as information is received from the Department for Work and Pensions (DWP).
- (d) Benefits Lean Review: The £1.2m is based on the results of the Lean Review undertaken jointly with the DWP and is the final element of a total saving of £2.4m.
- (e) Printing Review: The £150,000 is based on adopting the printer strategy agreed by the Cabinet on 17 March 2011. This strategy centres on the removal of personal printers and their replacement with fewer centrally positioned high capacity printers under a single contract. This contract has been retendered and should realise £150,000 in 2012-13.

- (f) ICT Strategic Review: This project is targeted to save £1.7m over the period 2011-15. A saving of £1m was delivered in 2011-12 and the projected savings for the remainder of the project are £400,000 in 2012-13, £210,000 in 2013-14 and £90,000 in 2014-15.
- (g) Libraries and One Stop Shops Merger: The ongoing merger of the Libraries and One Stop Shops to create a unified service commenced in 2011. Savings in future years, following the delivery of savings of £1.7m in 2011-12, could be about £200,000 per year.

4.5 **Technical Services**

- (a) Street Lighting: The £100,000 is based on the “Dimming Policy” being extended beyond the original trial on 900 street lights as reported to Cabinet on 3 September 2011.
- (b) Biffa Review: This contract is to be reviewed prior to any agreement on the break clause in the contract which is effective from August 2013. It is not possible to estimate the savings at this stage.

4.6 **Adult Social Services**

- (a) Prevention Services: The £0.5m is based on a combination of two actions:
 - A review of all voluntary, community and faith sector contracts which is seeking to re-commission this activity at a more efficient cost. The annual cost of existing contracts with the Voluntary Sector is £2.5m.

- The Promoting Older People's Independence Network (P.O.P.I.N.) consists of a team of ten advisors who work across Wirral and visit people aged 65 and over in their own homes. The cost of providing this service is £519,100 including recharges, £329,400 excluding recharges. The Department will consider this function alongside other similar areas of activity provided by the voluntary, community and faith sector with a view to making efficiency savings.
- (b) Commissioning: Alternative commissioning could save £1.6m as reported to Cabinet on 2 February 2012.

4.7 **Law, HR and Asset Management**

- (a) Disposal of Assets: The £100,000 is the anticipated savings for the schedule of disposals for 2012/13.
- (b) Office Rationalisation: The £260,000 is based on the now completed sale of Westminster House followed by Willowtree and the Old Court House.
- (c) Facilities Management: The £0.5m is based on reductions in overtime and repair budgets combined with a re-modelling of the service involving centralisation and a reduction in staff numbers.
- (d) Transforming Business Support: The £2.3m is based on actions to implement more effective and efficient methods of working including HR Selfserve and Procure to Pay processes.
- (e) Employees Terms and Conditions: The £2.3m is based the potential savings that could result from consultation and review of such aspects as car allowances, overtime, absences and travel allowances.

CHANGE TEAM ACTIVITIES FOR 2012

- 4.8 The Team will continue facilitating, guiding and supporting departmental staff and Chief Officers as they prepare for and deliver their projects. However in certain cases the Team will take direct control of the actions and lead the project teams. The reason for taking this direct lead is where the project has major implications for the whole Council but there is limited departmental capacity to determine and manage delivery of any changes.
- 4.9 The Change Team currently comprises six staff including a seconded Chief Accountant and the plan for 2012 focuses upon two specific actions: an end to end review of Adult Social Services; and re-starting the stalled Transforming Business Support project. These two projects are described in more detail in the following sections.

ADULT SOCIAL SERVICES REVIEW

- 4.10 The proposal is to set up a team to examine and propose changes in a nine month timeframe that improves service delivery, efficiency and asset usage whilst identifying any significant budgetary savings that may arise. The aspects that would be examined by these actions would include the following topics:
- Removing any service that is no longer required,
 - Improving effectiveness of service delivery and support processes,
 - Improving productivity and restructuring accordingly,
 - Rationalising office space,
 - Reviewing contracts for goods and services.
- 4.11 The principles adopted in approaching this project would embrace those set out in the Transforming Business Support programme. If the approach proves a success, then this will start a rolling programme of departmental reviews.

4.12 It is envisaged that the Review Team will comprise work stream leaders for each of the aspects being reviewed and coordinated by a programme manager reporting to the Director of Adult Social Services. The joint initial planning will start in March. The first target is to set out the reporting arrangements, terms of reference, an action plan, outcomes, milestones dealing with the scope of work, team structures, staff secondments, work streams organisation and timescale. These details will form the framework for delivering the project and it is planned that the project delivery could start in May 2012 for completion in January 2013. The outcomes would be a series of proposals as regards improvements and efficiencies as they become apparent from the work streams.

TRANSFORMING BUSINESS SUPPORT (TBS)

4.13 The efforts to date have been limited to the implementation of HR Selfserve functionality. This project is running behind schedule and is on hold pending the release of HR staff from other tasks. The first phase requires completion so that car claims, expenses, annual leave and other absences can be managed online. This will reduce administrative processes and paper from HR and across departments. The Change Team will take direct control of this project but this relies on those HR staff that are key to its delivery being released from other duties and located in the project office.

4.14 However TBS extends beyond HR Selfserve: The Change Team will be managing the following actions as part of the TBS programme. These activities impact on all departments and will be addressed sequentially by the Change Team with appropriate support from departments and IT Services. The target for 2012 will be to deal with the following:-

Phase 1 HR Selfserve

- Asset and facilities management,
- Procurement,
- Performance Indicators and Corporate Planning System,
- Personnel files,
- Simplified and standardised HR Processes.

The details of the full range of TBS actions currently identified are summarised as follows:-

(a) Asset and facilities management: This covers the £0.5m savings to be derived from:-

- The centralisation of the asset management teams and replacement of the current multi sets of Tribal software and other databases with a fit for purpose asset management system. This will enable the planned efficiencies to be realised. A suitable off the shelf system would cost around £50,000 and a business case shows it would recover its costs in the short term.
- Complete the implementation of the FM project with the predicted savings.

(b) Procurement: This would require a specific team and IT Services support for invoice scanning if that route is chosen. However, the areas of immediate concern are:-

- to make the system meet the needs and expectations of users so that the current low level of use increases to 100% with consequences for those who do not adopt the corporate approach.
- to centralise invoice processing in a manner which improves control, and speed of processing, and reduces costs.

- (c) Performance Indicators and Corporate Planning System: This centres on replacing PIMS using the Concerto Project Management System. This would enable a corporate solution to replace the multitude of separate files and enables efficient planning and reporting processes.
- (d) Personnel files: A corporate electronic system for handling all personnel data rather than having a paper based system or one where papers are scanned then archived.
- (e) Simplified and standardised HR Processes: HR and similar processes are validated as to their affect on efficiency such that only those that are fundamental to the service or welfare of employees are enacted. The suspended HR Selfserve offers an opportunity to validate each process. Flexi time and its recording is one aspect that HR Selfserve ignores and yet may improve efficiencies.
- (f) Office systems: Internal communications, WEB online forms, document management, case management work flows, mail, couriers, e-signatures, paper based archives, electronic archives and scanning: This focuses on:-
- The removal of paper based processes and storage leading to improved efficiencies, ease of flexible working and use of office space. The drivers include preventing the misuse of the paper archive, controlling its growth and supporting office re-location and rationalisation.
 - Improved communications using email to all employees with a corresponding removal of paper being circulated.
 - Appropriate levels of electronic processing and centralised processing of both inward and outward mail. This would embrace outward mail production and use of templated WEB online forms by staff. The drivers are efficiency and improved services.

- (g) Petty cash and P-Cards: A viable area of investigation with evidence held by the Change Team indicating that efficiencies and improvements are possible.
- (h) Internal Help Desk: Centralised functions to cover HR, ICT, Asset Management and other internal services. The drivers are the potential for improvements and efficiencies.
- (i) Standardised desktop: A longer term move towards standardised office spaces, seating, telephone, printing, IT facilities and storage. The potential benefits would be the facilitation of agile working contributing to office rationalisation.
- (j) Performance Management Processes: A corporate system for handling all performance management procedures and data rather than having a paper based system.
- (k) Business intelligence for managers and Business intelligence for service providers: The aspiration to provide all employees with the information they need to do their job in an accessible suitable form. This can mean budget holders with Selfserve financial reports through to a Helpdesk having improved software to manage calls.

5.0 RELEVANT RISKS

- 5.1 The main risk is the non-delivery of benefits, particularly financial, of the Strategic Change Programme.
- 5.2 Independent assurance on project delivery is provided by Internal Audit. Risk registers are maintained by project managers. Any risks which managers can no longer control are escalated as issues.

6.0 OTHER OPTIONS CONSIDERED

- 6.1 Not applicable

7.0 CONSULTATION

7.1 Consultation will be undertaken by Chief Officers for those projects for which it is required.

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 revised change programme (Appendix 2) indicates potential savings for 2012-13 of £7.8m, for 2013-14 of £4.4m and for 2014-15 of £4.3m.

9.2 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.

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

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SUBJECT HISTORY (last 3 years)

Council Meeting	Date
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	3 February 2011
Council Excellence Overview & Scrutiny	15 September 2011
Council Excellence Overview & Scrutiny	17 November 2011
Cabinet	21 February 2012

APPENDIX 1: Strategic Change Programme presented to Council Excellence Overview and Scrutiny Committee 17 November 2011.

Project	Project Manager	2011/12 £000		2012/13 £000
		SCP Savings Agreed	Current forecast 17/11/11	
Procurement	Ray Williams	2000	2000	2000
Market Management	Steve Rowley	5370	3740	847
Learning Disabilities	Jayne Marshall	0	0	0
Re-provision of in-house Care Services	Christine Beyga	1476	1476	0
Revenues & Benefits	Malcolm Flanagan	1200	1200	1200
ICT Strategic Review	Geoff Paterson	400	400	400
Looked After Children	Julia Hassall	0	0	70
Disposal of Assets	Ian Brand	481	212	0
Office Rationalisation	Ian Brand	368	110	259
Parks & Countryside Services	Mark Smith	200	200	0
Street Lighting	Kevin Ellis	50	50	100
Traffic Management	Mark Smith	150	150	0
Highways Asset Management	Shaun Brady	100	100	0
Energy Efficiency	Ian Brand	80	30	0
Printing review	Geoff Paterson	250	250	250
Contract Review	Ray Williams	500	500	0
Review of Employee Pay Costs	Chris Hyams	0	0	0
Facilities Management	Ian Brand	0	0	500
Transforming Business Support	Chris Hyams	0	0	0
Procurement: Electronic Payments	Ray Williams	200	200	0
Total		12825	10618	5556

Action	Responsible Officer	Potential Revenue Savings £000			
		2012/13	2013/14	2014/15	Total
FINANCE					
Procurement	Ray Williams	1200	-	-	1200
Income - 3% increase	Tom Sault	1000	1000	1000	3000
Benefits Welfare Reform	Malcolm Flanagan	-	1000	1000	2000
Benefits Lean Review	Malcolm Flanagan	1200	-	-	1200
Libraries and OSS Merger	Malcolm Flanagan	200	200	200	600
Printing Review	Geoff Paterson	150	-	-	150
ICT Strategic Review	Geoff Paterson	400	210	90	700
TECHNICAL SERVICES					
Street Lighting	Kevin Ellis	100	-	-	100
Biffa Review	David Green	-	-	-	-
ADULT SOCIAL SERVICES					
Prevention Services	Graham Hodgkinson	500	-	-	500
Departmental Review	Graham Hodgkinson	-	-	-	-
Commissioning	Steve Rowley	1600	-	-	1600
LAW, HR AND ASSET MANAGEMENT					
Disposal of Assets	Ian Brand	100	-	-	100
Office Rationalisation	Ian Brand	260	-	-	260
Facilities Management	Ian Brand	500	-	-	500
Transforming Business Support	Chris Hyams	300	1000	1000	2300
Employees' Terms and Conditions	Chris Hyams	300	1000	1000	2300
Totals		7810	4410	4290	16 510

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WIRRAL COUNCIL

COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

26 MARCH 2012

SUBJECT:	IMPROVING CORPORATE GOVERNANCE
WARD/S AFFECTED:	ALL
REPORT OF:	DIRECTOR OF LAW, HR AND ASSET MANAGEMENT
RESPONSIBLE PORTFOLIO HOLDER:	COUNCILLOR J GREEN
KEY DECISION?	NO

1.0 EXECUTIVE SUMMARY

- 1.1 At the request of the Committee, the Director of Law, HR and Asset Management had presented a report to its last meeting held on 31 January 2012 to update it on the work of the Corporate Governance Cabinet Committee. At that time the Cabinet Committee had met four times and Members had received details of its terms of reference along with an account of the proceedings of each meeting and the decisions that had been made.
- 1.2 The Director's report had also set out the work being carried out in an attempt to strengthen the Council's Corporate Governance by developing and progressing the Corporate Governance work programme, to ensure that the weaknesses highlighted in the Anna Klonowski Associates (AKA) Report were being properly addressed.
- 1.3 On receiving the report the Committee had

Resolved –

- (1) That the progress made by the Corporate Governance Committee to date in addressing the findings of the AKA Report on Corporate Governance be noted.
- (2) That the Director of Law, HR and Asset Management be requested to present a further report to the next meeting of the Committee on how the weaknesses in the Council's Corporate Governance identified in the AKA Report are being addressed, so that this Committee can monitor how the Cabinet Committee is bringing about improvements.'

2.0 BACKGROUND AND KEY ISSUES

- 2.1 It has been identified that the Council must develop a comprehensive work programme and improvement plans to strengthen its Corporate Governance. Consequently, last year a Corporate Governance Cabinet Committee was established for this purpose.

3.0 PROGRESS MADE BY THE CORPORATE GOVERNANCE COMMITTEE

3.1 The Corporate Governance Cabinet Committee has met once more since the Committee's last meeting and the progress it made is detailed in the table of agenda items and Committee resolutions below:

Meeting on 8 February 2012	
Agenda Items considered	Decisions made
<p>Comprehensive Work Programme Progress Report</p> <p>The report had highlighted progress against the 10 Key Lines of Enquiry (KLOEs) approved by the Committee at its meeting on 16 November 2011 (Minute No. 13 refers). It also updated Members on progress with the ongoing cultural change programme and the resultant communications activities. The Corporate Governance Programme Risk Register was appended to the report.</p>	<p>That the contents of the report and its various appendices as well as the progress made by the Corporate Governance Improvement Team be noted.</p>
<p>Performance Management Update</p>	<p>That</p> <ol style="list-style-type: none"> (1) the progress of this review and that a final report will be presented to an appropriate meeting in March 2012 be noted; (2) the amended Performance Improvement and Management Framework attached as Appendix 1 to this report be agreed and the business planning process for 2012/13 outlined in Appendix 2 to the report be noted; and (3) the Business Planning Process attached as Appendix 3 to this report be agreed.
<p>Future Corporate Governance Improvement Framework</p>	<p>That</p> <ol style="list-style-type: none"> (1) a report that draws out the key strategic linkages and recommendations from across the KLOEs and includes operational information as supporting annexes be presented to an appropriate meeting in March 2012;

	<p>(2) the Corporate Governance Improvement Team (CGIT) be requested to develop an Improvement Framework; and</p> <p>(3) consideration will be given to how improvements and compliance will be driven forward and sustained.</p>
KLOE 5 Review Policy	<p>That</p> <p>(1) the proposals as set out in the report be agreed as the basis of the further work required in establishing the Policy Unit, which will report to the Chief Executive, by April 2012; and</p> <p>(2) the final proposals relating to the establishment of the Policy Unit be considered by the Cabinet at its meeting on the 15 March 2012.</p>
Internal Audit: Appointment of External Reviewer	<p>That the decision of the Deputy Chief Executive/Director of Finance to appoint Peter Derrick, CPFA, as an external assistance to support the Corporate Governance Improvement Programme , at a cost of £15,000 be endorsed.</p>

3.2 Also, at its last meeting the Corporate Governance Cabinet Committee had received an account of the proceedings of the first Improvement Board meeting which had been held on 3 February 2012. The discussion there had centred round the good work that had already been completed and what future issues would require decisions by Members. The Board, in an attempt to avoid duplication, had considered whether it was necessary for both it and the Corporate Governance Cabinet Committee to drive through improvements within the Council. The overwhelming view had been that the Improvement Board was now the best vehicle to take the improvements agenda forward. It had been noted that the Board was not a decision-making body. It had been established in purely an advisory capacity. The Board had agreed to bring this proposal to the attention of the Corporate Governance Cabinet Committee to see if it agreed with the Improvement Board's view.

3.3 The Corporate Governance Cabinet Committee had noted that some very good work was ongoing in respect of the ten Key Lines of Enquiry (KLOEs) and that the Improvement Board had been very clear that it would like this work to continue. The original proposal had been that, by April 2012, the Corporate Governance Cabinet Committee would have the basic building blocks in place for improvements. However, it was also noted that the Improvement Board had been set up for the longer term and

had a two year programme of work to get through. If the Cabinet Committee was to be disbanded, recommendations made by the Improvement Board, must be referred to the Cabinet for its agreement or otherwise.

3.4 Consequently, the Corporate Governance Cabinet Committee agreed that it be disbanded by resolving:

‘That

- (1) this Committee will no longer meet;
- (2) reports scheduled for future consideration by the Committee will now be considered by the Improvement Board instead;
- (3) any recommendations of the Improvement Board will be referred to the Cabinet for decision; and
- (4) the Deputy Director of Finance be requested to draw up an appropriate schedule and timetable of Improvement Board meetings, reports it will be asked to consider at each of its meetings etc. and highlight which Cabinet meetings will be considering referrals and making decisions to bring about the improvements in Corporate Governance required.

4.0 WIRRAL IMPROVEMENT BOARD

4.1 Wirral Improvement Board is a partnership between the Council and the Local Government Association. Its role is to:

- provide support, guidance and challenge;
- identify and signpost appropriate good practice;
- ensure there is a single, integrated and holistic improvement plan that can be clearly understood and communicated internally and externally; and
- ensure the contributions from different external agencies/bodies to Wirral’s improvement journey are co-ordinated.

4.2 The membership of the Improvement Board is as follows:

Wirral Council – Council Leader and Deputy Leader, Leader of the Labour Group, Leader of the Liberal Democrat Group, Chief Executive, Director of Finance, Director of Law, HR and Asset Management and the Deputy Director of Finance.

Local Government Association – Principal Advisor North West, Associate Support Officer, Labour, Conservative and Liberal Democrat Member Peers.

Independent Chief Executive – Chief Executive of Blackburn with Darwen Borough Council.

District Auditor

Advisors – AKA Associates and the Chief Executive of North West Employers

Chair of the Improvement Board

The Chair is an independent person and is not be party political. For the first two meetings the Chair was Dr Gill Taylor, Local Government Association Principal Advisor, North West.

- 4.3 The Improvement Board will meet monthly for the first six months and then its meeting frequency will be reviewed. It has already met twice.
- 4.4 The Improvement Board had a very constructive first meeting **3 February 2012**. It agreed to hold every third meeting in public where it would report on progress and answer any questions posed by the public. At this meeting the Improvement Board received a report on the Council's response, to date, to the reports it had commissioned from Anna Klonowski Associates on corporate governance and on adult services. The Board had noted that the Council had responded positively to these reports and had taken a number of actions to address the findings. Further information had been requested on certain points.
- 4.5 The Improvement Board had agreed that the Council needed a single, integrated and overarching Improvement Plan to focus and drive the improvement of both its corporate governance and key services over the next couple of years. The three Group Leaders had agreed to meet before the next Board meeting to decide on a small number of key priorities for this overall Improvement Plan to focus on. This would take into account the Local Government Association's experience from other councils on what needs to be tackled to secure significant improvement in corporate governance and services.
- 4.6 The next Improvement Board meeting held on **2 March 2012** focused on gaining a common understanding of the views of the regulatory bodies of Wirral's current performance (Ofsted, Care Quality Commission and District Audit). It received feedback presentations from each the three Regulators to this end. It also identified the need for appropriate induction and training around safeguarding.
- 4.7 The Improvement Board has also been informed of the internal improvement capacity available to drive the Improvement Programme and plans for the future. It has requested that the Chief Executive present a report to it on moving the priorities forward, including more detail on them and the plan to progress them.
- 4.8 The next meeting of the Improvement Board will be held in public and, as well as the report detailed at 4.7 above, it will consider a report on the Members' Training Programme.

5.0 RELEVANT RISKS

- 51 Failure to improve the Council's Corporate Governance by addressing the weaknesses identified in the Corporate Governance Report will mean that the Council may be further criticised and suffer further reputational harm.

6.0 OTHER OPTIONS CONSIDERED

6.1 There are no other options to consider at this time. The Improvement Programme addresses the issues raised in the Corporate Governance Report.

7.0 CONSULTATION

7.1 Members have already been consulted on the options available to improve the Council's Corporate Governance. Opportunities for them to review progress by engaging with officers and the public are included in the detailed work programme which Lead Officers are continuing to develop.

7.2 Where appropriate, external agencies, Councillors and officers from other Councils are being consulted and invited to share knowledge.

8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

8.1 Increasingly, the Council works with, and through a range of organisations and partnerships, in order to deliver services and enhance local prosperity. Partnerships are regarded as an essential part of the pattern of local government provision. Working in partnership can bring many benefits that the Council could not achieve by other means. However, partnership working brings governance challenges. A one-size-fits-all approach to governance is inappropriate. Governance arrangements must be proportionate to the risks involved. In future, it is likely that the Council will be less concerned with direct service delivery and more with commissioning and regulation, influencing behaviour and supporting the local community. Community leadership may become the most important feature of local governance.

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

9.1 There will be a cost to the Council if external resources to implement the Improvement Programme are deployed.

9.2 **IT:** None identified at this stage.

9.3 **STAFFING:** Significant senior resources are required to implement the programme.

9.4 **ASSETS:** None identified at this stage.

10.0 LEGAL IMPLICATIONS

10.1 Until the existing legislation is repealed, the Council could be subject to an external corporate governance inspection under Section 10 of the Local Government Act 1999.

11.0 EQUALITIES IMPLICATIONS

11.1 Has the potential impact of your proposal(s) been reviewed with regard to equality?

11.2 Equalities is an area of corporate governance weakness identified by AKA in the Corporate Governance Report.

11.3 No because there is no relevance to equality in this report.

12.0 CARBON REDUCTION IMPLICATIONS

12.1 None

13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

13.1 None

14.0 RECOMMENDATION/S: That

14.1 the progress made so far in addressing the findings of the AKA Report on Corporate Governance be noted; and

14.2 the Director of Law, HR and Asset Management be requested to keep the Committee up to date by reporting on the improvements being made to strengthen the Council's Corporate Governance arrangements.

15.0 REASON/S FOR RECOMMENDATION/S

15.1 The reason for these recommendations is to ensure that this Committee continues to have an overview, for monitoring purposes, of the work being carried out, in an attempt to strengthen the Council's Corporate Governance, by developing and progressing the Improvement Programme. The Committee needs this information to be assured that the weaknesses that have been highlighted in the AKA Report are being properly addressed.

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APPENDICES

None

REFERENCE MATERIAL

AKA Report on Corporate Governance.

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Cabinet	22 September 2011
Corporate Governance Committee	26 October 2011 16 November 2011 7 December 2011 18 January 2012 8 February 2012
Improvement Board	3 February 2012 2 March 2012

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WIRRAL COUNCIL

COUNCIL EXCELLENCE OVERVIEW & SCRUTINY COMMITTEE

26 MARCH 2012

SUBJECT:	<i>OFFICE RATIONALISATION UPDATE</i>
WARD/S AFFECTED:	<i>ALL WARDS</i>
REPORT OF:	<i>DIRECTOR OF LAW, HR AND ASSET MANAGEMENT</i>
KEY DECISION?	NO

1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to update the Committee on what has been done or is in hand since the Cabinet decision on 2 February 2012 in respect of office rationalisation.
- 1.2 Rationalisation of the Council's administrative accommodation will support the corporate priority of improving the efficiency and value for money of Council services and will result in financial savings to the Council.
- 1.3 Office rationalisation is not a statutory duty.

2.0 BACKGROUND AND KEY ISSUES

- 2.1 At its meeting on 2 February Cabinet considered a report on proposals for further rationalisation of administrative accommodation and resolved (Minute 279) that:
 - (1) The Cabinet notes the progress made in vacating and disposing of administrative accommodation;
 - (2) The principles guiding rationalisation and workplace design set out in the report of the Director of Law, HR and Asset Management be confirmed as the basis for planning and implementing the vacation of buildings and the intensified use of remaining administrative accommodation;
 - (3) Those buildings listed in Appendix B to the report be retained for use as administrative accommodation and the Director of Law, HR and Asset Management be instructed to report to a future meeting of Cabinet with an action plan for their improvement;
 - (4) Liscard Municipal Building, Bebington Town Hall and Bebington Town Hall Annexe be vacated, declared surplus to the future needs of the Council, demolished and the sites cleared pending future proposals for their re-use;
 - (5) The former Birkenhead Town Hall be re-used in part to provide office accommodation for the Council, within an overall facility that provides meeting and events space and supports community and cultural use;

- (6) An initial series of building works and staff moves be undertaken as proposed in the report;
- (7) The Director of Law, HR and Asset Management be instructed to take the necessary action to progress the vacation and demolition of one of the Annexes and to report further to the Cabinet on the options for the remaining building;
- (8) In respect of the Pennant House complex Cabinet recognises the important role that Pennant House, Mayer Hall and 65 The Village play in the cultural heritage of the Borough;
- (9) The Cabinet believes that these buildings should be maintained to a satisfactory level to allow the public, voluntary organisations etc to continue to use and enjoy them;
- (10) The Cabinet will welcome any proposals from the community to take responsibility for running these buildings under the Council's asset transfer policy;
- (11) The public of Bebington has made it clear that it wishes the One Stop Shop to continue to operate from Pennant House and the Cabinet supports wholeheartedly this view; and
- (12) Officers continue to consult with residents and local community groups with a view to agreeing a development plan for these buildings.

2.2 Since the decision the following actions have been undertaken or are in hand:

- 2.2.1 The project plan for office rationalisation is being reviewed and updated
- 2.2.2 Further work is being done on options for the relocation of staff from the Old Courthouse building in Wallasey.
- 2.2.3 As part of the process of vacating Liscard Municipal Building work is being done (involving the affected services) on options for relocation
- 2.2.4 Proposals for vacation of Bebington Town Hall are being developed
- 2.2.5 Work has begun to develop a programme of works for Birkenhead Town Hall.
- 2.2.6 Staff in the Marketing and Tourism teams have been moved out of the North Annexe and into Wallasey Town Hall. The timing of this move was driven by service need, but it contributes to the vacation of the North Annexe.
- 2.2.7 The future of the Pennant House complex of buildings in Bebington was discussed at the Bebington and Clatterbridge Area Forum on 7 February 2012. At that meeting a motion was moved asking the Council to re-allocate the provision it has made in the Capital Programme for the relocation of the One Stop Shop. The meeting asked that this funding instead be made available for the refurbishment of Pennant House, Mayer Hall and 65 The Village. Following the Area Forum meeting a number of people volunteered to be part of a working group to develop proposals for the future

use of the Pennant House complex. The first meeting of that group took place on 14 March, and further meetings are planned. The group will be supported by officers in its work.

3.0 RELEVANT RISKS

3.1 Risks for office rationalisation are managed and monitored through the project management arrangements within the Strategic Change Programme. The project risk register is being reviewed and updated following the Cabinet decision.

4.0 OTHER OPTIONS CONSIDERED

4.1 Not applicable. Cabinet considered options and decided upon a preferred way forward.

5.0 CONSULTATION

5.1 Consultation will be undertaken with affected staff as office moves are implemented.

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

6.1 Opportunities will be explored for inclusion of voluntary, community and faith groups in the development of proposals for the Pennant House complex.

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

7.1 None arising directly from this report.

8.0 LEGAL IMPLICATIONS

8.1 None arising directly from this report.

9.0 EQUALITIES IMPLICATIONS

9.1 Has the potential impact of your proposal(s) been reviewed with regard to equality?

(b) No because there is no relevance to equality.

10.0 CARBON REDUCTION IMPLICATIONS

10.1 None arising directly from this report.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 None arising directly from this report.

12.0 RECOMMENDATION

12.1 That the report be noted.

13.0 REASON FOR RECOMMENDATION

13.1 The report responds to a request for an update on progress.

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APPENDICES

None

REFERENCE MATERIAL

None

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Cabinet – Office Accommodation	24 June 2010
Cabinet – The Former Birkenhead Town Hall	22 July 2010
Cabinet – Office Rationalisation	25 November 2010
Council Excellence Overview & Scrutiny Committee – Office Rationalisation and Agile Working	31 January 2011
Cabinet – Capital Programme & Capital Funding	21 February 2011
Council Excellence Overview & Scrutiny Committee – Office Accommodation Update Report	12 July 2011
Council Excellence Overview & Scrutiny Committee – Office Rationalisation - Update Report	15 September 2011
Council Excellence Overview & Scrutiny Committee – Office Rationalisation and Agile Working	17 November 2011
Cabinet – Office Rationalisation	2 February 2012

UPDATE ON WORK PROGRAM : COUNCIL EXCELLENCE SCRUTINY COMMITTEE - 26/03/12

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 on 28/10/10. Further reports were produced for the meetings on 18/11/10 & 31/01/11. Committee, on 12/07/11, agreed that this item should be part of the work programme for the new 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 was provided for the meeting on 17/11/11. A further report has been requested for 26/03/12.	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	<p>Office Accommodation:</p> <ul style="list-style-type: none"> - 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 	<p>Officer reports plus site visits. (Bill Norman / Ian Brand)</p>		<p>Special meeting of the Committee arranged for 24th 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".</p> <p>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. A subsequent report was presented to Committee on 15/09/11. A further report will be presented to Cabinet in November 2011.</p> <p>Further report to Committee on 17/11/11 resulted in the Director of Law, HR and Asset Management being requested to liaise with group spokespersons to agree a date for a seminar on agile working.</p> <p>A progress report was received by Committee on 31/01/12, prior to the same report being presented to Cabinet along with the recommendations of the Council Excellence Scrutiny Committee.</p>	Continuing

Date of New item	Topic Description	How the topic will be dealt with	Estimated Complete Date	Comments on Progress	Complete?
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 th November 2010. An officer review of Staff Diversity Forums will take place. A further report will be produced for a future meeting.	To be followed up when Committee time is available
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.	To be followed up when Committee time is available
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.	

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.</p> <p>Report produced for the meeting on 16/03/11. A further update report will be produced at the end of the EVR process.</p> <p>Committee, on 12/07/11, agreed that this item should be part of the work programme for the forthcoming municipal year.</p> <p>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> <p>Further report provided to Committee on 17/11/11. Report noted.</p>	Complete

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)		<p>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".</p> <p>Committee, on 12/07/11, agreed that this item should be part of the work programme for the forthcoming municipal year.</p> <p>A report regarding 'Localising Support for Council Tax in England' was presented to Committee on 17/11/11. Agreed that further progress reports will be presented to future meetings.</p> <p>On 31/01/12, Committee requested an additional report, which is due on 26/03/12. The report will reflect the impact of proposed Welfare changes both on the individual and on the Council.</p>	

Date of New item	Topic Description	How the topic will be dealt with	Estimated Complete Date	Comments on Progress	Complete?
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 new municipal year. Committee agreed, on 15/09/11, that a report will be presented to the next meeting on 17/11/11. Report presented to Committee and noted on 17/11/11. <i>When discussing the work programme on 31/01/12, members agreed that "an update report in relation to the centralisation of the Finance function be presented to a future meeting of the Committee".</i>	Complete
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).	
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.	

Date of New item	Topic Description	How the topic will be dealt with	Estimated Complete Date	Comments on Progress	Complete?
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. A report was presented to Committee on 17/11/11. Committee agreed that "the officers be requested to prepare a standard procedure to ensure that ward councillors are updated in relation to changes in the use of libraries and One Stop Shops".	
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. A report was presented to Committee on 17/11/11.	Complete
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 26/03/12.	
15/09/11	Masters in Business Administration (MBA) Programme	Officer Report (Chris Hyams)		Committee (15/09/11) agreed that a report will be presented to a future meeting. A report was presented to Committee on 17/11/11. Committee requested a further report "upon the issue of senior officer training within the organisation, to include information as to how applications to attend the MBA course are assessed, in relation to the costs and benefits to the Council". An additional report is due to be available for Committee on 26/03/12.	

Date of New item	Topic Description	How the topic will be dealt with	Estimated Complete Date	Comments on Progress	Complete?
17/11/11	Corporate Governance - The Chair requested that the report of the Chief Executive in relation to Work Programme Progress and Associated Issues, considered by the Corporate Governance Cabinet Committee at its meeting on 16th November 2011, be presented for Member's consideration.	Officer Report (Bill Norman)		The report, as requested by the Chair, was presented to Committee on 17/11/11. Committee agreed that a further report "be requested to present an update on the work of the Corporate Governance Committee to the next meeting of the Committee". Further to a report on 31/01/12, Committee requested that a further report be presented to the next meeting (26/03/12) "on how the weaknesses in the Council's Corporate Governance identified in the AKA Report are being addressed, so that this Committee can monitor how the Cabinet Committee is bringing about improvements".	
17/11/11	Procurement	Training sessions (Ian Coleman)		Members agreed to instigate "a programme of training and workshops to improve member awareness of procurement issues".	
31/01/12	Fees and Charges	Officer Report		Committee agreed on 31/01/12 that the Director of Technical Services should be invited to the next meeting to "provide information to Members in relation to the achievement of income targets in those areas within his remit". The results of the review of fees and charges being undertaken by Chief Officers will also be presented to a future meeting of the Committee.	

Date of New item	Topic Description	How the topic will be dealt with	Estimated Complete Date	Comments on Progress	Complete?
31/01/12	Destination Excellence	Officer Report		A verbal report on the Destination Excellence staff events was provided at the Committee meeting on 31/01/12. Members agreed that "a report be presented to a future meeting of the Committee, once the analysis of feedback has been completed".	

REPORT 2
SUGGESTIONS FOR ADDITIONS TO WORK PROGRAMME
COUNCIL EXCELLENCE : 26/03/12

Topic Description	Topic suggested by	How the topic will be dealt with	Estimated Completion Date

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) Replacement Programme Control System Software Forward Plan Work Programme Update

Meeting Date	Topic Description
27/09/11	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
17/11/11	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) Early Voluntary Retirement / Voluntary Severance and Organisational Changes (Chris Hyams) Masters in Business Administration (MBA) programme (Chris Hyams) Corporate Governance Forward Plan Work Programme Update

Meeting Date	Topic Description
31/01/12	Financial Monitoring Statement (Ian Coleman) Revenues Incomes and Benefits (Ian Coleman) Provisional Local Government Financial Settlement (Ian Coleman) Disposal of Confidential Waste (Ian Coleman) Corporate Governance (Bill Norman) You Choose Budget Simulator (Ian Coleman) Provision for Pay Inflation 2010-11, including referral from Council (Ian Coleman) Corporate Plan – Referral from Council Office rationalisation (Ian Brand) Staff consultation – ‘Destination Excellence’ Forward Plan Work Programme Update Exempt Item: Disposal of Confidential Waste – Tenders (Ian Coleman)
28/02/12	Special Meeting: Budget Proposals (Ian Coleman)
26/03/12	To be confirmed: Financial Monitoring Statement (Ian Coleman) Revenues Incomes and Benefits (Ian Coleman) Treasury Management Q3 (Ian Coleman) Treasury Management Policy (Ian Coleman) Q3 Performance Monitoring – Report concentrating on red / amber ‘exceptions’ (Ian Coleman) Strategic Change Programme (Ian Coleman) Welfare Reform (Ian Coleman / Malcolm Flanagan) Masters in Business Administration (MBA) programme (Chris Hyams) Corporate Governance – Update (Bill Norman) Achievement of Income targets (Dave Green) Destination Excellence (David Taylor Smith / Chris Hyams) Office rationalisation - ‘What has been done or is in hand since the Cabinet decision in Minute 279’ - (Ian Brand)

**REPORT 4
PROGRESS REPORT ON IN-DEPTH PANEL REVIEWS
COUNCIL EXCELLENCE : 31/01/12**

Title of Review	Members of Panel	Progress to Date	Date Due to report to Committee
None at present			

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